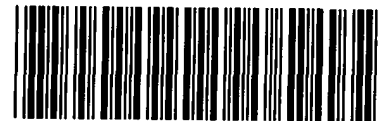


GREENSANDS EUROPE LIMITED

**ANNUAL REPORT
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2015**

Registered number: 06366236

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COMPANIES HOUSE

GREENSANDS EUROPE LIMITED

Company information

Directors

K Budinger
M Nagle
A Truscott
P Ryan Alternate to A Truscott
B Somes Alternate to P Moy
J Woodard
C McAllister Alternate to K Budinger
P Moy

Secretary

K Hall

Registered office

Southern House
Yeoman Road
Worthing
West Sussex
BN13 3NX

Bankers

Natwest
15 Bishopsgate
London
EC2N 3NW

Auditor

Deloitte LLP
Chartered Accountants
London

GREENSANDS EUROPE LIMITED

**Annual Report and Financial Statements for the year
ended 31 March 2015**

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STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2015

The company was established to complement the activities of the other companies in the Greensands Holdings group. The company continues to act as a holding company for Greensands (UK) Limited.

The company did not trade during the year, and there is no intention for it to trade in the future.

Given the limited activity of the company, additional information is presented in the directors report, but no further information is included in this strategic report.

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'M Nagle', written in a cursive style.

M Nagle
Director
21 July 2015

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2015

The directors of Greensands Europe Limited (Registered No. 06366236) present their report and the audited accounts for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The principal activity of the company continued to be that of an intermediate holding company for the subsidiary undertaking disclosed in note 7 to the accounts.

REVIEW OF THE BUSINESS, RESULTS AND DIVIDENDS

The company acted as an intermediate holding company during the year.

During the year the company received interest of £85.3m (2014: £76.2m) and was charged interest of £85.3m (2014: £76.2m).

The company generated a loss after tax for the financial year of £17.9m (2014: loss of £17.5m).

The directors have not declared a final dividend for the year ended 31 March 2015 (2014: £nil per share).

The company has net liabilities of £135.5m (2014: £117.6m) comprising largely of amounts owed by group undertakings of £1,680.4m (2014: £1,595.1m), £1,021.7m (2014: £1,003.7m) owed to other group companies and £795.2m (2014: £710.0m) owed under 12% Eurobonds maturing in 2021.

The company is party to an agreement with Greensands Holdings Limited, to which it owes a debt of £897.6m (2014: £897.5m) setting the interest rate effective on this facility as 0.01% for the year ended 31 March 2015. Further, this agreement states that for the year ending 31 March 2016 and for the 12 months following the date these accounts are signed the rate effective will be between 0.00% and 1.00%.

The company is party to an agreement with Greensands (UK) Limited, from which it is owed a debt of £1,680.4m (2014: £1,595.1m) setting the interest rate effective on this facility as 5.22% for the year ended 31 March 2015. Further, this agreement states that for the year ending 31 March 2016 and for the 12 months following the date these accounts are signed the rate effective will be between 0.00% and 6.68%.

The principal risk that the company is exposed to, is the occurrence of events that would result in an impairment to the value of its investment in Greensands (UK) Limited and the recoverability of its inter company debt.

GOING CONCERN

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 and accordingly believe that preparing the accounts on the going concern basis is appropriate.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

DIRECTORS

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

K Budinger	
M Nagle	
A Truscott	(Appointed 7 January 2015)
P Ryan	(Appointed as alternate to A Truscott 7 January 2015)
B Somes	(Resigned as Director and appointed as alternate to P Moy 1 April 2015)
J Woodard	
P Antolik	(Ceased as alternate to P Ryan 7 January 2015)
C McAllister	Alternate to K Budinger
P Moy	(Appointed as Director and resigned as alternate to B Somes 1 April 2015)

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.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the strategic report, 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; 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.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the management report, which is incorporated into the strategic report and the directors' report, includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that they face.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2015 (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/she has taken all the steps that he/she ought to have taken as a director in order to make him/herself 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 on behalf of the Board.

A handwritten signature in black ink, appearing to be 'K Hall', enclosed within a circular scribble.

K Hall
Company Secretary
21 July 2015

Greensands Europe Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m
Interest receivable and similar income	3	85.3	76.2
Interest payable and similar charges	4	(85.3)	(76.2)
Profit on ordinary activities before taxation	5	-	-
Tax on profit on ordinary activities	6	(17.9)	(17.5)
Loss for the financial year	12	<u>(17.9)</u>	<u>(17.5)</u>

The above results relate to continuing operations.

The company has no recognised gains and losses other than those included above for the current and prior years and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities after taxation and their historical cost equivalents.

Greensands Europe Limited

BALANCE SHEET AS AT 31 MARCH 2015

	Notes	2015 £m	2014 £m
Fixed assets			
Investments	7	1.0	1.0
Current assets			
Debtors: amounts falling due after one year	8	1,680.4	1,595.1
		<u>1,680.4</u>	<u>1,595.1</u>
Creditors: amounts falling due within one year	9	(105.2)	(87.3)
Net current assets		<u>1,575.2</u>	<u>1,507.8</u>
Total assets less current liabilities		1,576.2	1,508.8
Creditors: amounts falling due after one year	10	(1,711.7)	(1,626.4)
Net liabilities		<u>(135.5)</u>	<u>(117.6)</u>
Capital and reserves			
Called up share capital	11	1.0	1.0
Profit and loss account	12	(136.5)	(118.6)
Total shareholder's deficit	13	<u>(135.5)</u>	<u>(117.6)</u>

The financial statements of Greensands Europe Limited (Registered no. 06366236) on pages 5 to 12 were approved by the Board of Directors and authorised for issue on 21 July 2015.

They were signed on its behalf by:



M Nagle
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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 and preceding 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.

Basis of preparation

The accounts contain information about Greensands Europe Limited as an individual company. 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, from the address given in note 14.

Cash flow statement

The company is a wholly owned subsidiary company of a group headed by Greensands Holdings Limited, and its cash flows are included in the consolidated accounts of that company, which are publicly available from the address given in note 14. 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 14.

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.

Interest income is accrued on a daily basis. Dividends and other investment income is accounted for when it becomes receivable.

Taxation

The taxation charge in the profit and loss account is based on the profit or loss for the period as adjusted for disallowable and non-taxable items using current rates and takes into account tax deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date, calculated at the rate at which it is expected the tax will arise in accordance with Financial Reporting Standard 19 'Deferred Tax' ('FRS 19'). Deferred taxation balances are not discounted. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Borrowings

Interest-bearing borrowings are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accruals basis in the profit and loss account and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)**2 Employee information**

The company has no employees (2014: None).

The services of the directors are deemed to be wholly attributable to their services to Greensands Holdings Limited.

The directors received no emoluments during the year in respect of their services to the company.

3 Interest receivable and similar income

	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m
Due from group undertakings	<u>85.3</u>	<u>76.2</u>

4 Interest payable and similar charges

	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m
Due to group undertakings	0.1	0.1
Other interest payable	<u>85.2</u>	<u>76.1</u>
	<u>85.3</u>	<u>76.2</u>

5 Profit on ordinary activities before taxation

In 2015 and 2014 audit fees of £1,000 were borne by Greensands Holdings Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

6 Tax on profit on ordinary activities

	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m
Current tax:		
UK corporation tax on profit for the year	<u>17.9</u>	<u>17.5</u>

The rate of current tax charged on profit on ordinary activities varied from the standard rate of corporation tax due to the following factors:

	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m
Current tax		
Profit on ordinary activities before tax	<u>-</u>	<u>-</u>
Current tax		
UK corporation tax rate at standard rate of tax of 21% on profit for the year (2014: 23%)	-	-
Permanent differences arising on Eurobond interest	<u>17.9</u>	<u>17.5</u>
Current tax charge for year	<u>17.9</u>	<u>17.5</u>

No deferred tax arose during the year to 31 March 2015 (2014: nil).

Factors affecting future tax charges

From 1 April 2015, the main rate of corporation tax reduced to 20%. This rate has been used to calculate any deferred tax balances as it was substantively enacted at the balance sheet date. In the budget on 8 July 2015, the government announced further reduction in the main rate of corporation tax to 19% in 2017 and 18% in 2020. These changes have not been substantively enacted.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)**7 Investments**

	Shares in subsidiary undertakings £m
At cost & net book amount:	
At 1 April 2014 and 31 March 2015	<u>1.0</u>

Subsidiary undertakings

A full list of the subsidiaries of the group is included in the consolidated Greensands Holdings Limited group accounts.

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

The directors are satisfied that the book value of investments is supported by their underlying net assets or the companies' position within the wider group.

8 Debtors: amounts falling due after one year

	2015 £m	2014 £m
Amounts owed by group undertakings	<u>1,680.4</u>	<u>1,595.1</u>

All amounts owed by group undertakings due after one year are unsecured. Interest on this balance has accrued at 5.22% for the year ended 31 March 2015. Further, for the year ending 31 March 2016 and for 12 months following the approval of these financial statements the interest rate charge has been decided by agreement of the directors of Greensands Europe Limited and Greensands (UK) Limited and has been set to between 0.00% and 6.68%. The directors have confirmed that this balance will not be called upon for 12 months from the date of these financial statements.

9 Creditors: amounts falling due within one year

	2015 £m	2014 £m
Amounts owed to group undertakings	<u>105.2</u>	<u>87.3</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 2015 (continued)**10 Creditors: amounts falling due after one year**

	2015 £m	2014 £m
Amounts owed to group undertakings (note (i) below)	916.5	916.4
Loans and other borrowings:		
Eurobonds 12% 2021 (note (ii) below)	795.2	710.0
	<u>1,711.7</u>	<u>1,626.4</u>

Notes

- (i) All amounts owed to group undertakings are unsecured. Of this balance, £897.6m accrued interest at 0.01% for the year ended 31 March 2015. Further, for the year ending 31 March 2016 and for 12 months from the date of signing of these financial statements the interest rate charge has been decided by agreement of the directors of Greensands Europe Limited and Greensands Holdings Limited and has been set to between 0% and 1.00%. The remaining balance of £18.9m is unsecured, interest free and repayable on demand. It has been confirmed by Greensands Holdings and Greensands Junior Finance Limited that neither of these balances will be called upon for 12 months from the date of these financial statements.
- (ii) The Eurobonds are issued by the company to the shareholders of its ultimate parent company, Greensands Holdings Limited. This facility is guaranteed under a group Security Agreement. The agreement is over the entire property, assets, rights and undertakings of each of Southern Water Services Limited, Southern Water (Finance) Limited, SWS Holdings Limited and SWS Group Holdings Limited. In the case of Southern Water Services Limited, this is to the extent permitted by the Water Industry Act 1991 and License.

11 Called up share capital

	2015 £m	2014 £m
Allotted, called up and fully paid:		
1,000,000 ordinary share (2014: 1,000,000) of £1 each	<u>1.0</u>	<u>1.0</u>

12 Profit and loss account

	£m
At 1 April 2014	(118.6)
Loss for the financial year	<u>(17.9)</u>
At 31 March 2015	<u>(136.5)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)**13 Reconciliation in movement in shareholders' deficit**

	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m
Opening shareholder's deficit	(117.6)	(100.1)
Loss for the financial year	<u>(17.9)</u>	<u>(17.5)</u>
Closing shareholder's deficit	<u>(135.5)</u>	<u>(117.6)</u>

14 Ultimate parent and controlling party

The immediate parent undertaking is Greensands Holdings Limited.

The ultimate parent and controlling company is Greensands Holdings Limited, a company incorporated in Jersey. As at 31 March 2015, the major shareholders in Greensands Holdings Limited were a consortium including IIF International SW UK Investments Limited (managed 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 Greensands Europe 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 GREENSANDS EUROPE LIMITED FOR THE YEAR ENDED 31 MARCH 2015

We have audited the financial statements of Greensands Europe Limited for the year ended 31 March 2015 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 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 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 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 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.

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 2015 and of its loss 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.

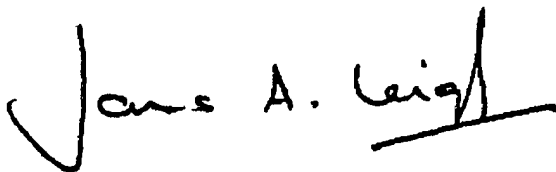
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information in the Strategic Report and 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.



James Leigh (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
23 July 2015