

Registered no 2249185 (England & Wales)

## **Thames Water Products Limited**

Annual report and financial statements

For the year ended 31 March 2010

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# **Thames Water Products Limited**

## **Annual report and financial statements for the year ended 31 March**

	<b>Pages</b>
Directors and advisors	<b>1</b>
Directors' report	<b>2</b>
Statement of directors' responsibilities	<b>4</b>
Independent auditors' report	<b>5</b>
Profit and loss account	<b>7</b>
Balance sheet	<b>8</b>
Notes to the financial statements	<b>9</b>

# **Thames Water Products Limited**

## **Directors and advisors**

### **Directors**

P Beeson  
W N Blackburn

### **Independent auditors**

KPMG Audit Plc  
8 Salisbury Square  
London  
EC4Y 8BB

### **Registered office**

Clearwater Court  
Vastern Road  
Reading  
Berkshire  
RG1 8DB

# **Thames Water Products Limited**

## **Directors' Report**

The directors present their report and the audited financial statements for the year ended 31 March 2010

### **Review of business, principal activities and future developments**

The Company has not traded during the year

The company's principal activity is that of an intermediate holding company in the Kemble Water Holdings Limited group of companies ("the Group") During the year, all of the immediate subsidiaries of the company were dormant

The registered number of the company is 2249185

### **Results and dividends**

The profit and loss account for the period is set out on page 7 The directors do not recommend payment of a dividend (2009 £Nil)

### **Principal risks and uncertainties**

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's annual report which does not form part of this report

### **Investments**

In the opinion of the directors, the value of the investment in the subsidiaries is not less than the values included in the financial statements

### **Financial risk management**

Financial risk management is addressed in more detail in section (f) of the Accounting policies on page 10

### **Directors**

The directors who held office during the year ended 31 March 2010 and to the date of signing were

P Beeson

I Hamilton (resigned 17 October 2009)

W N Blackburn (appointed 17 October 2009)

During the year under review none of the directors had any contracts with the Company or any other body corporate other than their contracts of service

### **Political and charitable donations and expenditure**

No charitable or political donations were made by the Company during the year (2009 £Nil)

### **Disclosure of information to auditors**

The director who held office at the date of approval of this directors' report confirm that, so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

### **Directors' indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of its directors (which extend to the performance of any duties as director of any associated company) and these remain in force at the date of this

# Thames Water Products Limited

report

## Directors' Report (continued)

### Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the Board



P Beeson  
Director

18 June 2010

Clearwater Court  
Vastern Road  
Reading  
Berkshire  
RG1 8DB

## **Thames Water Products Limited**

### **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 their profit or loss for that period

In preparing the financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They 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

## **KPMG Audit Plc**

8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom

### **Independent auditors' report to the members of Thames Water Products Limited**

We have audited the financial statements of Thames Water Products Limited for the year ended 31 March 2010 set out on pages 7 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org/apb/scope/UKNP](http://www.frc.org/apb/scope/UKNP)

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of the company's profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

#### **Opinion on other matters prescribed by the Companies Act 2006**


In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditors' report to the members of Thames Water Products Limited (continued)**

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records or 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



**W Meredith (Senior Statutory Auditor)**

**for and on behalf of KPMG Audit Plc, Statutory Auditor**

**Chartered Accountants**

18 June 2010



# Thames Water Products Limited

## Profit and loss account for the year ended 31 March

		31 March 2010 £'000	31 March 2009 £'000
	Note		
Net operating expenses		4	-
<b>Operating profit</b>	2	4	-
Interest receivable and similar income	4	-	14
<b>Profit on ordinary activities before taxation</b>		4	14
Tax on profit on ordinary activities	5	(1)	(6)
<b>Profit for the year</b>	11	3	8

All amounts relate to discontinued activities

The Company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented

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

# Thames Water Products Limited

## Balance sheet at 31 March

	Note	31 March 2010 £'000	31 March 2009 £'000
<b>Fixed assets</b>			
Investments	6	21,477	21,477
<b>Current assets</b>			
Debtors	7	183	183
Cash at bank and in hand		490	530
		673	713
<b>Creditors: amounts falling due within one year</b>	8	(44,179)	(44,222)
<b>Net current liabilities</b>		(43,506)	(43,509)
<b>Total assets less current liabilities</b>		(22,029)	(22,032)
<b>Net liabilities</b>		(22,029)	(22,032)
<b>Capital and reserves</b>			
Called-up share capital	10	5,000	5,000
Profit and loss account	11	(27,029)	(27,032)
<b>Shareholder's deficit</b>	12	(22,029)	(22,032)

The notes on pages 9 to 14 form part of these financial statements

The financial statements on pages 7 to 14 were approved by the Board of Directors on 18 June 2010 and signed on its behalf by



**P Beeson**  
Director

# **Thames Water Products Limited**

## **Notes to the financial statements for the year ended 31 March**

### **1 Principal accounting policies**

The following accounting policies have been applied consistently in dealing with items which the company considered material in relation to the financial statements

#### **Basis of preparation**

The financial statements have been prepared on a going concern basis and in accordance with applicable accounting standards and under the historical cost accounting rules

The Company has not prepared consolidated Group financial statements, as permitted under section 400 of the Companies Act 2006. The Company and its subsidiaries are included in the consolidated accounts of its ultimate parent company Kemble Water Holdings Limited, a company registered in the United Kingdom

#### **Going concern**

The directors have adopted the going concern basis in preparing these financial statements having given due consideration to the net liabilities of the Company and the requirement for ongoing support from the ultimate parent. This is based upon a review of the Group's budget, business plan and investment programme, together with the cash and committed borrowing facilities available. The Board also took into account potential contingent liabilities and other risk factors. The ultimate parent company has confirmed that it will continue to provide support to Thames Water Products Limited to enable it to meet its liabilities for a period of at least twelve months from the date of signing of these financial statements

#### **Summary of significant accounting policies**

##### **(a) Foreign currencies**

All transactions denominated in foreign currencies are translated into sterling at the actual rate of exchange ruling on the date of transaction. Monetary assets and liabilities in foreign currencies have been translated into sterling at rates of exchange ruling at the balance sheet date. All exchange differences arising are dealt with in the profit and loss account

##### **(b) Taxation**

The tax expense represents the sum of current tax and deferred tax

#### ***Current taxation***

Current tax, including UK corporation tax and foreign tax, is based on the taxable profit for the period and is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date

Taxable profit can differ from the net profit as reported in the profit and loss account because it may exclude items of income or expense that are taxable or deductible in other periods and it may further exclude items that are never taxable or deductible

Consideration receivable or payable in respect of losses surrendered or claimed by way of Group relief is dealt with in the profit and loss account

# **Thames Water Products Limited**

## **Notes to the financial statements for the year ended 31 March (continued)**

### **1 Principal accounting policies (continued)**

#### **(b) Taxation (continued)**

##### *Deferred taxation*

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred taxation is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date

Deferred taxation is measured on a non-discounted basis. Deferred tax is charged or credited in the profit and loss account except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with via the Statement of total recognised gains and losses

#### **(c) Investments**

Investments held as fixed assets are stated at cost less provisions for impairment in value

#### **(d) Cashflow**

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

#### **(e) Related party disclosures**

As the company is a wholly owned subsidiary of Kemble Water Holdings Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the Group qualifying as related parties). The consolidated financial statements of Kemble Water Holdings Limited, within which this Company is included, can be obtained from the address given in note 13

#### **(f) Financial risk management**

The Company has access to the Group Executive Management Team and receives regular reports from all areas of the business to enable prompt identification of financial and other risks so that appropriate actions can be taken

The Company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, liquidity risk, interest rate risk and exchange rate risk

The Company's treasury operations are managed centrally by a small specialist team, which operates with the delegated authority of, and under policies approved by, the Board of Directors

The operation of the treasury function is governed by specific policies and procedures that set out specific guidelines for the management of interest rate risk and foreign exchange risk and the use of financial instruments. Treasury policy and procedures are incorporated within the financial control procedures of the Company

# Thames Water Products Limited

## Notes to the financial statements for the year ended 31 March (continued)

### 2 Operating profit

No fees have been paid to the current auditors (2009 £Nil), as Thames Water Limited has paid the audit fee on behalf of the Company (2009 borne by Thames Water Limited)

### 3 Directors' remuneration

The directors received no emoluments during the year for their services to the Company (2009 £Nil)

### 4 Interest receivable and similar income

	31 March 2010 £'000	31 March 2009 £'000
Bank and money market deposits and similar income	-	14

### 5 Taxation on profit on ordinary activities

#### (a) Analysis of charge

	31 March 2010 £'000	31 March 2009 £'000
<b>Current tax:</b>		
Amounts payable in respect of group relief	1	4
Prior year adjustment	-	2
Total current tax	1	6
<b>Tax on profit on ordinary activities</b>	<b>1</b>	<b>6</b>

The tax assessed for the year is equal (2009 higher) to the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are explained below

#### (b) Factors affecting tax charge for year

	31 March 2010 £'000	31 March 2009 £'000
Profit on ordinary activities before tax	4	14
Profit on ordinary activities at the standard rate of 28% (2009 28%)	1	4
Effects of Adjustments to corporation tax charge in respect of previous periods	-	2
<b>Current tax charge for the period</b>	<b>1</b>	<b>6</b>

# Thames Water Products Limited

## Notes to the financial statements for the year ended 31 March (continued)

### 6 Fixed asset investments

Investments  
in group  
undertakings  
£'000

Net book value at 31 March 2010 and 1 April 2009	<b>21,477</b>
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#### Interests in group undertakings

	Year end	% owner- ship	Country of incorporation	Description of shares held	Nature of business
Thames Water Products SH Limited	31 March	100	England & Wales	Ordinary £1	Dormant
TM Products Limited	31 March	100	England & Wales	Ordinary £1	Dormant
Thames Water Products UPE Limited	31 March	100	England & Wales	Ordinary £1	Dormant
Memtech (UK) Limited	31 March	100	England & Wales	Ordinary £1	Dormant

### 7 Debtors. Amounts falling due within one year

	31 March 2010 £'000	31 March 2009 £'000
Amounts receivable from group undertakings	159	159
Deferred tax (note 9)	24	24
	<b>183</b>	<b>183</b>

Amounts receivable from group undertakings are unsecured, interest free and repayable on demand

# Thames Water Products Limited

## Notes to the financial statements for the year ended 31 March (continued)

### 8 Creditors: amounts falling due within one year

	31 March 2010 £'000	31 March 2009 £'000
Corporation tax and amounts payable in respect of group relief	1	40
Accruals and deferred income	1	7
Amounts owed to group undertakings	44,177	44,175
	44,179	44,222

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

### 9 Deferred taxation

#### Deferred tax movement

	31 March 2010 £'000
Asset brought forward	24
Movement in year	-
<b>Asset carried forward</b>	<b>24</b>

The deferred tax asset is included in debtors (note 7) The elements of deferred tax recognised were as follows

	31 March 2010 £'000	31 March 2009 £'000
Other timing differences	24	24
	24	24

### 10 Share capital

	31 March 2010 £'000	31 March 2009 £'000
<b>Allotted, called-up and fully paid</b>		
5,000,000 ordinary shares of £1 each	5,000	5,000

# Thames Water Products Limited

## Notes to the financial statements for the year ended 31 March (continued)

### 11 Profit & loss account

	31 March 2010 £'000	31 March 2009 £'000
At beginning of year	(27,032)	(27,040)
Profit for the period	3	8
	<b>(27,029)</b>	<b>(27,032)</b>

### 12 Reconciliation of movements in shareholder's deficit

	31 March 2010 £'000	31 March 2009 £'000
Opening shareholder's deficit	(22,032)	(22,040)
Profit for the period	3	8
<b>Closing shareholder's deficit</b>	<b>(22,029)</b>	<b>(22,032)</b>

### 13 Immediate and ultimate parent company and controlling party

The immediate parent company is Thames Water Limited, a company incorporated in the United Kingdom

The directors' consider the ultimate parent company and controlling party to be Kemble Water Holdings Limited, a company incorporated in the United Kingdom and largest group to consolidate these financial statements

Copies of the accounts of all of the above companies may be obtained from the Company Secretarial Department, Thames Water Group, Clearwater Court, Vastern Road, Reading, Berkshire, RG1 8DB