
SUEZ WATER TECHNOLOGIES & SOLUTIONS UNITED KINGDOM

Annual Report and Financial Statements

For the Year Ended 31 December 2018

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SUEZ WATER TECHNOLOGIES & SOLUTIONS UNITED KINGDOM

Company Information

Directors	R J Brook C A Campbell (appointed 7 May 2019) C M Jeffery (resigned 7 May 2019)
Company secretary	Oakwood corporate secretary limited
Registered number	00950340
Registered office	3rd Floor 1 Ashley Road Altrincham Cheshire WA14 2DT
Independent auditors	Ernst & Young LLP 1 Cambridge Business Park Cowley Road Cambridge CB4 0WZ

SUEZ WATER TECHNOLOGIES & SOLUTIONS UNITED KINGDOM

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SUEZ WATER TECHNOLOGIES & SOLUTIONS UNITED KINGDOM

Directors' Report For the Year Ended 31 December 2018

The directors present their annual report and the audited financial statements for the year ended 31 December 2018.

Principal activity

The company is an investment holding company.

The immediate parent of the company is Ondo Industrial Solutions UK Limited, the ultimate parent is SUEZ Water Technologies and Solutions (S.A.).

Results and dividends

The loss for the year, after taxation, amounted to £6,338 thousand (2017 - loss £16,257 thousand).

The directors do not recommend the payment of a dividend (2017: £nil).

Directors of the company

The directors who held office during the year and up to the date of the directors' report were as follows:

R J Brook
C A Campbell
C M Jeffery

Directors' liabilities

One or more of the directors have benefited from qualifying third party indemnity provisions in place during the financial year and subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provisions remain in force as at the date of approving the directors' report.

Business Impact in Relation to Brexit

The United Kingdom (UK) withdrew from the European Union (EU) on 31 January 2020. The transition period is due to last until 31 December 2020. During this period, the UK will remain both within the EU customs union and single market.

During the transition period negotiations will take place between the UK and EU to finalize terms within the withdrawal agreement, which include trade terms between the two parties. As a result it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.

SUEZ WATER TECHNOLOGIES & SOLUTIONS UNITED KINGDOM

Directors' Report (continued) For the Year Ended 31 December 2018

Going Concern

The financial statements have been prepared on a going concern basis, notwithstanding net liabilities of £15,120,000 (2017: net liabilities £8,781,000).

The directors have reviewed the financial position of the company, including the arrangements with group undertakings. The directors have considered the financial position of the company's immediate group and ultimate parent.

On the basis of their assessment of the company's financial position and of the enquiries made by the directors, the company's directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the immediate group to continue as a going concern. However, the ultimate parent entity, SUEZ Water Technologies & Solutions (S.A.), has provided the company with comfort in respect of financial support to assist the company meeting its liabilities as and when they fall due, but only to the extent that money is not otherwise available to the company to meet such liabilities. The ultimate parent entity, SUEZ Water Technologies & Solutions (S.A.), will continue to provide the financial support outlined above for a period of at least 12 months from the date of signing the company's accounts. Accordingly they expect that the company will be able to continue in operational existence for the foreseeable future and hence continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Small companies provision statement

This report has been prepared in accordance with the small companies regime under the Companies Act 2006. Advantage has been taken of the exemption under section 414B of the Companies Act 2006 from the requirement to prepare a Strategic Report.

Disclosure of information to auditors

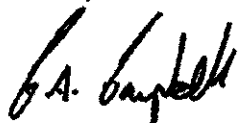
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of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

Reappointment of auditor

The auditors Ernst & Young are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the board on

and signed on its behalf by:



14/02/2020

C Campbell
Director

SUEZ WATER TECHNOLOGIES & SOLUTIONS UNITED KINGDOM

Directors' Responsibilities Statement For the Year Ended 31 December 2018

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 then 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Approved by the board on

and signed on its behalf by:



C Campbell
Director

14th February 2019

Opinion

We have audited the financial statements of Suez Water Technologies & Solutions United Kingdom for the year ended 31 December 2018 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

**Independent Auditors' Report to the Members of Suez Water Technologies & Solutions United Kingdom
(continued)**

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent 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; or
- the directors were not entitled to take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

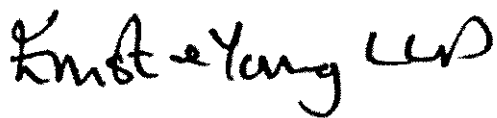
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

SUEZ WATER TECHNOLOGIES & SOLUTIONS UNITED KINGDOM

**Independent Auditors' Report to the Members of Suez Water Technologies & Solutions United Kingdom
(continued)**

Use of our report

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.



Ruth Logan (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge

Date 17/02/20

SUEZ WATER TECHNOLOGIES & SOLUTIONS UNITED KINGDOM

**Profit and Loss Account and Other Comprehensive Income
For the Year Ended 31 December 2018**

	Note	2018 £000	2017 £000
Administrative expenses		(2,362)	(359)
Other operating expenses		(457)	(425)
Operating loss	4	<u>(2,819)</u>	<u>(784)</u>
Impairment of fixed asset investments	11	(3,252)	(15,524)
Interest receivable and similar income	7	604	51
Interest payable and similar expenses	8	(871)	-
Loss before tax		<u>(6,338)</u>	<u>(16,257)</u>
Loss for the financial year		<u><u>(6,338)</u></u>	<u><u>(16,257)</u></u>
Other comprehensive income		-	-
Total comprehensive loss for the year		<u><u>(6,338)</u></u>	<u><u>(16,257)</u></u>

The notes on pages 11 to 20 form part of these financial statements.

SUEZ WATER TECHNOLOGIES & SOLUTIONS UNITED KINGDOM
Registered number: 00950340

Balance Sheet
As at 31 December 2018

	Note	2018 £000	2017 £000
Fixed assets			
Investments	11	9,514	12,766
		<u>9,514</u>	<u>12,766</u>
Current assets			
Debtors: amounts falling due within one year	12	1,956	17,153
		<u>1,956</u>	<u>17,153</u>
Creditors: amounts falling due within one year	13	(26,589)	(38,700)
Net current liabilities		<u>(24,633)</u>	<u>(21,547)</u>
Net liabilities		<u>(15,119)</u>	<u>(8,781)</u>
Capital and reserves			
Called up share capital		-	-
Share premium account	16	12,810	12,810
Profit and loss account		(27,929)	(21,591)
Shareholders' deficit		<u>(15,119)</u>	<u>(8,781)</u>

Approved by the board on

and signed on its behalf by


C Campbell

14th February 2020.

Director

The notes on pages 11 to 20 form part of these financial statements.

SUEZ WATER TECHNOLOGIES & SOLUTIONS UNITED KINGDOM

Statement of Changes in Equity For the Year Ended 31 December 2018

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total deficit £000
At 1 January 2018	-	12,810	(21,591)	(8,781)
Comprehensive income/(loss) for the year				
Loss for the financial year	-	-	(6,338)	(6,338)
Total comprehensive loss for the year	-	-	(6,338)	(6,338)
At 31 December 2018	-	12,810	(27,929)	(15,119)

The notes on pages 11 to 20 form part of these financial statements.

Share capital

Share capital represents the issued and fully paid up equity share capital of the company.

Share Premium

Share premium includes any premiums received on the share capital. Any transactions costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

Retained earnings include all current and prior period profit and losses.

SUEZ WATER TECHNOLOGIES & SOLUTIONS UNITED KINGDOM

**Statement of Changes in Equity
For the Year Ended 31 December 2017**

	Called up share capital	Share premium account	Profit and loss account	Total deficit
	£000	£000	£000	£000
At 1 January 2017	-	12,810	(5,334)	7,476
Comprehensive income/(loss) for the year				
Loss for the financial year	-	-	(16,257)	(16,257)
Total comprehensive loss for the year	-	-	(16,257)	(16,257)
At 31 December 2017	-	12,810	(21,591)	(8,781)

The notes on pages 11 to 20 form part of these financial statements.

Share capital

Share capital represents the issued and fully paid up equity share capital of the company.

Share Premium

Share premium includes any premiums received on the share capital. Any transactions costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

Retained earning includes all current and prior period profit and losses.

SUEZ WATER TECHNOLOGIES & SOLUTIONS UNITED KINGDOM

Notes to the Financial Statements For the Year Ended 31 December 2018

1. General information

The company is a private unlimited company, registered in England, incorporated and domiciled in the United Kingdom.

The address of its registered office is:

3rd Floor
1 Ashley Road
Altrincham
Cheshire
WA14 2DT

2. Accounting policies

2.1 Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS101') and the Companies Act 2006.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The name of the parent company is Suez Groupe S.A.S. The Group's headquarter is in the CB21 tower - 16, place de l'Iris - 92040 Paris-La Défense - France. The consolidated financial statements of this company are available to the public and may be obtained from www.suez.com.

2.3 Exemption from preparing group accounts

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

SUEZ WATER TECHNOLOGIES & SOLUTIONS UNITED KINGDOM

Notes to the Financial Statements For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.4 Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures,
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

2.5 New Standards, amendments and IFRIC interpretations

IFRS 9 and IFRS 15 are new accounting standards that are effective for the year ended 31 December 2018. There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2018.

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 15 and IFRS 9 from 1 January 2018.

The relevant standard IFRS 16 Leases and its interpretations were published but not yet applicable for the annual accounts beginning on 1 January 2018.

The impact of IFRS 16 has been assessed for the 2019 financial year and it is not material.

IFRS 16 Leases will be effective for the year ended 31 December 2019 and onwards.

SUEZ WATER TECHNOLOGIES & SOLUTIONS UNITED KINGDOM

Notes to the Financial Statements For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.6 Going concern

The financial statements have been prepared on a going concern basis, notwithstanding net liabilities of £15,120,000 (2017: net liabilities £8,781,000).

The directors have reviewed the financial position of the company, including the arrangements with group undertakings. The directors have considered the financial position of the company's immediate group and ultimate parent.

On the basis of their assessment of the company's financial position and of the enquiries made by the directors, the company's directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the immediate group to continue as a going concern. However, the ultimate parent entity, SUEZ Water Technologies & Solutions (S.A.), has provided the company with comfort in respect of financial support to assist the company meeting its liabilities as and when they fall due, but only to the extent that money is not otherwise available to the company to meet such liabilities. The ultimate parent entity, SUEZ Water Technologies & Solutions (S.A.), will continue to provide the financial support outlined above for a period of at least 12 months from the date of signing the company's accounts. Accordingly they expect that the company will be able to continue in operational existence for the foreseeable future and hence continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.7 Taxation

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Full provision is made for deferred tax liabilities arising from all temporary differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the temporary differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

SUEZ WATER TECHNOLOGIES & SOLUTIONS UNITED KINGDOM

Notes to the Financial Statements For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.8 Investments

Investment in group undertakings are shown at cost less provision for impairment.

At each balance sheet date the company reviews the carrying amounts of its investments to determine whether there is any indication that those investments have suffered an impairment loss. If such indication exists, the recoverable amount of the investment is estimated based on its fair value less costs of disposal (for which its net asset value may be used as a reasonable proxy) and value in use. Where the recoverable amount of the investment is less than the carrying value an impairment loss is recognised in Profit and Loss Account in the period.

2.9 Foreign currency transactions and balances

The accounts are presented in sterling which is the company's functional and presentational currency in thousands.

Transactions in foreign currencies are recorded using a monthly average operating exchange rate. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the balance sheet date. The gains or losses arising are included in the Profit and Loss Account.

2.10 Derivative financial instruments and hedging activities

The company has not applied hedge accounting and any derivatives are measured at fair value through profit and loss.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

SUEZ WATER TECHNOLOGIES & SOLUTIONS UNITED KINGDOM

Notes to the Financial Statements For the Year Ended 31 December 2018

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of the amount, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

Impairment of investments

The principal activity of the company is to act as a holding company for underlying subsidiaries and associate undertakings. As a result the main risk facing the company is the underlying trade of the investments not supporting the carrying value.

Investments are subject to impairment when there are indicators, such as, the net assets of the underlying company being less than the carrying value of the investments, adverse trade conditions in the underlying investments, cessation of trade in the underlying investments, significant losses in the year in the underlying investments and impairment of fixed assets in the underlying investments in the year.

Where the carrying value exceeds the estimated recoverable amount (being the greater of fair value less costs of disposal and value-in-use), an impairment loss is recognised by writing down the investments to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. The estimates of future cash flows exclude cash inflows or outflows attributable to financing activities and income tax. Impairment losses arising in respect of investments are not reversed once recognised.

4. Operating loss

The operating loss is stated after charging:

	2018	2017
	£000	£000
Foreign exchange	457	425

5. Staff costs

The company had no employees during the year (2017: nil).

6. Auditors' remuneration

Remuneration of £4,300 (2017: £4,200) paid to the auditor for their services to the company was borne by a fellow group undertaking.

SUEZ WATER TECHNOLOGIES & SOLUTIONS UNITED KINGDOM

Notes to the Financial Statements For the Year Ended 31 December 2018

7. Interest receivable and similar income

	2018 £000	2017 £000
Interest receivable from group companies	-	48
Cash pool interest receivable	-	2
Interest income on bank deposits	604	1
	<u>604</u>	<u>51</u>

8. Interest payable and similar expenses

	2018 £000	2017 £000
Bank interest payable	793	-
Other loan interest payable	78	-
	<u>871</u>	<u>-</u>

9. Directors' remuneration

No directors received any remuneration in respect of services to the company during the current or preceding financial year.

All of the directors are/were also directors of a group undertaking and do not specifically receive any remuneration in respect of the company. It was not possible to determine an appropriate proportion of their services on behalf of the company.

10. Taxation

Tax charged/(credited) in the Profit and Loss Account

	2018 £000	2017 £000
Current taxation		
UK corporation tax	<u>-</u>	<u>-</u>

SUEZ WATER TECHNOLOGIES & SOLUTIONS UNITED KINGDOM

Notes to the Financial Statements For the Year Ended 31 December 2018

10. Taxation (continued)

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £000	2017 £000
Loss before tax	(6,338)	(16,257)
Corporation tax at standard rate of 19% (2017: 19.25%)	(1,204)	(3,129)
Expenses not deductible for tax purposes	618	2,942
Movement on deferred tax not provided	1,182	48
Group relief for £nil consideration	-	139
Partnership allocation	(596)	-
Total tax charge/(credit)	-	-

Factors that may affect future tax charges

The UK corporation tax rate was reduced from 19.25% to 19% on 1 April 2018. A further reduction to 17% (effective 1 April 2020) was substantively enacted at the balance sheet date. This will reduce any current tax charges accordingly.

Deferred tax assets and liabilities on all timing differences have been calculated at 17%, including those expected to reverse in the years ending 31 December 2019 to 31 December 2020 (the overall average rate ranging from 19% to 17.5%). The impact of this on the financial statements is not considered material.

There are no other factors that may significantly affect future tax charges.

Deferred tax

There are £125,579 of deductible temporary differences (2017: £694,000) and £1,321,598 of unused tax losses for which no deferred tax asset is recognised in the balance sheet.

SUEZ WATER TECHNOLOGIES & SOLUTIONS UNITED KINGDOM

**Notes to the Financial Statements
For the Year Ended 31 December 2018**

11. Fixed asset investments

	Investments in subsidiary undertakings £000	Investments in associate undertakings £000	Total £000
Cost			
At 1 January 2018	22,318	13,720	36,038
At 31 December 2018	<u>22,318</u>	<u>13,720</u>	<u>36,038</u>
Accumulated impairment			
At 1 January 2018	22,295	977	23,272
Charge for the year	-	3,252	3,252
At 31 December 2018	<u>22,295</u>	<u>4,229</u>	<u>26,524</u>
Net book value			
At 31 December 2018	<u>23</u>	<u>9,491</u>	<u>9,514</u>
At 31 December 2017	<u>23</u>	<u>12,743</u>	<u>12,766</u>

The directors of the company have undertaken a review of the company's investment in group undertakings as at 31 December 2018. This has resulted in a write-off of £3,253,000, the investment having been valued at the company's share of the net asset of the group undertaking.

SUEZ WATER TECHNOLOGIES & SOLUTIONS UNITED KINGDOM

Notes to the Financial Statements For the Year Ended 31 December 2018

11. Fixed asset investments (continued)

Details of the statutory undertakings as at 31 December 2018 are as follows:

Name of subsidiary	Principal Activity	Registered office	Class of shares held	Proportion of ownership interest
Monsal Holdings Limited	Holding entity activities	1 Ashley Road, 3rd Floor, Altrincham, WA14 2DT, United Kingdom	Ordinary	100%
Monsal Limited*	Trading activities	1 Ashley Road, Altrincham, 3rd Floor, Cheshire, WA14 2DT, United Kingdom	Ordinary	100%

*Indirect holding

Details of the associate undertaking as at 31 December 2018 are as follows:

Name of associate	Principal Activity	Registered office	Proportion of ownership interest
SUEZ Water Technologies & Solutions (UK) Limited Partnership	Manufacturing and sales activity	Hydro House, Newcombe Way, Peterborough, PE2 6SE, Cambridgeshire	47.21%

12. Debtors

	2018 £000	2017 £000
Amounts owed by group undertakings	<u>1,956</u>	<u>17,153</u>

Amounts owed by group undertakings are unsecured and interest bearing.

SUEZ WATER TECHNOLOGIES & SOLUTIONS UNITED KINGDOM

Notes to the Financial Statements For the Year Ended 31 December 2018

13. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Amounts owed to group undertakings	26,061	38,133
Derivative financial instruments	528	567
	<u>26,589</u>	<u>38,700</u>

Amounts owed to group undertakings are unsecured, interest bearing & repayable on demand.

14. Derivative financial liability

The company has the following financial liabilities measured at the fair value through the profit and loss:

	2018 £000	2017 £000
Derivative financial instrument	<u>528</u>	<u>567</u>

The company enters into forward foreign exchange contracts to mitigate the exchange rate risk for certain foreign currency receivables. At 31 December 2018, the outstanding contracts all mature within 6 months of the year end. The company is committed to forward sales and forward purchases at the dates of 20 February 2019 and 18 April 2019.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the exchange rates for USD and ZAR.

15. Share capital

Allotted, called up and fully paid shares

	No.	2018 £	No.	2017 £
Ordinary Shares of £1 each	<u>310</u>	<u>310</u>	<u>310</u>	<u>310</u>

The Company is owned 100% by Ondeo Industrial Solutions UK Limited.

16. Ultimate parent undertaking and controlling party

The company's immediate parent is Ondeo Industrial Solutions UK Limited, a company registered at Suez House, Grenfell Road, Maidenhead, Berkshire, United Kingdom, SL6 1ES.

The ultimate controlling party and the parent undertaking of both the largest and the smallest groups of undertakings of which the Company is a member and for which group financial statements are drawn up is SUEZ Water Technologies and Solutions (S.A.), which is incorporated in France. Copies of consolidated financial statements are available to the public from SUEZ Groupe S.A.S., Tour CB21, 16 Place De L'Iris, 92040 Paris La Defense, France."

Registration number: LP009326

**SUEZ Water Technologies & Solutions (UK) Limited
Partnership**

Annual Report and Financial Statements

For the Year Ended 31 December 2018

SUEZ Water Technologies & Solutions (UK) Limited Partnership

COMPANY INFORMATION

Directors	R Gray R Brook J Hunt A Stewart A R Dias S Gare C A Campbell (appointed 7 May 2019) C M Jeffery (resigned 7 May 2019)
Company secretary	Oakwood Corporate Secretary Limited
Registered number	LP009326
Registered office	Hydro House Newcombe Way Orton Southgate Peterborough Cambridgeshire PE2 6SE
Independent auditors	Ernst & Young LLP 1 Cambridge Business Park Cowley Road Cambridge CB4 0WZ

SUEZ Water Technologies & Solutions (UK) Limited Partnership

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SUEZ Water Technologies & Solutions (UK) Limited Partnership

Strategic Report

The partners present their strategic report for the year ended 31 December 2018.

Fair review of the business

The results for the year and the financial position of the Company are shown in the financial statements and notes on pages 13 to 25.

The Company measures its financial performance by reference to turnover and gross profit margin.

The revenue of the Company in 2018 was £51,507,000 (2017: £37,453,000). The increase of £14,054,000 in revenue was a result of organic growth achieved in 2018. Gross profit margin decreased to 29.9% (2017: 49.2%) due to a high increase in the cost of sales for ultra-filter membrane projects.

The Company's loss for the financial year continued to increase in the year and amounted to £7,540,000 (2017: £5,137,000).

The company's key financial and other performance indicators during the year were as follows:

	2018	2017	Definition, method of calculation
Turnover (%)	37.52%	-17.38%	Year on year growth in sales expressed as a percentage.
Operating Margin (%)	-13.80%	-11.74%	Operating margin is the ratio of operating loss/profit to sales expressed as a percentage.

Principal risks and uncertainties

The United Kingdom (UK) withdrew from the European Union (EU) on 31 January 2020. The transition period is due to last until 31 December 2020. During this period, the UK will remain within both the EU customs union and single market.

During the transition period, negotiations will take place between the UK and EU to finalize terms within the withdrawal agreement, which include trade terms between the two parties. As a result, it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, and financial investments in equity instruments.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Strategic Report (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is limited, as the Company does not hold external long-term debt obligations and all financial instruments that accrue interest are at a fixed rate.

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions, and other financial instruments including the loans from other related party group companies. The Company's exposure to credit risk is limited as nearly all significant transactions are carried out with related parties, where the risk of default is considered low. The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

The Company monitors its risk of a shortage of funds. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of both loans and equity. The Company has access to a sufficient variety of sources of funding and can rely on the financial support of its parent and the other entities in the group.

Furthermore, given that the repayments on the loan borrowings held by the company comprise only interest payments up until the maturity date, the company has elected not to present the undiscounted future cash flows of the loan given that the capital amount owing at the maturity date would approximate the current value.

Approved by the partners on 13/2/20 and signed on its behalf by:


.....
J Hunt
Partner

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Partners' Report

The partners present their annual report and the audited financial statements for the year ended 31 December 2018.

Principal activity

The principal activity of the partnership is the manufacturing and sale of chemicals for water treatment.

Partners and partners' interest

The partners who held office during the year and up to the date of signing the partners' report were as follows:

Ionics (U.K.) Limited

SUEZ Water Technologies & Solutions Services UK Limited

SUEZ Water Technologies & Solutions United Kingdom

SUEZ Water Technologies & Solutions Holdings UK Limited

Results and dividends

The loss for the year, after taxation, amounted to £7,540,000 (2017: £5,137,000).

The management committee have not authorised any drawings (2017: £nil).

As at 31 December 2018, the respective interests of the partners were as follows:

SUEZ Water Technologies & Solutions United Kingdom (being entitled to 47.21% of the profits of the partnership)

SUEZ Water Technologies & Solutions Holdings UK Limited (being entitled to 0.1% of the profits of the partnership)

Ionics (U.K.) Limited (being entitled to 26.39% of the profits of the partnership)

SUEZ Water Technologies & Solutions Services UK Limited (being entitled to 26.39% of the profits of the partnership)

Going concern

The financial statements have been prepared on a going concern basis, notwithstanding net assets of £19,086,000 (2017: £26,626,000).

The directors have reviewed the financial position of the company, including the arrangements with group undertakings. The directors have considered the financial position of the company's immediate group and ultimate parent.

On the basis of their assessment of the company's financial position and of the enquiries made by the directors, the company's directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the immediate group to continue as a going concern. However, the ultimate parent entity, SUEZ Water Technologies & Solutions (S.A.), has provided the company with comfort in respect of financial support to assist the company meeting its liabilities as and when they fall due, but only to the extent that money is not otherwise available to the company to meet such liabilities. The ultimate parent entity, SUEZ Water Technologies & Solutions (S.A.), will continue to provide the financial support outlined above for a period of at least 12 months from the date of signing the company's accounts. Accordingly, they expect that the company will be able to continue in operational existence for the foreseeable future and hence continue to adopt the going concern basis of accounting in preparing the annual financial statements.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Partners' Report (continued)


Disclosure of information to the auditors

Each partner has taken steps that they ought to have taken as a partner in order to make themselves aware of any relevant audit information and to establish that the limited partnership's auditor is aware of that information. The partners confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditor

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the partners on 3/2/20 and signed on its behalf by:



J Hunt
Partner

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Statement of Partners' Responsibilities

The partners are responsible for preparing the partners' report and the financial statements in accordance with applicable law and regulations.

The Partnerships (Accounts) Regulations 2008 require the partners to prepare financial statements for each financial year. Under those regulations the partners have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under the Partnership (Accounts) Regulations 2008 the partners 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 partnership and of the profit or loss of the partnership for that period. In preparing these financial statements, the partners are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 partnership will continue in business.

The partners are responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership and enable them to ensure that the financial statements comply with the Partnership (Accounts) Regulations 2008. They are also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The partners are responsible for the maintenance and integrity of the corporate and financial information included on the partnership's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Independent Auditor's Report to the Members of Suez Water Technologies & Solutions (UK) Limited Partnership

Opinion

We have audited the financial statements of Suez Water Technologies & Solutions (UK) Limited Partnership for the year ended 31 December 2018, which comprise Statement of Comprehensive Income, the Balance Sheet, Statement of Changes in Equity, and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the qualifying partnership's affairs as at 31 December 2018 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 as applied to qualifying partnerships.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the qualifying partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the qualifying partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Independent Auditor's Report to the Members of Suez Water Technologies & Solutions (UK) Limited Partnership

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the members' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and members' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the qualifying partnership and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or members' report.

We have nothing to report in respect of the following matters in relation to which 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 members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

Responsibilities of Members

As explained more fully in the statement of Partners' responsibilities set out on page 5, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the partnership or to cease operations, or have no realistic alternative but to do so.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Independent Auditor's Report to the Members of Suez Water Technologies & Solutions (UK) Limited Partnership

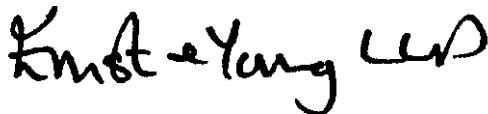
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships. Our audit work has been undertaken so that we might state to the qualifying partnership'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 qualifying partnership and the qualifying partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Ruth Logan (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge

Date:.....

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Statement of Comprehensive Income for the Year Ended 31 December 2018

	Note	2018 £ 000	2017 £ 000
Turnover	4	51,507	37,453
Cost of sales		(36,093)	(18,975)
Gross profit		15,414	18,478
Distribution costs		(1,709)	(1,462)
Administrative expenses		(21,017)	(20,567)
Other operating income/(loss)	5	205	(845)
Operating loss	6	(7,107)	(4,396)
Interest receivable and similar income	7	-	247
Interest payable and similar expenses	8	(433)	(988)
Loss for the year		(7,540)	(5,137)
Other comprehensive income		-	-
Total comprehensive loss for the year		(7,540)	(5,137)

The above results were derived from continuing operations.

The notes on pages 13 to 25 form an integral part of these financial statements.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Registration number: LP009326

Balance Sheet as at 31 December 2018

	Note	2018 £ 000	2017 £ 000
Fixed assets			
Intangible assets	11	3,267	998
Tangible assets	12	25,181	22,353
		<u>28,448</u>	<u>23,351</u>
Current assets			
Stocks	13	2,094	2,201
Debtors: amounts falling due within one year	14	33,480	72,769
Debtors: amounts falling due after more than one year	14	-	2,033
Cash at bank		93	694
		<u>35,667</u>	<u>77,697</u>
Creditors: Amounts falling due within one year	15	<u>(44,751)</u>	<u>(74,370)</u>
Net current (liabilities)/ assets		<u>(9,083)</u>	<u>3,327</u>
Total assets less current liabilities		<u>19,364</u>	<u>26,678</u>
Provisions for liabilities	16	(278)	(51)
Net assets		<u>19,086</u>	<u>26,627</u>
Capital and reserves			
Partners' capital contribution accounts		65,694	65,694
Other reserves		320	320
Limited partners' income account		(46,928)	(39,387)
Partners' funds		<u>19,086</u>	<u>26,627</u>

Approved by the partners on 13/2/20 and signed on its behalf by:


.....
J Hunt
Partner

The notes on pages 13 to 25 form an integral part of these financial statements.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Statement of Changes in Equity

for the Year Ended 31 December 2018

	Partners' capital contribution accounts £ 000	Other reserves £ 000	Limited partners' income account £ 000	Partners' funds £ 000
At 1 January 2018	65,694	320	(39,387)	26,627
Comprehensive loss for the year				
Loss for the year	-	-	(7,540)	(7,540)
Foreign exchange	-	-	-	-
Total comprehensive loss for the year	-	-	(7,540)	(7,540)
At 31 December 2018	65,694	320	(46,928)	19,086

Partners' capital contribution reserve

In business and partnership law, contribution refers to a capital contribution, which is an amount of money or assets given to a business or partnership by one of the owners or partners. The capital contribution increases the owner or partner's equity interest in the entity.

Other reserves

Other reserves includes Employee share based payment reserve.

Limited partners account

Retained earnings includes all current and prior period profit and losses.

The notes on pages 13 to 25 form an integral part of these financial statements.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Statement of Changes in Equity

for the Year Ended 31 December 2017

	Partners' capital contribution accounts £ 000	Other reserves £ 000	Limited partners' income account £ 000	Partners' funds £ 000
At 1 January 2017	36,635	320	(34,250)	2,705
Comprehensive loss for the year				
Loss for the year	-	-	(5,137)	(5,137)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(5,137)	(5,137)
Partners' capital contribution during the year	29,059	-	-	29,059
At 31 December 2017	65,694	320	(39,387)	26,627

Partners' capital contribution reserve

In business and partnership law, contribution refers to a capital contribution, which is an amount of money or assets given to a business or partnership by one of the owners or partners. The capital contribution increases the owner or partner's equity interest in the entity.

Other reserves

Other reserves includes Employee share based payment reserve.

Limited partners account

Retained earnings includes all current and prior period profit and losses.

The notes on pages 13 to 25 form an integral part of these financial statements.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Notes to the Financial Statements

1 General information

The partnership is a limited partnership incorporated and domiciled in the United Kingdom.

The address of its registered office is:

Hydro House
Newcombe Way
Orton Southgate
Peterborough
Cambridgeshire
PE2 6SE

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006. The amendments to FRS 101 (2016/17 Cycle) issued in July 2017 and effective immediately have been applied.

In preparing these financial statements, the partnership applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Limited partnership's accounting policies (see note 3).

The Suez Groupe S.A.S headquarter is in the CB21 tower - 16, place de l'Iris - 92040 Paris-La Défense - France. The consolidated financial statements of this company are available to the public and may be obtained from www.suez.com.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Notes to the Financial Statements

2 Accounting policies (continued)

2.2 Summary of disclosure exemptions

The partnership has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets, and
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 New Standards, amendments and IFRIC Interpretations

IFRS 9 and IFRS 15 are new accounting standards that are effective for the year ended 31 December 2018. There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2018.

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 15 and IFRS 9 from 1 January 2018.

The relevant standard IFRS 16 Leases and its Interpretations were published but not yet applicable for the annual accounts beginning on 1 January 2018.

IFRS 16 Leases will be effective for the year ended 31 December 2019 and onwards.

The impact of IFRS 16 has been assessed for the 2019 financial year and it is not material.

2.4 Going concern

The financial statements have been prepared on a going concern basis, notwithstanding net assets of £19,086,000 (2017: £26,626,000).

The directors have reviewed the financial position of the company, including the arrangements with group undertakings. The directors have considered the financial position of the company's immediate group and ultimate parent.

On the basis of their assessment of the company's financial position and of the enquiries made by the directors, the

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Notes to the Financial Statements

2 Accounting policies (continued)

company's directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the immediate group to continue as a going concern. However, the ultimate parent entity, SUEZ Water Technologies & Solutions (S.A.), has provided the company with comfort in respect of financial support to assist the company meeting its liabilities as and when they fall due, but only to the extent that money is not otherwise available to the company to meet such liabilities. The ultimate parent entity, SUEZ Water Technologies & Solutions (S.A.), will continue to provide the financial support outlined above for a period of at least 12 months from the date of signing the company's accounts. Accordingly, they expect that the company will be able to continue in operational existence for the foreseeable future and hence continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.5 Revenue recognition

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the period, exclusive of Value Added Tax and trade discounts.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the statement of comprehensive income turnover and related costs as contract activity progresses. When a contract is split into phases, turnover and profit may be recognised separately within each phase. Turnover is calculated as that proportion of contract phase value, which costs to date bear to total expected costs for that phase of the contract.

2.6 Foreign currency transactions and balances

The accounts are presented in sterling which is the Partnership's functional and presentational currency. The accounts are presented in thousands.

Transactions in foreign currencies are recorded using a monthly average operating exchange rate. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the balance sheet date. The gains or losses arising are included in the Statement of Comprehensive Income.

2.7 Tax

The partnership is not a taxable entity for the purpose of direct tax and accordingly no provision is made in these financial statements for corporation taxation in respect of the partnership.

2.8 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated losses.

Depreciation

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Asset class	Depreciation method and rate
Buildings and site improvements	20 to 25 years straight line
Plant and machinery	3 to 20 years straight line
Freehold land is not depreciated.	

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Notes to the Financial Statements

2. Accounting policies (continued)

2.9 Intangible assets

Goodwill

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. Goodwill is stated at cost less any accumulated impairment loss. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment.

To assess potential impairment of the goodwill carrying value at the balance sheet date, the partners consider if there has been any material change in the underlying customer relationships in relation to the acquired business. This is considered by reviewing the ongoing business and attrition rates of the acquired customer relationships.

2.10 Inventories

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2.11 Leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income (net of any incentives received from the lessor) on a straight line basis over the period of the lease.

2.12 Pensions

The partnership is a member of a larger group pension scheme providing benefits based on final pensionable pay. The group pension scheme, SUEZ Pension Plan, covers a number of United Kingdom entities of SUEZ. Because the partnership is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by IAS 19 'Employee Benefits', the scheme has been accounted for, in these financial statements as if the scheme was a defined contribution scheme.

The partnership also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the partnership in an independently administered fund. The amount charged to the statement of comprehensive income account represents the contributions payable to the scheme in respect of the accounting period.

2.13 Share based payments

Share options and restricted stock units over the shares of Suez Groupe S.A.S, the ultimate parent entity are granted to certain employees and executives of the partnership. The fair value of options and units granted is recognised as an employee expense with a corresponding increase in equity, the 'other reserve'.

The fair value is measured at grant date using the Black-Scholes option pricing model, and is recognised as an expense over the period the employees become unconditionally entitled to the options/units. The amount recognised as an expense is adjusted to reflect the actual number of options/units expected to vest.

Any recharges by the ultimate parent entity are offset against the 'other reserve'. In addition the partnership has established an employee share ownership scheme, under which employees are able to acquire a number

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Notes to the Financial Statements

2. Accounting policies (continued)

of shares in the ultimate parent company, Suez Group S.A.S, with the company matching the employees' purchases. The partnership's costs of these purchases are charged to the statement of comprehensive income as incurred.

2.14 Cash and cash equivalents

Cash at bank and in hand includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.15 Trade and other receivables

Trade and other receivables are measured at fair value, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the partners to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on the partners' best knowledge of the amount, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

Goodwill

Goodwill is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment is considered to exist. The impairment testing process requires management to make significant judgements and estimates regarding the future cash flows expected to be generated by the use of and, if applicable, the eventual disposal of goodwill as well as other factors to determine the fair value. Management periodically evaluates and updates the estimates based on the conditions which influence these variables.

Where the carrying value exceeds the estimated recoverable amount (being the greater of fair value less costs of disposal and value-in-use), an impairment loss is recognised by writing down the goodwill to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. The estimates of future cash flows exclude cash inflows or outflows attributable to financing activities and income tax.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Notes to the Financial Statements

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Useful economic lives of fixed assets

In the application of the partnership's accounting policy, judgement is exercised by management in the determination of residual values and useful lives.

The annual depreciation charge for fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed periodically.

They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of fixed assets and note 2 for the useful economic lives for each class of assets.

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Notes to the Financial Statements

4 Turnover

The analysis of the partnership's turnover for the year from continuing operations is as follows:

	2018	2017
	£ 000	£ 000
Sale of goods	<u>51,507</u>	<u>37,453</u>

A geographical analysis of turnover is as follows:

	2018	2017
	£ 000	£ 000
United Kingdom	43,285	31,110
Rest of European Union	4,581	2,088
Rest of the world	3,641	4,255
	<u>51,507</u>	<u>37,453</u>

5 Other operating income/ (loss)

The analysis of the Partnership's other operating income/ (loss) for the year is as follows:

	2018	2017
	£ 000	£ 000
Difference on foreign exchange	<u>205</u>	<u>(845)</u>

6 Operating loss

Operating loss is stated after charging/(crediting) :

	2018	2017
	£ 000	£ 000
Depreciation expense	3,782	2,899
Amortisation of intangible assets	562	-
Operating lease expense - plant and machinery	71	47
Operating leases - other assets	<u>-</u>	<u>26</u>

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Notes to the Financial Statements

7 Interest receivable and similar income

	2018 £ 000	2017 £ 000
Interest income on bank deposits	-	6
Other interest receivable	-	241
	<u>-</u>	<u>247</u>

8 Interest payable and similar expenses

	2018 £ 000	2017 £ 000
Other interest payable	433	988
	<u>433</u>	<u>988</u>

9 Staff costs

The aggregate payroll costs were as follows:

	2018 £ 000	2017 £ 000
Wages and salaries	5,070	11,436
Social security costs	2,716	1,178
Pension costs, defined benefit scheme	1,401	1,212
Share-based payment expenses	-	103
	<u>9,187</u>	<u>13,929</u>

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Notes to the Financial Statements

9 Staff costs (continued)

The average number of persons employed by the partnership during the year, analysed by category was as follows:

	2018 No.	2017 No.
Production	17	35
Sales and administration	189	164
	<u>206</u>	<u>199</u>

10 Auditor's remuneration

	2018 £ 000	2017 £ 000
Audit of the financial statements	<u>21</u>	<u>199</u>

11 Intangible fixed assets

	Customer list acquired £ 000	Goodwill £ 000	Total £ 000
Cost			
At 1 January 2018	-	45,032	45,032
Additions	2,831	-	2,831
Transfers	162	(162)	-
At 31 December 2018	<u>2,993</u>	<u>44,870</u>	<u>47,863</u>
Accumulated amortisation			
At 1 January 2018	-	44,034	44,034
Charge for the year	562	-	562
At 31 December 2018	<u>562</u>	<u>44,034</u>	<u>44,596</u>
Carrying amount			
At 31 December 2018	<u>2,431</u>	<u>836</u>	<u>3,267</u>
At 31 December 2017	<u>-</u>	<u>998</u>	<u>998</u>

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Notes to the Financial Statements

12 Tangible fixed assets

	Freehold land, building and site improvements £ 000	Plant & machinery £ 000	Total £ 000
Cost			
At 1 January 2018	5,016	30,846	35,862
Additions	-	6,766	6,766
Disposals	-	(156)	(156)
At 31 December 2018	<u>5,016</u>	<u>37,456</u>	<u>42,472</u>
Accumulated depreciation			
At 1 January 2018	1,761	11,748	13,509
Charge for the year	-	3,782	3,782
At 31 December 2018	<u>1,761</u>	<u>15,530</u>	<u>17,291</u>
Carrying amount			
At 31 December 2018	<u>3,255</u>	<u>21,926</u>	<u>25,181</u>
At 31 December 2017	<u>3,255</u>	<u>19,098</u>	<u>22,353</u>

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Notes to the Financial Statements

13 Stock

	2018	2017
	£ 000	£ 000
Raw materials and consumables	882	756
Work in progress	627	908
Finished goods and goods for resale	585	537
	<u>2,094</u>	<u>2,201</u>

14 Debtors

	2018	2017
	£ 000	£ 000
Due after more than one year		
Amounts owed by group undertakings	<u>-</u>	<u>2,033</u>
Due within one year		
Trade debtors	16,390	9,460
Amounts owed by group undertakings	6,479	57,854
Tax receivable	39	-
Prepayments	4,465	634
Other debtors	6,107	4,821
	<u>33,480</u>	<u>72,769</u>

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

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Notes to the Financial Statements

15 Creditors: Amounts falling due within one year

	2018	2017
	£ 000	£ 000
Trade creditors	4,417	3,961
Accruals and deferred income	2,544	1,981
Amounts owed to group undertakings	27,285	62,149
Social security and other taxes	8,139	5,217
Other creditors	1,461	494
Loans and borrowings	-	521
Payments received on account	905	47
	<u>44,751</u>	<u>74,370</u>

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

16 Provision for liabilities

	Other provisions
	£ 000
At 1 January 2018	51
Additions during the year	<u>227</u>
At 31 December 2018	<u>278</u>

Provision for future possible project losses, expected to be used in 12 months.

17 Operating lease commitments

Operating leases

The total future value of minimum lease payments is as follows:

	2018	2017
	£ 000	£ 000
Within one year	488	734
In two to five years	<u>251</u>	<u>739</u>
	<u>739</u>	<u>1,473</u>

SUEZ Water Technologies & Solutions (UK) Limited Partnership

Notes to the Financial Statements

18 Share-based payments

Certain employees of the partnership are selected to participate in share options and restricted stock units of SUEZ under the terms of the SUEZ Long Term Incentive Plan. Share options expire 10 years from grant date and vest over service periods ranging from one to five years. The option price is usually set as the closing day share price on grant date. Restricted stock units give the participants the right to receive shares in SUEZ for no consideration. Restricted stock units vest over various service periods beginning three years from grant date through grantee retirement. All grants of SUEZ options under all plans must be approved by the Management Development and Compensation Committee of SUEZ, which consist entirely of outside directors.

No share option was exercised during 2018. The weighted average share price at the date of exercise of share options exercised during 2017 was \$30.44.

19 Pension commitments

The partnership is a member of a group pension plan providing benefits based on final pensionable pay. The group pension plan, SUEZ Pension Plan, covers a number of United Kingdom entities of SUEZ. Because the partnership is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by IAS 19 "Employee Benefits", the scheme had been accounted for in the financial statements as if the scheme was a defined contribution scheme. The funding surplus/deficit in respect of this scheme is disclosed in the financial statements of SUEZ Water Technologies and Solutions (S.A.), a company registered in France.

The last full actuarial valuation was carried out as at 31 March 2015 by a qualified independent actuary. At this date there was a funding deficit of £164 million and a funding level of 96.2%.

The partnership also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the partnership in an independently administered fund. The amount charged to the statement of comprehensive income represents the contributions payable to the scheme in respect of the accounting period.

The pension charge for the year was £1,401,000 (2017: £1,212,000), including £1,203,000 (2017: £1,073,000) in respect of the defined contribution scheme. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

20 Ultimate parent undertaking and controlling party

At 31 December 2018, SUEZ Water Technologies & Solutions United Kingdom was entitled to 47.21% of the profits of the partnership, with SUEZ Water Technologies & Solutions Holdings UK Limited entitled to 0.01%, Ionics (U.K.) Limited entitled to 26.39% and SUEZ Water Technologies & Solutions Services UK Limited entitled to 26.39%.

The ultimate controlling party and the parent undertaking of both the largest and the smallest groups of undertakings of which the Company is a member and for which group financial statements are drawn up is SUEZ Water Technologies and Solutions (S.A.), which is incorporated in France. Copies of consolidated financial statements are available to the public from SUEZ Groupe S.A.S., Tour CB21, 16 Place De L'Iris, 92040 Paris La Defense, France."