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# **SOUTH DOWNS LIMITED**

## **COMPANY INFORMATION**

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**Directors**

N Smith  
N J Sheeran

**Secretary**

C Hardyman

**Company number**

4251707

**Registered office**

Brockhampton Springs  
West Street  
Havant  
Hampshire  
PO9 1LG

**Auditors**

Saffery Champness  
Lion House  
Red Lion Street  
London  
WC1R 4GB

**Bankers**

National Westminster Bank plc  
P O Box 34  
15 Bishopsgate  
London  
EC2P 2AP

# **SOUTH DOWNS LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013**

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The Directors have pleasure in presenting their Report and Accounts for the year ended 31 March 2013

The Company operates as a holding company

The Company profit before taxation amounts to £0 267m After adding the tax benefit of £0 340m arising from the surrender of losses to other Group companies, a profit of £0 607m has been transferred to reserves

The Directors are recommending the payment of a final dividend on the ordinary share capital of £0 186m

The Directors who held office at 31 March 2013 were Mr N Smith and Mr N J Sheeran Mr N J Roadnight resigned on 15 May 2012

The Directors have no interests in the shares of the Company, nor do they receive any remuneration Their interests in Group shares are disclosed in the Portsmouth Water Limited accounts

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

### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards

Company law in the United Kingdom requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year 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 are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 2006

The Directors 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 report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

### **Going Concern**

The Company's financial projections, taking into account expected changes in performance show that the Company is expected to continue to generate positive cash flows and service its borrowings for the foreseeable future

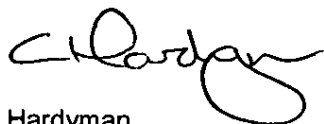
## **SOUTH DOWNS LIMITED**

### **DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 31 MARCH 2013**

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Therefore the Directors report that they have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly they continue to adopt the going concern basis of accounting in preparing the accounts.

By order of the Board



C Hardyman  
**Secretary**  
29 May 2013

# **SOUTH DOWNS LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**

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We have audited the Company's financial statements on pages 5 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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 an Auditors' 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.

### **Respective responsibilities of Directors and Auditors**

As explained more fully in the Directors' Responsibilities Statement, 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the Audit of the Financial Statements**

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. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on Financial Statements**

In our opinion the financial statements

- give a true and fair view of the state of affairs of the Company as at 31 March 2013 and of its profit for the year then ended, and
- 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.

### **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.

### **Matters on which we are required to report by exception**

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 Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

  
Nicholas Kelsey (Senior Statutory Auditor)  
For and on behalf of Saffery Champness

8 July 2013

Chartered Accountants  
Statutory Auditors

Lion House  
Red Lion Street  
London WC1R 4GB

## **SOUTH DOWNS LIMITED**

### **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2013**

	<b>Notes</b>	<b>2013 £000</b>	<b>2012 £000</b>
Administrative expenses		(44)	(255)
<b>Operating loss</b>		(44)	(255)
Income from shares in Group undertakings		1,599	3,400
<b>Profit on ordinary activities before interest</b>		1,555	3,145
Interest receivable	2	2	6
		1,557	3,151
Interest payable	3	(1,290)	(1,359)
<b>Profit on ordinary activities before taxation</b>	4	267	1,792
Taxation	5	340	215
<b>Profit for the financial year</b>	13	607	2,007

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains or losses other than the profit for the year

The accompanying notes form an integral part of these accounts

# **SOUTH DOWNS LIMITED**

## **BALANCE SHEET AS AT 31 MARCH 2013**

	Notes	2013 £000	2012 £000
<b>Fixed assets</b>			
Investments	8	74,079	74,079
<b>Current assets</b>			
Debtors	9	458	216
Cash at bank and in hand		58	28
		516	244
<b>Creditors' Amounts falling due within one year</b>	10	(28)	(30)
<b>Net current assets</b>		488	214
<b>Total assets less current liabilities</b>		74,567	74,293
<b>Creditors' Amounts falling due after more than one year</b>	11	(62,850)	(62,850)
		11,717	11,443
<b>Capital and reserves</b>			
Called up share capital	12	-	-
Profit and loss account	13	11,717	11,443
<b>Shareholders' funds – equity interests</b>	14	11,717	11,443

The accompanying notes form an integral part of these accounts

The accounts were authorised for issue and approved by the Board on 29 May 2013 and signed on its behalf by



**N Smith  
Director**

**Company Number 4251707**

# SOUTH DOWNS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

### 1 Accounting policies

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently. The Company is exempt from preparing consolidated financial statements on the grounds that it is a subsidiary undertaking of a company which publishes consolidated financial statements for the larger group. These financial statements therefore present information about the Company as an individual undertaking and not about its group. The principal accounting policy is as follows:

#### 1.1 Investments

Investments are stated at cost less amounts written off.

2	Interest receivable	2013 £000	2012 £000
	Short term deposits	<u>2</u>	<u>6</u>
3	Interest payable	2013 £000	2012 £000
	Bank loans	20	25
	Loans from Group companies	<u>1,270</u>	<u>1,334</u>
		<u>1,290</u>	<u>1,359</u>
4	Profit on ordinary activities before taxation	2013 £000	2012 £000
	Profit on ordinary activities is after charging		
	Fees for the audit of the Company	<u>4</u>	<u>4</u>
5	Taxation	2013 £000	2012 £000
	United Kingdom corporation tax at 24% (2012 - 26%)	(320)	(215)
	Adjustment in respect of previous period	<u>(20)</u>	<u>-</u>
	<b>Tax on profit on ordinary activities</b>	<u>(340)</u>	<u>(215)</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before tax	<u>268</u>	<u>1,792</u>
	Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 - 26%)	64	466
	Effect of Income from Group undertakings	(384)	(884)
	Losses carried forward	-	203
	Adjustment in respect of previous period	<u>(20)</u>	<u>-</u>
	<b>Current tax charge for year</b>	<u>(340)</u>	<u>(215)</u>



# SOUTH DOWNS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2013

### 6 Directors and employees

#### Number of employees

There were no employees during the year, apart from the Directors

7	Dividends	2013 £000	2012 £000
	<b>Equity – Ordinary</b>		
	Interim paid	150	450
	Final paid	183	646
		<u>333</u>	<u>1,096</u>

The Directors are proposing the payment of a final dividend for the year ended 31 March 2013 of £0 186m. This dividend has not been accounted for within the current year financial statements, as it has yet to be approved.

8	Investments	Shares in subsidiary undertakings £000
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At 1 April 2012 and 31 March 2013 74,079

The subsidiary and associated undertakings of the Company, all of which have an accounting reference date of 31 March, are as follows

Company	Country of registration or incorporation	Shares held	
		Class	%
<b>Held directly:</b>			
Brockhampton Holdings Limited	England and Wales	Ordinary	100
		'A' Ordinary	100
<b>Held indirectly:</b>			
Portsmouth Water Holdings Limited	England and Wales	Ordinary	100
Brockhampton Property Investments Limited	England and Wales	Ordinary	100
Leak-finder Limited*	England and Wales	Ordinary	50
Portsmouth Water Limited	England and Wales	Ordinary	100
		'A' Ordinary	100

\* associated

# **SOUTH DOWNS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2013**

<b>9</b>	<b>Debtors</b>	<b>2013 £000</b>	<b>2012 £000</b>
	Amounts owed by Group companies	458	215
	Other	-	1
		<u>458</u>	<u>216</u>
	All of the above amounts fall due within one year		
<b>10</b>	<b>Creditors amounts falling due within one year</b>	<b>2013 £000</b>	<b>2012 £000</b>
	Loan notes	7	7
	Amounts owed to Group companies	17	18
	Accruals	4	5
		<u>28</u>	<u>30</u>
<b>11</b>	<b>Creditors: amounts falling due after more than one year</b>	<b>2013 £000</b>	<b>2012 £000</b>
	Bank loan	-	1,233
	Repayment during year	-	(1,233)
		<u>-</u>	<u>-</u>
	Deferred arrangement costs	-	(242)
	Written back during year	-	242
		<u>-</u>	<u>-</u>
		-	-
	Amounts owed to Group companies	62,850	62,850
		<u>62,850</u>	<u>62,850</u>

The bank loan was unsecured and for a thirty year term, although the Company was able to make semi-annual repayments during the period. Interest was based on London Interbank rates.

Amounts owed to Group companies represent loans from other Group undertakings, which are repayable in five years or more and bear interest based on London Interbank rates.

# **SOUTH DOWNS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2013**

<b>12</b>	<b>Called up share capital</b>	<b>2013 £</b>	<b>2012 £</b>
	<b>Authorised. Equity.</b>		
	100 Ordinary Shares of £1 each	100	100
		<hr/>	<hr/>
	<b>Allotted, called up and fully paid Equity:</b>		
	1 Ordinary Share of £1	1	1
		<hr/>	<hr/>
<b>13</b>	<b>Profit and loss account</b>	<b>2013 £000</b>	<b>2012 £000</b>
	At 1 April 2012	11,443	10,532
	Profit for the financial year	607	2,007
	Dividends	(333)	(1,096)
		<hr/>	<hr/>
	At 31 March 2013	11,717	11,443
		<hr/>	<hr/>
<b>14</b>	<b>Reconciliation of movements in shareholders' funds</b>	<b>2013 £000</b>	<b>2012 £000</b>
	Profit for the financial year	607	2,007
	Dividends	(333)	(1,096)
		<hr/>	<hr/>
	Net increase in shareholders' funds	274	911
	Opening shareholders' funds	11,443	10,532
		<hr/>	<hr/>
	Closing shareholders' funds	11,717	11,443
		<hr/>	<hr/>

### **15 Ultimate parent undertaking**

South Downs Limited is a wholly owned subsidiary of South Downs Capital Limited and has, therefore, taken advantage of the exemption under FRS 8 Related Party Disclosures not to provide information on related party transactions with other undertakings within the Group. South Downs Capital Limited is the largest and smallest company for which Group accounts are prepared. Copies of these accounts can be obtained on request from the Registered Office.