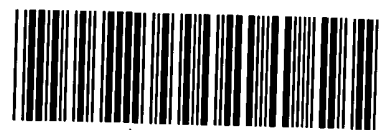


**SOUTHERN WATER (NR) HOLDINGS LIMITED**

**ANNUAL REPORT  
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH 2018**

**Registered number: 04772485**

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**SOUTHERN WATER (NR) HOLDINGS LIMITED**  
**Annual Report and Financial Statements for the year ended**  
**31 March 2018**

| <b>Contents</b>                   | <b>Page</b> |
|-----------------------------------|-------------|
| Company information               | 1           |
| Strategic report                  | 2           |
| Directors' report                 | 3           |
| Income statement                  | 6           |
| Statement of financial position   | 7           |
| Statement of changes in equity    | 8           |
| Notes to the financial statements | 9           |
| Independent auditor's report      | 16          |

## **SOUTHERN WATER (NR) HOLDINGS LIMITED**

### **COMPANY INFORMATION**

The company is a private company limited by shares.

#### **Directors**

I McAulay

W Lambe

J Statton

#### **Company Secretary**

J Statton

#### **Registered office**

Southern House

Yeoman Road

Worthing

West Sussex

BN13 3NX

#### **Bankers**

Natwest

27 South Street

Worthing

West Sussex

United Kingdom

BN11 3AR

#### **Auditor**

Deloitte LLP

Statutory Auditor

London

United Kingdom

#### **Registered number**

04772485

## **SOUTHERN WATER (NR) HOLDINGS LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018**

Southern Water (NR) Holdings Limited (Registered No. 04772485) is incorporated in the United Kingdom and was established to complement the activities of the other companies in the Greensands Holdings group. The company continues to act as a holding company for Southern Water (NR) Limited.

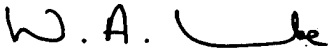
The company did not trade during the year, and there is no intention for it to trade in the future.

#### **KEY PERFORMANCE INDICATORS**

Southern Water (NR) Holdings Limited acts as an intermediate holding company for the overall group and as such does not have any KPIs as an individual company. KPIs are monitored at the group level and are disclosed in the consolidated financial statements of Greensands Holdings Limited which may be obtained from the Company Secretary at Southern House, Yeoman Road, Worthing, BN13 3NX.

Given the limited activity of the company, additional information including a review of the company's business, future developments and information of the principal risk and uncertainties facing the company is presented in the directors' report, but no further information is included in this strategic report.

Approved by the Board and signed on its behalf by.



W Lambe  
Director  
05 July 2018

## **SOUTHERN WATER (NR) HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018**

The directors of Southern Water (NR) Holdings Limited (Registered No. 04772485) present their annual report and audited financial statements for the year ended 31 March 2018.

The directors, in preparing this directors report, have complied with s414C of the Companies Act 2006.

### **PRINCIPAL ACTIVITIES**

The principal activity of the company continued to be that of an intermediate holding company for Southern Water (NR) Limited.

### **REVIEW OF THE BUSINESS, RESULTS AND DIVIDENDS**

The company acted as a holding company during the year.

The company did not trade during the year, and there is no intention for it to trade in the future.

During the year the company received dividends of £nil (2017: £nil) from its investment in Southern Water (NR) Limited and paid dividends of £nil (2017: £nil) to its immediate parent Southern Water Investments Limited. No final dividend has been declared or paid for the year ended 31 March 2018.

The directors have not declared a final dividend for the year ended 31 March 2018 (2017: £nil).

The company generated neither a profit or loss during the financial year (2017: £nil).

The company has £nil net assets (2017: £nil) comprising largely of an investment in Southern Water (NR) Limited of £176.0m (2017: £176.0m) offset by amounts owed to group undertakings of £176.1m (2017: £176.1m).

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risk the company is exposed to is the occurrence of events that would result in an impairment to the value of its investment in Southern Water (NR) Limited and the recoverability of its inter company debt. Ultimately this is reliant on cash funds being available at the main trading company within the group, Southern Water Services Limited, to support the group.

The directors are confident that these risks are mitigated by the use of effective risk management policies employed by Southern Water Services Limited. For further details regarding these policies please refer to the strategic report of Southern Water Services Limited.

### **GOING CONCERN**

The directors have received confirmation that its ultimate parent undertaking, Greensands Holdings Limited, intends to support the company for at least one year after these financial statements are signed and accordingly believe that preparing the financial statements on the going concern basis is appropriate.

### **FUTURE DEVELOPMENTS**

The directors expect the general level of activity to remain consistent with 2018 in the forthcoming year.

### **EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE**

There are no significant events after the statement of financial position date to report.

## **SOUTHERN WATER (NR) HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018 (continued)**

#### **DIRECTORS**

The directors who held office during the year and up to the date of signing the financial statements, unless otherwise stated, were as follows:

I McAulay  
W Lambe  
J Statton

#### **DIRECTORS' INDEMNITIES**

The company maintains liability insurance for its directors and officers, which is also maintained for the directors and officers of its holding companies and fellow subsidiaries. Following shareholder approval, the company has also provided an indemnity for its directors and the company secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. An indemnity has also been provided for the directors and company secretaries of the company's holding companies and fellow subsidiaries.

#### **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), including FRS 101 "Reduced Disclosure Framework". 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 year. 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.

**SOUTHERN WATER (NR) HOLDINGS LIMITED**

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018 (continued)**

**STATEMENT OF PROVISION OF INFORMATION TO AUDITOR**

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

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware;  
and
- (2) each director has taken all the steps that he/she ought to have taken as a director in order to make him/herself aware of any relevant audit information 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 418 of the Companies Act 2006.

**INDEPENDENT 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.

Approved by the Board of Directors and signed by order of the Board.



J Statton  
Company Secretary  
05 July 2018

# SOUTHERN WATER (NR) HOLDINGS LIMITED

## INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

|                                      | Notes | 2018<br>£m | 2017<br>£m |
|--------------------------------------|-------|------------|------------|
| <b>Continuing operations</b>         |       |            |            |
| Finance result/income                | 4     | -          | -          |
| <b>Result before taxation</b>        | 6     | -          | -          |
| Tax on result                        | 6     | -          | -          |
| <b>Result for the financial year</b> |       | -          | -          |

There were no other comprehensive income or losses for the years ending 31 March 2017 and 31 March 2018, accordingly no separate statement of other comprehensive income is presented.



**SOUTHERN WATER (NR) HOLDINGS LIMITED**

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018**

|  | Notes | 2018<br>£m     | 2017<br>£m     |
|--|-------|----------------|----------------|
| <b>Non-current assets</b>                      |       |                |                |
| Investments                                    | 8     | 176.0          | 176.0          |
| <b>Current assets</b>                          |       |                |                |
| Trade and other receivables                    | 9     | 0.1            | 0.1            |
| <b>Total assets</b>                            |       | <u>176.1</u>   | <u>176.1</u>   |
| <b>Current liabilities</b>                     |       |                |                |
| Trade and other payables                       | 10    | -              | -              |
| <b>Net current assets</b>                      |       | <u>0.1</u>     | <u>0.1</u>     |
| <b>Total assets less current liabilities</b>   |       | <u>176.1</u>   | <u>176.1</u>   |
| <b>Non-current liabilities</b>                 |       |                |                |
| Borrowings: amounts falling due after one year | 11    | (176.1)        | (176.1)        |
| <b>Total liabilities</b>                       |       | <u>(176.1)</u> | <u>(176.1)</u> |
| <b>Net assets</b>                              |       | <u>-</u>       | <u>-</u>       |
| <b>Equity</b>                                  |       |                |                |
| Called up share capital                        | 12    | -              | -              |
| Retained earnings                              |       | -              | -              |
| <b>Total equity</b>                            |       | <u>-</u>       | <u>-</u>       |

The financial statements of Southern Water (NR) Holdings Limited (Registered No: 04772485) were approved by the Board and authorised for issue on 05 July 2018.

Signed on behalf of the Board of Directors:



W Lambe  
Director  
05 July 2018

# SOUTHERN WATER (NR) HOLDINGS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

|  | Called up<br>share capital<br>£m | Retained<br>Earnings<br>£m | Total<br>£m |
|--|----------------------------------|----------------------------|-------------|
| <b>Balance at 1 April 2016</b>                 | -                                | -                          | -           |
| Result for the financial year                  | -                                | -                          | -           |
| <b>Total comprehensive income for the year</b> | -                                | -                          | -           |
| <b>Balance at 31 March 2017</b>                | -                                | -                          | -           |
| Result for the financial year                  | -                                | -                          | -           |
| <b>Total comprehensive income for the year</b> | -                                | -                          | -           |
| <b>Balance at 31 March 2018</b>                | -                                | -                          | -           |

## **SOUTHERN WATER (NR) HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

#### **1 Accounting policies**

##### **Basis of preparation**

Southern Water Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council (FRC). Accordingly, these financial statements were prepared in accordance with 'FRS 101 Reduced Disclosure Framework' incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015. The principal accounting policies adopted are set out below and have been applied consistently throughout the current and preceding year.

The financial statements have been prepared on a going concern basis under the historical cost convention, except for the revaluation of certain properties, financial instruments and investment property that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The financial statements contain information about Southern Water (NR) Holdings Limited as an individual company and do not contain consolidated financial information as the parent of subsidiary companies. The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of the ultimate holding company, Greensands Holdings Limited. The group financial statements of Greensands Holdings Limited are available to the public and can be obtained from the Southern Water website.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a statement of cash flows, financial instruments, standards not yet effective and related party transactions. Where required, equivalent disclosures are given in the group financial statements of Greensands Holdings Limited.

##### **Adoption of new and revised accounting and financial reporting standards**

##### **Amendments to IFRSs and the new Interpretation that is mandatorily effective for the current year**

In the current year, there have been a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

## **SOUTHERN WATER (NR) HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)**

#### **1 Accounting policies (continued)**

##### **Going concern**

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Greensands Holdings Limited. The directors have received confirmation that Greensands Holdings Limited intends to support the company for at least one year after these financial statements are signed.

##### **Related party disclosure**

The company has taken advantage of the exemption under FRS 101 paragraph 8(j) from the requirements of IAS 24, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Greensands Holdings Limited, whose financial statements are publicly available from the address in note 13.

##### **Investments**

Investments held as non-current assets are stated at cost, less provision, if appropriate, for any impairment in value other than a temporary impairment in value. The carrying values of non-current asset investments are reviewed for impairment in years if events or changes in circumstances indicate the carrying value may not be recoverable. Interest income is accrued on a daily basis. Dividends and other investment income is accounted for when it becomes receivable.

##### **Taxation**

The taxation charge in the income statement represents the sum of the tax currently payable and deferred tax.

Current taxation is based on the profit for the year as adjusted for disallowable and non-taxable items and items of income or expense which are taxable or deductible in other years. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred taxation is tax expected to be payable on temporary differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided on all temporary differences that have originated but not reversed by the end of the reporting year. It is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is regarded as probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current 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.

##### **Interest income, interest payable and similar income and charges**

Interest income, interest payable and similar income and charges are recognised on an accruals basis

##### **Financial instruments**

Financial assets and financial liabilities are recognised in the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)**

**1 Accounting policies (continued)**

**Financial assets**

**(i) Loans and receivables**

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

**(ii) Impairment of financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

**(iii) Derecognition of financial assets**

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

**Financial liabilities**

**(i) Financial liabilities and equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

**(ii) Other financial liabilities**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

**(iii) Derecognition of financial liabilities**

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

## **SOUTHERN WATER (NR) HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)**

#### **2 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, which are described in note 1 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

#### **Critical judgements in applying the company's accounting policies**

The following are the critical judgements that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

- (i) **Taxation**  
The tax charge is based on the profit for the period and the tax rates in force at the end of the reporting period. Estimation of the tax charge involves an assessment of the potential tax treatment of certain items, which will only be resolved once finally agreed with the tax authorities.
- (ii) **Impairment**  
Impairment is recognised in the income statement when there is evidence that the value of an investment is higher than the recoverable amount. Recoverable amount is the lower of, value in use or net realisable value. An impairment review requires management to make subjective judgements regarding the recoverable amount of the investment under review.

#### **Key sources of estimation uncertainty**

The directors believe that there are currently no key sources of estimation that the company is required to disclose.

#### **3 Employee information**

The company had no employees (2017: None).

The services of the directors are deemed to be wholly attributable to their services to Southern Water Services Limited.

Accordingly no details in respect of the emoluments paid to the directors are included here as they are fully disclosed in the financial statements of Southern Water Services Limited.

#### **4 Finance result/income**

|   | 2018<br>£m | 2017<br>£m |
|---|------------|------------|
| Dividends received from Southern Water (NR) Limited | -          | -          |

#### **5 Profit/result before taxation**

In 2018 and 2017 audit fees of £1,000 in relation to auditing of the financial statements were borne by Southern Water Services Limited and not recharged to the company.

# SOUTHERN WATER (NR) HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

### 6 Tax on result

|                                 | 2018<br>£m | 2017<br>£m |
|---------------------------------|------------|------------|
| <b>Current Tax:</b>             |            |            |
| Current year                    | -          | -          |
| <b>Total current tax charge</b> | <u>-</u>   | <u>-</u>   |

The tax charge for the year can be reconciled to the income statement as follows:

|   | 2018<br>£m | 2017<br>£m |
|---|------------|------------|
| <b>Result before taxation</b>                                   | <u>-</u>   | <u>£m</u>  |
| UK corporation tax rate of 19% on loss for the year (2017: 20%) | -          | -          |
| Permanent differences arising on UK dividends from subsidiary   | -          | -          |
| <b>Tax charge</b>   | <u>-</u>   | <u>-</u>   |

### Factors that may affect future tax charges

A reduction in the main rate of corporation tax to 17% from the 1 April 2020 was enacted in the Finance Bill 2016, and deferred tax balances at the Balance Sheet date have been calculated using this rate.

No deferred tax arose during the year to 31 March 2018 (2017: nil).

### 7 Dividends

|   | 2018<br>£m | 2017<br>£m |
|---|------------|------------|
| <b>Amounts recognised as distributions to equity holders in the year:</b> |            |            |
| Current year final dividend of £nil (2017: £nil) per share                | <u>-</u>   | <u>-</u>   |

The final dividend totalling £nil (2017: £nil) was paid to Southern Water Investments Limited.

# SOUTHERN WATER (NR) HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

### 8 Investments

Shares in subsidiary  
undertakings  
£m

At cost:

At 1 April 2017 and 31 March 2018

176.0

#### Subsidiary undertakings

| Company                     | Class of share capital | No shares issued at £1 each | % shares held | Activity        | Country of incorporation | Registered office   |
|-----------------------------|------------------------|-----------------------------|---------------|-----------------|--------------------------|---|
| Southern Water (NR) Limited | Ordinary               | 175,000,002                 | 100%          | Holding company | UK                       | 1 Exchange Crescent, Conference Square, Edinburgh, United Kingdom, EH3 8UL. |

The directors are satisfied that the book value of investments is supported by their underlying net assets.

By virtue of the company's ownership of Southern Water (NR) Limited it also has the following indirect holdings in subsidiary undertakings of the below companies.

| Company (Country of incorporation)         | Registered Office                     | Activity                |
|--|---------------------------------------|-------------------------|
| Southern Water Limited (UK)                | Southern House, Yeoman Road, Worthing | Holding company         |
| Bowsprit Holdings Limited (UK)             | Southern House, Yeoman Road, Worthing | Dormant                 |
| Bowsprit Property Development Limited (UK) | Southern House, Yeoman Road, Worthing | To hold property rights |
| Monk Rawling Limited (UK)                  | Southern House, Yeoman Road, Worthing | Dormant                 |
| Southern Water Industries Limited (UK)     | Southern House, Yeoman Road, Worthing | Dormant                 |
| EcoClear Limited (UK)                      | Southern House, Yeoman Road, Worthing | Dormant                 |

All of the above subsidiary companies are wholly owned by ordinary shares.

### 9 Trade and other receivables

|                                     | 2018<br>£m | 2017<br>£m |
|-------------------------------------|------------|------------|
| Amounts due from group undertakings | <u>0.1</u> | <u>0.1</u> |

All amounts due from group undertakings are unsecured, interest free and repayable on demand.



# SOUTHERN WATER (NR) HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (continued)

### 10 Trade and other payables

|                                    | 2018<br>£m | 2017<br>£m |
|------------------------------------|------------|------------|
| Amounts owed to group undertakings | -          | -          |

All amounts due owed to group undertakings are unsecured, interest free and repayable on demand.

### 11 Borrowings: amounts falling due after one year

|                                    | 2018<br>£m | 2017<br>£m |
|------------------------------------|------------|------------|
| Amounts owed to group undertakings | 176.1      | 176.1      |

All amounts owed to group undertakings due after one year are unsecured, interest free and repayable on demand to Southern Water Limited. Southern Water Limited have confirmed that this balance will not be called upon for 12 months from the date of these financial statements.

### 12 Called up share capital

|  | 2018<br>£ | 2017<br>£ |
|--|-----------|-----------|
| <b>Authorised:</b>                         |           |           |
| 100 ordinary shares of £1 each             | 100       | 100       |
| <b>Allotted, called up and fully paid:</b> |           |           |
| 1 ordinary share (2017: 1) of £1           | 1         | 1         |

### 13 Ultimate parent and controlling party

The immediate parent company is Southern Water Investments Limited. The ultimate parent and controlling company is Greensands Holdings Limited (Registered Number: Jersey 98700), it was incorporated in Jersey and its registered office address is 44 Esplanade, St Helier, Jersey, JE4 9WG. Greensands Holdings Limited is itself owned and controlled by a consortium of investors. At 31 March 2018, the majority shareholder in Greensands Holdings Limited is an institutional investment company advised by J.P. Morgan Asset Management.

Greensands Holdings Limited is the only group company that prepares consolidated financial statements, which contain the financial statements of Southern Water (NR) Holdings Limited. Copies of Greensands Holdings Limited's consolidated financial statements may be obtained from the company Secretary of Greensands Holdings Limited, at Southern House, Yeoman Road, Worthing, BN13 3NX.

## **SOUTHERN WATER (NR) HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHERN WATER (NR) HOLDINGS LIMITED**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Southern Water (NR) Holdings Limited which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

## **SOUTHERN WATER (NR) HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHERN WATER (NR) HOLDINGS LIMITED (continued)**

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

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.

#### **Report on other legal and regulatory requirements**

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

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

**SOUTHERN WATER (NR) HOLDINGS LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHERN WATER (NR) HOLDINGS LIMITED  
(continued)**

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

A handwritten signature in black ink, reading "Anthony Matthews", with a horizontal line drawn underneath it.

Anthony Matthews (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
13 July 2018