

**Severn Trent Finance Limited**  
(formerly Precis (2716) Limited)

**Report and financial statements**  
**for the period ended 31 March 2008**

Company number 6294618

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Severn Trent Finance Limited  
(formerly Precis (2716) Limited)

**Report and Financial Statements  
for the period ended 31 March 2008**

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**Severn Trent Finance Limited**  
(formerly PreciS (2716) Limited)

**Company information**

<b>Company number</b>	6294618
<b>Directors</b>	Peregrine Secretarial Services Limited (appointed 27 June 2007, resigned 17 August 2007) R C McPheely (appointed 17 August 2007) K A A Porritt (appointed 17 August 2007) P M Senior (appointed 17 August 2007)
<b>Secretary</b>	Office Organization & Services Limited (appointed 27 June 2007, resigned 17 August 2007) K A A Porritt (appointed 17 August 2007)
<b>Registered office</b>	2297 Coventry Road Birmingham B26 3PU
<b>Bankers</b>	Lloyds TSB Bank Plc 125 Colmore Row Birmingham B3 2DT
<b>Solicitors</b>	Herbert Smith LLP Exchange House Primrose Street London EC2A 2HS
<b>Auditors</b>	Deloitte & Touche LLP Chartered Accountants Four Brindleyplace Birmingham B1 2HZ

## **Directors' report**

The directors present their report and the audited financial statements of the company for the period ended 31 March 2008

The directors' report has been prepared in accordance with the special provision relating to small companies under section 246(4) of the Companies Act 1985

## **Business review and principal activities**

The company was incorporated on 27 June 2007 and has not traded during the period.

On 20 August 2007 the company changed its name from PreciS (2716) Limited to Severn Trent Finance Limited

The company is a wholly owned subsidiary of Severn Trent Plc.

The principal activity of the company is to participate in the establishment of a new group holding and finance structure for the Severn Trent Group's overseas operating subsidiaries

Severn Trent Plc manages its operations on a divisional basis and the company's directors do not believe that further key performance indicators for the company are necessary to enhance the understanding of the development, performance or position of the business.

## **Treasury management**

The Severn Trent group manages its treasury operations on a group basis. Financial risk management is performed by Severn Trent's Group Treasury department. This includes assessment and mitigation of price risk, credit risk, liquidity risk and interest rate cash flow risk. The group's treasury management policies and operations are discussed in Severn Trent Plc's Annual Report and Accounts (which does not form part of this report)

## **Environment**

The Severn Trent group recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by its activities. The company operates in accordance with the group policies of Severn Trent Plc which are described in the group's Annual Report and Accounts, which does not form part of this report

## **Employees**

Details of the number of employees and related costs can be found in note 2 to the financial statements

## **Directors' report (continued)**

### **Results and dividends**

The company's profit for the financial period after tax was £48,800. The directors do not recommend the payment of a dividend.

### **Directors**

The directors who served during the year are shown on page 2.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with the 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). The financial statements are required by law to 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 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 proper accounting records that 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 1985. 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.

## **Directors' report (continued)**

### **Directors' indemnities**

The company's Articles of Association provide that directors of the company shall be indemnified by the company against any costs incurred by them in carrying out their duties including defending any proceedings arising out of their positions as directors in which they are acquitted or judgment is given in their favour or relief from any liability is granted to them by the court

### **Supplier payment policy**

No trade creditors were outstanding at year end

### **Auditors**

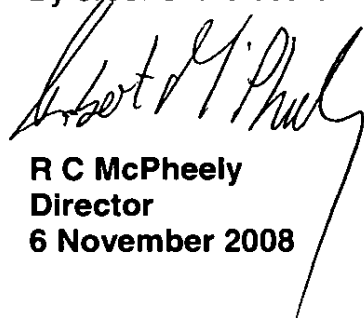
In the case of each of the persons who are directors of the company at the date when this report is approved

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditors are 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 and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

In accordance with Section 386 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually Deloitte & Touche LLP will, therefore, remain as auditors until further notice

By order of the board



**R C McPheely**  
**Director**  
**6 November 2008**

## **Independent auditors' report to the members of Severn Trent Finance Limited (formerly PreciS (2716) Limited)**

We have audited the financial statements of Severn Trent Finance Limited (formerly PreciS (2716) Limited) for the period ended 31 March 2008 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

# Independent auditors' report to the members of Severn Trent Finance Limited (formerly Precis (2716) Limited)

## Basis of audit opinion

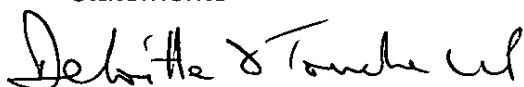
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.



**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors  
Birmingham,  
United Kingdom

6/11/08

Severn Trent Finance Limited  
(formerly Precis (2716) Limited)

Profit and loss account  
For the period ended 31 March 2008

	Notes	2008 £'000
<b>Net interest receivable</b>	4	<b>69.8</b>
<b>Profit on ordinary activities before taxation</b>	2	<b>69.8</b>
Taxation on profit on ordinary activities	5	(21 0)
<b>Profit for the financial period</b>	9	<b>48.8</b>

All results arise from continuing activities

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

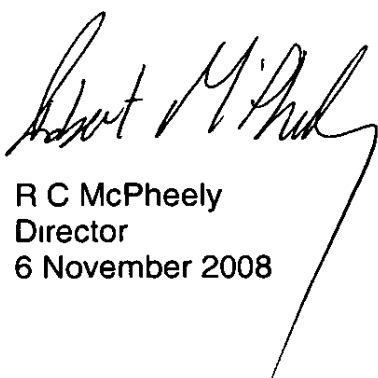
Movements in shareholders funds are disclosed in note 10

Severn Trent Finance Limited  
(formerly Prec1s (2716) Limited)

Balance Sheet  
At 31 March 2008

	Notes	2008 £'000
<b>Fixed assets</b>		
Investments	6	94,069.8
		<b>94,069.8</b>
Creditors, amounts falling due within one year	7	(21.0)
<b>Net assets</b>		<b>94,048.8</b>
<b>Capital and reserves</b>		
Called up share capital	8	94,000.0
Profit and loss account	9	48.8
<b>Shareholders' funds</b>	10	<b>94,048.8</b>

The financial statements were approved by the board of directors and authorised for issue on 6 November 2008. They were signed on its behalf by:



R C McPheely  
Director  
6 November 2008

## Notes to the financial statements for the period ended 31 March 2008

### 1 Accounting policies

#### a) Accounting convention

The financial statements have been prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable United Kingdom Accounting Standards and comply with the requirements of the United Kingdom Companies Act 1985.

#### b) Basis of preparation

The company is a wholly owned subsidiary of Severn Trent Plc and is included in the consolidated accounts of Severn Trent Plc which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cashflow statement under the terms of Financial Reporting Standard 1 (revised).

#### c) Current and deferred taxation

Current taxation is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in respect of timing differences between the treatment of certain items for taxation and accounting purposes only to the extent that the company has an obligation to pay more tax in the future or a right to pay less tax in the future. Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax laws enacted or substantively enacted by the balance sheet date.

### 2. Operating costs

	2008 £'000
Fees payable to the company's auditors for the audit of the company's annual accounts	0.6
	<b>0.6</b>

There were no fees payable to the auditors of the company other than those disclosed above.

The audit fee has been paid by the parent undertaking on behalf of the company.

The average number of employees during the year was nil.

**Notes to the financial statements for the period ended 31 March 2008 (continued)**

**3. Directors' remuneration**

	<b>2008 £'000</b>
Aggregate directors' emoluments during the year excluding pension contributions	-
	-

The emoluments of K A A Porritt, R C McPheely and P M Senior are paid by the ultimate parent company as their services to Severn Trent Finance Limited are incidental to their services provided to other group companies. Accordingly, no emoluments have been disclosed in these financial statements in respect of the directors

**4. Net interest receivable**

	<b>2008 £'000</b>
Interest receivable from group undertakings	70.5
Interest payable to group undertakings	(0.7)
	<b>69.8</b>

**5. Tax on profit on ordinary activities**

	<b>2008 £'000</b>
<b>Current tax</b>	
UK Corporation tax – current year at 30%	21.0
<b>Total current tax</b>	<b>21.0</b>

The tax assessed for the period is the higher than standard rate of corporation tax in the UK (30%)

**Notes to the financial statements for the period ended 31 March 2008 (continued)**

**5. Tax on profit on ordinary activities (continued)**

	<b>2008 £'000</b>
Profit on ordinary activities before tax	69.8
Tax on profit on ordinary activities at standard UK corporation rate of 30%	20.9
Expenses not deductible for tax purposes	0.1
<b>Current tax charge for the period</b>	<b>21.0</b>

The company earns profits primarily in the UK. Therefore the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax, currently 30%.

**6. Fixed asset investments**

The company has investments in the following company.

	<b>Country of incorporation or principal business address</b>	<b>Principal Activity</b>	<b>Holdings</b>	<b>%</b>
Severn Trent Luxembourg Finance S A	Luxembourg	Holding and investment company	Ordinary	0.01
				<b>2008 £'000</b>
<b>Cost and carrying value</b>				
Investment in period				94,069.8
<b>At 31 March 2008</b>				<b>94,069.8</b>

**Notes to the financial statements for the period ended 31 March 2008 (continued)**

**7. Creditors: Amounts falling due within one year**

	<b>2008 £'000</b>
Corporation tax	21.0
	<b>21.0</b>

**8. Share capital**

	<b>2008 £'000</b>
<b>Authorised</b>	
96,500,000 ordinary shares of £1 each	96,500
	<b>96,500</b>
<b>Allotted called up and fully paid</b>	
94,000,002 ordinary shares of £1 each	94,000
	<b>94,000</b>

**9. Profit and Loss account**

	<b>£'000</b>
Profit for the financial period	48.8
At 31 March 2008	<b>48.8</b>

**10. Reconciliation of movement in shareholders' funds**

	<b>2008 £'000</b>
Profit for the financial period	48.8
Shares issued during period	94,000.0
Closing shareholders' funds	<b>94,048.8</b>

**Notes to the financial statements for the period ended 31 March  
2008 (continued)**

**11. Related party transactions**

In accordance with the exemption allowed by paragraph 3(c) of Financial Reporting Standard 8, no disclosure is made of transactions with other member companies of the Severn Trent Plc group

**12. Ultimate parent undertaking**

The ultimate and immediate parent undertaking and controlling party is Severn Trent Plc, which is the parent undertaking and controlling party of the smallest and largest group to consolidate these financial statements. Copies of the Severn Trent Plc consolidated financial statements can be obtained from the Company Secretary at 2297 Coventry Road, Birmingham, B26 3PU.