

# **North West Water International Limited**

## **Report and Financial Statements**

31 March 2017



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Registered No: 2374797

## **Directors, advisers and other information**

### **Directors**

DA Hill

UU Secretariat Limited

### **Secretary**

UU Secretariat Limited

### **Auditor**

KPMG LLP

1 St Peter's Square

Manchester

M2 3AE

### **Registered office**

Haweswater House

Lingley Mere Business Park

Lingley Green Avenue

Great Sankey

Warrington

WA5 3LP

## **Directors' report**

The directors present their report and the audited financial statements for the year ended 31 March 2017 for North West Water International Limited, a private company limited by shares and incorporated and registered in England and Wales.

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

### **Strategic report**

The company meets the size criteria required to qualify as a small company and is therefore not required to provide a strategic report.

### **Principal activities**

The principal activity of the company was to develop overseas water and wastewater opportunities for the United Utilities group by way of consulting services and major operating concession contracts, along with holding interests in overseas contracts and investments. The company did not carry out its principal activity during the current or prior year, and does not anticipate doing so in the future, and the only activity now recorded in the company relates to resolution of the matters discussed below.

The company held a beneficial interest in a major contract in Bangkok which was terminated on 6 March 1998. A notice of arbitration was issued against the Bangkok Metropolitan Administration ("BMA") ("the client") on the same date. On 3 June 2011, the dispute was settled and the settlement agreement was signed by both the company and the client.

### **Going concern**

The director's considerations in preparing these financial statements on a going concern basis are set out in note 1.

### **Business review**

The company was a partner in a consortium known as the NOSS Consortium (the "Consortium"), which was engaged in the construction of a sewerage treatment works and associated sewerage network in Bangkok which commenced in late 1993 following the submission of a tender in 1992. The contract value at the time of the award was £150 million and the contract period was 38 months.

The contract was affected by delays and additional work as a result of changes to the specification required by the client's engineer and the failure of the client to provide appropriate possession of essential sites. As a consequence of these problems, a provision of £83 million was charged to the profit and loss account in the year ended 31 March 1997. This reflected a decision by the client to cease negotiations on the increased costs that the project had incurred indicating at that time that the Consortium should register a formal dispute and seek recovery through arbitration.

On 6 March 1998, the Consortium terminated the contract and issued a notice of arbitration against the client. Despite termination of the contract in March 1998 the BMA issued termination notices in June 1999 and purported to terminate the contract in September of the same year. In October 1999, the BMA made a call on the various performance and advance payment bonds to the value of £11.4 million.

An arbitral hearing took place on 3 June 2011, in which this dispute was settled and the settlement agreement was signed by both parties. A letter releasing the company from its performance bond was also received by the company on the same date. On 14 June 2011, a settlement sum of £6.2 million was paid to the client.

On 12 July 2012 the Consortium was dissolved under Thai law. The Consortium filed liquidation accounts on 22 October 2012, and the liquidation of the Consortium was completed on 11 May 2016.

## Directors' report (continued)

In respect of Water Resources Limited ("WRL"), dissolution of the company was registered with the Thai Ministry of Commerce on 26 July 2016, and liquidation of the company in accordance with Thai law and practice commenced on 10 August 2016. The completion of the liquidation of WRL was registered with the Thai Ministry of Commerce on 2 May 2017 and its Thai Tax Identification number was surrendered to the Thai Revenue Department in accordance with Thai practice on 25 May 2017.

The dissolution and liquidation of the company's only remaining Thai subsidiary, Manta Management Services Limited, will be commenced in the year ending 31 March 2018.

### Directors

The directors who held office during the year and to date are given below:

DA Hill

UU Secretariat Limited

During the year, directors' and officers' liability insurance was in force.

### Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director to make themselves aware of any 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 the provisions of section 418 of the Companies Act 2006.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the board and signed on its behalf by:



DA Hill

Director

4 December 2017

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# **Independent auditor's report**

**to the members of United Utilities North West Limited**

We have audited the financial statements of North West Water International Limited for the year ended 31 March 2017 set out on pages 7 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 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, 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## **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 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK 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 is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

## **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 from the requirement to prepare a strategic report.



**William Meredith (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

1 St Peter's Square, Manchester, M2 3AE

8 December 2017

## Income statement

for the year ended 31 March 2017

	Note	2017 £000	2016 £000
Dividend income		27	-
<b>Gross profit</b>		<u>27</u>	<u>-</u>
Net operating expense		(9)	(6)
Impairment of investment		(19)	-
<b>Operating loss</b>	2	<u>(1)</u>	<u>(6)</u>
Finance expense	4	(903)	(1,016)
<b>Loss before tax</b>		<u>(904)</u>	<u>(1,022)</u>
Tax	5	-	-
<b>Loss after tax</b>		<u>(904)</u>	<u>(1,022)</u>

All of the results shown above relate to continuing operations.

## Statement of comprehensive income

for the year ended 31 March 2017

	2017 £000	2016 £000
Loss after tax	(904)	(1,022)
Foreign exchange adjustments	2	(1)
<b>Total comprehensive income</b>	<u>(902)</u>	<u>(1,023)</u>



## Statement of financial position

At 31 March 2017

	Note	2017 £000	2016 £000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments	6	32	51
<b>Current assets</b>			
Trade and other receivables	7	24,639	24,619
<b>Total assets</b>		<u>24,671</u>	<u>24,670</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8	(114,004)	(113,101)
<b>Total liabilities</b>		<u>(114,004)</u>	<u>(113,101)</u>
<b>Total net liabilities</b>		<u>(89,333)</u>	<u>(88,431)</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the company</b>			
Share capital	9	-	-
Share premium account		45,000	45,000
Retained earnings		(134,333)	(133,431)
<b>Shareholders' equity</b>		<u>(89,333)</u>	<u>(88,431)</u>

The financial statements of North West Water International Limited, registered number 2374797, have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime and were approved by the board of directors and authorised for issue on 4 December 2017. They were signed on its behalf by:



DA Hill  
Director

## Statement of changes in equity

for the year ended 31 March 2017

	Share capital £000	Share premium account £000	Retained earnings £000	Total £000
At 1 April 2015	-	45,000	(132,408)	(87,408)
Loss after tax	-	-	(1,022)	(1,022)
Foreign exchange adjustments	-	-	(1)	(1)
At 31 March 2016	-	45,000	(133,431)	(88,431)
Loss after tax	-	-	(904)	(904)
Foreign exchange adjustments	-	-	2	2
At 31 March 2017	-	45,000	(134,333)	(89,333)

## Notes to the financial statements

### 1. Accounting policies

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards and applicable company law.

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) and so the financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework'. As such the recognition and measurement requirements of EU-adopted IFRS have been applied, with amendments where necessary in order to comply with Companies Act 2006 and The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008 as these are Companies Act 2006 accounts.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to accounting policies, cashflow statements, related party transactions, and certain comparative information.

Where required, equivalent disclosures are given in the group accounts of United Utilities Group PLC. The group accounts of United Utilities Group PLC are available to the public and can be obtained as set out in note 11. The financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

#### **Exemption from preparing group financial statements**

The financial statements contain information about North West Water International Limited as an individual company. At 31 March 2017, the company was exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings were included by full consolidation in the financial statements of its ultimate parent United Utilities Group PLC, a company incorporated in Great Britain and registered in England and Wales.

#### **Going concern**

The company did not trade during the current or prior year, and does not anticipate trading in the future.

The company has net liabilities and net current liabilities at 31 March 2017. In preparing these accounts on a going concern basis, the directors have had regard to the letter of support provided by the ultimate parent undertaking.

#### **Finance expense**

Finance expenses are recognised in the income statement in the period in which they are accrued.

#### **Tax**

The tax expense represents current tax.

#### **Current tax**

Current tax, being UK corporation tax, is based on the taxable profit for the period and is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at each reporting date. Taxable profit differs from the net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Current tax is charged or credited in the income statement, except when it relates to items charged or credited to equity, in which case the corporation tax is also dealt with in equity.

#### **Investments**

Investments are stated at cost less provision for impairment.

## Notes to the financial statements (continued)

### 1. Accounting policies (continued)

#### Foreign currencies

Transactions in foreign currencies are recorded at the exchange rates applicable on the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated into sterling at the relevant rates of exchange applicable on that date. Gains and losses arising on retranslation are included in net profit or loss for the period.

### 2. Operating loss

Operating loss is stated after charging	2017 £000	2016 £000
Dividend income	(27)	-
Impairment of investment	19	-
Net foreign exchange losses	3	1

Dividend income relates to a dividend received from Manta Management Services Limited on 15 August 2017.

The impairment relates to the investment in Manta Management Services Limited.

The auditor's remuneration for the statutory audit of the company was borne by another group undertaking in the current and prior year. The amount attributable but not recharged to North West Water International Limited was £2,000 (2016: £2,000). There were no non-audit services provided by the auditor to the company in either year.

### 3. Directors and employees

There have been no employees of the company during the year, other than the directors (2016: none, other than the directors).

### 4. Finance expense

	2017 £000	2016 £000
Interest payable to immediate parent company	903	1,016

### 5. Tax

#### (a) Analysis of the tax charge for the year

The tax charge is made up as follows:	2017 £000	2016 £000
<b>Current tax</b>		
Total current tax charge (note 5(b))	-	-

## Notes to the financial statements (continued)

### 5. Tax (continued)

(b) Factors affecting the current tax charge for the year

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2017 £000	2016 £000
Loss before tax	(904)	(1,022)
Loss on ordinary activities multiplied by the standard rate of corporation tax in UK of 20% (2016: 20%)	(181)	(204)
Net expenses not deductible	181	204
Current tax charge (note 5(a))	-	-

(c) Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

### 6. Investments

*Unlisted investments*

	Subsidiaries £000
<b>Cost:</b>	
At 1 April 2016 and 31 March 2017	76
<b>Provision for impairment:</b>	
At 1 April 2016	(25)
Charged during the year	(19)
At 31 March 2017	(44)
<b>Net book value:</b>	
At 31 March 2016	51
At 31 March 2017	32

## Notes to the financial statements (continued)

### 6. Investments (continued)

Name	Shares held	Proportion of voting rights held	Nature of business
<i>Subsidiaries</i>			
Water Resources Limited (Liquidated 2 May 2017 – see below)	399,998 THB10.00 ordinary shares	99.999%	Environmental consultancy, training operation and maintenance, project management, capital planning, facilities management and institutional development
Manta Management Services Limited	490,000 THB10.00 ordinary shares	49%	To administrate the formal dispute and legal proceedings against Bangkok Metropolitan Administration

Water Resources Limited (incorporated in Thailand) was dissolved in accordance with Thai law on 26 July 2016, and liquidation of the company commenced on 10 August 2016. The completion of the liquidation of WRL was registered with the Thai Ministry of Commerce on 2 May 2017.

Manta Management Services Limited is considered to be a subsidiary as North West Water International Limited is able to exercise dominant influence over its operating and financial policies.

Manta Management Services Limited is incorporated in Thailand.

#### *Consortium*

The company had beneficial ownership of 50% of the Consortium based in Thailand although under a Supplementary Agreement all losses relating to the contract are to be borne by the company under contractual indemnities provided by the company to its Consortium partners. Accordingly, all such losses, together with the related trading and net liabilities, are included in these accounts.

The Consortium was dissolved under Thai law on 12 July 2012. The Consortium filed liquidation accounts on 22 October 2012, and the liquidation of the Consortium was completed on 11 May 2016.

### 7. Trade and other receivables

	2017 £000	2016 £000
Amounts owed by immediate parent undertaking: group relief receivable	24,613	24,613
Other receivables	26	6
	<u>24,639</u>	<u>24,619</u>

### 8. Trade and other payables

	2017 £000	2016 £000
Amounts owed to immediate parent undertaking	<u>114,004</u>	<u>113,101</u>

### 9. Share capital

	2017 £	2016 £
Allotted, called up and fully paid 12 ordinary shares of £1.00 each	<u>12</u>	<u>12</u>

## Notes to the financial statements (continued)

### 10. Events after the reporting period

The completion of the liquidation of WRL was registered with the Thai Ministry of Commerce on 2 May 2017 and its Thai Tax Identification number was surrendered to the Thai Revenue Department in accordance with Thai practice on 25 May 2017. This event had no impact on the financial statements.

### 11. Ultimate parent undertaking

The company's immediate parent undertaking is United Utilities PLC, a company incorporated in England and Wales.

In the directors' opinion, the company's ultimate parent undertaking and controlling party is United Utilities Group PLC, a company incorporated in England and Wales.

The smallest group in which the results of the company are consolidated is that headed by United Utilities PLC. The consolidated accounts of this group are available to the public and may be obtained from: The Company Secretary, United Utilities PLC, Haweswater House, Lingley Mere Business Park, Lingley Green Avenue, Great Sankey, Warrington, WA5 3LP.

The largest group in which the results of the company are consolidated is that headed by United Utilities Group PLC. The consolidated accounts of this group are available to the public and may be obtained from: The Company Secretary, United Utilities Group PLC, Haweswater House, Lingley Mere Business Park, Lingley Green Avenue, Great Sankey, Warrington, WA5 3LP.