

Biwater Industries Limited

**Directors' Report and Financial Statements
Year ended 31 March 2007**

MONDAY



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COMPANIES HOUSE

Registration number 3107022

Biwater Industries Limited

Report of the directors

The directors submit their report and the financial statements for the year ended 31 March 2007

Principal activities

The principal activity of the Company is to run-out its remaining debtors and creditors

Results and dividends

The result for the year was a loss transferred to reserves of £81,747 (2006 loss £2,805) The profit and loss account is shown on page 6

The directors do not recommend the payment of a dividend (2006 £Nil)

Policy on payment of creditors

It is the company's policy to settle the terms of payment with suppliers when agreeing the terms of each agreement, to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment

Charitable donations

The company did not make any donations during the year for charitable purposes (2006 £Nil)

Directors and interests in shares

The names of the present directors are

D F W White
D L Magor

Mr D F W White and Mr D L Magor are directors of Biwater Plc, the ultimate parent undertaking

No directors had any discloseable shareholding interests in any group company during the year

D F W White and D L Magor served throughout the year under review

The ultimate parent undertaking maintains a directors' and officers' insurance policy as permitted by the Companies Act 1985

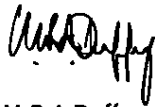
Biwater Industries Limited

Report of the directors continued

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the forthcoming Annual General Meeting

By order of the board



M R A Duffy
Secretary

Registered office
Biwater House
Station Approach
Dorking
Surrey RH4 1TZ

27 September 2007

Biwater Industries 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). 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 then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 confirm that they have complied with the above requirements in preparing the financial statements.

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 1985. 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure of information to the auditors

So far as each director is aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware and each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors' report to the members of Biwater Industries Limited

We have audited the financial statements of Biwater Industries Limited for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Balance Sheet, Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Gatwick

27 September 2007

Biwater Industries Limited

Profit and loss account Year ended 31 March 2007

	Note	Year ended 31/3/07 £000	Year ended 31/3/06 £000
Operating loss			
Discontinued operations	1	(115)	(4)
Loss on ordinary activities before taxation		(115)	(4)
Taxation	2	33	1
Loss for the financial year after taxation transferred to reserves	7	(82)	(3)

There are no differences between the loss on ordinary activities before taxation and the loss for the year stated above and the historical cost equivalents


The notes on pages 9 to 12 form part of these accounts

Biwater Industries Limited

Balance sheet **31 March 2007**

	Note	31/3/07		31/3/06	
		£000	£000	£000	£000
Current assets					
Debtors	3	97		64	
Cash at bank and in hand		-		166	
		97		230	
Creditors amounts falling due within one year	4	(2)		(1,823)	
Net current assets/(liabilities)			95		(1,593)
Creditors amounts falling due after more than one year	5	(4,121)		(2,423)	
Net liabilities			(4,026)		(4,016)
Capital and reserves					
Called up share capital	6	1,036		1,036	
Profit and loss account	7	(5,062)		(5,052)	
Equity shareholders' deficit	7		(4,026)		(4,016)

Approved by the board on 27 September 2007


D L Magor
Director

The notes on pages 9 to 12 form part of these accounts

Biwater Industries Limited

Statement of Total Recognised Gains and Losses
Year ended 31 March 2007

	Year ended 31/3/07 £000	Year ended 31/3/06 £000
Loss for the financial year	(82)	(3)
Opening balance foreign exchange difference	72	(23)
Total recognised losses for the financial year	(10)	(26)

The notes on pages 9 to 12 form part of these accounts

Biwater Industries Limited

Notes to the financial statements

Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and on the going concern basis as the ultimate parent undertaking, which provides finance, has confirmed that it currently intends to continue to provide financial support for the foreseeable future to enable the company to meet its liabilities as they fall due

Accounting convention

The financial statements are prepared under the historical cost convention and using the following accounting policies which have been applied consistently

Discontinued activities

A business is classified as a discontinued operation if it is clearly distinguishable, has a material effect on the nature and focus of the Company's activities, represents a material reduction in the Company's operating facilities and either its sale is completed, or, if a termination, its former activities have ceased permanently prior to the approval of these financial statements

Foreign currencies

Assets, liabilities, profits and losses in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date or at the contract rate. Costs and revenues payable or receivable in foreign currencies and included in forecasts of contract outcome are translated using current exchange rates. Other exchange differences arising in the ordinary course of business are included in the profit and loss account, exchange differences arising on the translation of long term inter-company current accounts are included in the Statement of Recognised Gains and Losses

Deferred taxation

Deferred taxation is recognised as a liability or asset if transactions have occurred by the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted

Biwater Industries Limited

Notes to the financial statements

	Year ended 31/3/07 Discontinued Operations £000	Year ended 31/3/06 Discontinued Operations £000
1 Operating loss		
Operating loss can be analysed as follows		
Other external charges	(117)	(4)
Exchange differences	2	-
Operating loss	(115)	(4)
There are no employees in the company		
The auditors' remuneration for the year was borne by Biwater Plc, the ultimate parent company		
The emoluments of Mr D F W White and Mr D L Magor were paid by the ultimate parent company which made no recharge to the company. Accordingly, the above details include no emoluments in respect of Mr D F W White and Mr D L Magor. Mr D L Magor and Mr D F W White are directors of the ultimate parent company and a number of fellow subsidiaries and their total emoluments are included in the aggregate of directors' emoluments disclosed in the 2007 financial statements of the ultimate parent company		
2 Taxation		
The tax assessed for the year is higher than (2006 same as) the standard rate of corporation tax in the UK. The differences are explained below -		
Loss on ordinary activities before tax	(115)	(4)
Standard rate of corporation tax in UK (30%)	34	1
Adjustment in respect of previous period	(1)	-
	33	1
3 Debtors amounts falling due within one year		
Amounts owed by group undertakings	47	47
Other debtors	2	2
Group relief receivable	48	15
	97	64

Biwater Industries Limited

Notes to the financial statements continued

	31/3/07 £000	31/3/06 £000
4 Creditors amounts falling due within one year		
Bank loans and overdraft	-	1,804
Other creditors	2	9
Accruals and deferred income	-	10
	2	1,823

Bank loans and overdraft are secured on a group basis by a floating charge on the assets of Biwater Plc

5 Creditors amounts falling due after more than one year		
Amounts owed to group undertakings	4,121	2,423

6 Called up share capital		
Authorised 4,036,000 Ordinary shares of £1 each	4,036	4,036
Allotted and fully paid 1,036,000 Ordinary shares of £1 each	1,036	1,036

7 Combined statement of movements in shareholders' funds and statement of movements on reserves

	Share capital £000	Profit and loss account £000	Total 2007 £000	Total 2006 £000
Balance 1 April	1,036	(5,052)	(4,016)	(3,990)
Loss for the year	-	(82)	(82)	(3)
Opening balance foreign exchange differences	-	72	72	(23)
Balance 31 March	1,036	(5,062)	(4,026)	(4,016)

8 Capital commitments

There are no capital commitments (2006 £Nil)

9 Contingent liabilities

- Under guarantees of certain of the Group's overdraft facilities and other creditors amounting to £Nil (31 March 2006 - £1 8m)
- Under indemnities and guarantees to banks and underwriters for contract bonds in the normal course of business amounting to £Nil (31 March 2006 - £0 2m)
- No valuable security has been given by the company

Biwater Industries Limited

Notes to the financial statements continued

10 Related party transactions

Advantage has been taken of the exemption given in FRS 8 – Related Party Disclosures to wholly owned subsidiaries, not to provide details of transactions and balances with other group members of the Biwater Plc group

11 Cash flow statement

The company is exempt from producing a cash flow statement under FRS 1 (revised 1996) – Cash Flow Statements being a wholly owned subsidiary of Biwater Plc, whose accounts include a consolidated cash flow statement

12 Ultimate parent undertaking

Biwater Industries Limited is wholly owned by Biwater Plc which is registered in England and Wales. Biwater Plc is the only company that consolidates the results of Biwater Industries Limited and is the ultimate parent undertaking. Copies of its consolidated accounts can be obtained from the Company Secretary, Biwater Plc, Biwater House, Station Approach, Dorking, Surrey, RH4 1TZ. The ultimate controlling party of Biwater Plc is Mr A E White.