

**Company number 3995023**

**Severn Trent Water Services Plc**  
**(formerly YPCS101 Plc)**

**Financial Statements**

**Period ended 31 March 2001**



# **Severn Trent Water Services Plc (formerly YPCS101 Plc)**

**Period ended 31 March 2001**

<b>Contents</b>	<b>Page</b>
Company information	2
Directors' report	3-6
Auditors' report	7
Profit and loss account	8
Balance sheet	9
Notes to the financial statements	10-13

## **Severn Trent Water Services Plc (formerly YPCS101 Plc)**

### **Company information**

<b>Company number:</b>	3995023
<b>Registered office:</b>	2297 Coventry Road Birmingham B26 3PU
<b>Auditors:</b>	PricewaterhouseCoopers Temple Court 35 Bull Street Birmingham B4 6JT

# **Severn Trent Water Services Plc (formerly YPCS101 Plc)**

## **Directors' report**

The Directors present their report, together with the audited financial statements for the period ended 31 March 2001.

## **Principal activities**

On 28 March 2001 the Company changed its name from YPCS101 Plc to Severn Trent Water Services Plc.

The Company was incorporated on 16 May 2000 and its principal activity is as a holding company for the water related group of companies.

## **Business review**

During the period under review, the Company became the parent undertaking of Severn Trent Water Limited, Severn Trent Retail Services Limited, Severn Trent Utility Services Limited, Severn Trent Water International Limited and Charles Haswell and Partners Limited

A review of the holding Company's activities is contained within the Annual Report and Accounts of Severn Trent Plc. A copy of this report can be obtained on written request to the Company Secretary, Severn Trent Plc, 2297 Coventry Road, Birmingham B26 3PU. There is no charge for this publication.

## **Results and dividends**

The results for the period are shown on page 8 and the Directors do not recommend payment of a dividend.

## **Directors**

The Directors of the Company who served during the period are listed below:

P P Davies	Appointed 2 March 2001
B Duckworth	Appointed 16 March 2001
R M Walker	Appointed 2 March 2001
M R Wilson	Appointed 16 March 2001
York Place Company Secretaries Limited	Appointed 16 May 2000 Resigned 2 March 2001
York Place Company Nominees Limited	Appointed 16 May 2000 Resigned 2 March 2001

No Director had any interest in the share capital of the Company.

No Director had, during the period or at the end of the period, a material interest in any contract of significance to the Company's affairs.

## Severn Trent Water Services Plc (formerly YPCS101 Plc)

### Directors' report (continued)

Messrs Duckworth and Walker are also Directors of Severn Trent Plc, the ultimate parent undertaking. Details of their interests in the share capital of Severn Trent Plc, can be found in the accounts of that Company. The interests of the other Directors at the period end in the share capital of Severn Trent Plc, by way of a beneficial holding or through options to subscribe for shares, according to the register maintained under the provisions of the United Kingdom Companies Act 1985, were as follows:

#### Beneficial Holdings in Ordinary Shares

	16 May 2000 Ordinary Shares of 65 5/19p each	B Shares of 38p each	31 March 2001 Ordinary Shares of 65 5/19p each	B Shares of 38p each
P P Davies	118*	-	118	-
M R Wilson	8,139*	-	8,139	-

\* At date of appointment

#### Share Options under Approved Schemes

	16 May 2000	Exercised during period	Lapsed during period	Granted during period	31 March 2001
P P Davies	2,514*	-	-	-	2,514
M R Wilson	431*	-	-	-	431

\* At date of appointment

Share options were granted in accordance with the rules of the Severn Trent Share Option Scheme and the Severn Trent Sharesave Scheme. Details of prices and periods within which options are exercisable are set out in the financial statements of Severn Trent Plc.

Mr P P Davies and Mr M R Wilson have further interests in Severn Trent Plc ordinary shares of 65 5/19p each by virtue of having received contingent awards of shares under the Severn Trent Plc Long Term Incentive Plan (the 'Plan') on 30 July 1998, 30 July 1999 and 10 August 2000. The Plan operates on a three year rolling basis. The Severn Trent Employee Share Ownership Trust is operated in conjunction with the Plan. Awards do not vest until they have been held in trust for three years and specific performance criteria have been satisfied. The performance criteria are based on Severn Trent Plc's total shareholder return compared to the total shareholder return of a number of other privatised utility companies. The individual interests, which represent the maximum aggregate number of shares to which each individual could become entitled, are as follows:

## Severn Trent Water Services Plc (formerly YPCS101 Plc)

### Directors' report (continued)

	16 May 2000				31 March 2001	
	Number of ordinary shares of 65 5/19p each	Awards vested during period	Awards lapsed during period	Awarded during period	Number of ordinary shares of 65 5/19p each	Gain on vesting (£'000)
P P Davies	12,507*	-	-	-	12,507	-
M R Wilson	17,292*	-	-	-	17,292	-

\* At date of appointment

No further awards have been made under the Plan as at 6 June 2001.

The performance period for allocations of shares made in 1998 ended on 31 March 2001. Severn Trent Plc's Remuneration Committee has subsequently determined, based on Severn Trent Plc's total shareholder return over the three year performance period, that participants are not entitled to any of the shares allocated. The 1998 contingent allocations of shares are included in the above table.

### Share Capital

Details of the share capital issued in the year are shown in note 6 to the financial statements on page 12. These consist of 500,100,000 Ordinary Shares issued at Par.

## **Severn Trent Water Services Plc (formerly YPCS101 Plc)**

### **Statement of Directors' responsibilities**

Company law requires the Directors to prepare financial statements for each financial period which 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:

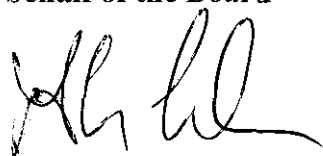
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the United Kingdom 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.

### **Auditors**

PricewaterhouseCoopers are to fill the casual vacancy created on the formation of the Company. A resolution proposing the reappointment of PricewaterhouseCoopers as auditors will be put to the Annual General Meeting.

### **On behalf of the Board**



**M R Wilson**  
**Director**

**6 June 2001**

## **Severn Trent Water Services Plc (formerly YPCS101 Plc)**

### **Auditors' report to the shareholders of Severn Trent Water Services Plc**

We have audited the financial statements on pages 8 to 13.

#### **Respective responsibilities of directors and auditors**

The Directors are responsible for preparing the Annual Report. As described on page 6, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom Accounting Standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

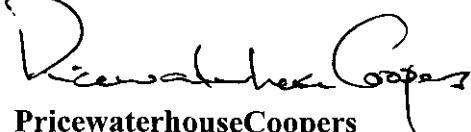
#### **Basis of audit opinion**

We conducted our audit in accordance with auditing standards 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 judgements 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 of the state of the Company's affairs at 31 March 2001 and of its loss for the period then ended and have been properly prepared in accordance with the United Kingdom Companies Act 1985.



**PricewaterhouseCoopers**  
**Chartered Accountants and Registered Auditors**  
**Temple Court**  
**35 Bull Street**  
**Birmingham, B4 6JT**  
**6 June 2001**

# Severn Trent Water Services Plc (formerly YPCS101 Plc)

## Profit and loss account

Period ended 31 March 2001

	Notes	2001 £'000
Turnover		-
Operating costs		-
Operating profit		-
Net interest payable	3	(606)
Loss on ordinary activities before taxation		(606)
Taxation on profit from ordinary activities		-
Retained loss	7	(606)

All activities relate to continuing activities

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

There is no difference between the result disclosed in the profit and loss account and the result on an unmodified historical cost basis.

**Severn Trent Water Services Plc (formerly YPCS101 Plc)**

**Balance sheet**  
**As at 31 March 2001**

	<b>Notes</b>	<b>2001 £'000</b>
<b>Fixed assets</b>		
Investments	4	<u>2,013,089</u>
<b>Current assets</b>		
Cash at bank and in hand		100
<b>Creditors: Amounts falling due within one year</b>	5	<u>(1,513,695)</u>
<b>Net current liabilities</b>		<u>(1,513,595)</u>
<b>Net assets</b>		<u><u>499,494</u></u>
<b>Capital and reserves</b>		
Share capital	6	500,100
Profit and loss account	7	(606)
<b>Shareholders' funds</b>		<u><u>499,494</u></u>

Signed on behalf of the Board who approved the accounts on 6 June 2001.



**M R Wilson**  
**Director**

# **Severn Trent Water Services Plc (formerly YPCS101 Plc)**

## **Notes to the financial statements**

**Period ended 31 March 2001**

### **1. Accounting policies**

#### **a. Accounting convention**

The financial statements have been prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable Accounting Standards and comply with the requirements of the United Kingdom Companies Act 1985.

The Company is exempt under Section 228 of the United Kingdom Companies Act 1985 from the requirement to prepare consolidated financial statements, as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent undertaking, Severn Trent Plc, a Company registered in England and Wales.

#### **b. Deferred taxation**

Provision is only made in the accounts for deferred tax resulting from accelerated capital allowances and other timing differences to the extent that a corporation tax liability may arise within the foreseeable future.

#### **c. Cashflow statement**

The Company is a wholly owned subsidiary of Severn Trent Plc and is included in the consolidated financial statements of Severn Trent Plc which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cashflow statement under the terms of Financial Reporting Standard 1 (Revised).

#### **d. Investments**

Investments held as fixed assets are stated at cost less amounts written off.

### **2. Directors and employees**

The average number of employees during the year was nil.

The directors have not received any fees or emoluments for their services to the Company.

# Severn Trent Water Services Plc (formerly YPCS101 Plc)

## Notes to the financial statements (continued)

Period ended 31 March 2001

### 3. Net interest payable

	2001 £'000
Interest payable on amounts due to parent undertaking	606

### 4. Investments

	2001 £'000 Shares in subsidiary undertakings
Additions during the period and balance as at 31 March 2001	2,013,089

	Country of registration and operation	Percentage and class of share capital held	Nature of business
<b>Subsidiary undertakings</b>			
Severn Trent Water Limited	England	100% Ordinary	Water and sewerage undertaker
Severn Trent Water International Limited	England	100% Ordinary	Water service consultancy
Severn Trent Retail Services Limited	England	100% Ordinary	Retail services
Severn Trent Utility Services Limited	England	100% Ordinary	Contract service provider
Charles Haswell and Partners Limited	England	100% Ordinary	Engineering design consultancy

# Severn Trent Water Services Plc (formerly YPCS101 Plc)

## Notes to the financial statements (continued)

Period ended 31 March 2001

### 4. Investments (continued)

In the opinion of the Director's the value of the Company's investments is not less than the amount at which they are stated in the balance sheet.

### 5. Creditors: amounts falling due within one year

	2001 £'000
Amounts due to parent undertaking	1,513,089
Other creditors	606
	<u>1,513,695</u>

The amount owed to the parent undertaking is repayable on demand with interest being charged at 1.5% above LSTOR (Lloyds TSB Short Term Offer Rate).

### 6. Share capital

#### Authorised, allotted, called up and fully paid

	2001 £'000
Ordinary shares of £1 each	500,100

### 7. Profit and loss account

	2001 £'000
Loss for the period	606
At 31 March 2001	<u>606</u>

## **Severn Trent Water Services Plc (formerly YPCS101 Plc)**

### **Notes to the financial statements (continued)**

**Period ended 31 March 2001**

#### **8. Reconciliation of movement in shareholders' funds**

	<b>2001</b>
	<b>£'000</b>
Result for the period and net addition to shareholders' funds	499,494
Opening shareholders' funds	-
Closing shareholders' funds	<u><u>499,494</u></u>

#### **9. Related party disclosures**

The Company has taken advantage of the exemption of Financial Reporting Standard 8 (FRS 8) Related Party Transactions relating to ninety per cent subsidiary undertakings. Accordingly the Company has not disclosed any transactions with other group companies.

#### **10. Ultimate parent undertaking**

The ultimate parent undertaking for which group accounts are prepared is Severn Trent Plc which is registered in England. Copies of the group accounts are available from the Company Secretary, Severn Trent Plc, 2297 Coventry Road, Birmingham B26 3PU.