

# **Aquainvest Ventures Limited**

**Accounts for the Year Ended 31 March 2011**

**Together with Directors' and Independent Auditor's  
Reports**

**Company Registration No: 5208605**

**WEDNESDAY**



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## **DIRECTORS' REPORT**

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The Directors have pleasure in submitting their report and accounts for the year ended 31 March 2011

The Directors' Report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006

### **Principal Activities, Business Review and Risk**

The Company's principal activity is that of an intermediate holding company, which the Directors expect to continue for the foreseeable future. The Directors consider the main risk to the Company to be security of dividend income as it uses dividend income from its subsidiary company to cover interest payment obligations. The Directors consider that this risk is adequately managed and that expected dividend income exceeds expected interest obligations. The Company's activities and results for the year ended 31 March 2011 were as expected by the Directors.

On 3 October 2011, South Staffordshire Plc, a subsidiary undertaking, acquired the entire issued ordinary share capital of Cambridge Water Plc, a regulated water supply company based in Cambridge.

### **Financial Results and Dividends**

The Company's results are shown in the profit and loss account on page 6. The Company's results for the year ended 31 March 2011 were as expected by the Directors with dividend income from shares in its subsidiary company being sufficient for the Company to meet its financing obligations. Profit on ordinary activities before finance charges for the year amounted to £27,566,000 (2010 £17,149,000). The profit after tax for the year amounted to £16,975,000 (2010 £6,558,000). Dividends of £16,975,000 were paid or proposed during the year (2010 £5,813,000).

### **Going Concern**

The Directors have considered the going concern assumption within the financial statements and note that the Company continues to be profitable and generate positive cash. The Company has long-term amounts payable to group undertakings as detailed in note 9. The amount owed to a subsidiary undertaking is due for repayment in 2015. In respect of the

## DIRECTORS' REPORT

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amount owed to a parent undertaking, the group Company to which this amount is due has confirmed that this amount is not expected to be recalled for payment within 12 months from the date of signing these financial statements. Accordingly, the Directors consider it appropriate to prepare the accounts on a going concern basis.

### Directors

The Directors who held office during the year, and subsequently, were as follows:

Christopher Beale

Simon Riggall

Alexander William Francis Black (appointed 19 October 2010)

Adrian Peter Page (appointed 19 October 2010)

### Independent Auditor

In accordance with s418 of the Companies Act 2006, the Directors confirm that as far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and that the Board has taken all reasonable steps that they ought to have taken as Directors in order to make itself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

A resolution proposing the reappointment of Deloitte LLP as auditor will be put to the Board of Directors.

By Order of the Board



**J R Goodwin**

Company Secretary

21 December 2011

Registered Office Green Lane, Walsall, West Midlands WS2 7PD

Registered in England and Wales

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

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The following statement, which should be read in conjunction with the auditor's statement of its responsibilities set out in the Independent Auditor's Report, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditor in relation to the accounts

Company Law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year. Under that law the Directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law)

In preparing these accounts, the Directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and accounting estimates that are reasonable and prudent, and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The Directors confirm that they have complied with the above requirements in preparing the accounts

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 accounts 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

The Directors, having prepared the accounts, are required to provide the auditor with such information and explanation as the auditors think necessary for the performance of their duty

## **INDEPENDENT AUDITOR'S REPORT**

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### **To the member of Aquainvest Ventures Limited**

We have audited the financial statements of Aquainvest Ventures Limited for the year ended 31 March 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. 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 member, 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 member those matters we are required to state to it 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 member, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Directors and Auditor**

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 (APB's) Ethical Standards for the Auditor.

### **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.

## INDEPENDENT AUDITOR'S REPORT

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### **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 matters prescribed by the Companies Act 2006**

In our opinion the information in the Directors' Report for the financial year for which 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 to you 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 by the Company, 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
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report

*David Hall, FCA*

**David Hall FCA (Senior Statutory Auditor)**

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

Birmingham, United Kingdom

21 December 2011

## PROFIT AND LOSS ACCOUNT

As at 31 March 2011

	Note	2011 £'000	2010 £'000
Income from shares in UK subsidiary undertaking - Dividends receivable		<b>27,566</b>	17,149
<b>Profit on ordinary activities before finance charges</b>		<b>27,566</b>	17,149
Finance charges	3	<b>(10,591)</b>	(10,591)
<b>Profit on ordinary activities before taxation</b>		<b>16,975</b>	6,558
Taxation on profit on ordinary activities	4	-	-
<b>Profit on ordinary activities after taxation</b>		<b>16,975</b>	6,558

There were no other recognised gains or losses in either year other than the profit after tax for the financial year

A statement of movements in reserves is given in note 11 to the financial statements

The results above are all derived from continuing operations

The accompanying notes are an integral part of these financial statements

## BALANCE SHEET

As at 31 March 2011

	Note	2011 £'000	2010 £'000
<b>Fixed Assets</b>			
Investments	6	122,958	122,958
<b>Current Assets</b>			
Debtors - amounts recoverable within one year	7	2,513	1,077
<b>Creditors - amounts falling due within one year</b>	8	(2,513)	(1,077)
<b>Net current assets</b>		-	-
<b>Total assets less current liabilities</b>		122,958	122,958
<b>Creditors - amounts falling due in more than one year</b>			
Borrowings	9	(112,958)	(112,958)
<b>Net Assets</b>		10,000	10,000
<b>Capital and Reserves</b>			
Called up share capital	10	10,000	10,000
Profit and loss account	11	-	-
<b>Shareholders' Funds</b>	12	10,000	10,000

The accompanying notes are an integral part of these financial statements

The financial statements of Aquainvest Ventures Limited, registered number 5208605, were approved by the Board of Directors and authorised for issue on 21 December 2011



A.P. Page  
Director



## NOTES TO THE ACCOUNTS

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### 1. **Statement of Accounting Policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

#### (a) **Basis of Accounting**

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The accounts have been prepared on a going concern basis. The Directors have considered the assumptions for preparing the accounts on a going concern basis. These are set out in the Directors' Report. The Company is a wholly owned subsidiary and its immediate parent undertaking is established under the law of a member state of the European Community. Consolidated accounts in which the accounts of the Company are included are publicly available. The Company has therefore not prepared consolidated accounts as it is exempt from doing so under Section 400(1) of the Companies Act 2006.

#### (b) **Fixed Asset Investments**

Fixed asset investments are shown at cost less provision for impairment.

#### (c) **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using current tax rates at the balance sheet date. Where it is agreed that the Company will not be paid for tax losses surrendered to other Group undertakings, no credit is reflected for tax losses in the profit and loss account.

#### (d) **Cash Flow Statement**

Under the provisions of Financial Reporting Standard Number One, the Company has not prepared a cash flow statement because a parent company in the United Kingdom, Hydrades IV Limited, which indirectly holds more than 90% of the Company's share capital, has prepared consolidated accounts as at 31 March 2011. These consolidated accounts include the accounts of the Company for the year ended 31 March 2011, contain a consolidated cash flow statement and are publicly available.

## NOTES TO THE ACCOUNTS

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**(e) Operating Costs**

Operating costs, including audit fees of £1,000 (2010 £1,000), are borne by fellow Group undertakings. There were no fees paid by the Company to the Company's auditor for non-audit services in either year.

**(f) Dividends**

Dividends are recognised in the profit and loss account if they have been paid or if they have been approved by the Company's shareholder before the year end.

**(g) Related Party Disclosures**

As at 31 March 2011, the Company was an indirectly wholly owned subsidiary undertaking of Hydriades IV Limited. As such, the Company has taken advantage of the exemption in Financial Reporting Standard 8 "Related Party Disclosures" from disclosing transactions with other members of the Group headed by Hydriades IV Limited, as consolidated financial statements for this Company as at 31 March 2011, in which the accounts of the Company are included, are publicly available. The Company has no other related party transactions requiring disclosure.

## 2. Directors' Remuneration

None of the Directors who served during the year or the preceding period received any remuneration from the Company as Directors of the Company. Remuneration paid by other Group companies for the services of certain Directors during the period of service as a Director of the Company amounted to £187,000 (Period ended 31 March 2010 £Nil).

## NOTES TO THE ACCOUNTS

### 3. Finance Charges

	2011 £'000	2010 £'000
Finance charges comprise		
Interest payable on loan from subsidiary undertaking	795	795
Interest payable on loan from parent undertaking	9,796	9,796
	<b>10,591</b>	<b>10,591</b>

### 4. Taxation on Profit on Ordinary Activities

	2011 £'000	2010 £'000
The tax charge for the year comprises		
Current tax - current year	-	-

The principal differences between the current tax rate for the Company above and the standard rate of corporation tax are as follows

	2011	2010
Standard rate of corporation tax	28.0%	28 0%
Dividend income from UK subsidiary undertaking not chargeable to corporation tax	(45.5%)	(73 2%)
Surrender of group relief not paid for	17.5%	45 2%
Current tax rate for the year	-	-

### 5. Dividends

	2011 £'000	2010 £'000
Ordinary interim dividends paid of 152 1p (2010 54 8p) per share	15,207	5,481
Ordinary final dividend payable of 17 7p (2010 3 3p) per share	1,768	332
	<b>16,975</b>	<b>5,813</b>

## NOTES TO THE ACCOUNTS

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### 6. Fixed Asset Investments

**Cost and Net Book Value** **£'000**

At 1 April 2010 and 31 March 2011 **122,958**

Details of the Company's directly held investment, which is registered in England and Wales, at 31 March 2011 is provided below

<b>Name</b>	<b>Class of Shares</b>	<b>Proportion of shares held</b>	<b>Nature of Business</b>
Aquainvest Holding Company Limited	Ordinary	100%	Holding Company

## NOTES TO THE ACCOUNTS

Details of the Company's principal indirectly held investments at 31 March 2011 are provided below. With the exception of Onsite India Private Limited which is registered in India, all of the investments are registered in England & Wales or Northern Ireland.

<b>Name</b>	<b>Proportion of Shares Held</b>	<b>Nature of Principal Business</b>
Aquainvest Acquisitions Limited	100%	Holding Company
South Staffordshire Plc	100%	Holding company
South Staffordshire Water PLC	100%	Regulated water supply
Aqua Direct Limited	100%	Supply of spring and mineral water
Office Watercoolers Limited	90%	Rental of water cooling units and sale of spring water
Echo Managed Services Limited	100%	Customer management
Echo Northern Ireland Limited	100%	Customer management
Inter-Credit International Limited	100%	Customer credit management
SSI Services Limited	100%	Holding company for those companies listed below
Onsite Central Limited	100%	Sewer inspection, relining, drainage, surveying and flow monitoring
365 Environmental Services Limited	100%	Sewer and drainage maintenance services
Perco Engineering Services Limited	100%	Trenchless installation and refurbishment of pipeline networks
Onsite India Private Limited	100%	Sewer inspection, relining, drainage, surveying and flow monitoring
Integrated Water Services Limited	100%	Clean water asset repair, maintenance and refurbishment services and water hygiene services
Hydrosave UK Limited	100%	Water main leak detection services and clean water network management services
Hydrosave Pipeline Technologies Limited	100%	Non-destructive testing of pipelines
Subaqua Solutions Limited	100%	Specialist leak detection services

Details of subsidiary undertakings acquired since the balance sheet date are provided in Note 13

## NOTES TO THE ACCOUNTS

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### 7. Debtors – amounts recoverable within one year

	2011 £'000	2010 £'000
Dividend receivable from subsidiary undertaking	2,513	1,077

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### 8. Creditors – amounts falling due within one year

	2011 £'000	2010 £'000
Dividends payable to parent undertaking	1,768	332
Other amounts owed to parent undertaking	745	745
	2,513	1,077

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### 9. Creditors – amounts falling due in more than one year

	2011 £'000	2010 £'000
Borrowings		
Amounts owed to parent undertaking	97,958	97,958
Amounts owed to subsidiary undertaking	15,000	15,000
	112,958	112,958

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Amounts owed to a subsidiary undertaking represent a loan bearing interest at 5.3%, the repayment of which is expected to be in more than one year. Amounts owed to a parent undertaking represents a loan payable which bears interest at 10.0% per annum with repayment expected to be in more than one year.

### 10. Share Capital

	2011 £'000	2010 £'000
Authorised 125,000,000 ordinary shares of £1 each	125,000	125,000
Issued, called up and fully paid 10,000,000 ordinary shares of £1 each	10,000	10,000

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## NOTES TO THE ACCOUNTS

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### 11. Profit and Loss Account

	£'000
Balance at 1 April 2010	-
Profit for the financial year	16,975
Dividends (Note 5)	(16,975)
<u>Balance at 31 March 2011</u>	<u>-</u>

### 12. Reconciliation of Movements in Shareholders' Funds

	2011 £'000	2010 £'000
Profit for the financial year	16,975	6,558
Dividends (Note 5)	(16,975)	(5,813)
<u>Net addition to shareholders' funds</u>	<u>-</u>	<u>745</u>
Opening shareholders' funds	10,000	9,255
<u>Closing shareholders' funds</u>	<u>10,000</u>	<u>10,000</u>

### 13. Post Balance Sheet Events

On 3 October 2011, South Staffordshire Plc, a subsidiary undertaking, acquired the entire issued ordinary share capital of Cambridge Water Plc, a regulated water supply company supplying clean water to approximately 310,000 people in the city of Cambridge and the surrounding area

### 14. Ultimate Controlling Party

The immediate parent company is Hydrades Limited which is registered in England and Wales. The ultimate controlling party is Alinda Capital Partners LLC a company registered in the United States of America. The accounts of the Company for the year ended 31 March 2011 were consolidated in the accounts of Hydrades IV Limited as at 31 March 2011, being the smallest and largest UK group in which the Company's accounts are consolidated, and which is the ultimate parent undertaking in the United Kingdom, a copy of which can be obtained from its registered address, Green Lane, Walsall, WS2 7PD