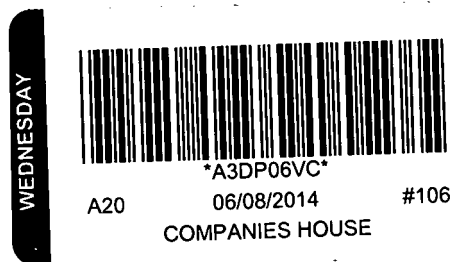


Company Registration No. 02049449

Southern Utilities (Holdings) Limited

**Report and Financial Statements
for the year ended 31 March 2014**



Southern Utilities (Holdings) Limited

Officers and professional advisers

Directors

J Stimpson

P Butler

Company Secretary

N Truillet

Registered Office

Rocfort Road

Snodland

Kent

ME6 5AH

Auditor

Deloitte LLP

Chartered Accountants

London

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 2014.

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 Company has also taken advantage of the exemption provided under s.414B (b) of the Companies Act 2006 not to provide a Strategic Report.

The audited financial statements for the year ended 31 March 2014 are set out on pages 7 to 12. The loss on ordinary activities, after taxation, for the year was £1 (2013: profit of £997,570).

No dividends (2013: £1.1 million) were paid during the year.

Principal activities, business review and future developments

In May 2013 the company's principal subsidiaries, Watercall Limited, Dynamco Limited and Optimum Information Systems Limited were all dissolved. The Company has ceased trading and there are no plans for the Company to trade in the foreseeable future. It is anticipated that the Company will become dormant.

Going concern

The Company is no longer trading and will continue not to trade in the foreseeable future. As required by FRS 18 'Accounting Policies', the Directors have prepared the Company's financial statements on a basis other than going concern. This was also the case with the previous year's financial statements. No material adjustments arose as a result of ceasing to apply the going concern basis.

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.

Directors of the Company

The directors who held office throughout the year and up to the date of the report are stated on page 2.

Auditor

The directors who were members of the Board at the time of approving the Directors' Report are listed on page 2. Having made enquiries of fellow directors, each of these directors confirms that:

- so far as each 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 a general meeting, Deloitte have been re-appointed as auditor by agreement.

Approved by the Board and signed on their behalf



N Truillet
Company Secretary
26 June 2014

Southern Utilities (Holdings) Limited

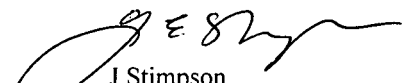
Statement of directors' responsibilities

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 judgements 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 Stimpson
Director

26 June 2014

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 2014 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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.

Emphasis of Matter – Financial Statements prepared on a basis other than that of a going concern

In forming our opinion on the financial statements which is not modified, we have considered the adequacy of note 1 to the financial statements which explains that the financial statements have been prepared on a basis other than that of a going concern.

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.

Southern Utilities (Holdings) Limited

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.



Jacqueline Holden FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
26 June 2014

Southern Utilities (Holdings) Limited

Profit and loss account for the year ended 31 March 2014

	Notes	2014 £	2013 £
Impairment of investment in subsidiary companies	3	(1)	(3,209,998)
Loss on ordinary activities before finance income and charges	2	(1)	(3,209,998)
Income from shares in group undertakings	4	-	192,157
Interest receivable and similar income	5	-	7,269,893
loans to group undertakings waived	6	-	(3,254,435)
Interest payable and similar charges	6	-	(47)
(Loss)/profit on ordinary activities before taxation		(1)	997,570
Tax on loss/(profit) on ordinary activities	7	-	-
(Loss)/profit on ordinary activities after taxation		(1)	997,570

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

The Company has ceased trading and the loss for the year is generated entirely from discontinued operations.

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

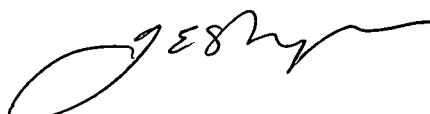
Southern Utilities (Holdings) Limited

Balance sheet at 31 March 2014

	Notes	2014 £	2013 £
Fixed assets			
Investments	8	-	4
Current assets			
Debtors: amounts falling due after more than one year	9	99	96
Net assets		99	100
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account	11	(1)	-
Equity shareholder's funds	12	99	100

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 Stimpson
Director

26 June 2014

Southern Utilities (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2014

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 Company is no longer trading and will continue not to trade in the foreseeable future. As required by FRS 18 'Accounting Policies', the Directors have prepared the Company's financial statements on a basis other than going concern. This was also the case with the previous year's financial statements. No material adjustments arose as a result of ceasing to apply the going concern basis.

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 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 for the year ended 31 March 2014

2. Operating costs

The audit fees for the Company of £1,400 were borne by South East Water Limited, a fellow subsidiary company (2013: £1,600).

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. Impairment of investment in subsidiary companies

	2014 £	2013 £
Impairment of investment in subsidiary companies (see note 8)	(1)	(3,209,998)

4. Dividends

	2014 £	2013 £
Dividend from Optimum Information System Limited	-	99,396
Dividend from Dynamco Limited	-	92,761
	-	192,157

5. Interest receivable and similar income

	2014 £	2013 £
Waiver of loan from Mid Southern Water Limited	-	3,710,279
Waiver of loan from Eastbourne Water Limited	-	3,295,241
Waiver of loan from West Kent Water Limited	-	258,915
On bank balances and short term deposits	-	5,458
	-	7,269,893

6. Interest payable and similar charges

	2014 £	2013 £
Write off loans to group undertakings waived	-	(3,254,435)
Bank charges	-	(47)

Southern Utilities (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2014

7. Tax on profit on ordinary activities

(a) Analysis of tax charge for the year

	2014 £	2013 £
Current tax		
UK Corporation tax charge on profits	-	-

(b) Factors affecting tax for the year

	2014 £	2013 £
(Loss)/profit on ordinary activities before tax	(1)	997,570
(Loss)/profit on ordinary activities multiplied by standard rate of tax of 23% (2013: 24%)	-	239,417
Dividend income not chargeable to corporation tax	-	(46,117)
Surplus on group restructuring not chargeable to corporation tax	-	(192,001)
Group relief claimed at nil cost	-	(1,299)
Current tax charge for the year	-	-

The Budget announced by the UK Chancellor on 20 March 2013 included changes to the main rate of corporation tax for UK companies. The standard rate of corporation tax will be reduced from 23% to 21% from 1 April 2014 and there will be a further reduction to 20% with effect from 1 April 2015. The Finance Act 2013 received Royal Assent on 17 July 2013, with these rate reductions being substantively enacted from 2 July 2013.

8. Investment

	2014 £	2013 £
Cost		
At 1 April	3,265,002	3,265,002
Disposal of investments	(3,265,000)	-
At 31 March	-	3,265,002
Provisions for impairment		
At 1 April	(3,264,998)	(55,000)
Disposals during the year	3,264,998	(3,209,998)
At 31 March	-	(3,264,998)
Net book value	-	4

The disposal of investments in subsidiary companies is the result of a group restructuring and relates to the Company's investment in Mid Sussex Water Limited which, together with its fellow subsidiaries, Dynamco Limited and Optimum Information Systems Limited, has been struck off the Register of Companies.

Southern Utilities (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2014

9. Debtors

	2014 £	2013 £
Amounts falling due after more than one year:		
Amounts owed by group undertakings	99	96

The amount owed by group undertakings is an intercompany current account balance which does not attract interest and has no repayment date.

10. Issued share capital

	2014 £	2013 £
Allotted, called up and fully paid		
100 ordinary shares of £1 each (2013: 100)	100	100

11. Profit and loss account

	£
At 1 April 2013	-
Loss for the year	(1)
At 31 March 2014	(1)

12. Reconciliation of movements in equity shareholder's funds

	2014 £	2013 £
At 1 April	100	117,351
(Loss)/profit for the year	(1)	997,570
	99	1,114,921
Dividends	-	(1,114,821)
At 31 March	99	100

13. 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 wholly-owned companies within the HDF (UK) Holdings Limited group.

14. 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 is resident in Canada. It is the directors' belief that they now control the Company jointly.

The immediate parent company is Hastings Water (UK) Limited, which heads the smallest and largest group of companies into which results of the Company are consolidated. HDF (UK) Holdings Limited is incorporated in Great Britain and 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.