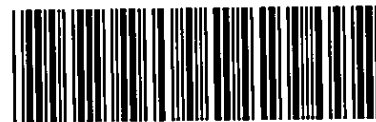


# **Southern Utilities (Holdings) Limited**

Report and financial statements  
for the year ended 31 March 2010

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# **Southern Utilities (Holdings) Limited**

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# **Southern Utilities (Holdings) Limited**

## **Directors, Officers and Advisers**

### **Directors**

P Butler  
J E Stimpson

### **Company Secretary**

N Trullett

### **Registered Office**

Rocfort Road  
Snodland  
Kent ME6 5AH

### **Auditors**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

## **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 2010

#### **Results and dividends**

The audited financial statements for the year ended 31 March 2010 are set out on pages 7 to 12. The loss on ordinary activities, after taxation, for the year was £2,000 (2009 a profit of £27,000)

#### **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.

The directors consider the performance of the business to be satisfactory and expect this to continue in the future.

#### **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.

#### **Disclosure of information to the auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps he or she is obliged to take as a director in order to make himself or herself aware of any relevant audit information and to establish that the auditor is aware of that information.

#### **Appointment of auditors**

The Directors have resolved to seek tenders for the position of auditor for the coming year. On the completion of this process and in accordance with section 485 of the Companies Act 2006, a resolution will be proposed at the Annual General Meeting for the appointment of the auditor for the Company.

By order of the Board



**N Truillet**  
Company Secretary  
27 July 2010

## **Southern Utilities (Holdings) Limited**

### **Statement of directors' responsibilities in relation to the financial statements**

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). The financial statements are required by law to 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 those financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and 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 proper accounting records that 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 Stimpson**  
Director  
27 July 2010

## **Southern Utilities (Holdings) Limited**

### **Independent auditors' 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 2010 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 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 (APB'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.

#### **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 2010 and of its loss 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.

Ernst & Young LLP

**Steven Dobson (Senior statutory auditor)**

for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
27 July 2010

## **Southern Utilities (Holdings) Limited**

### **Profit and loss account**

for the year ended 31 March 2010

	Note	2010 £000	2009 £000
Operating costs	2	(2)	6
<b>Operating profit/(loss)</b>		<b>(2)</b>	<b>6</b>
Interest receivable and similar income	3	-	32
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>(2)</b>	<b>38</b>
Tax on profit/(loss) on ordinary activities	4	-	(11)
<b>Profit/(loss) on ordinary activities after taxation</b>	10	<b>(2)</b>	<b>27</b>

Operating profit relates to continuing operations

The Company has no recognised gains or losses in either period other than the loss 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 2010

	Note	2010 £000	2009 £000
<b>Fixed assets</b>			
Investments	5	3,210	3,210
<b>Current assets</b>			
Debtors amounts falling due after more than one year	6	3,254	3,254
Debtors amounts falling due within one year	6	850	85
Cash at bank and in hand		57	854
		4,161	4,193
Creditors amounts falling due within one year	7	-	(30)
<b>Net current assets</b>		4,161	4,163
<b>Total assets less current liabilities</b>		7,371	7,373
Creditors amounts falling due after more than one year	8	(7,264)	(7,264)
<b>Net assets</b>		107	109
<b>Capital and reserves</b>			
Called up share capital	9	-	-
Profit and loss account	10	107	109
<b>Equity shareholders' funds</b>	11	107	109

The accompanying notes are an integral part of this balance sheet

The financial statements on pages 7 to 12 were approved by the Board of Directors and were signed on its behalf by



**J E Stimpson**  
Director  
27 July 2010



## **Southern Utilities (Holdings) Limited**

### **Notes to the financial statements**

at 31 March 2010

#### **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.

##### ***Income from shares in group undertakings***

Dividends from subsidiary undertakings are recognised in the financial year they are received.

##### ***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.

##### ***Dividends***

Dividends are recorded in the accounts in the year in which they are approved by the Company's shareholders.

##### ***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.

##### ***Related party disclosures***

As a wholly owned subsidiary of HDF (UK) Holdings Limited, 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. Note 13 gives details of how to obtain a copy of the published financial statements of HDF (UK) Holdings Limited.

##### ***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 2010

### 2 Operating costs

The audit fees for the Company of £2,000 were borne by South East Water Limited, a fellow subsidiary company (2009 £1,000)

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

	2010 £000	2009 £000
On bank balances and short term deposits	-	32

### 4. Tax on profit on ordinary activities

	2010 £000	2009 £000
<b>a) Analysis of tax charge for the period</b>		
<i>Current tax</i>		
UK Corporation tax charge on profits/(loss)	-	11
Total tax charge	-	11
<b>b) Factors affecting tax for the period</b>		
Profit/(loss) on ordinary activities before tax	(2)	38
Profit/(loss) on ordinary activities multiplied by standard rate of tax of 28% (2009 28%)	-	11
<b>Current tax charge for the period</b>	-	11

The UK Government announced on 22 June 2010 that the headline rate of corporation tax will be reduced from 28% by 1% each year starting from 1 April 2011 until it reaches 24%. 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 2009 and 31 March 2010	3,265
<i>Provision for impairment</i>	
At 1 April 2009 and 31 March 2010	(55)
<i>Net book value</i>	
At 1 April 2009 and 31 March 2010	3,210

## Southern Utilities (Holdings) Limited

### Notes to the financial statements

at 31 March 2010

#### 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
<b>Held by Mid Sussex Water Limited</b>		
Mid Southern Water plc	Ordinary voting	Dormant
	Ordinary non-voting	
West Kent Water plc	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

	2010 £000	2009 £000
<i>Amounts falling due within one year</i>		
Amounts owed by group undertakings	850	81
Other debtors	-	4
	<b>850</b>	<b>85</b>
<i>Amounts falling due after more than one year</i>		
Amounts owed by group undertakings	<b>3,254</b>	<b>3,254</b>
<b>Total debtors</b>	<b>3,254</b>	<b>3,339</b>

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 2011

#### 7. Creditors, amounts falling due within one year

	2010 £000	2009 £000
Amounts due to group undertakings	-	30

#### 8. Creditors, amounts falling due after more than one year

	2010 £000	2009 £000
Amounts due to group undertakings	<b>7,264</b>	<b>7,264</b>

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 2011

# Southern Utilities (Holdings) Limited

## Notes to the financial statements

at 31 March 2010

### 9. Authorised and issued share capital

	2010 £000	2009 £000
<i>Authorised</i>		
26,000,000 ordinary shares of £1 each (2009 26,000,000)	26,000	26,000
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each (2009 100)	-	-

### 10. Profit and loss account

	£000
At 1 April 2009	109
Loss for the year	(2)
<b>At 31 March 2010</b>	<b>107</b>

### 11. Reconciliation of movements in equity shareholders' funds

	2010 £000	2009 £000
At 1 April 2009	109	82
Loss for the year	(2)	27
<b>At 31 March 2010</b>	<b>107</b>	<b>109</b>

### 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 and Hastings Funds Management Limited as Responsible Entity for the Hastings Diversified Utilities Fund Both of these holding companies are resident in Australia and it is the directors' belief that they 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