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SOUTHERN WATER (NR) HOLDINGS LIMITED

ANNUAL REPORT

AND FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 MARCH 2012

TUESDAY



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COMPANIES HOUSE

SOUTHERN WATER (NR) HOLDINGS LIMITED

Company information

Directors

M Carmedy
K Hall
M Wright

Secretary

K Hall

Registered office

Southern House
Yeoman Road
Worthing
West Sussex
BN13 3NX

Bankers

Natwest
27 South Street
Worthing
West Sussex
BN11 3AR

Auditor

Deloitte LLP
Chartered Accountants
London

Registered number

04772485

SOUTHERN WATER (NR) HOLDINGS LIMITED
Annual Report and Financial Statements for the year
ended 31 March 2012

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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2012

The directors of Southern Water (NR) Holdings Limited (Registered No 04772485) present their report and the audited accounts for the year ended 31 March 2012

The report has been prepared in accordance with the special provisions applicable to companies entitled to the small companies' exemption

PRINCIPAL ACTIVITIES

The principal activity of the Company continued to be that of an intermediate holding company for the subsidiary undertaking disclosed in note 4 to the accounts

GOING CONCERN

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Greensands Holdings Limited. The directors have received confirmation that Greensands Holdings Limited intends to support the Company for at least one year after these financial statements are signed

REVIEW OF THE BUSINESS, RESULTS AND DIVIDENDS

The Company acted as a holding company during the year

The Company received no dividends during the year (2011 £nil) from its subsidiary undertaking Southern Water (NR) Limited, it did not declare or pay a dividend during the year (2011 £nil)

The Company has £nil net assets (2011 £nil) comprising largely of an investment in Southern Water (NR) Limited of £176 0m (2011 £176 0m) offset by amounts owed to group undertakings of £176 1m (2011 £176 1m)

The principal risk to the Company is the occurrence of events that might affect the value of its investment in Southern Water (NR) Limited

The Company did not trade during the year or the preceding year and made neither a profit nor a loss. There were also no other recognised gains and losses for the current financial year or the preceding financial year. Accordingly, neither a profit and loss account nor a statement of total recognised gains and losses have been presented

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2012

DIRECTORS

The directors who held office during the year and up to the date of signing the accounts were as follows

M Carmedy *(Appointed 4 January 2012)*
K Hall *(Appointed 4 January 2012)*
M Welton *(Resigned 4 January 2012)*
M Wright

DIRECTORS' INDEMNITIES

The Company maintains liability insurance for its directors and officers. Following shareholder approval in December 2007, the Company has also provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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,
- 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.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2012 (continued)

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- (2) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

AUDITOR

Deloitte LLP, have indicated their willingness to continue in office

Approved by the board of directors and signed by order of the board



K Hall
Company Secretary
2 August 2012

Southern Water (NR) Holdings Limited

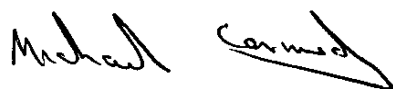
BALANCE SHEET AS AT 31 MARCH 2012

	Notes	2012 £m	2011 £m
Fixed assets			
Investments	4	176.0	176 0
Current assets			
Debtors amounts falling due within one year	5	<u>0.1</u>	<u>0 1</u>
		0.1	0 1
Creditors: amounts falling due within one year	6	<u>(0.6)</u>	<u>(0 6)</u>
Net current liabilities		(0.5)	(0 5)
Total assets less current liabilities		175.5	175 5
Creditors: amounts falling due after one year	7	<u>(175.5)</u>	<u>(175 5)</u>
Net assets		-	-
Capital and reserves			
Called up share capital	8	-	-
Profit and loss account	9	-	-
Total shareholder's funds	10	<u>-</u>	<u>-</u>

The financial statements of Southern Water (NR) Holdings Limited (Registered No 04772485) on pages 4 to 7 were approved by the board and authorised for issue on 2 August 2012

The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime

They are signed on its behalf by



M Carmedy
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1 Accounting policies

Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Greensands Holdings Limited. The directors have received confirmation that Greensands Holdings Limited intends to support the Company for at least one year after these financial statements are signed.

Cash flow statement

The Company is a wholly owned subsidiary company of a group headed by Greensands Holdings Limited, and is included in the consolidated accounts of that company, which are publicly available, address given in note 11. Consequently, the Company has taken advantage of the exemption within FRS 1 'Cash flow statements (revised 1996)' from preparing a cash flow statement.

Related party disclosure

The Company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, 'Related party disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Greensands Holdings Limited, whose accounts are publicly available from the address given in note 11.

Basis of preparation

The accounts contain information about Southern Water (NR) Holdings Limited. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated accounts as it and its subsidiary undertakings are included by full consolidation in the publicly available consolidated accounts of the holding company, Greensands Holdings Limited.

Investments

Investments are carried at cost less provision for any impairment in value. The carrying values of fixed asset investments are reviewed by the directors for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Dividends and other investment income is accounted for when it becomes receivable.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (continued)**2 Employee information**

The Company has no employees (2011 none)

The services of the directors are deemed to be wholly attributable to their services to Southern Water Services Limited and Southern Water Investments Limited

Accordingly no details in respect of the emoluments paid to the directors are included here as they are fully disclosed in the financial statements of Southern Water Services Limited

3 Profit on ordinary activities before taxation

In 2012 and 2011 audit fees of £1,000 were borne by Southern Water Services Limited ("SWS")

4 Investments

	Shares in subsidiary undertakings £m
At cost:	
At 1 April 2011 and 31 March 2012	<u>176.0</u>

Subsidiary undertakings

Company	Class of share capital	No shares issued at £1 each	% shares held	Activity	Country of incorporation
Southern Water (NR) Limited	Ordinary	175,000,002	100%	Holding company	UK

The directors are satisfied that the book value of investments is supported by their underlying net assets

5 Debtors: amounts falling due within one year

	2012 £m	2011 £m
Amounts owed by group undertakings	<u>0.1</u>	<u>0.1</u>

All amounts owed by group undertakings due within one year are unsecured, interest free and repayable on demand

6 Creditors: amounts falling due within one year

	2012 £m	2011 £m
Amounts owed to group undertakings	<u>0.6</u>	<u>0.6</u>

All amounts owed to group undertakings due within one year are unsecured, interest free and repayable on demand

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012 (continued)**7 Creditors: amounts falling due after one year**

	2012 £m	2011 £m
Amounts owed to group undertakings	<u>175.5</u>	<u>175.5</u>

All amounts owed to group undertakings due within one year are unsecured, interest free and repayable on demand to Southern Water Limited. Southern Water Limited have confirmed that this balance will not be called upon for 12 months from the date of these financial statements.

8 Called up share capital

	2012 £	2011 £
Authorised:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
 Allotted, called up and fully paid:		
1 ordinary share (2011: 1) of £1 each	<u>1</u>	<u>1</u>

9 Reserves

	Profit and loss account £m
At 1 April 2011	-
Result for the financial year	-
Dividends	-
At 31 March 2012	<u>-</u>

10 Reconciliation of movement in shareholder's funds

	2012 £m	2011 £m
Opening shareholder's funds	-	-
Result for the financial year	<u>-</u>	<u>-</u>
Net addition to shareholder's funds	<u>-</u>	<u>-</u>
Closing shareholder's funds	<u>-</u>	<u>-</u>

11 Ultimate parent and controlling party

The immediate parent company is Southern Water Investments Limited.

The ultimate parent and controlling company is Greensands Holdings Limited, a company incorporated in Jersey. As at 31 March 2012, the major shareholders in Greensands Holdings Limited were a consortium including IIF International SW UK Investments Limited (advised by JP Morgan Investments Inc.) and The Northern Trust Company.

Greensands Holdings Limited is the only group company that prepares consolidated accounts, which contain the accounts of Southern Water (NR) Holdings Limited. Copies of Greensands Holdings Limited's consolidated accounts may be obtained from the Company Secretary of Greensands Holdings Limited, at Southern House, Yeoman Road, Worthing, BN13 3NX.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHERN WATER (NR) HOLDINGS LIMITED FOR THE YEAR ENDED 31 MARCH 2012

We have audited the financial statements of Southern Water (NR) Holdings Limited for the year ended 31 March 2012 which comprise the balance sheet and the related notes 1 to 11. 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 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.

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 annual 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 the Company's affairs as at 31 March 2012 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.

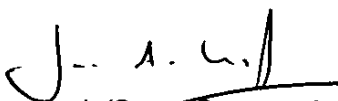
Opinion on other matter prescribed by the Companies Act 2006

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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report.



James Leigh (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
2 August 2012