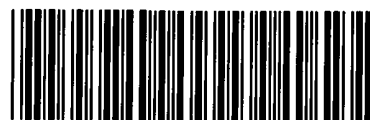


**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018
FOR
BRITISH WATER**

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BRITISH WATER (REGISTERED NUMBER: 03953229)

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FOR THE YEAR ENDED 31 MARCH 2018**

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BRITISH WATER

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2018**

DIRECTORS:

A V Williams
D A Kaner
L I Thompson
P M Mullord
L C Horrocks
M Willis
L Martin
B Ketler
D Neil-Gallacher
A J Conway
C Loughlin
M J Froom
I R A Bernard
K W Hayward
P J Bresnan
A J A Wallace

SECRETARY:

B Ketler

REGISTERED OFFICE:

Vox Studios
Unit V103
1-45 Durham Street
London
SE11 5JH

REGISTERED NUMBER:

03953229 (England and Wales)

AUDITORS:

Nunn Hayward LLP
Chartered Accountants
Statutory Auditor
Sterling House
20 Station Road
Gerrards Cross
Buckinghamshire
SL9 8EL

BRITISH WATER (REGISTERED NUMBER: 03953229)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2018**

The directors present their report with the financial statements of the company for the year ended 31 March 2018.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a Trade Association to the Water and Waste Water industry.

The company is limited by guarantee and therefore has no share capital. Under the Articles of Association each member of the company has a maximum liability of £5 in the event of winding-up.

In accordance with section 62 of the Companies Act 2006, the company is exempt from the requirements to use the word "limited" at the end of its name.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2017 to the date of this report.

A V Williams
D A Kaner
L I Thompson
P M Mullord
L C Horrocks
M Willis
L Martin
B Ketler
D Neil-Gallacher
A J Conway
C Loughlin
M J Froom
I R A Bernard

Other changes in directors holding office are as follows:

M Perez Ortola - resigned 30 November 2017
K W Hayward - appointed 27 September 2017
P J Bresnan - appointed 6 December 2017
A J A Wallace - appointed 10 May 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit 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;
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are 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 or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

BRITISH WATER (REGISTERED NUMBER: 03953229)

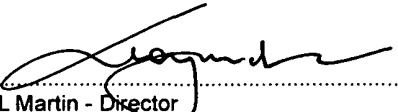
**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2018**

AUDITORS

The auditors, Nunn Hayward LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:


.....
L Martin - Director

Date: 23 May 2018

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BRITISH WATER

Opinion

We have audited the financial statements of British Water (the 'company') for the year ended 31 March 2018 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and 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 Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its surplus 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 Auditors' 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

Opinion 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BRITISH WATER

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 Report of the Directors.

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 director's 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' exemption in preparing the Report of the Directors and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 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.

Our 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 a Report of the Auditors 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 on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Nunn Hayward LLP
Daniel Palmer (Senior Statutory Auditor)
for and on behalf of Nunn Hayward LLP
Chartered Accountants
Statutory Auditor
Sterling House
20 Station Road
Gerrards Cross
Buckinghamshire
SL9 8EL

Date: 24th May 2018

BRITISH WATER (REGISTERED NUMBER: 03953229)

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2018 £	2017 £
TURNOVER		816,069	760,926
Cost of sales		<u>(254,219)</u>	<u>(250,081)</u>
GROSS SURPLUS		561,850	510,845
Administrative expenses		<u>(541,364)</u>	<u>(513,610)</u>
		20,486	(2,765)
(Loss)/Gain on revaluation of investments		<u>(1,775)</u>	<u>691</u>
OPERATING SURPLUS/(DEFICIT)	4	18,711	(2,074)
Income from fixed asset investments		356	197
Interest receivable and similar income		<u>-</u>	<u>1</u>
SURPLUS/(DEFICIT) BEFORE TAXATION		19,067	(1,876)
Tax on surplus/(deficit)	5	<u>(3,335)</u>	<u>3</u>
SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR		<u>15,732</u>	<u>(1,873)</u>

The notes form part of these financial statements

BRITISH WATER (REGISTERED NUMBER: 03953229)

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2018 £	2017 £
SURPLUS/(DEFICIT) FOR THE YEAR		15,732	(1,873)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>15,732</u>	<u>(1,873)</u>

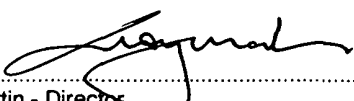
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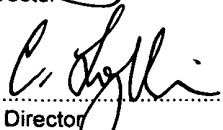
BRITISH WATER (REGISTERED NUMBER: 03953229)

BALANCE SHEET
31 MARCH 2018

	Notes	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	6		5,081		4,664
Investments	7		<u>5,825</u>		<u>7,244</u>
			10,906		11,908
CURRENT ASSETS					
Debtors	8	74,107		81,076	
Cash at bank and in hand		<u>185,240</u>		<u>147,293</u>	
		259,347		228,369	
CREDITORS					
Amounts falling due within one year	9	<u>124,675</u>		<u>111,345</u>	
NET CURRENT ASSETS			<u>134,672</u>		<u>117,024</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			145,578		128,932
PROVISIONS FOR LIABILITIES	11		<u>914</u>		-
NET ASSETS			<u>144,664</u>		<u>128,932</u>
RESERVES					
Income and expenditure account	12		<u>144,664</u>		<u>128,932</u>
			<u>144,664</u>		<u>128,932</u>

The financial statements were approved by the Board of Directors on 23 May 2018 and were signed on its behalf by:


.....
L Martin - Director


.....
C Loughlin - Director

The notes form part of these financial statements

BRITISH WATER (REGISTERED NUMBER: 03953229)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Income and Expenditure account £	Total equity £
Balance at 1 April 2016	130,805	130,805
Changes in equity		
Total comprehensive income	<u>(1,873)</u>	<u>(1,873)</u>
Balance at 31 March 2017	<u>128,932</u>	<u>128,932</u>
Changes in equity		
Total comprehensive income	<u>15,732</u>	<u>15,732</u>
Balance at 31 March 2018	<u>144,664</u>	<u>144,664</u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

1. STATUTORY INFORMATION

British Water is private company, limited by guarantee, registered in England and Wales. The company's registered number is 03953229 and the registered office address is Vox Studios, Unit V103, 1-45 Durham Street, London SE11 5JH.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard, applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention except for the modification to a fair value basis of listed investments as specified in the accounting policies below.

The presentation currency is £ Sterling rounded to the nearest £1.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c).

Turnover

Turnover represents amounts receivable for services and events net of VAT.

To the extent that there is a right to consideration, turnover represents the value of services provided under a contract and is recorded at the value of consideration due. When a contract has only been partially completed at the balance sheet date, however, the turnover to be recorded represents the value of the service provided at that date, based on a proportion of the total expected consideration at completion of the contract.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures, fittings and equipment	- 50% on cost and 33% on cost
----------------------------------	-------------------------------

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

2. ACCOUNTING POLICIES - continued

Leasing commitments

Rentals paid under operating leases are charged to surplus or deficit on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Government grants

Government grants received for certain foreign missions and exhibitions are recognised in the income and expenditure account in the same period as the expenditure. Grant income is either included in mission or events income and matching costs are either included in mission or events costs in the income and expenditure account.

On certain overseas trade exhibitions British Water has also acted as an accredited trade organisation for Department for Trade & Industry. For these particular events, British Water receive grants on behalf of exhibitors which they distribute to these exhibitors. The income received is disclosed in grant claims for exhibitors and the matching costs are disclosed in grant recharges for exhibitors in the income and expenditure account.

Fixed assets investments

Fixed assets investments are stated at fair value at the balance sheet date. Movements in this fair value are recognised in the income statement.

3. EMPLOYEES AND DIRECTORS

	2018	2017
	£	£
Wages and salaries	288,544	270,908
Social security costs	26,276	26,551
Other pension costs	<u>2,016</u>	<u>407</u>
	<u>316,836</u>	<u>297,866</u>

The average number of employees during the year was as follows:

	2018	2017
Directors	3	4
Manager	2	1
Administration	<u>2</u>	<u>2</u>
	<u>7</u>	<u>7</u>

The 2017 average number of employees disclosure has been amended to reflect directors who have been remunerated by salary. This is consistent with the disclosure made in the Current year.

	2018	2017
	£	£
Directors' remuneration	<u>178,470</u>	<u>187,451</u>

4. OPERATING SURPLUS/(DEFICIT)

The operating surplus (2017 - operating deficit) is stated after charging:

	2018	2017
	£	£
Hire of plant and machinery	-	1,400
Other operating leases	41,960	41,640
Depreciation - owned assets	4,945	4,020
Auditors' remuneration	7,700	7,700
Consultancy fee for services	<u>63,210</u>	<u>63,671</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018
5. TAXATION**Analysis of the tax charge/(credit)**

The tax charge/(credit) on the surplus for the year was as follows:

	2018 £	2017 £
Current tax:		
UK corporation tax	3,763	-
Corporation tax adjustment re previous year	<u>(1,342)</u>	<u>(3)</u>
Total current tax	2,421	(3)
Deferred tax	<u>914</u>	<u>-</u>
Tax on surplus/(deficit)	<u>3,335</u>	<u>(3)</u>

UK corporation tax was charged at 20% in 2017.

Reconciliation of total tax charge/(credit) included in income statement

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £	2017 £
Surplus/(deficit) before tax	<u>19,067</u>	<u>(1,876)</u>
Surplus/(deficit) multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)	3,623	(375)
Effects of:		
Utilisation of tax losses	(87)	(193)
Adjustments to tax charge in respect of previous periods	(1,342)	(3)
Depreciation	939	804
Disallowable expenses	445	608
Capital allowances	(1,089)	(667)
Franked investment income	(68)	(39)
Fair value of investments	-	(138)
Deferred tax	<u>914</u>	<u>-</u>
Total tax charge/(credit)	<u>3,335</u>	<u>(3)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

6. TANGIBLE FIXED ASSETS

	Fixtures, fittings and equipment £
COST	
At 1 April 2017	12,077
Additions	<u>5,362</u>
At 31 March 2018	<u>17,439</u>
DEPRECIATION	
At 1 April 2017	7,413
Charge for year	<u>4,945</u>
At 31 March 2018	<u>12,358</u>
NET BOOK VALUE	
At 31 March 2018	<u>5,081</u>
At 31 March 2017	<u>4,664</u>

7. FIXED ASSET INVESTMENTS

	Listed investments £
COST OR VALUATION	
At 1 April 2017	7,244
Additions	356
Revaluations	<u>(1,775)</u>
At 31 March 2018	<u>5,825</u>
NET BOOK VALUE	
At 31 March 2018	<u>5,825</u>
At 31 March 2017	<u>7,244</u>

Cost or valuation at 31 March 2018 is represented by:

	Listed investments £
Valuation in 2018	<u>5,825</u>

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade debtors	33,750	25,053
Other debtors	10,896	14,265
Directors' current accounts	546	487
Prepayments and accrued income	<u>28,915</u>	<u>41,271</u>
	<u>74,107</u>	<u>81,076</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade creditors	42,612	26,460
Corporation tax	3,763	-
Social security and other taxes	19,723	27,407
Accruals and deferred income	<u>58,577</u>	<u>57,478</u>
	<u>124,675</u>	<u>111,345</u>

10. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2018	2017
	£	£
Within one year	40,176	35,421
Between one and five years	<u>38,137</u>	<u>1,945</u>
	<u>78,313</u>	<u>37,366</u>

11. PROVISIONS FOR LIABILITIES

	2018	2017
	£	£
Deferred tax	<u>914</u>	<u>-</u>

	Deferred tax
	£
Provided during year	<u>914</u>
Balance at 31 March 2018	<u>914</u>

12. RESERVES

	Income and Expenditure account £
At 1 April 2017	128,932
Surplus for the year	<u>15,732</u>
At 31 March 2018	<u>144,664</u>

13. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31 March 2018 and 31 March 2017:

	2018	2017
	£	£
L I Thompson		
Balance outstanding at start of year	487	618
Amounts advanced	1,605	1,449
Amounts repaid	(1,546)	(1,580)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>546</u>	<u>487</u>

The balance above will be repaid within nine months of the year end.

BRITISH WATER (REGISTERED NUMBER: 03953229)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018**

14. RELATED PARTY DISCLOSURES

During the year, the company paid £62,780 (2017: £63,671) in respect of consultancy services provided by one (2017: two) of its directors. At 31 March 2018, the company owed £3,440 (2017: £5,130) to these directors.

All directors who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be the key management personnel. Total remuneration in respect of these individuals is £241,250 (2017: £251,122).