

Registration number 2702745

Anglian Water Overseas Holdings Limited

Directors' Report and Financial Statements

for the Year Ended 31 March 2011

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Anglian Water Overseas Holdings Limited

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Anglian Water Overseas Holdings Limited
Company Information

Directors	J D Forster C T Russell N G Manning
Registered office	Anglian House Ambury Road Huntingdon Cambridgeshire PE29 3NZ
Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Birmingham

Anglian Water Overseas Holdings Limited
Directors' Report for the Year Ended 31 March 2011

The directors present their report and the financial statements for the year ended 31 March 2011

Directors of the company

The directors who held office during the year were as follows

J D Forster

C T Russell

N G Manning (appointed 4 February 2011)

Principal activity

The principal activity of the company is a holding company within the group of companies headed by Anglian Water Group Limited and does not carry out trading activities

Dividends

The directors recommend a final dividend payment of £nil be made in respect of the financial year ended 31 March 2011. This dividend has not been recognised as a liability in the financial statements

Business review

Fair review of the business

During the year the company continued the process of disposal or closure of its international investments in line with the ultimate parent company's decision to exit the international business, with the exception of Anglian Water (Ireland) Limited where the business is ongoing. In the forthcoming year the company intends to dispose of further investments as appropriate opportunities arise.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development or performance of the business.

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately.

Financial instruments

Objectives and policies

The company does not operate externally to the group and therefore its financial risks are governed by group policies and procedures. These policies and procedures are discussed in the Osprey Holdco Limited consolidated accounts. Recharges made by the company are to other companies within the group and therefore the risk of a debtor defaulting is minimal.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Anglian Water Overseas Holdings Limited
Directors' Report for the Year Ended 31 March 2011

..... continued

Reappointment of auditors

The auditors PricewaterhouseCoopers LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006

Approved by the Board on 26/9/11 and signed on its behalf by



J D Forster
Director

Anglian Water Overseas Holdings Limited
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 these financial statements, the directors are required to

- select suitable accounting policies and 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.

**Independent Auditor's Report to the Members of
Anglian Water Overseas Holdings Limited**

We have audited the financial statements of Anglian Water Overseas Holdings Limited for the year ended 31 March 2011, which comprise the Profit and Loss Account, the Balance Sheet and related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), 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 (APB'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 expressly agreed by our prior consent in writing.

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 the 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 2011 and of its profit 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.

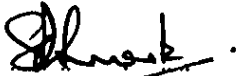
**Independent Auditor's Report to the Members of
Anglian Water Overseas Holdings Limited**

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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



Stephen Snook (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors

Birmingham

Date 28/9/11

Anolian Water Overseas Holdings Limited
Profit and Loss Account for the Year Ended 31 March 2011

	Note	2011 £ 000	2010 £ 000
Turnover		-	-
Cost of sales		-	-
Gross profit/(loss)		-	-
Administrative expenses		6	-
Other operating income		-	166
Operating profit		6	166
Loss on sale or termination of operations	2	(19)	-
(Loss)/profit on ordinary activities before investment income and interest		(13)	166
Income from shares in group undertakings		1,738	1,577
Other interest receivable and similar income	5	6	3
Profit on ordinary activities before taxation		1,731	1,746
Tax on profit on ordinary activities	6	8	(1)
Profit for the financial year		<u>1,739</u>	<u>1,745</u>

Turnover and operating profit derive wholly from continuing operations


The company has no recognised gains or losses for the year other than the results above and therefore no separate statement of total recognised gains and losses has been presented

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

Anglian Water Overseas Holdings Limited
(Registration number: 2702745)
Balance Sheet at 31 March 2011

	Note	2011 £ 000	2010 £ 000
Fixed assets		-	-
Current assets			
Debtors	8	5,375	3,678
Cash at bank and in hand		121	120
		5,496	3,798
Creditors Amounts falling due within one year	9	(21)	(20)
Net current assets		5,475	3,778
Total assets less current liabilities		5,475	3,778
Provisions for liabilities	10	(1,830)	(1,872)
Net assets		3,645	1,906
Capital and reserves			
Called up share capital	11	15,696	15,696
Profit and loss account	13	(12,051)	(13,790)
		3,645	1,906

Approved by the Board on 26/9/11 and signed on its behalf by


 J D Forster
 Director

Anglian Water Overseas Holdings Limited
Notes to the Financial Statements for the Year Ended 31 March 2011

1 Accounting policies

Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom and the Companies Act 2006

The following principal accounting policies and estimation techniques have been applied to the financial statements, on a consistent basis with the previous year, as stated

Exemption from preparing a cash flow statement

The company is exempt from preparing a cash flow statement as 90% or more of the voting rights are held within the group of companies headed by Osprey Holdco Limited

Exemption from preparing group accounts

The company has taken exemption from preparing group accounts as it is included in consolidated accounts for a larger group which are drawn up as full consolidated accounts which are filed at Companies House

Fixed asset investments

Investments held as fixed assets are stated at cost less any provision for impairment

Deferred tax

Deferred taxation is provided on timing differences, arising from the different treatment for accounts and taxation purposes of events and transactions recognised in the financial statements of the current and previous years. Deferred taxation is calculated at the rates at which it is estimated that taxation will arise and are not discounted

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that there will be suitable taxable profits against which the deferred tax asset can be recovered in future periods

Provisions

Provisions are recognised when the group has a present obligation for a past event, for which it is probable that a transfer of economic benefits will be required and a reliable estimate can be made of the amount of the obligations. Provisions are discounted depending on their nature and the monetary value

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the financial year-end exchange rates. Exchange differences are taken to the profit and loss account

Anglian Water Overseas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2011

..... *continued*

2 Exceptional items

	2011 £ 000	2010 £ 000
Loss on termination of operation	<u>19</u>	<u>-</u>

The loss on termination of operation relates to the writing-off of a loan balance due from a subsidiary company on its closure

3 Operating profit

Other operating income in the prior year relates to profit on disposal and closure of businesses and comprises provisions released in respect of contract losses and disposal of other group subsidiaries following the reassessment of closure costs

The fees for audit services were borne by another group company with no recharge to the company

4 Directors' emoluments and employee information

None of the directors of the company received any emoluments during the year or the preceding year in respect of their services to the company

The company had no employees during the year or the preceding year

5 Other interest receivable and similar income

	2011 £ 000	2010 £ 000
Bank interest receivable	-	2
Other interest receivable	<u>6</u>	<u>1</u>
	<u>6</u>	<u>3</u>

Other interest receivable relates to interest earned on monies deposited with fellow group undertakings

6 Taxation

Tax on profit on ordinary activities

	2011 £ 000	2010 £ 000
Current tax		

Anglian Water Overseas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2011

..... continued

Corporation tax (credit)/charge	<u>(8)</u>	<u>1</u>
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Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 28% (2010 - 28%)

The differences are reconciled below

	2011 £ 000	2010 £ 000
Profit on ordinary activities before taxation	<u>1,731</u>	<u>1,746</u>
Corporation tax at standard rate	485	489
Short-term timing differences	(12)	(46)
Non taxable income	(487)	(442)
Items not deductible for tax purposes	<u>6</u>	<u>-</u>
Total current tax	<u>(8)</u>	<u>1</u>

Factors that may affect future tax charges

The short-term timing differences relate to provisions for which tax relief will be available in the future years. The ability of the company to generate sufficient future profits is uncertain, therefore no deferred tax asset has been recognised. The amount not recognised in the period was £66,040 (31 March 2010 - £83,000)

During the year, as a result of the change in the UK corporation tax rate from 28% to 26% that is effective from 1 April 2011, all relevant deferred tax balances have been re-measured. Further changes to the UK corporation tax rate were announced in the June 2010 and March 2011 Budgets which propose to reduce the rate by 1 per cent per annum to 23% by 1 April 2014. These changes, which are expected to be enacted separately each year, had not been substantively enacted at the balance sheet date and therefore have not been recognised in these financial statements.

7 Investments held as fixed assets

Shares in group undertakings and participating interests

	Subsidiary undertakings £ 000	Total £ 000
Cost		
At 1 April 2010	10,501	10,501
Disposals	<u>(9,626)</u>	<u>(9,626)</u>
At 31 March 2011	<u>875</u>	<u>875</u>
Provision for impairment		
At 1 April 2010	(10,501)	(10,501)

Anglian Water Overseas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2011

..... *continued*

Eliminated on disposal	<u>9,626</u>	<u>9,626</u>
At 31 March 2011	<u>(875)</u>	<u>(875)</u>
Net book value		
At 31 March 2011	<u><u>-</u></u>	<u><u>-</u></u>

8 Debtors

	2011	2010
	£ 000	£ 000
Amounts owed by group undertakings	5,366	3,678
Other debtors	<u>9</u>	<u>-</u>
	<u><u>5,375</u></u>	<u><u>3,678</u></u>

Amounts owed by group undertakings are unsecured, have variable interest rates and are repayable on demand

9 Creditors: Amounts falling due within one year

	2011	2010
	£ 000	£ 000
Amounts owed to group undertakings	20	19
Corporation tax	<u>1</u>	<u>1</u>
	<u><u>21</u></u>	<u><u>20</u></u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand

10 Provisions

	Other	Total
	provision	£ 000
	£ 000	
At 1 April 2010	1,872	1,872
Utilised during the year	<u>(42)</u>	<u>(42)</u>
At 31 March 2011	<u><u>1,830</u></u>	<u><u>1,830</u></u>

The provisions relate to exposures in the international business which are expected to crystallise over a period of approximately two years. The amounts stated above have not been discounted.

Anglian Water Overseas Holdings Limited

Notes to the Financial Statements for the Year Ended 31 March 2011

..... *continued*

11 Share capital

Allotted, called up and fully paid shares

	2011		2010	
	No.	£	No.	£
Ordinary shares of £1 each	<u>15,695,513</u>	<u>15,695,513</u>	<u>15,695,513</u>	<u>15,695,513</u>

12 Reconciliation of movement in shareholders' funds

	2011 £ 000	2010 £ 000
Profit attributable to the members of the company	<u>1,739</u>	<u>1,745</u>
Net addition to shareholders' funds	1,739	1,745
Shareholders' funds at 1 April	<u>1,906</u>	<u>161</u>
Shareholders' funds at 31 March	<u><u>3,645</u></u>	<u><u>1,906</u></u>

13 Reserves

	Profit and loss account £ 000	Total £ 000
At 1 April 2010	(13,790)	(13,790)
Profit for the year	<u>1,739</u>	<u>1,739</u>
At 31 March 2011	<u><u>(12,051)</u></u>	<u><u>(12,051)</u></u>

14 Contingent liabilities

The company is party to cross guarantee arrangements relating to certain group companies' accounts at Barclays Bank Plc. Net indebtedness under each of these arrangements at 31 March 2011 was £nil (2010 £nil).

15 Related party transactions

As a wholly-owned subsidiary of Osprey Holdco Limited, advantage has been taken of the exemption granted in FRS 8 not to disclose related party transactions with other members of the group.

Anglian Water Overseas Holdings Limited
Notes to the Financial Statements for the Year Ended 31 March 2011

..... *continued*

16 Ultimate parent undertaking and controlling party

The company's immediate parent is Anglian Water International Holdings Limited, a company registered in England

Osprey Acquisitions Limited is the parent company of the smallest group to consolidate the financial statements of the company, copies of which can be obtained from the Company Secretary, Anglian House, Ambury Road, Huntingdon, Cambridgeshire PE29 3NZ

Anglian Water Group Limited is the parent company of the largest group to consolidate the financial statements of the company, copies of which can be obtained from the Company Secretary, Anglian House, Ambury Road, Huntingdon, Cambridgeshire PE29 3NZ

The Directors consider Anglian Water Group Limited, a company registered in Jersey, to be the ultimate parent undertaking and controlling party. Anglian Water Group Limited is itself owned and controlled by a consortium of investors consisting of the Canada Pension Plan Investment Board, Colonial First State Global Asset Management, Industry Funds Management (IFM), and 3i