

UUGM Limited

Annual Report and Financial Statements

For the year ended 31 March 2014

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Directors, advisers and other information

Directors

JD Bevan
MR Saunders
N Paterson
G Sloss
M Hopkins

Company Secretary

Nicholas Charles Craig

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom

Registered office

210 Pentonville Road
London
United Kingdom
N1 9JY

Directors' report

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

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Results and dividends

The company recorded a loss in the year of £8,161 (2013: loss of £12,584 arising from an impairment charge on the investment held). The directors cannot recommend the payment of an ordinary dividend (2013: same).

Principal activities and review of business

UUGM Limited was set up as part of a unique business model to help Scottish Water complete its Quality and Standards II (Q&S II) Capital Investment Programme. Scottish Water is also using UUGM to help complete its Quality and Standards III (Q&S III) Capital Investment Programme.

The company is owned 60% by Veolia Water Capital Delivery Limited, 20% by Morgan Sindall plc and 20% by Galliford Try Construction Limited. The company owns 24.5% of Scottish Water Solutions Limited, which is the company responsible for the delivery of Scottish Water's Q&S II programme and part of the Q&S III capital programme.

As part of this business model UUGM Limited provides management services to Scottish Water Solutions Limited. The Q&S II programme was completed in 2012 and the Q&S III programme was completed in the current year. As both Q&S II and Q&S III have completed, the turnover from fee income in UUGM Limited was reduced compared to the prior year.

The main key performance indicator of the company was turnover.

In May 2012, Scottish Water Solutions Limited delivered the final project over to Scottish Water leaving 41 projects still within the two year warranty period, with the Board deciding against bidding for any more projects. In order to ensure an efficient close down, Scottish Water Solutions Limited successfully negotiated a commercial close with Scottish Water in September 2012 to sell back to them the remaining defects liability. Scottish Water Solutions Limited was dissolved on 24 October 2014.

The cessation of Scottish Water Solutions Limited's trading activities resulted in the loss of the company's sole source of income. The Directors of UUGM Limited have no intention for the Company to continue trading through alternative activities and it is the Directors intention to close down the Company in due course.

Going concern

As described above, the company's sole customer ceased to trade in September 2012. As the directors do not intend to identify a replacement activity for the company, the financial statements have been prepared on a basis other than that of going concern. Further details are given in note 1 of the financial statements.

Directors

The directors who held office during the year and thereafter are given below:

JD Bevan

N Paterson

MR Saunders

G Sloss

M Hopkins

Directors' report

During the year, directors' and officers' liability insurance was in force.

Directors' report (continued)

Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

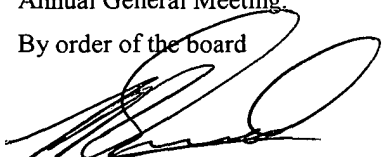
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information (as defined) and to establish that the company's auditor is aware of that information.

This confirmation is given, and should be interpreted, in accordance with the provisions of section 417(1) of the Companies Act 2006.

Auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

By order of the board



M Saunders
Director

22 December 2014

Directors' responsibilities statement

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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 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 UUGM Limited

We have audited the financial statements of UUGM Limited for the year ended 31 March 2014, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the reconciliation of movements in shareholders' funds and the related notes 1 to 11. 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 statement of directors' responsibilities, 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 annual report 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 31 March 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.

Emphasis of matter – Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Opinion on other matter 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 auditor's report (continued)

to the members of UUGM 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; or
- the directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report or in preparing the Directors' Report.



Jane Boardman BSc ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom

22 December 2014

Profit and loss account

For the year ended 31 March 2014

	Note	2014 £	2013 £
Turnover	1	-	113,366
Administrative expenses	2	(8,161)	(133,609)
Operating loss	3	(8,161)	(20,243)
Other income		-	7,659
Loss on ordinary activities before taxation		(8,161)	(12,584)
Taxation on loss on ordinary activities	4	-	-
Loss for the financial year		<u>(8,161)</u>	<u>(12,584)</u>

All activities relate to discontinuing operations arising from the cessation of trade in the year ended 31 March 2013.

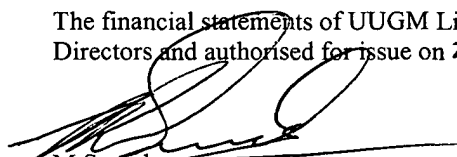
The company had no recognised gains or losses in either year, other than those contained in the profit and loss account. Accordingly, a separate statement of total recognised gains and losses has not been prepared.

Balance sheet

As at 31 March 2014

	Note	2014 £	2013 £
Fixed assets			
Investments	5	-	-
Current assets			
Debtors:			
due within one year	6	891,081	2,007,524
Cash at bank and in hand		376,837	247,674
		<u>1,267,918</u>	<u>2,255,198</u>
Creditors: amounts falling due within one year	7	<u>(1,288,662)</u>	<u>(2,267,782)</u>
Net current liabilities		<u>(20,744)</u>	<u>(12,584)</u>
Net liabilities		<u>(20,744)</u>	<u>(12,584)</u>
Capital and reserves			
Called-up share capital	8	100	100
Profit and loss account	9	<u>(20,844)</u>	<u>(12,684)</u>
Shareholders' deficit		<u>(20,744)</u>	<u>(12,584)</u>

The financial statements of UUGM Limited, registered number 4696850, were approved by the Board of Directors and authorised for issue on 22 December 2014 and were signed on its behalf by



M Saunders
Director

Reconciliation of movements in shareholders' funds

For the year ended 31 March 2014

	Note	2014 £	2013 £
Loss for the financial year		(8,161)	(12,584)
Reduction to shareholders' deficit		(8,161)	(12,584)
Opening shareholders' deficit		(12,584)	-
Closing shareholders' deficit		<u>(20,744)</u>	<u>(12,584)</u>

Notes to the financial statements (continued)

For the year ended 31 March 2014

1. Accounting policies

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

Basis of accounting

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

As described in the directors' report, the trading activities of the company's sole customer ceased during previous year and the directors do not intend to identify a replacement trade. As required by FRS8 Accounting Policies, the directors have prepared the financial statements on the basis that the company is no longer a going concern. No significant adjustments arose as a result of ceasing to apply the going concern basis. The financial statements do not include any provision for the costs of winding up or liquidating the company as no costs were incurred or committed at the balance sheet date.

Exemption from preparing group financial statements

The financial statements contain information about UUGM Limited as an individual company and do not contain consolidated financial information as a parent of a group. At 31 March 2014, the company was exempt under s400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the results of it and its subsidiary undertaking were included in the consolidated financial statements of its significant shareholder, Veolia Water UK Limited, a company incorporated in Great Britain and registered in England and Wales.

Cash flow statement

Under Financial Reporting Standard 1 (revised) 'Cash flow statements', the company is exempt from the requirement to prepare a cash flow statement on the grounds that the company qualifies as a small company under section 382 and section 383 of the Companies Act 2006.

Turnover

Turnover represents the income receivable in the ordinary course of business from Scottish Water Solutions Limited exclusive of value added tax and is wholly generated in the UK (2013: same)

Long-term contracts

Turnover on the long-term contract with Scottish Water Solutions Limited reflects UUGM Limited's share of revenues based on Scottish Water Solutions Limited's costs incurred to date plus the directors' best estimate of the profits attributable to the work performed to date. For this purpose the directors' estimate of attributable profits will include a proportion of the total profits anticipated to be made on the contract, to the extent that their realisation is reasonably foreseeable. Provision is made for the full amount of forecast losses on the contract for which UUGM Limited is liable as soon as any loss is foreseeable.

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 substantively enacted by the balance sheet date.

Deferred tax 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 has occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

1. Accounting policies (continued)

Notes to the financial statements (continued)

For the year ended 31 March 2014

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

Deferred tax 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 or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Investments

Investments are accounted for at the lower of cost and net realisable value.

2. Administrative expenses

	Note	2014 £	2013 £
Management fee		-	113,366

3. Operating profit

There have been no employees of the company during the year (2013: nil). The directors' emoluments are borne by other group companies and are not recharged. This is because a fair apportionment is not possible as services are provided to multiple entities.

The auditor's remuneration for the statutory audit of the company was £5,500 (2013: £13,200). There were no non-audit services provided to the company in either year.

4. Tax on loss on ordinary activities

The tax credit is made up as follows:

	2014 £'000	2013 £'000
Current tax:		
UK corporation tax:	-	-

The tax assessed on the result/(loss) on ordinary activities differs to the standard rate of corporation tax in the UK of 23% (2013: 24%). The differences are reconciled below:

	2014 £'000	2013 £'000
Loss on ordinary activities before taxation	(8,161)	(12,584)
Loss on ordinary activities multiplied by a standard rate of corporation tax in UK of 23% (2013: 24%)	(1,265)	(3,020)
Expenses not deductible for taxation purposes	-	-
Tax losses carried forward	1,265	3,020
Total current tax credit	-	-

A deferred tax asset amounting to £4,149 (2013: £3,020), measured at enacted future tax rates, in respect of trading losses carried forward has not been recognised on the grounds that there is insufficient evidence that the asset will be recovered in the future. The asset would be recovered if profits arise in the group from the same trade in future accounting periods.

Notes to the financial statements (continued)

For the year ended 31 March 2014

5. Fixed asset investments

	Investment in unlisted joint venture £
Cost	
At 1 April 2013 and 31 March 2014	34,176
Impairment	
At 1 April 2013 and 31 March 2014	34,176
Net book value	
At 31 March 2014	-
At 31 March 2013	-

The company holds a 24.5% investment in the ordinary share capital of the following company:

Name	Country of incorporation	Nature of business
Scottish Water Solutions Limited	Scotland	Delivery of Scottish Water capital programme

In September 2012, the Board of Scottish Water Solutions Limited agreed that the Company would cease to trade following the end of its projects and the buy-out of its remaining defects liability with Scottish Water.

6. Debtors

Amounts falling due within one year:

	Note	2014 £	2013 £
Amounts owed by related parties (note 10)		873,756	2,007,524
VAT recoverable		17,325	-
Prepayments and accrued income		-	-
		<u>891,081</u>	<u>2,007,524</u>

7. Creditors

Amounts falling due within one year:

	2014 £	2013 £
Amounts owed to related parties (note 10)	1,283,162	1,283,162
Accruals and deferred income	5,500	34,544
Other taxation and social security	-	950,076
	<u>1,288,662</u>	<u>2,267,782</u>

Notes to the financial statements (continued)

For the year ended 31 March 2014

8. Called-up share capital

	2014 £	2013 £
Allotted, called-up and fully paid 100 ordinary shares of £1.00 each	100	100

9. Reserves

	Profit and loss account £
At 1 April 2013	(12,684)
Result for the year	(8,161)
At 31 March 2014	(20,844)

10. Related party transactions

The aggregate transactions with related parties are as follows:

	Year ended 31 March 2014		Year ended 31 March 2013	
	Sales to related party £	Purchases from related party £	Sales to related party £	Purchases from related party £
Scottish Water Solutions Limited	-	-	113,366	-
Veolia Water Capital Delivery Limited	-	-	-	77,108
Galliford Try Construction Limited	-	-	-	18,174
Morgan Sindall plc	-	-	-	18,174
	-	-	113,366	113,366

Notes to the financial statements (continued)

For the year ended 31 March 2014

10. Related party transactions (continued)

Amounts owed by and to related parties are as follows:

	Year ended 31 March 2014		Year ended 31 March 2013	
	Amounts owed by related party £	Amounts owed to related party £	Amounts owed by related party £	Amounts owed to related party £
Scottish Water Solutions Limited	94,839	-	97,500	-
Veolia Water Capital Delivery Limited	235,879	738,000	1,367,066	738,000
Galliford Try Construction Limited	252,226	251,730	252,186	251,730
Morgan Sindall plc	290,812	293,433	290,772	293,433
	<u>873,756</u>	<u>1,283,162</u>	<u>2,007,524</u>	<u>1,283,162</u>

The Scottish Water Solutions Limited sales of £113,366 for 2013 relate to amounts billed in the year. In accordance with the stated accounting policies, turnover is adjusted based on contract completion and directors' estimates of profit. The current year adjusted turnover for Scottish Water Solutions Limited is £nil (2013: £nil) as the contract completed in the prior year.

The Veolia Water Capital Delivery Limited purchases of £77,108 for 2013 relate to amounts invoiced in the year. In accordance with the stated accounting policies, management charges are adjusted based on directors' estimates of contract completion and profit. The current year management charge from Veolia Water Capital Delivery Limited is £nil (2013: £77,108) and a pain/gain sharing mechanism of £nil (2013: £nil).

The Morgan Sindall Plc and Galliford Try Construction Limited purchases of £18,174 each for 2013 relate to amounts invoiced in the year. In accordance with the stated accounting policies, management charges are adjusted based on directors' estimates of contract completion and profit. The current year management charges from Morgan Sindall plc and Galliford Try Construction Limited are £nil (2013: £18,174) each and a pain/gain sharing mechanism of £nil (2013: £nil) each.

11. Ultimate parent undertaking and controlling party

The company is owned 60% by Veolia Water Capital Delivery Limited, 20% by Morgan Sindall plc and 20% by Galliford Try Construction Limited. All of these companies are registered in England and Wales.

The ultimate controlling party is Veolia Environnement SA. Veolia Water UK Plc, a company registered in England and Wales, is the parent undertaking of the smallest group to consolidate the statutory financial statements of the company. Veolia Environnement SA, a company incorporated in France, is the parent undertaking of the largest group to consolidate these statutory financial statements, and is the ultimate holding and controlling company.

Copies of the group financial statements of Veolia Water UK Limited may be obtained from the Head Office at 210 Pentonville Road, London N1 9JY.

Copies of the group financial statements of Veolia Environnement SA may be obtained from the Head Office at 36-38 Avenue Kleber, 75116 Paris, France.