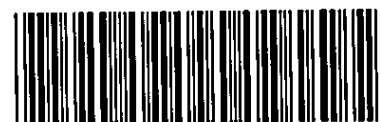


Southern Utilities (Holdings) Limited

Report and financial statements
for the year ended 31 March 2009

Company number 02049449

FRIDAY



AW2EHDK0

A35

25/09/2009

157

COMPANIES HOUSE

Southern Utilities (Holdings) Limited

Contents

Page

3	Directors, Officers and Advisers
4	Directors' report
5	Statement of directors' responsibilities
6	Independent auditors' report
7	Profit and loss account
8	Balance sheet
9	Notes to the financial statements

Southern Utilities (Holdings) Limited

Directors, Officers and Advisers

Directors

P Butler
J E Stimpson

Company Secretary

N Burns (Resigned 30th September 2008)
N Truillet (Appointed 1st October 2008)

Registered Office

Rocfort Road
Snodland
Kent ME6 5AH

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Southern Utilities (Holdings) Limited

Directors' report

The directors have pleasure in presenting their report and the audited financial statements for the year ended 31 March 2009.

Results and dividends

The audited financial statements for the year ended 31 March 2009 are set out on pages 7 to 12. The profit on ordinary activities, after taxation, for the year was £27,000 (2008: £28,000).

During the year no dividends were paid (2008: nil).

Principal activities, business review and future developments

The company's principal activity during the year and for the foreseeable future is that of an intermediate holding company. Its principal subsidiaries include Watercall Limited, Dynamco Limited and Optimum Information Systems Limited. Further details are given in note 5.

The directors consider the performance of the business to be satisfactory and expect this to continue in the future.

Principal risks and uncertainties

The directors consider that liquidity risk is the principal risk facing the Company. This is managed by principal payments on inter-company non-interest bearing loans being subordinate to the other liabilities of the Company.

Given the nature of the business the directors consider that an analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the Company.

Directors of the Company

The directors who held office throughout the year are stated on page 3.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps he or she is obliged to take as a director in order to make himself or herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of auditors

In accordance with section 385 of the Companies Act 1985, a resolution is to be proposed at the Annual General Meeting for the re-appointment of Ernst & Young LLP as auditor of the Company.

By order of the Board



N Truillet
Company Secretary
10 September 2009

Southern Utilities (Holdings) Limited

Statement of directors' responsibilities in relation to the financial statements

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 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 Company will continue in business.

The directors are responsible for keeping proper accounting records that 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 1985. 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.



P Butler

Director

10 September 2009

Southern Utilities (Holdings) Limited

Independent auditor's report to the members of Southern Utilities (Holdings) Limited

We have audited the company's financial statements for the year ended 31 March 2009 which comprise the Profit and loss account, the Balance sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
London
10 September 2009

Southern Utilities (Holdings) Limited

Profit and loss account

for the year ended 31 March 2009

	Note	2009 £000	2008 £000
Operating income	2	6	1
Operating profit		6	1
Interest receivable and similar income	3	32	38
Profit on ordinary activities before taxation		38	39
Tax on profit on ordinary activities	4	(11)	(11)
Profit on ordinary activities after taxation	10	27	28

Operating profit relates to continuing operations.

The Company had no transactions during the year other than settling debtors and creditors.

The Company has no recognised gains or losses in either period other than the profit for the year shown above and therefore no separate statement of total recognised gains and losses has been presented.

The accompanying notes are an integral part of this profit and loss account.

Southern Utilities (Holdings) Limited

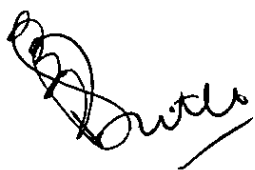
Balance sheet

at 31 March 2009

	Note	2009 £000	2008 £000
Fixed assets			
Investments	5	3,210	3,210
Current assets			
Debtors	6	3,339	3,331
Cash at bank and in hand		854	825
		4,193	4,156
Creditors: amounts falling due within one year	7	(30)	(19)
Net current assets		4,163	4,137
Total assets less current liabilities		7,373	7,347
Creditors: amounts falling due after more than one year	8	(7,264)	(7,264)
Net assets		109	83
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account	10	109	83
Equity shareholders' funds	11	109	83

The accompanying notes are an integral part of this balance sheet.

The financial statements on pages 7 to 12 were approved by the Board of Directors and were signed on its behalf by:



P Butler
Director
10 September 2009

Southern Utilities (Holdings) Limited

Notes to the financial statements

at 31 March 2009

1. Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable UK accounting standards and under the historical cost convention and the Companies Act 1985.

In accordance with FRS 2 Accounting for Subsidiary Undertakings group accounts have not been prepared since the Company is a wholly owned subsidiary of HDF (UK) Holdings Limited, a company registered in England and Wales and which has prepared financial statements that consolidate the results of the Company.

Income from shares in group undertakings

Dividends from subsidiary undertakings are recognised in the financial year they are received.

Taxation

Current tax, including UK Corporation tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided in respect of the material tax effect of all timing differences between the treatment of certain items for taxation and accounting purposes, at the rates of tax expected to apply when the timing differences reverse. Deferred tax assets and liabilities recognised have been discounted at rates equivalent to the post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with similar maturity dates. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Dividends

Dividends are recorded in the accounts in the year in which they are approved by the Company's shareholders.

Investments

Investments are recorded at historical cost. Where the directors are of the opinion that there has been an impairment in the value of investments, the carrying amount of such investments is written down to the recoverable amount.

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Interest costs are expensed in the profit and loss account as incurred.

Related party disclosures

As a wholly owned subsidiary of HDF (UK) Holdings Limited, the Company has taken advantage of the exemption under FRS 8 *Related Party Disclosures* not to provide information on related party transactions with other companies within the HDF (UK) Holdings Limited group. Note 13 gives details of how to obtain a copy of the published financial statements of HDF (UK) Holdings Limited.

Cash flow statement

As a wholly owned subsidiary of HDF (UK) Holdings Limited, the Company has taken advantage of the exemption under FRS 1 (Revised) *Cash Flow Statements* not to provide a cash flow statement because the financial statements of HDF (UK) Holdings Limited include a consolidated cash flow statement and are publicly available.

Southern Utilities (Holdings) Limited

Notes to the financial statements

at 31 March 2009

2. Operating costs

The audit fees for the Company of £1,000 were borne by South East Water Limited, a fellow subsidiary company (2008: £3,000).

There were no employees of the Company during the current or prior year. No remuneration was paid to directors during the current or prior year in respect of services to the Company.

3. Interest receivable and similar income

	2009 £000	2008 £000
On bank balances and short term deposits	32	38

4. Tax on profit on ordinary activities

	2009 £000	2008 £000
a) Analysis of tax charge for the period		
<i>Current tax</i>		
UK Corporation tax charge on profits	11	11
Total tax charge	11	11
b) Factors affecting tax for the period		
Profit on ordinary activities before tax	38	39
Profit on ordinary activities multiplied by standard rate of tax of 28% (2008: 30%)	11	11
Current tax charge for the period	11	11

5. Investment

	£000
<i>Cost</i>	
At 1 April 2008 and 31 March 2009	3,265
<i>Provision for impairment</i>	
At 1 April 2008 and 31 March 2009	(55)
<i>Net book value</i>	
At 1 April 2008 and 31 March 2009	3,210

Southern Utilities (Holdings) Limited

Notes to the financial statements

at 31 March 2009

5. Investment (continued)

Principal subsidiary companies	Type of shares	Nature of business
Watercall Limited	Ordinary voting	Non-trading
Dynamco Limited	Ordinary voting	Non-trading
Optimum Information Systems Limited	Ordinary voting	Non-trading
Mid Sussex Water Limited	Ordinary voting	Dormant
Held by Mid Sussex Water Limited		
Mid Southern Water plc	Ordinary voting	Dormant
	Ordinary non-voting	
West Kent Water plc	Ordinary voting	Dormant
	Ordinary non-voting	
Eastbourne Water plc	Ordinary voting	Dormant
	Ordinary non-voting	

All subsidiary companies are incorporated in Great Britain and are registered in England and Wales.

All of the Company's subsidiaries are wholly owned and the Company holds 100% of the voting rights in each of its subsidiaries

6. Debtors

	2009 £000	2008 £000
Amounts owed by group undertakings	3,335	3,331
Other debtors	4	-
Total debtors	3,339	3,331

Amounts due from group undertakings due after more than one year comprise a non-interest bearing loan to a subsidiary undertaking. The directors do not expect this loan to be settled before 31 March 2010.

7. Creditors: amounts falling due within one year

	2009 £000	2008 £000
Amounts due to group undertakings	30	19

8. Creditors: amounts falling due after more than one year

	2009 £000	2008 £000
Amounts due to group undertakings	7,264	7,264

Amounts due to group undertakings comprise non-interest bearing loans to subsidiary undertakings. The directors do not expect these loans to be settled before 31 March 2010.

Southern Utilities (Holdings) Limited

Notes to the financial statements

at 31 March 2009

9. Authorised and issued share capital

	2009 £000	2008 £000
<i>Authorised</i>		
26,000,000 ordinary shares of £1 each (2008: 26,000,000)	26,000	26,000
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each (2008: 100)	-	-

10. Profit and loss account

	£000
At 1 April 2008	82
Profit for the year	27
At 31 March 2009	109

11. Reconciliation of movements in equity shareholders' funds

	2009 £000	2008 £000
At 1 April	82	54
Profit for the year	27	28
At 31 March	109	82

12. Related party transactions

As a wholly owned subsidiary of HDF (UK) Holdings Limited at the balance sheet date, the Company has taken advantage of the exemption under FRS 8 *Related Party Disclosures* not to provide information on related party transactions with other companies within the HDF (UK) Holdings Limited group.

13. Parent company and ultimate controlling parties

The Company's joint ultimate holding companies are Utilities of Australia Pty Limited as Trustee for the Utilities Trust of Australia and Hastings Funds Management Limited as Responsible Entity for the Hastings Diversified Utilities Fund Both of these holding companies are resident in Australia and it is the directors' belief that they control the Company jointly.

The immediate parent company is Hastings Water (UK) Limited.

The smallest and largest group of companies into which results of the Company are consolidated is that headed by HDF (UK) Holdings Limited, a company registered in England and Wales. The financial statements of HDF (UK) Holdings Limited may be obtained from the Company Secretary, Rocfort Road, Snodland, Kent, ME6 5AH.