

Southern Utilities (Holdings) Limited

**Report and financial statements
for the year ended 31 March 2011**



Company number 02049449

Southern Utilities (Holdings) Limited

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Southern Utilities (Holdings) Limited

Directors, Officers and Advisers

Directors

V Rosati (appointed 15 March 2011)
K Bhatia (appointed 15 March 2011)
J-E Leroux (appointed 15 March 2011)
P Butler (resigned 16 March 2011)
J E Stimpson (resigned 16 March 2011)

Company Secretary

N Truillet

Registered Office

Rocfort Road
Snodland
Kent ME6 5AH

Auditor

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Southern Utilities (Holdings) Limited

Directors' report

The directors have pleasure in presenting their report and the audited financial statements for the year ended 31 March 2011

Results and dividends

The directors have taken advantage of the special provisions available to small companies provided by S 415A of the Companies Act 2006

The audited financial statements for the year ended 31 March 2011 are set out on pages 7 to 12. The profit on ordinary activities, after taxation, for the year was £2,000 (2010 a loss of £2,000)

Principal activities, business review and future developments

The Company's principal activity during the year and for the foreseeable future is that of an intermediate holding company. Its principal subsidiaries include Watercall Limited, Dynamco Limited and Optimum Information Systems Limited. Further details are given in note 5.

Going concern

The directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future as cash exceeds current liabilities. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

Principal risks and uncertainties

The directors consider that liquidity risk is the principal risk facing the Company. This is managed by principal payments on inter-company non-interest bearing loans being subordinate to the other liabilities of the Company.

Given the nature of the business the directors consider that an analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the Company.

Directors of the Company

The directors who held office throughout the year are stated on page 3.

Auditor

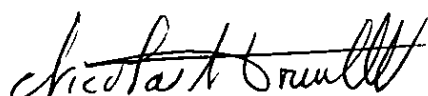
The directors who were members of the Board at the time of approving the directors' report are listed on page 3. Having made enquiries of fellow directors, each of these directors confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- each director has taken all the steps a director ought to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with provisions of s418 of the Companies Act 2006.

In the absence of an Annual General Meeting, Deloitte LLP has been appointed as auditor to the Company for an initial period of three years.

By order of the Board



N Truillet
Company Secretary
18 July 2011

Southern Utilities (Holdings) Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



J-E Leroux

Director

18 July 2011

Southern Utilities (Holdings) Limited

Independent auditor's report to the members of Southern Utilities (Holdings) Limited

We have audited the financial statements of Southern Utilities (Holdings) Limited for the year ended 31 March 2011 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.


James Leigh (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
18 July 2011

Southern Utilities (Holdings) Limited

Profit and loss account

for the year ended 31 March 2011

	Note	2011 £000	2010 £000
Operating costs	2	-	(2)
Operating profit/(loss)		-	(2)
Interest receivable and similar income	3	3	-
Profit/(loss) on ordinary activities before taxation		3	(2)
Tax on profit/(loss) on ordinary activities	4	(1)	-
Profit/(loss) on ordinary activities after taxation	10	2	(2)

Operating profit relates to continuing operations

The Company has no recognised gains or losses in either period other than the profit for the year shown above and therefore no separate statement of total recognised gains and losses has been presented

The accompanying notes are an integral part of this profit and loss account

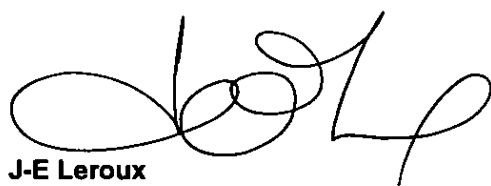
Southern Utilities (Holdings) Limited

Balance sheet at 31 March 2011

	Note	2011 £000	2010 £000
Fixed assets			
Investments	5	<u>3,210</u>	<u>3,210</u>
Current assets			
Debtors amounts falling due after more than one year	6	3,255	3,254
Debtors amounts falling due within one year	6	-	850
Investments	1	900	-
Cash at bank and in hand	1	<u>9</u>	<u>57</u>
		<u>4,164</u>	<u>4,161</u>
Creditors amounts falling due within one year	7	<u>(1)</u>	<u>-</u>
Net current assets		<u>4,163</u>	<u>4,161</u>
Total assets less current liabilities		<u>7,373</u>	<u>7,371</u>
Creditors amounts falling due after more than one year	8	<u>(7,264)</u>	<u>(7,264)</u>
Net assets		<u>109</u>	<u>107</u>
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account	10	<u>109</u>	<u>107</u>
Equity shareholders' funds	11	<u>109</u>	<u>107</u>

The accompanying notes are an integral part of this balance sheet

The financial statements of Southern Utilities (Holdings) Limited (Company number 02049449) on pages 7 to 12 were approved by the Board of Directors and were signed on its behalf by



J-E Leroux
Director
18 July 2011

Southern Utilities (Holdings) Limited

Notes to the financial statements

at 31 March 2011

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout both this year and the preceding year.

Basis of preparation

The financial statements have been prepared in accordance with applicable UK accounting standards and under the historical cost convention and the Companies Act 2006.

In accordance with FRS 2 Accounting for Subsidiary Undertakings group accounts have not been prepared since the Company is a wholly owned subsidiary of HDF (UK) Holdings Limited, a company registered in England and Wales and which has prepared financial statements that consolidate the results of the Company.

Going concern

The directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future as cash exceeds current liabilities. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

Taxation

Current tax, including UK Corporation tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided in respect of the material tax effect of all timing differences between the treatment of certain items for taxation and accounting purposes, at the rates of tax expected to apply when the timing differences reverse. Deferred tax assets and liabilities recognised have been discounted at rates equivalent to the post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with similar maturity dates. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Investments

Investments are recorded at historical cost. Where the directors are of the opinion that there has been an impairment in the value of investments, the carrying amount of such investments is written down to the recoverable amount.

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Interest costs are expensed in the profit and loss account as incurred.

Current asset investments

Current asset investments relate to cash held on short term deposits for a period of up to three months.

Cash flow statement

As a wholly owned subsidiary of HDF (UK) Holdings Limited, the Company has taken advantage of the exemption under FRS 1 (Revised) *Cash Flow Statements* not to provide a cash flow statement because the financial statements of HDF (UK) Holdings Limited include a consolidated cash flow statement and are publicly available.

Southern Utilities (Holdings) Limited

Notes to the financial statements

at 31 March 2011

2 Operating costs

The audit fees for the Company of £1,900 were borne by South East Water Limited, a fellow subsidiary company (2010 £2,000)

There were no employees of the Company during the current or prior year. No remuneration was paid to directors during the current or prior year in respect of services to the Company.

3 Interest receivable and similar income

	2011 £000	2010 £000
On bank balances and short term deposits	3	-

4. Tax on profit on ordinary activities

	2011 £000	2010 £000
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a) Analysis of tax charge for the period

Current tax

UK Corporation tax charge on profits/(loss)

1	-
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Total tax charge

1	-
---	---

b) Factors affecting tax for the period

Profit/(loss) on ordinary activities before tax

3	(2)
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Profit/(loss) on ordinary activities multiplied by standard rate of tax of 28% (2010 28%)

1	-
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Current tax charge for the period

1	-
---	---

The UK Government announced on 23 March 2011 that the headline rate of corporation tax will be reduced from 28% to 26% starting from 1 April 2011. The UK Government also announced proposals for further reductions to the rate of corporation tax by 1% each year until it reaches 23% from 1 April 2014. If enacted this rate change will affect the amount of future cash tax payments to be made by the Company.

5 Investment

	£000
<i>Cost</i>	
At 1 April 2010 and 31 March 2011	3,265
<i>Provision for impairment</i>	
At 1 April 2010 and 31 March 2011	(55)
<i>Net book value</i>	
At 1 April 2010 and 31 March 2011	3,210

Southern Utilities (Holdings) Limited

Notes to the financial statements

at 31 March 2011

5. Investment (continued)

Principal subsidiary companies	Type of shares	Nature of business
Watercall Limited	Ordinary voting	Non-trading
Dynamco Limited	Ordinary voting	Non-trading
Optimum Information Systems Limited	Ordinary voting	Non-trading
Mid Sussex Water Limited	Ordinary voting	Dormant
Held by Mid Sussex Water Limited		
Mid Southern Water plc	Ordinary voting	Dormant
	Ordinary non-voting	
West Kent Water Limited	Ordinary voting	Dormant
	Ordinary non-voting	
Eastbourne Water plc	Ordinary voting	Dormant
	Ordinary non-voting	

All subsidiary companies are incorporated in Great Britain and are registered in England and Wales

All of the Company's subsidiaries are wholly owned and the Company holds 100% of the voting rights in each of its subsidiaries

6 Debtors

	2011 £000	2010 £000
<i>Amounts falling due within one year</i>		
Amounts owed by group undertakings	-	850
Other debtors	-	-
	-	850
<i>Amounts falling due after more than one year</i>		
Amounts owed by group undertakings	3,255	3,254
Total debtors	3,255	3,254

Amounts due from group undertakings due after more than one year comprise a non-interest bearing loan to a subsidiary undertaking. The directors do not expect this loan to be settled before 31 March 2012

7 Creditors: amounts falling due within one year

	2011 £000	2010 £000
Amounts due to group undertakings	1	-

8 Creditors: amounts falling due after more than one year

	2011 £000	2010 £000
Amounts due to group undertakings	7,264	7,264

Amounts due to group undertakings comprise non-interest bearing loans to subsidiary undertakings. The directors do not expect these loans to be settled before 31 March 2012

Southern Utilities (Holdings) Limited

Notes to the financial statements

at 31 March 2011

9 Authorised and issued share capital

	2011 £000	2010 £000
<i>Authorised</i>		
26,000,000 ordinary shares of £1 each (2010 26,000,000)	26,000	26,000
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each (2010 100)	-	-

10. Profit and loss account

	£000
At 1 April 2010	107
Profit for the year	2
At 31 March 2011	109

11. Reconciliation of movements in equity shareholders' funds

	2011 £000	2010 £000
At 1 April 2010	107	109
Profit/(loss) for the year	2	(2)
At 31 March 2011	109	107

12 Related party transactions

As a wholly owned subsidiary of HDF (UK) Holdings Limited at the balance sheet date, the Company has taken advantage of the exemption under FRS 8 *Related Party Disclosures* not to provide information on related party transactions with other companies within the HDF (UK) Holdings Limited group

13 Parent company and ultimate controlling parties

The Company's joint ultimate holding companies are Utilities of Australia Pty Limited as Trustee for the Utilities Trust of Australia, which is resident in Australia and Caisse de depot et placement du Quebec, which are resident in Canada. It is the directors' belief that they now control the Company jointly.

The immediate parent company is Hastings Water (UK) Limited

The smallest and largest group of companies into which results of the Company are consolidated is that headed by HDF (UK) Holdings Limited, a company registered in England and Wales. The financial statements of HDF (UK) Holdings Limited may be obtained from the Company Secretary, Rocfort Road, Snodland, Kent, ME6 5AH.