
VEOLIA WATER INDUSTRIAL OUTSOURCING LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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VEOLIA WATER INDUSTRIAL OUTSOURCING LIMITED

COMPANY INFORMATION

DIRECTORS

R S Bright (resigned 11 January 2015)
A G Turner (resigned 30 June 2014)
P Laval (resigned 1 January 2014)
K H Patton
G Saint-Eve Vauvillier (resigned 1 January 2014)
K A Ratcliffe (appointed 30 May 2014)
I D Williams (appointed 30 May 2014)

COMPANY SECRETARY

C Gough and C Garrett

REGISTERED NUMBER

03406788

REGISTERED OFFICE

210 Pentonville Road
London
N1 9JY

INDEPENDENT AUDITOR

Ernst & Young LLP
Birmingham
B4 6HQ

VEOLIA WATER INDUSTRIAL OUTSOURCING LIMITED

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VEOLIA WATER INDUSTRIAL OUTSOURCING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31ST DECEMBER 2014

INTRODUCTION

The principal activity of the company is the treatment of water and other industrial water services.

BUSINESS REVIEW

The company made an operating loss of £192k (2013: loss of £4,233k) in the year.

During the year the ownership of the company was transferred to another Veolia Group company as part of a strategic restructuring of divisions within Veolia. The ownership was transferred from OTV Birwelco Limited to Veolia ES (UK) Limited for a consideration of £2,639k on 30 May 2014.

FINANCIAL KEY PERFORMANCE INDICATORS

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

	Year Ended 31 December 2014 £'000	Year Ended 31 December 2013 £'000	Change %
Turnover	14,755	14,403	+2%
Total operating loss	(192)	(4,233)	+95%
Loss after tax	(462)	(3,894)	-88%
Equity shareholders deficit	(5,589)	(5,127)	+9%
Current assets as % of current liabilities	145%	46%	

Revenue from continuing operations has shown an increase of 2% and is indicative of the long-term nature of the contracts that the company enters into.

Operating loss for the year was £192k (2013: loss £4,233k) this improvement was largely driven by there being no requirement to further impair goodwill (2013: £5,320k).

Cost of sales includes an impairment of plant and machinery of £1,599k (2013: £nil) relating to the uncertainty of future operations at the Candles Landfill Site. There were no further releases of provisions for liquidated damages during the year (2013: £800k).

Administrative expenses have reduced by £884k on the previous year due to lower goodwill amortisation £210k and lower services and management fee charges £627k.

The change of ownership during the year resulted in the settlement of a loan for £9,518k shown in creditors: amounts falling due within one year in the 2013 comparatives and the issue of a new long-term loan for £9,000k shown in creditors: amounts falling due after more than one year. This has resulted in the improvement of the current asset ratio of 145% (2013: 46%).

The directors expect the business to remain stable during 2015 due to the long term nature of the contracts.

VEOLIA WATER INDUSTRIAL OUTSOURCING LIMITED

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31ST DECEMBER 2014

PRINCIPAL RISKS AND UNCERTAINTIES

The key risks are considered to be competitive, liquidity, credit and health & safety risks. The company holds monthly management and executive meetings at which areas associated with risk are discussed and actions identified to implement controls to mitigate the risks as far as possible.

Competitive risk

The company operates in a market in which there are a number of different competitors. These are mainly large global providers. The risk in regional weakness of demand is offset by the company's presence in a broad spread of industrial market sectors. It also operates in an environment where its main competitors are large and meets this challenge by offering a total solution based on advanced technical ability.

Liquidity risk

The company's objective is to maintain a balance between continuity of funding and flexibility through use of group loans and operating leases. Short-term flexibility is achieved by overdraft facilities as well as the use of group current account facilities.

Credit risk

In order to reduce the risk of bad debts, management has a credit check procedure in place and credit evaluations are performed on all customers requiring credit.

Health & safety risks

There is a risk that the health and safety of employees and the public are adversely impacted through the performance of company activities. The company has an Environmental Health and Safety policy in place to ensure that it continuously manages to meet high operational standards on all projects.

This report was approved by the board on 22 December 2015 and signed on its behalf.



K A Ratcliffe
Director

VEOLIA WATER INDUSTRIAL OUTSOURCING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £462k (2013 - loss £3,894k).

No dividends were paid or recommended in the year (31 December 2013: £nil).

DIRECTORS

The directors who served during the year were:

R S Bright (resigned 11 January 2015)
A G Turner (resigned 30 June 2014)
P Laval (resigned 1 January 2014)
K H Patton
G Saint-Eve Vauvillier (resigned 1 January 2014)
K A Ratcliffe (appointed 30 May 2014)
I D Williams (appointed 30 May 2014)

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year, the company made no political or charitable contributions (31 December 2013: £nil).

POST BALANCE SHEET EVENTS

No significant events have been recorded since the balance sheet date.

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to interest, liquidity, credit and competitive risk are described in the Strategic Report on page 1.

The financial statements have been prepared on a going concern basis due to the support for the foreseeable future of the parent company Veolia Environmental Services (UK) Plc. This support has been received in writing by the directors and confirms support for at least 12 months from the date of these financial statements.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Veolia Environmental Services (UK) Plc, the company's directors have a reasonable expectation that the company will be able to continue operational existence for the foreseeable future. Thus they continue to adopt a going concern basis of accounting in preparing the financial statements.

VEOLIA WATER INDUSTRIAL OUTSOURCING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2014

EMPLOYEE INVOLVEMENT

The company consults its staff on matters of concern in the context of their employment.

The company continued to carry out its obligations arising from the Health & Safety at Work Act 1974 through consultative committees consisting of management and employee representatives. The company gives every consideration to applications for employment from disabled persons where the requirements of the job may be covered adequately by a handicapped or disabled person.

With regard to existing employees and those who have become disabled during the period, the company has continued to examine ways and means of providing training and career development wherever appropriate.

During the period, the policy of providing employees with information about the company has been continued through the use of the intranet and newsletters in which employees have also been encouraged to present their suggestions and views. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in Section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force at the date of approving the Directors' report.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

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

This report was approved by the board on 22 December 2015 and signed on its behalf.



K A Ratcliffe
Director

VEOLIA WATER INDUSTRIAL OUTSOURCING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2014

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VEOLIA WATER INDUSTRIAL OUTSOURCING LIMITED

We have audited the financial statements of Veolia Water Industrial Outsourcing Limited for the year ended 31st December 2014, which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VEOLIA WATER INDUSTRIAL
OUTSOURCING LIMITED**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Lorna McNeil (Senior statutory auditor)

for and on behalf of

Ernst & Young LLP, Statutory auditor

Birmingham

B4 6HQ

22 December 2015

VEOLIA WATER INDUSTRIAL OUTSOURCING LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £000	2013 £000
TURNOVER	2		
Continuing operations		14,755	14,403
Cost of sales		(11,478)	(10,563)
Impairment of plant and machinery		(1,599)	-
Total cost of sales		(13,077)	(10,563)
GROSS PROFIT		1,678	3,840
Administrative expenses		(1,870)	(2,753)
Impairment of goodwill		-	(5,320)
OPERATING LOSS	3	(192)	(4,233)
Interest receivable and similar income		6	5
Interest payable and similar charges	6	(364)	(298)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(550)	(4,526)
Tax on loss on ordinary activities	7	88	632
LOSS FOR THE FINANCIAL YEAR	17	(462)	(3,894)

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 10 to 21 form part of these financial statements.

VEOLIA WATER INDUSTRIAL OUTSOURCING LIMITED
REGISTERED NUMBER: 03406788

BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	£000	2014 £000	£000	2013 £000
FIXED ASSETS					
Intangible assets	8		1,047		1,221
Tangible assets	9		1,243		3,282
			<u>2,290</u>		<u>4,503</u>
CURRENT ASSETS					
Stocks	10	70		30	
Debtors: amounts falling due after more than one year	11	613		517	
Debtors: amounts falling due within one year	11	6,189		6,429	
Cash at bank		233		1	
		<u>7,105</u>		<u>6,977</u>	
CREDITORS: amounts falling due within one year	12	<u>(4,887)</u>		<u>(15,082)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>2,218</u>		<u>(8,105)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,508</u>		<u>(3,602)</u>
CREDITORS: amounts falling due after more than one year	13		<u>(9,000)</u>		<u>-</u>
PROVISIONS FOR LIABILITIES					
Deferred tax	14	-		(266)	
Other provisions	15	<u>(1,097)</u>		<u>(1,259)</u>	
			<u>(1,097)</u>		<u>(1,525)</u>
NET LIABILITIES			<u><u>(5,589)</u></u>		<u><u>(5,127)</u></u>
CAPITAL AND RESERVES					
Called up share capital	16		1,429		1,429
Capital Contribution	17		800		800
Profit and loss account	17		<u>(7,818)</u>		<u>(7,356)</u>
SHAREHOLDERS' DEFICIT	18		<u><u>(5,589)</u></u>		<u><u>(5,127)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 December 2015.


K A Ratcliffe
 Director

The notes on pages 10 to 21 form part of these financial statements.

VEOLIA WATER INDUSTRIAL OUTSOURCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

1. ACCOUNTING POLICIES

1.1 Accounting convention and basis of preparation of financial statements

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

1.2 Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to interest, liquidity, credit and competitive risk are described in the Strategic Report on page 1.

The financial statements have been prepared on a going concern basis due to the support for the foreseeable future of the parent company Veolia Environmental Services (UK) Plc. This support has been received in writing by the directors and confirms support for at least 12 months from the date of these financial statements.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Veolia Environmental Services (UK) Plc., the company's directors have a reasonable expectation that the company will be able to continue operational existence for the foreseeable future. Thus they continue to adopt a going concern basis of accounting in preparing the financial statements.

1.3 Cash flow statement

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1. Details of the controlling parent company in which these results are consolidated are shown within note 23.

1.4 Intangible fixed assets

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over the expected life of the contracts to which it relates. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

1.5 Stocks

Stocks 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.

1.6 Revenue recognition

Revenue, in respect of goods and services supplied, is recognised in accordance with FRS 5. 'Reporting the Substance of the Transactions' in the period in which it is earned and is exclusive of Value Added Tax and trade discounts. Service revenue is recognised as the company meets its performance obligations under its contracts.

VEOLIA WATER INDUSTRIAL OUTSOURCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

1. ACCOUNTING POLICIES (continued)

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less 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:

Plant & machinery	-	Life of associated contract
Fixtures & fittings	-	2 to 5 years
Assets under construction	-	Depreciation not charged whilst under construction

1.8 Fixed assets - impairment

The carrying value of tangible fixed assets are reviewed for impairment on a cash generating unit basis. When events or changes in circumstances indicate that the carrying value may not be recoverable an impairment is made.

1.9 Taxation

The charge for taxation is based on the result for the year and takes into account deferred taxation.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, after discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19.

1.10 Pension costs

The group operates pension schemes for all staff. The pension costs for the defined contribution scheme represent contributions payable by the company in the year. The assets of the scheme are invested and managed independently of the finances of the group.

The company participates into a defined benefit pension scheme, the Veolia Water UK PLC Final Salary Division of the Veolia UK Pension Plan, which is funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. The company's contributions are affected by the surplus/deficit in the scheme.

However, it is not possible to identify the company's share of the underlying assets and liabilities in the scheme on a consistent or reasonable basis. Therefore, in accordance with FRS17 multi-employer exemption, the scheme is accounted for as if it were a defined contribution scheme.

The latest available information relating to the scheme and the implications for the company are detailed in the notes to the financial statements.

1.11 Operating leases

Rentals paid under an operating lease are charged to the Profit and loss account on a straight line basis over the life of the lease.

VEOLIA WATER INDUSTRIAL OUTSOURCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

1. ACCOUNTING POLICIES (continued)

1.12 Interest

Bank and other interest are dealt with on an accruals basis.

1.13 Provisions

Contract provisions are booked on an ongoing basis as and when project liabilities are identified as being probable and the associated risk is quantifiable. Management reviews are performed on a regular basis to consider the status and probable outcome of all relevant provisions.

Provisions for other liabilities are recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

2. TURNOVER

The company has only one class of business being the design, build and operating of water treatment equipment.

Turnover represents income (excluding value added tax) derived from the provision of services to customers in the UK.

3. OPERATING LOSS

The operating loss is stated after charging:

	2014 £000	2013 £000
Amortisation - intangible fixed assets	174	385
Depreciation of tangible fixed assets:		
- owned by the company	783	665
Auditor's remuneration	20	20
Operating lease rental:		
- plant and machinery	211	314
Impairment of goodwill	-	5,320
Impairment of plant and machinery	1,599	-
	<hr/>	<hr/>

VEOLIA WATER INDUSTRIAL OUTSOURCING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2014**

4. DIRECTORS' REMUNERATION

	2014	2013
	£000	£000
Directors' emoluments	323	269
	<hr/>	<hr/>
Compensation for loss of office	117	-
	<hr/>	<hr/>

Certain directors of the company are also directors of other group companies and the emoluments have been borne by those companies. These directors' services to the company do not occupy a significant amount of their time. As such these directors do not consider it practicable to apportion the remuneration for their incidental services as directors of this company for the year ended 31 December 2014, or the year ended 31 December 2013.

During the year retirement benefits were accruing to 2 directors (2013 - 2) in respect of defined benefit pension schemes.

The company made contributions to a defined benefit scheme in the year ended 31 December 2014 of £74k (2013 - £68k) in respect of 2 directors (2013 - 2).

The highest paid director received remuneration of £263k (2013 - £120k).

5. STAFF NUMBERS AND COSTS

Staff costs, including directors' remuneration, were as follows:

	2014	2013
	£000	£000
Wages and salaries	4,000	3,722
Social security costs	398	397
Other pension costs	454	435
	<hr/>	<hr/>
	4,852	4,554
	<hr/>	<hr/>

The average monthly number of employees, including the directors, during the year was as follows:

	2014	2013
	No.	No.
Operations	84	77
Administration	8	14
	<hr/>	<hr/>
	92	91
	<hr/>	<hr/>

VEOLIA WATER INDUSTRIAL OUTSOURCING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2014**

6. INTEREST PAYABLE

	2014	2013
	£000	£000
Interest payable on loan from intermediate parent company	<u>364</u>	<u>298</u>

7. TAXATION

	2014	2013
	£000	£000
Analysis of tax credit in the year		
Current tax (see note below)		
UK corporation tax charge/(credit) on loss for the year	272	(603)
Deferred tax		
Origination and reversal of timing differences	(363)	10
Effect of decreased tax rate on closing liability	-	(40)
Adjustment in respect of prior years	3	1
Total deferred tax credit (see note 14)	<u>(360)</u>	<u>(29)</u>
Tax on loss on ordinary activities	<u>(88)</u>	<u>(632)</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013 - *higher than*) the standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%). The differences are explained below:

	2014	2013
	£000	£000
Loss on ordinary activities before tax	<u>(550)</u>	<u>(4,526)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%)	(118)	(1,052)
Effects of:		
Expenses not deductible for tax purposes	-	396
Depreciation for year in excess of capital allowances	390	(11)
Adjustments to tax charge in respect of prior periods	-	64
Current tax charge/(credit) for the year	<u>272</u>	<u>(603)</u>

VEOLIA WATER INDUSTRIAL OUTSOURCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

7. TAXATION (continued)

Factors that may affect future tax charges

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the statement of financial position date.

The Summer Finance Act 2015 was substantively enacted in October 2015 and included a reduction in the main rate of UK Corporation Tax to 19% from 1 April 2017 and to 18% from 1 April 2020. The effect of future rate changes which have now been substantively enacted will result in a £9k reduction in the company's deferred tax asset.

8. INTANGIBLE FIXED ASSETS

	Goodwill £000
Cost	
At 1st January 2014 and 31st December 2014	<u>7,696</u>
Amortisation	
At 1st January 2014	6,475
Charge for the year	<u>174</u>
At 31st December 2014	<u>6,649</u>
Net book value	
At 31st December 2014	<u>1,047</u>
<i>At 31st December 2013</i>	<u><u>1,221</u></u>

VEOLIA WATER INDUSTRIAL OUTSOURCING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2014**

9. TANGIBLE FIXED ASSETS

	Plant & machinery £000	Fixtures & fittings £000	Assets under construction £000	Total £000
Cost				
At 1st January 2014	5,068	34	753	5,855
Additions	253	-	90	343
Transfer between classes	754	-	(754)	-
At 31st December 2014	<u>6,075</u>	<u>34</u>	<u>89</u>	<u>6,198</u>
Depreciation				
At 1st January 2014	2,551	22	-	2,573
Charge for the year	775	8	-	783
Impairment charge	1,599	-	-	1,599
At 31st December 2014	<u>4,925</u>	<u>30</u>	<u>-</u>	<u>4,955</u>
Net book value				
At 31st December 2014	<u>1,150</u>	<u>4</u>	<u>89</u>	<u>1,243</u>
At 31st December 2013	<u>2,517</u>	<u>12</u>	<u>753</u>	<u>3,282</u>

10. STOCKS

	2014 £000	2013 £000
Finished goods and goods for resale	<u>70</u>	<u>30</u>

VEOLIA WATER INDUSTRIAL OUTSOURCING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2014**

11. DEBTORS

	2014	2013
	£000	£000
Due after more than one year		
Other debtors	519	517
Deferred tax asset (see note 14)	94	-
	<u>613</u>	<u>517</u>
	2014	2013
	£000	£000
Due within one year		
Trade debtors	3,316	2,361
Amounts owed by group undertakings	1,220	2,424
Other debtors	287	303
Prepayments and accrued income	1,366	1,341
	<u>6,189</u>	<u>6,429</u>

12. CREDITORS:

Amounts falling due within one year

	2014	2013
	£000	£000
Trade creditors	592	1,486
Amounts owed to group undertakings	2,086	10,862
Corporation tax	69	-
Other taxation and social security	197	911
Accruals and deferred income	1,943	1,823
	<u>4,887</u>	<u>15,082</u>

13. CREDITORS:

Amounts falling due after more than one year

	2014	2013
	£000	£000
Amounts owed to group undertakings	<u>9,000</u>	<u>-</u>

During the year a loan of £9,518,000 was fully repaid and a new loan of £9,000,000 issued. The new loan attracts interest at GBP 3m LIBOR +3.75% and is repayable 31 December 2024.

VEOLIA WATER INDUSTRIAL OUTSOURCING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2014**

14. DEFERRED TAXATION

	2014	2013
	£000	£000
At beginning of year	(266)	(295)
Released during year	360	29
	<u>94</u>	<u>(266)</u>
At end of year	<u>94</u>	<u>(266)</u>

The deferred taxation asset / (liability) is made up as follows:

	2014	2013
	£000	£000
Accelerated capital allowances	<u>94</u>	<u>(266)</u>

It is the view of the Directors that the deferred tax asset of £94k is recoverable based on the expected future profitability of the Company.

15. PROVISIONS

	Operational
	£000
At 1st January 2014	1,259
Additions	66
Amounts Released	(228)
At 31st December 2014	<u>1,097</u>

Operational

Operational provisions relate to liabilities arising on revenue contracts and include £568k in respect of all site closure costs including demolition and site clearance across three sites (2013: £524k) and £490k for asset maintenance or replacement (2013: £586k). The provisions will be utilised over the life of the contracts to which they relate.

16. SHARE CAPITAL

	2014	2013
	£000	£000
Authorised, allotted, called up and fully paid		
1,429,000 ordinary shares of £1 each	<u>1,429</u>	<u>1,429</u>

VEOLIA WATER INDUSTRIAL OUTSOURCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2014

17. RESERVES

	Capital Contribution £000	Profit and loss account £000
At 1st January 2014	800	(7,356)
Loss for the financial year		(462)
At 31st December 2014	<u>800</u>	<u>(7,818)</u>

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2014 £000	2013 £000
Opening shareholders' deficit	(5,127)	(1,233)
Loss for the financial year	(462)	(3,894)
Closing shareholders' deficit	<u>(5,589)</u>	<u>(5,127)</u>

VEOLIA WATER INDUSTRIAL OUTSOURCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

19. PENSION COMMITMENTS

Defined contribution schemes

The Veolia Group operates various defined contribution pension schemes. The assets of the schemes are invested and managed independently of the finances of the Group.

Contributions of £350k (2013: £320k) were paid by the company in respect of its participation in the defined contribution schemes during the year. There are no unpaid contributions at the year end (2013: £nil).

Defined benefit schemes

Some employees of the company are members of the Veolia Water UK PLC Final Salary Division of the Veolia UK Pension Plan.

This is a multi - employer defined benefit scheme providing benefits to the employees of a number of the Group's subsidiaries within the UK. These are accounted for as a defined contribution scheme in this company as the company is unable to identify its share of the scheme assets.

The schemes are funded by the payment of contributions to separately administered trust funds.

The pension contribution for the year amounted to £273k (2013: £240k).

Contributions are expected to continue at such levels in 2015.

In order to provide information about the funding position of the schemes, regular actuarial valuations will be carried out.

The FRS 17 valuation of the Veolia Water UK PLC Final Salary Division of the Veolia UK Pension Plan as at 31 December 2014 shows a surplus of £9,958k (2013: £7,950k).

The measurement bases required by FRS 17 are likely to give rise to significant fluctuations in the reported amounts of the defined benefit pension scheme's assets and liabilities from year to year, and do not necessarily give rise to a change in the contributions payable into the scheme, which are recommended by the independent actuaries using long-term assumptions.

Full details relating to the pension scheme are set out in the financial statements of Veolia Water UK Limited.

20. OPERATING LEASE COMMITMENTS

At 31st December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	2014 £000	2013 £000
Expiry date:		
Within 1 year	22	106
Between 2 and 5 years	76	89
Total	<u>98</u>	<u>195</u>

VEOLIA WATER INDUSTRIAL OUTSOURCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

21. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available due to being a wholly owned subsidiary under paragraph 3(c) of FRS 8: Related Party Transactions and has accordingly not disclosed transactions with other wholly owned entities that are part of the group.

22. POST BALANCE SHEET EVENTS

No significant events have been recorded since the balance sheet date.

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

At the year end the company was a wholly owned subsidiary of Veolia ES (UK) Limited.

At the year end the ultimate holding company and controlling party was Veolia Environnement S.A, a company incorporated in France. The smallest and largest group in which the company's results are consolidated is that headed by Veolia Environnement S.A. Copies of the financial statements of Veolia Environnement S.A are available from 36-38 Avenue Kléber, 75116 Paris, France.