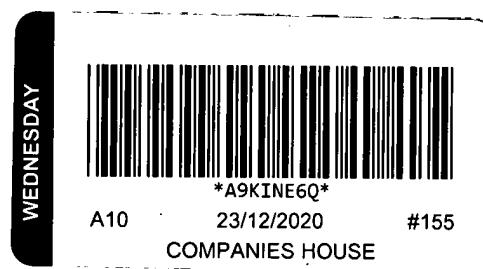


Thames Water Products Limited

Annual report and financial statements
For the year ended 31 March 2020



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Directors and advisors

Directors

D Hughes

Company Secretary and registered office

S Billett
Clearwater Court
Vastern Road
Reading
Berkshire
RG1 8DB

Directors' Report

The Director presents their annual report and the unaudited financial statements of Thames Water Products Limited ("the Company") for the year ended 31 March 2020. The Director considers that the annual report and financial statements, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's performance and strategy.

The Directors have exercised exemption under section 414B(b) of the Companies Act 2006 from the requirements to prepare a strategic report on the grounds that, other than being part of an ineligible group, the Company is otherwise entitled to apply the small companies' regime.

The registered number of the Company is 02249185 (England & Wales).

Directors

The Directors who held office during the year ended 31 March 2020 and to the date of this report were:

D Hughes

Thames Water Nominees Limited (resigned 14 June 2019)

Review of business

The Company has not traded during the current financial year in the prior financial year the Company generated a loss before tax of £33,000 due to the net loss from the disposal of investments in subsidiaries offset by dividend income from subsidiaries. During the current year the Company has received no income and incurred no expenditure, and consequently has made neither profit nor loss in either year. Consequently the Directors have determined that the net assets or liabilities are the most appropriate key performance indicator of an understanding of the development and position of the Company. As at 31 March 2020 the Company had net assets of £22.1 million (2019: £22.1 million) which is in line with expectations. On this basis, the Directors have no concerns regarding the performance or position of the Company.

Future outlook

The Company is expected to continue to act as an intermediate holding company within the Group for the foreseeable future.

The Company has been dormant, as defined in section 480 of the Companies Act 2006, throughout the current financial year. It is not currently anticipated that the Company will trade in the future.

Dividends

The Company has paid no dividends during either the current or preceding financial year and the Directors do not recommend payment of a final dividend (2019: £nil).

Financial risk management

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. The principal risks of the Group are disclosed in the financial statements of the ultimate controlling parent Kemble Water Holdings Limited ("KWH") Group. 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. The Group's annual report is available from the address shown in the notes to the financial statements.

Based on the nature of the Company and its lack of any trading or financing operations, the Company is not deemed to be exposed to any significant risks or uncertainties.

Directors' Report (continued)

Political and charitable donations

No political or charitable donations were made by the Company during the year (2019: £nil).

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 report.

Approved by the Board of Directors on 23 July 2020 and signed on its behalf by:

A handwritten signature in black ink, consisting of a stylized 'D' and 'H' followed by a long horizontal line.

David Hughes
Director

Clearwater Court
Vastern Road
Reading
Berkshire
RG1 8DB

Statement of Directors' responsibilities in respect of the annual report and financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



David Hughes
Director

Clearwater Court
Vastern Road
Reading
Berkshire
RG1 8DB

Income statement

For the year ended 31 March

	Note	2020 £'000	2019 £'000
Net loss from disposal of subsidiaries	2	-	(21,426)
Operating profit		-	(21,426)
Dividend income	3	-	21,393
Loss before income tax		-	(33)
Income tax expense	4	-	(15)
Loss for the year		-	(48)

The accounting policies and notes on pages 10 to 16 are an integral part of these financial statements.

The Company has no recognised gains or losses other than the items set out above and therefore no separate statement of comprehensive income has been presented.

Statement of financial position

As at 31 March

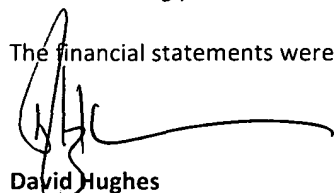
	Note	2020 £'000	2019 £'000
Non-current assets			
Investment in subsidiaries	5	-	-
Trade and other receivables	6	159	159
Deferred tax assets	8	-	-
		159	159
Current assets			
Cash and cash equivalents		503	503
		503	503
Current liabilities			
Trade and other payables - amounts due within one year	7	(1)	(1)
Net current assets		502	502
Total assets less current liabilities		661	661
Trade and other payables – amounts falling due after more than one year	7	(22,734)	(22,734)
Net liabilities		(22,073)	(22,073)
Equity			
Called up share capital	9	5,000	5,000
Accumulated losses		(27,073)	(27,073)
Total shareholders' funds		(22,073)	(22,073)

For the year ended 31 March 2020, the Company was entitled to exemption from audit under section 480 of the Companies Act 2006. No members have required the Company to obtain an audit of its financial statements for the period in question in accordance with section 476.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The accounting policies and notes on pages 10 to 16 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 23 July 2020 and signed on its behalf by:



David Hughes
Director

Registered number: 02249185 (England & Wales)

Statement of changes in equity

For the year ended 31 March

	Called up share capital £'000	Accumulated losses £'000	Total Shareholders' funds £'000
At 1 April 2018	5,000	(27,025)	(22,025)
Loss for the financial year	-	(48)	(48)
At 31 March 2019	5,000	(27,073)	(22,073)
Result for the financial year	-	-	-
As at 31 March 2020	5,000	(27,073)	(22,073)

The accounting policies and notes on pages 10 to 16 are an integral part of these financial statements.

Accounting policies

The following accounting policies have been adopted in the preparation of these financial statements. They have been applied consistently in dealing with items which are considered material, except as noted below:

General information

Thames Water Products Limited ("the Company") is a private limited company incorporated in England & Wales and domiciled in the United Kingdom under the Companies Act 2006. The trading address and address of the registered office is Clearwater Court, Vastern Road, Reading, RG1 8DB.

The Company's principal activity is that of an intermediate holding company in the Kemble Water Holdings Limited Group of companies ("the Group"), and remains unchanged from the previous year.

Basis of Preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006 and on a going concern basis.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the European Union ("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.

As permitted by FRS 101, the Company has taken advantage of the following exemptions:

- IFRS 7 *Financial instruments: Disclosures*.
- Paragraphs 91 to 99 of IFRS 13 *Fair value measurement* (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1 *Presentation of financial statements* comparative information requirements in respect of:
 - paragraph 79(a)(iv) of IAS 1 (reconciliations between the carrying amount at the beginning and end of the period), and
- The following paragraphs of IAS 1 *Presentation of financial statements*:
 - 10(d) (statement of cash flows).
 - 16 (statement of compliance with all IFRS),
 - 38B-D (additional comparative information),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures).
- IAS 7 *Statement of cash flows*.
- Paragraph 30 and 31 of IAS 8 *Accounting policies, changes in accounting estimates and errors* (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24 *Related party disclosures* (key management compensation).
- The requirements in IAS 24 *Related party disclosures* to disclose related party transactions entered into between two or more members of a group.

Accounting policies (continued)

Basis of preparation (continued)

The Company's ultimate parent undertaking, Kemble Water Holdings Limited ("KWH") includes the Company in its consolidated financial statements. The address of the registered office of KWH is Clearwater Court, Vastern Road, Reading, Berkshire, RG1 8DB. The consolidated financial statements of KWH are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU adopted IFRSs") and are available to the public and may be obtained The Company Secretary's Office at this address.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Going Concern

The Directors have adopted the going concern basis in preparing these financial statements based upon a review of the Company's budget, the Group's budget and strategic plan, together with the cash and committed borrowing facilities available to both the Company and Group. Management has assessed the likely impact of COVID-19 to the financial position of the Company and has concluded that at present it is not expected to affect the Company's ability to continue as a going concern for a period of at least 12 months from the signing of these financial statements. The developing and uncertain situation in respect of the COVID-19 pandemic continues to be closely monitored.

New standards and amendments

IFRS 16: Leases is a new accounting standard which is effective for the year ended 31 March 2020. The Company does not have any leases and does not intend to enter into any contracts for leases in the future. Management has concluded that IFRS 16 has no impact on the Company as there are no leases within the Company.

There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2020 that have had a material impact on the company's financial statements.

Non-current asset investment in subsidiaries and associated undertakings

Investments in subsidiary undertakings are stated at cost, less any provision for impairment. Reviews for impairment are performed annually.

Non-derivative financial instruments

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables.

Trade and other receivables

Trade and other receivables are comprised of amounts owed by group undertakings. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and demand deposits and other short-term highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Such investments are normally those with less than three months maturity from the date of acquisition and include cash and bank balances and investments in liquid funds.

Accounting policies (continued)

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment of financial assets (including receivables)

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. There is an annual impairment review for intercompany receivables which assesses the ability of the entity to pay them based on their net assets position.

Dividends

Dividends unpaid at the financial reporting date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. This occurs when the shareholders right to receive the payment has been established. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Dividend income is recognised when there is a legal right to receive payment.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in the statement of comprehensive income.

Current income tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous periods.

Taxable profit differs from the profit before taxation as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods. This includes the effect of tax allowances and further excludes items that are never taxable or deductible.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax is measured on a non-discounted basis using tax rates enacted or substantively enacted at the balance sheet date and that are expected to apply in the period when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary difference and deferred tax assets are recognised only to the extent that it is probable that sufficient future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Significant accounting judgements and key sources of estimation uncertainty

The Directors do not consider there to be any critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the current and future financial statements of the Company.

Notes to the financial statements

1. Employees and Directors

Employees

The Company had no employees during the year (2019: none).

Directors

No emoluments were paid in respect of their roles as Directors of the Company (2019: £nil) and there are no retirement benefits accruing in either year. Aggregate emoluments for the Group are disclosed in the financial statements of the ultimate parent company.

2. Net loss on disposal of investments in subsidiaries

	2020 £'000	2019 £'000
Net loss on disposal of Memtech (UK) Limited	-	3,642
Net loss on disposal of T M Products Limited	-	1,940
Net loss on disposal of Thames Water Products SH Limited	-	9,062
Net loss on disposal of Thames Water Products UPE Limited	-	6,782
Net loss on disposal of investments in subsidiaries	-	21,426

An impairment of the investment was recognised following the liquidation of subsidiary undertakings during the prior year.

3. Dividend income

	2020 £'000	2019 £'000
Thames Water Product UPE Ltd	-	6,749
Thames Water Product SH Ltd	-	9,061
TM Product Ltd	-	1,940
Memtech (UK) Ltd	-	3,643
Total	-	21,393

4. Tax on loss

	2020 £'000	2019 £'000
<i>Deferred tax:</i>		
Rationalisation of deferred tax balances	-	15
Tax on profit	-	15

Notes to the financial statements (continued)

4. Tax on loss (continued)

Tax assessed for the year is higher (2019: higher than) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The difference are explained below:

	2020 £'000	2019 £'000
Loss before tax	-	(33)
Current tax at 19% (2019: 19%)	-	(6)
<i>Effects of:</i>		
Expenses not deductible for tax	-	23
Tax rate differences	-	(2)
Total tax charge	-	15

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. However, this reduction was reversed in the March 2020 Budget and substantively enacted on 17th March 2020. Therefore, effective 1 April 2020 the corporation tax rate remains at 19%. At 31 March 2020, the company does not have any deferred tax assets or liabilities.

5. Investment in subsidiaries

	2020 £'000	2019 £'000
At 1 April	-	21,477
Liquidation of subsidiaries	-	(21,477)
At 31 March	-	-

6. Trade and other receivables

	2020 £'000	2019 £'000
Amounts owed by group undertakings	159	159

Amounts owed by group undertakings relate to an intercompany debtor from Thames Water Limited. The Director considers that the carrying amount of trade and other receivables is approximately equal to their fair value.

Notes to the financial statements (continued)

7. Trade and other payables

	2020 £'000	2019 £'000
Amounts owed to group undertakings	22,734	22,734
Other payables	1	1
Total	22,735	22,735
Amounts falling due after more than one year	22,734	22,734
Amounts falling due within one year	1	1

Amounts owed to group undertakings

	2020 £m	2019 £m
Thames Water Limited	22,734	22,734
Total	22,734	22,734

Amounts owed to group undertakings relate to an unsecured, interest free loan from other Group companies, which are repayable on demand but by no later than 30 August 2037.

While the loans are repayable on demand, the Director does not anticipate any repayment of the principal within 12 months.

8. Deferred tax assets

An analysis of movements in deferred tax recognised by the Company is set out below:

	2020 £'000	2019 £'000
At 1 April	-	15
Movement in the year	-	(15)
At 31 March	-	-

9. Called up share capital

	2020 £'000	2019 £'000
<i>Allotted, called up and fully paid:</i>		
5,000,000 (2019: 5,000,000) ordinary shares of £1 each	5,000	5,000

The Company has one class of ordinary share which carries no right to fixed income. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

Notes to the financial statements (continued)

10. Related parties

The related parties of the Company are the parent and other subsidiary entities forming part of the Kemble Water Holdings Limited group of companies. During both the current financial year the Company has not traded and has received no income and incurred no expenditure. Consequently, there has been no services provided to or by the Company during the year with entities that are related to it.

Amounts outstanding at the balance sheet date with entities that are related to the Company represent intercompany loan balances which have been disclosed separately in the notes to these financial statements. The amounts outstanding are unsecured and will be settled in a form other than cash. No guarantees have been given or received and no provisions have been made for doubtful debts in respect of amounts owed by related parties.

11. Ultimate parent company and parent company of larger group

The immediate parent company of Thames Water Products Limited is Thames Water Limited, a company incorporated in the United Kingdom, which owns 100% of the issued share capital of the Company.

Kemble Water Finance Limited, a company incorporated in the United Kingdom, is the smallest group to consolidate these financial statements.

The Director considers 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. The address of the registered office of both Kemble Water Finance Limited and Kemble Water Holdings Limited is Clearwater Court, Vastern Road, Reading, Berkshire, RG1 8DB. Copies of the financial statements of all of the above companies may be obtained from The Company Secretary's Office at this address.