

Biwater Industries Limited

Report and financial statements

Year ended 31 March 2019

Company Number 3107022



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Biwater Industries Limited is registered as a Limited Company in England & Wales

Company Number 3107022

Board of Directors

Sir Adrian White CBE, DL, C Sci, D Univ, FCIWEM
J S Lamb

Company Secretary

J S Lamb

Registered Office

Biwater House, Station Approach, Dorking, Surrey RH4 1TZ

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

**Directors' report
for the year ended 31 March 2019 (continued)**

The Directors submit their report and the financial statements for the year ended 31 March 2019.

Revenue and operating profit

The Company reports turnover for the period of £Nil (year ended 31 March 2018: £Nil) and a profit before taxation of £44,193 (year ended 31 March 2018: loss of £4,624).

A profit has been transferred to reserves of £44,193 (year ended 31 March 2018: loss of £4,624).

Trading performance

During the year the company continued to run-out its debtors and creditors.

Dividends

The directors do not recommend the payment of a dividend (2018: £Nil).

Going concern

The Biwater Group now has existing and future contract work of £1.3 billion from signed contracts which, pending financial close, will dramatically affect the financial results of the Group in the future and increase its capabilities and presence across its core territories.

The Covid-19 pandemic in 2020 has impacted the global economy, although with Biwater's customer base being largely public sector, with client Governments' Ministries of Finance supporting the larger, vital, externally-financed water infrastructure projects we undertake, in what is expected to be a continuing low interest rate environment, Biwater can look forward with confidence to undiminished demand for its services. Further information is included in the 'Going concern' section of note 1 to the financial statements which highlights a material uncertainty relating to the potential requirement for further funding.

Directors

The directors who served throughout the year and up to the date of signing the financial statements were Sir Adrian White and Mr J S Lamb.

Directors' indemnities

The Company maintains liability insurance for its directors and officers. Following shareholder approval in July 2005, the Company has also provided an indemnity for its directors and secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Accounting reference date

The Company's accounting reference date is the 30th March. As permitted by Section 390A of the 2006 Companies Act, the Directors have drawn up their accounts to the 31st March.

Independent auditors

The auditors, BDO LLP, have indicated their willingness to continue in office.

Statement of directors' responsibilities in respect of the 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.

Directors' report
for the year ended 31 March 2019 (continued)

Statement of directors' responsibilities in respect of the report and the financial statements (continued)

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and the Republic of Ireland* Section 1A. 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; 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.

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 418 of the Companies Act 2006) 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.

In preparing this directors' report, advantage has been taken of the small companies' exemption.

Approved by the Board and signed on its behalf by



J S Lamb
Director

15 September 2020

**Independent auditor's report
for the year ended 31 March 2019**

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF BIWATER INDUSTRIES LIMITED

Opinion

We have audited the financial statements of Biwater Industries Limited ("the Company") for the year ended 31 March 2019 which comprise the profit and loss account and statement of comprehensive income, the balance sheet, the statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its profit 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements, which indicates the Directors' considerations over the going concern of the Company and its dependency on that of the wider group in order to continue as a going concern. As stated in note 1, these events or conditions, along with other matters as set out in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Director's report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

**Independent auditor's report
for the year ended 31 March 2019 (continued)**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's report.

We have nothing to report in respect of the following matters in relation to which 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 prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



James Fearon (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, United Kingdom

Date: 22 September 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Profit and loss account and statement of comprehensive income
for the year ended 31 March 2019**

		Year Ended 31 March 2019	Year Ended 31 March 2018
	Note	Total £	Total £
Revenue		-	-
Other external (credits)/charges		-	-
Exchange differences		44,193	(4,624)
Profit/(loss) from operations		44,193	(4,624)
Profit/(loss) from on ordinary activities before taxation		44,193	(4,624)
Taxation on ordinary activities	5	-	-
Profit/(loss) for the financial year and total comprehensive income		44,193	(4,624)

The notes on pages 8 to 12 form part of these financial statements.

**Balance sheet
at 31 March 2019**

	Note	31 March 2019 £	31 March 2018 £
Current assets			
Debtors due within one year	6	2,793	2,793
Creditors: amounts falling due within one year	7	(3,970,715)	(4,014,908)
Net current liabilities		(3,967,922)	(4,012,115)
Total assets less current liabilities		(3,967,922)	(4,012,115)
Net liabilities		(3,967,922)	(4,012,115)
Capital and reserves			
Share capital	8	1,036,199	1,036,199
Retained loss		(5,004,121)	(5,048,314)
Shareholders' liabilities		(3,967,922)	(4,012,115)

The financial statements are prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved and authorised for issue by the Board of Directors on 15 September 2020 and were signed on its behalf by:


J S Lamb
Director

The notes on pages 8 to 12 form part of these financial statements.

**Statement of changes in equity
for the year ended 31 March 2019**

	Share capital £	Retained loss £	Total £
At 1 April 2018	1,036,199	(5,048,314)	(4,012,115)
Comprehensive profit for the year:			
Profit for the financial year	-	44,193	44,193
At 31 March 2019	1,036,199	(5,004,121)	(3,697,922)
	Share capital £	Retained loss £	Total £
At 1 April 2017	1,036,199	(5,043,690)	(4,007,491)
Comprehensive loss for the year:			
Loss for the financial year	-	(4,624)	(4,624)
At 31 March 2018	1,036,199	(5,048,314)	(4,012,115)

The notes on pages 8 to 12 form part of these financial statements.

**Notes forming part of the financial statements
for the year ended 31 March 2019**

1 Accounting policies

Biwater Industries Limited is a company incorporated in England under The Companies Act. The address of the registered office is given on the contents page.

Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and the Republic of Ireland* ('FRS 102') Section 1A and the Companies Act 2006.

The company previously applied the Financial Reporting Standard 101 *Reduced Disclosure Framework* ('FRS 101') and has transitioned to FRS 102 Section 1A with the date of transition being 1 April 2017. There were no amendments required to equity at the transition date or at 31 March 2018 or to the profit and loss for the year ended 31 March 2018 as a result of the transition.

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of disclosure exemptions available under FRS 102 Section 1A. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by Biwater Holdings Limited.

Judgements and key areas of estimation uncertainty

The preparation of financial statements in compliance with FRS 102 Section 1A requires the use of certain critical accounting estimates. It also requires the Company's directors to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

Going Concern

In determining the appropriate basis of preparation of these financial statements, the Directors are required to consider whether the Group and the Company can continue in operational existence for the foreseeable future. The Company is a subsidiary within the Biwater Holdings Limited group of companies, and because of the interlinked activities between the Company and the wider group it is dependent on the going concern of the wider group to continue as a going concern.

Based on the latest trading expectations and associated cash flow forecasts of the Group headed by Biwater Holdings Limited, the Directors of the Group have considered the cash requirements of the Group and believe that the Group will be able to continue in operations and meet its liabilities as they fall due for at least the next twelve months following approval of these financial statements. As such the financial statements have been prepared on a going concern basis.

**Notes forming part of the financial statements
for the year ended 31 March 2019 (continued)**

1 Accounting policies (continued)

Going Concern (continued)

The Directors recognise that inherent within international contracting are uncertainties around the timing and receipt of significant contract sums. The Directors have forecast future expected receipts in respect of a number of signed international long-term contracts over the forecast period of 12 months from the date of signing these financial statements using their considerable experience of the industry; although the timing of financial close of these signed contracts and therefore the ability to draw down related contracted amounts is uncertain.

Covid-19 has certainly had a dramatic effect across the world and while for Biwater this has not so far delayed any new construction activity, its impact in the medium term on our ability to deliver activities in overseas territories, where open borders and free movement of people are essential to complete our construction obligations, remains to be seen. At the time of writing we are seeing restrictions beginning to be lifted, and we look forward to this continuing. Additionally, the Directors recognise that inherent within international contracting are uncertainties around the timing and receipt of significant contract sums and that these are compounded by Covid-19 and the potential impacts if activities remain significantly restricted beyond Q4 2020. If a number of significant receipts on signed contracts are not achieved as forecast, the Group may require additional funding.

The Board and the main shareholder are confident that in light of its recent debt funding arrangements, corporate banking support and products available to assist UK exporters' working capital needs, such additional funding would be available. The board and the main shareholder already have signed indicative heads of terms with a reputable lender for a credit approved £2.0 million banking facility. In addition, the board are considering other options which would bring additional funding into the Group should the need arise. However, in view of the potential impacts of Covid-19, the timing of contract receipts and the resulting possible need for additional funding, it is considered that a material uncertainty exists which may cast significant doubt over the Group's ability to continue as a going concern. Therefore, as the going concern of the Company is linked to the going concern of the Group a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company was unable to continue as a going concern.

Foreign currency

Transactions entered into by the Company in a currency other than the currency of the primary economic environment in which it operates (the 'functional currency') are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

The Company's financial assets comprise:

- Trade debtors

Trade debtors do not carry interest and are stated at face value as reduced by appropriate allowances for estimated recoverable amounts.

**Notes forming part of the financial statements
for the year ended 31 March 2019 (continued)**

1 Accounting policies (continued)

Financial Instruments (continued)

Financial liabilities

The Company's financial liabilities comprise:

- Amounts owed to group undertakings

Amounts owed to group undertakings are payable on demand.

2 Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amount of the assets and liabilities within the next financial year is discussed below.

In terms of the going concern the Company has reviewed its cash requirements and in conjunction with the Biwater Group cash position it is considered that the company has sufficient funds available to it for at least 12 months from the date of signing the financial statements.

3 Operating expenses

Fees paid to the Company's auditor, BDO LLP in respect of audit services, for the year and the prior year were borne by Biwater Holdings Limited, the ultimate parent undertaking.

4 Employees and directors' remuneration

No directors received emoluments during the year (2018: £Nil). There were no staff during the year (2018: Nil).

**Notes forming part of the financial statements
for the year ended 31 March 2019 (continued)**

5 Tax expense

There was no tax expense in either the current or preceding financial period.

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	Year ended 31 March 2019 £	Year ended 31 March 2018 £
Profit/(loss) on ordinary activities before tax	44,193	(4,624)
Tax using the Company's domestic tax rate of 19% (2018 – 19%)	8,397	(879)
Effects of: (Utilised)/unutilised tax losses	(8,397)	879
	<u> </u>	<u> </u>
Total tax charge	<u> </u>	<u> </u>

Changes in tax rates and factors affecting the future tax charge

No deferred tax asset has been recognised. The amount unprovided at 31 March 2019 is £534 (31 March 2018: £10,616).

6 Debtors

	2019 £	2018 £
Due within one year:		
Amounts owed by group undertakings	2,793	2,793
	<u> </u>	<u> </u>
	2,793	2,793
	<u> </u>	<u> </u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

7 Creditors

	2019 £	2018 £
Due within one year:		
Amounts owed to group undertakings	3,950,627	3,994,820
Other creditors	2,793	2,793
Group relief	17,295	17,295
	<u> </u>	<u> </u>
	3,970,715	4,014,908
	<u> </u>	<u> </u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

**Notes forming part of the financial statements
for the year ended 31 March 2019 (continued)**

8 Share capital	Authorised, issued and fully paid			
	2019 Number	2019 £	2018 Number	2018 £000
Ordinary shares of £1 each	<u>1,036,199</u>	<u>1,036,199</u>	<u>1,036,199</u>	<u>1,036,199</u>

9 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserves	Description and purpose
<i>Share capital</i>	Nominal value of share capital subscribed for.
<i>Retained loss</i>	All net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

10 Related party transactions

Advantage has been taken of the exemption given in FRS 102 Section 1A not to provide details of transactions and balances with other members of the Biwater Holdings Limited group.

11 Controlling interests

The Company is wholly owned by Biwater Holdings Limited, which is registered in England & Wales. Biwater Holdings Limited is the only company that consolidates the results of Biwater Construction Limited and is the ultimate parent undertaking. Copies of its consolidated accounts can be obtained from the Company Secretary, Biwater Holdings Limited, Biwater House, Station Approach, Dorking, Surrey RH4 1TZ.

The ultimate controlling party of the Group is Sir Adrian White.

12 Post balance sheet events

On 30 January 2020 the World Health Organisation declared a global pandemic as a result of the unfolding Covid-19 crisis. The impact of this on the Company is set out in note 1.