

Reno (Moray) Limited
Annual Report and Financial Statements
For the Year Ended 31 December 2014

Registered Number 04141423



Reno (Moray) Limited

Financial Statements

Year Ended 31 December 2014

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Reno (Moray) Limited

Company Information

The Board of Directors

Malcolm Saunders (Resigned 5 May 2015)
David Gilmour
Nigel Paterson (Appointed 5 May 2015)

Company Secretary

Infrastructure Managers Limited

Registered Office

Northwest Wing Bush House
Aldwych
London
WC2B 4EZ

Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Level 4
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Reno (Moray) Limited

Directors' Report

Year Ended 31 December 2014

The directors present their report and the financial statements of the Company for the year ended 31 December 2014.

Principal activities and business review

The principal activity of the Company during the year was that of an Investment Holding Company.

Results and dividends

The profit for the year amounted to £nil (2013: £nil).

The profit for the year will be transferred to reserves.

The Directors are satisfied with the overall performance of the Company.

Directors

The directors who served the Company during the year and up to the date of this report are listed on page 1.

Auditor

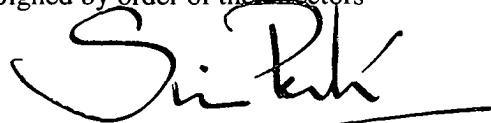
PricewaterhouseCoopers LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Registered office:
Northwest Wing Bush House
Aldwych
London
WC2B 4EZ

Signed by order of the directors



Infrastructure Managers Limited
Company Secretary

Approved by the directors on 10 June 2015

Reno (Moray) Limited

Statement of Directors' Responsibilities

Year Ended 31 December 2014

The directors are responsible for preparing the Directors' 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). 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 year.

In preparing those financial statements, the directors are required to:

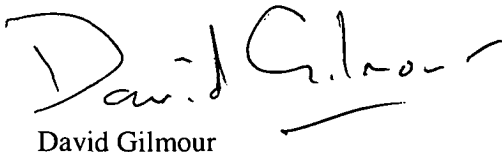
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

In so far as the directors are aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors' responsibilities were approved by the board on 10 June 2015 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'David Gilmour', with a horizontal line underneath.

David Gilmour

Reno (Moray) Limited

Independent Auditors' Report to the Members of Reno (Moray) Limited

Report on the financial statements

Our opinion

In our opinion, Reno (Moray) Limited's financial statements ("the financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its result 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.

What we have audited

Reno (Moray) Limited's financial statements, comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account 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 applicable law and United Kingdom Accounting Standards (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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Reno (Moray) Limited

Independent Auditors' Report to the Members of Reno (Moray) Limited *(continued)*

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.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

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 3, 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 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.

Reno (Moray) Limited

Independent Auditors' Report to the Members of Reno (Moray) Limited *(continued)*

What an audit of financial statements involves

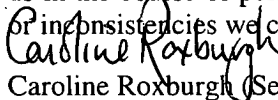
We conducted our audit in accordance with ISAs (UK and Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.


Caroline Roxburgh (Senior Statutory Auditor)
For and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

10 June 2015

Reno (Moray) Limited

Profit and Loss Account

Year Ended 31 December 2014

	Note	2014 £	2013 £
Turnover		-	-
Operating profit		-	-
Profit on ordinary activities before taxation		-	-
Tax on profit on ordinary activities		-	-
Profit for the financial year		-	-

All of the activities of the Company are classed as continuing.

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

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

The notes on pages 9 to 12 form part of these financial statements.

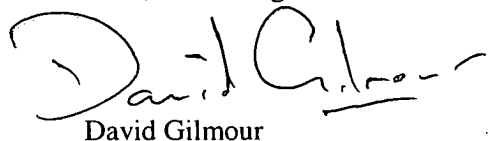
Reno (Moray) Limited

Balance Sheet

As at 31 December 2014

	Note	2014 £	2013 £
Fixed assets			
Investments	3	—	—
Net assets		—	—
Capital			
Share capital	4	2	2
Share premium account	5	2,579,999	2,579,999
Profit and loss account	6	(2,580,001)	(2,580,001)
Equity shareholders' funds		—	—

These accounts on pages 7 to 12 were approved by the directors and authorised for issue on 10 June 2015, and are signed on their behalf by:



David Gilmour

Company Registration Number: 04141423

The notes on pages 9 to 12 form part of these financial statements.

Reno (Moray) Limited

Notes to the Financial Statements

Year Ended 31 December 2014

1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. The financial statements have been prepared on a going concern basis as the Company's financial projections indicate that sufficient funds will be generated to allow on-going obligations to be met as they fall due.

Going Concern

The company borrowed funds from its parent undertakings (£1.58m as at 31 December 2014) which were later passed through to the associate company under matching terms, see note 4.

The company is therefore reliant on receipts from the associate entity (Catchment Moray Holdings), which in turn is reliant on receipts from its subsidiary entity (Catchment Moray Limited), in respect of repayments on subordinated loans, in order to meet its ongoing financial commitments. However, the subsidiary is currently unable to make repayments of the subordinated loans for the reasons set out below which has resulted in both the company and the associate being in breach of the terms of their respective loans. The joint venture parent undertakings have confirmed that repayment will not be demanded for the entire subordinated loan within the next 12 months.

Expected cash flows from the subsidiary entity's concession agreement with Scottish Water include a variable element based on chargeable flows of wastewater collected and treated which has declined as a result of unusually dry weather conditions experienced over the past years. This situation has led to a breach of the covenants in the subsidiary's bank loan (£44m as at 31 December 2014); entitling the banking syndicate to demand repayment of all amounts outstanding on the loan should they choose to.

Whilst the subsidiary company has continued to pay all interest and principal to its banking syndicate as payments have fallen due, and the banking syndicate has not suggested that it will demand repayment of the loans, the possibility remains that they may exercise their legal right to demand repayment. So long as the covenant breaches remain and have not been waived formally by the banking syndicate the subsidiary entity will face difficulty servicing the company's loan and this would undermine the company's ability to meet its own ongoing financial commitments. The subsidiary company continues to provide regular updates to the banking syndicate on trading and contractual issues with a view to ensuring ongoing support.

Based on the cash balance of £4.1m held by the subsidiary at year end and the forecast concession cash flows of the subsidiary company which were pledged as collateral to secure the bank loan, the directors do not expect the banking syndicate to recall the loan and consequently forecast that the subsidiary company will continue in operational existence for the foreseeable future, including the ability to continue meeting loan interest and principal repayments in line with the original banking agreements.

Reno (Moray) Limited

Notes to the Financial Statements

Year Ended 31 December 2014

Going Concern continued

Further to this the investment has been written down to nil and the company has no liabilities to pay in the period 12 months from the date of the financial statements therefore the directors are of the view that the going concern basis of preparation for the company's accounts remains appropriate.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the Company is small.

Current taxation

The tax expense represents the sum of current tax expense and deferred tax expense. Current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Fixed asset investments

Investments are shown at cost less any provision for diminution in value.

Auditor remuneration

Auditor's remuneration in the current and prior year has been borne by a related group entity.

2. Particulars of employees and directors

The Directors did not receive any remuneration from the Company during the year (2013: £nil). There were no employees in the financial year other than the directors (2013: nil).

Reno (Moray) Limited

Notes to the Financial Statements

Year Ended 31 December 2014

3. Investments

	Loan £	Equity £	Total £
Cost			
At 1 January 2014 and 31 December 2014	<u>1,580,000</u>	<u>1,000,000</u>	<u>2,580,000</u>
Amounts written off			
At 1 January 2014 and 31 December 2014	<u>(1,580,000)</u>	<u>(1,000,000)</u>	<u>(2,580,000)</u>
Net book value			
At 31 December 2014	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2013	<u>-</u>	<u>-</u>	<u>-</u>

The company owns a 33.3% interest in Catchment Moray Holdings Limited, a Company incorporated in Scotland. Catchment Moray Holdings Limited is a holding company to Catchment Moray Limited. The principal activity of the subsidiary company is the provision of wastewater and sewage treatment related services.

The directors previously impaired the investment in Catchment Moray Holdings Limited to its recoverable amount of £nil.

The results of the Company for the year ended 31 December 2014 were as follows:

	2014 £
Result for the financial period	-
Capital and Reserves	3,000,003

4. Share capital

Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
Ordinary shares of £0.002 each	<u>1,000</u>	<u>2</u>	<u>1,000</u>	<u>2</u>

5. Share premium account

There was no movement on the share premium account during the financial year.

6. Profit and loss account

	2014 £	2013 £
Balance brought forward	<u>(2,580,001)</u>	<u>(2,580,001)</u>
Balance carried forward	<u>(2,580,001)</u>	<u>(2,580,001)</u>

Reno (Moray) Limited

Notes to the Financial Statements

Year Ended 31 December 2014

7. Related party disclosures

The directors have considered the provisions contained within FRS 8 and are satisfied that there are no further disclosures required.

8. Ultimate parent company

Reno (Moray) Limited is owned 45% by Veolia Water Enterprise Limited and 55% by BIIF Bidco Limited.

The intermediate parent undertaking is BIIF Holdco Limited, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of BIIF Holdco Limited consolidated financial statements can be obtained from the Company Secretary at c/o Dundas & Wilson, Northwest Wing Bush House, Aldwych, London WC2B 4EZ.

The ultimate parent and controlling entity is BIIF LP. BIIF LP is owned by a number of investors with no one investor having individual control.