Registration number: 3017251

Anglian Water Business (National) Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2016

THURSDAY



17/11/2016 COMPANIES HOUSE

#185

Contents

Company Information	•	1
Strategic Report		2
Directors' Report		3
Statement of Directors' Responsibilities	•	4
Independent Auditors' Report		5 to 6
Profit and Loss Account		7
Balance Sheet		8
Statement of Changes in Equity		9
Notes to the Financial Statements		10 to 17

Company Information

Directors

R E Wilson

A Donnelly

W P Young

L Shipsey

J P Clarke

Registered office

Lancaster House

Lancaster Way

Ermine Business Park

Huntingdon Cambridgeshire PE29 6XU

Independent Auditors PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Cornwall Court 19 Cornwall Street Birmingham B3 2DT

Strategic Report for the Year Ended 31 March 2016

The directors present their strategic report for the year ended 31 March 2016.

Review of the business

Anglian Water Business (National) Limited provides water and sewerage services to non-household customers outside the Anglian Water region, with the primary service being water retail in the Scottish market.

The company made a profit for the financial year of £45,000 (2015: £241,000). The company's net assets at 31 March 2016 were £1,457,000 (2015: £1,412,000).

The board consider the results for the year to be satisfactory, with turnover having grown due to increased share of the Scottish water retail market.

The Directors expect turnover to increase further during 2016/17 as additional market share is acquired in Scotland and England.

Given the straightforward nature of the business, the company's Directors are of the opinion that analysis using KPI's has limited value for an understanding of the development or performance of the business. The profit margin and significant factors affecting it are reviewed on a customer by customer basis.

Adoption of FRS101 - with reduced disclosures

During the year the company transitioned from UK GAAP to FRS 101 - Reduced Disclosure Framework and has taken advantage of the disclosure exemptions allowed under this standard. The Company's parent undertaking, Anglian Venture Holdings Limited, was notified of and did not object to the use of the available disclosure exemptions. There are no transition adjustments, as a result of adopting FRS101 with reduced disclosures, in these financial statements.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. Further discussion of the principal and financial risks and uncertainties is included in the Osprey Holdco Limited annual report which does not form part of this report.

Approved by the Board on 11 July 2016 and signed on its behalf by:

W P Young

Director

Directors' Report for the Year Ended 31 March 2016

The directors present their report and the audited financial statements for the year ended 31 March 2016.

Directors of the company

The directors who held office during the year were as follows:

R E Wilson

A Donnelly

W P Young

L Shipsey

J P Clarke

Financial instruments

Objectives and policies

All the company's financial risks are governed by Group policies and procedures. These policies and procedures are discussed within Osprey Holdco Limited consolidated group financial statements.

Price risk, credit risk, liquidity risk and cash flow risk

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks and uncertainties of the group and are not managed separately.

Directors liabilities

The company maintains directors' and officers' liability insurance which gives appropriate cover for legal action brought against its directors. The company has also provided an indemnity for its directors, which is a qualifying third party indemnity provision for the purpose of section 234 ((2) - 6) of the Companies Act 2006.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 11 July 2016 and signed on its behalf by:

W P Young

Director

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- · make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has 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.

Independent Auditors' Report

Opinion on the 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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 March 2016;
- the profit and loss account and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent Auditors' Report (continued)

Responsibilities for the financial statements and the audit Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 4, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.

John Maitland (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP, Statutory Auditor

Cornwall Court 19 Cornwall Street Birmingham B3 2DT

11 July 2016

Profit and Loss Account for the Year Ended 31 March 2016

	Note	2016 £ 000	2015 £ 000
Turnover	3	13,370	5,196
Cost of sales		(11,847)	(4,362)
Gross profit		1,523	834
Administrative expenses		(1,467)	(530)
Operating profit		56	304
Income from shares in group undertakings		-	1
Other interest receivable and similar income	5	3	1
· .		3	2
Profit on ordinary activities before taxation		59	306
Tax on profit on ordinary activities	8 .	(14)	(65)
Profit for the financial year	:	45	241

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalent.

(Registration number: 3017251) Balance Sheet as at 31 March 2016

	Note	2016 £ 000	2015 £ 000
Fixed assets			
Property, plant and equipment	9.	40	52
Current assets			
Debtors	10	12,506	1,706
Cash at bank and in hand		5,563	· 660
		18,069	2,366
Creditors: Amounts falling due within one year			
Trade and other payables	13	(16,575)	(943)
Income tax liability	8	(78)	(64)
Creditors: Amounts falling due within one year		(16,653)	(1,007)
Net current assets		1,416	1,359
Total assets less current liabilities		1,456	1,411
Provisions for liabilities	8	1	1
Net assets	,	1,457	1,412
Capital and reserves			
Called up share capital	11	732	732
Share premium account		8	8
Profit and loss account		717	672
Total shareholders' funds	:	1,457	1,412

Approved by the Board on 11 July 2016 and signed on its behalf by:

W P Young

Director

Statement of Changes in Equity for the Year Ended 31 March 2016

	Called up share capital £ 000	Share premium acount £ 000	Profit and loss account £ 000	Total shareholders' funds £ 000
At 1 April 2015	732	8	672	1,412
Profit for the financial year			45	45
Total comprehensive income	· <u>-</u>		45	45
At 31 March 2016	732	8	717	1,457
	Called up share capital £ 000	Share premium acount £ 000	Profit and loss account £ 000	Total shoraholders' funds £ 000
At 1 April 2014	732	8	431	1,171
Profit for the financial year		<u> </u>	241	241
Total comprehensive income	·		241	241
At 31 March 2015	732	8	672	1,412

The notes on pages 10 to 17 form an integral part of these financial statements. Page 9 $\,$

Notes to the Financial Statements for the Year Ended 31 March 2016

1 General information

The company is a private company limited by share capital incorporated and domiciled in England.

The address of its registered office is:

Lancaster House Lancaster Way Ermine Business Park Huntingdon Cambridgeshire PE29 6XU

These financial statements were authorised for issue by the Board on 11 July 2016.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
- 10(d), (statement of cash flows)
- 16 (statement of compliance with all IFRS),
- 38A (requirement for minimum of two primary statements, including cash flow statements), and
- 111 (cash flow statement information)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 April 2015 have had a material effect on the financial statements.

Notes to the Financial Statements for the Year Ended 31 March 2016 (continued)

2 Accounting policies (continued)

Turnover

Turnover represents the income receivable (excluding value added tax) in the ordinary course of business for services provided and, in respect of unbilled charges, includes an accrual for measured income. Turnover relates to charges due in the year, excluding amounts paid in advance.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class

Depreciation method and rate

4-5 Years

Investments

Investments in securities are classified on initial recognition as available-for-sale and are carried at fair value, except where their fair value cannot be measured reliably, in which case they are carried at cost, less any impairment.

Unrealised holding gains and losses other than impairments are recognised in other comprehensive income. On maturity or disposal, net gains and losses previously deferred in accumulated other comprehensive income are recognised in income.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Notes to the Financial Statements for the Year Ended 31 March 2016 (continued)

2 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

3 Turnover

The analysis of the company's revenue for the year from continuing operations is as follows:

,	2016	2015
	£ 000	£ 000
Sale of goods	13,370	5,196

Notes to the Financial Statements for the Year Ended 31 March 2016 (continued)

4 Op	perating profit		•	
Arr	rived at after charging			
		2016	2015	
		£ 000	£ 000	
Dep	preciation of owned assets	12		6
The	e fees for audit services were borne by another group undertaking with no	recharge to the com	pany.	
5 Otl	her interest receivable and similar income			
		2016	2015	
		£ 000	£ 000	
Inte	erest income on bank deposits	3		-
Bar	nk interest receivable			1
	=	. 3		_1_
6 Sta	off costs			
The	e aggregate payroll costs (including directors' remuneration) were as follo	ws:		
			2016	
			£ 000	
Wa	nges and salaries			65
Soc	cial security costs			7
Oth	ner pension costs	_		6
				78
	e average number of persons employed by the company (including dire egory was as follows:	ctors) during the ye	ar, analyse	=
		•	2016	
			No.	
Ad	ministration and support	=		3
The	e company did not have any employees in the prior year.			

Notes to the Financial Statements for the Year Ended 31 March 2016 (continued)

7 Directors' remuneration

The Directors received no remuneration for their services to the company (2015: nil). The Directors are remunerated through other group companies and no recharges are made.

8 Tax on profit on ordinary activities

Tax charged in the profit and loss account

	2016	2015
	£ 000	£ 000
Current taxation		
Corporation tax charge	15	65
Adjustments in respect of prior years	(1)	(1)
	14	64
Deferred taxation	•	
Arising from origination and reversal of temporary differences		1_
Tax expense in the profit and loss account	14	65

The tax on profit on ordinary activities before taxation for the year is the same as the standard rate of corporation tax in the UK (2015 - the same as the standard rate of corporation tax in the UK) of 20% (2015 - 21%).

The differences are reconciled below:

	2016 £ 000	2015 £ 000
Profit on ordinary activities before taxation	59	306
Corporation tax at standard rate	12	64
Increase (decrease) in current tax from adjustment for prior periods	(1)	(1)
Increase (decrease) from effect of capital allowances depreciation	- '	1
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	3	<u> </u>
Total tax charge	14	64

Notes to the Financial Statements for the Year Ended 31 March 2016 (continued)

9 Property, plant and equipment

	Other property, plant and equipment £ 000	Total £ 000
Cost or valuation At 1 April 2015	166	166
At 31 March 2016	166	166
Depreciation At 1 April 2015 Charge for the year	114 12	114 12
At 31 March 2016	126	126
Carrying amount		
At 31 March 2016	40	40
At 31 March 2015	52	52
10 Debtors	·	
	2016 £ 000	2015 £ 000
Trade receivables	288	611
Amounts owed by group undertakings	281	1
Loans to related parties	-	200
Accrued income	6,047	376
Prepayments	5,461	451
Other receivables	429	67
Total current trade and other receivables	12,506	1,706

The fair value of those trade and other receivables classified as financial instrument loans and receivables are disclosed in the financial instruments note.

The company's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in the financial risk management and impairment note.

Notes to the Financial Statements for the Year Ended 31 March 2016 (continued)

11 Called up share capital

Allotted, called up and fully paid shares

	2016		2015	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £0.10 each	7,320	732	7,320	732

12 Obligations under leases and hire purchase contracts

Operating leases

The total future value of minimum lease payments is as follows:

2016 £ 000

Within one year

The amount of non-cancellable operating lease payments recognised as an expense during the year was £Nil (2015 - £Nil).

13 Trade and other payables

٠.,		2016 £ 000	2015 £ 000
Trade payables		258	12
Accruals and defe	erred income	16,317	728
Amounts owed to	group undertakings	_	203
		16,575	943

The fair value of the trade and other payables classified as financial instruments are disclosed in the financial instruments note.

The company's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in the financial risk management and impairment note.

14 Commitments

Pension commitments

Contributions to defined contribution schemes in the year amounted to £6,000 (2015: £nil). At 31 March 2016 there were no outstanding or prepaid contributions. Commitments provided for in the financial statements amounted to £nil (2015 - £nil). Commitments not provided for in the financial statements amounted to £nil (2015 -£nil). £nil relates to pension commitments related to pensions payable to past directors (2015 - £nil). Commitments provided for in the accounts amounted to £Nil (2015 - £Nil). £Nil relates to pension commitments related to pensions payable to past directors (2015 - £Nil). £Nil relates to pension commitments related to pensions payable to past directors (2015 - £Nil).

Notes to the Financial Statements for the Year Ended 31 March 2016 (continued)

15 Parent of group in whose consolidated financial statements the company is consolidated

The company's immediate parent is Anglian Venture Holdings Limited, a company registered in England.

Osprey Holdco Limited is the parent company of the smallest group to consolidate the financial statements of the company, copies of which can be obtained from the Company Secretary, Lancaster House, Lancaster Way, Huntingdon, Huntingdon, Cambridgeshire, PE29 6YJ

Anglian Water Group Limited is the parent company of the largest group to consolidate the financial statements of the company, copies of which can be obtained from the Company Secretary, Lancaster House, Lancaster Way, Huntingdon, Huntingdon, Cambridgeshire, PE29 6YJ

The directors consider Anglian Water Group Limited, a company registered in Jersey, to be the ultimate parent undertaking and controlling party. Anglian Water Group Limited is itself owned and controlled by a consortium of investors consisting of the Canada Pension Plan Investment Board, Colonial First State Global Asset Management, IFM Investors, and 3i.