

# **Catchment Highland Limited**

**Annual report and financial statements  
For the Year Ended 31 December 2009**

**Registered number SC 163036**

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## Directors' report

The directors present their directors' report and the audited financial statements for the year ended 31 December 2009.

### Principal activities

The principal activity of the company is the intra-group leasing of plant, equipment and related land.

### Enhanced business review

#### *Performance of the business.*

The directors consider the financial position of the company at the year end to be satisfactory.

### Dividends

The directors do not recommend the payment of a dividend.

### Directors

N Scott Barrett (resigned 9 January 2009)  
J F McFadzean (appointed 1 October 2009)  
N W Middleton (appointed 14 October 2009)  
M J Edwards (resigned 15 May 2009)  
C P Maloney (resigned 15 May 2009)  
G R Keegan (appointed 15 May 2009)  
A C Ritchie (appointed 13 March 2009, resigned 1 October 2009)  
L A Bell (appointed 15 May 2009)  
R G Jack (resigned 13 September 2009)

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report as detailed in note 4.

### Political and charitable contributions

The company made no political contributions or charitable donations during the year.

### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



J F McFadzean

Director

26 May 2010

Company registration number SC 163036

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgements and 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; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included in the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP

St James' Square  
Manchester  
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United Kingdom

## **Independent auditors' report to the members of Catchment Highland Limited**

We have audited the financial statements of Catchment Highland Limited for the year ended 31 December 2009 set out on pages 4 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **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 December 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with UK 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **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.

Mick Davies (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants

27/5/10

**Profit and loss account**  
*for the year ended 31 December 2009*

	<i>Note</i>	<b>2009</b> <b>£</b>	<b>2008</b> <b>£</b>
Finance lease charges receivable from parent undertaking	2	354,350	787,636
Finance lease charges payable		(354,350)	(792,392)
		<hr/>	<hr/>
Operating profit/ (loss) from continuing operations	3	-	(4,756)
		<hr/>	<hr/>
Profit/ (loss) on ordinary activities before taxation	2-5	-	(4,756)
Tax on profit/ (loss) on ordinary activities	6	(1,332)	1,332
		<hr/>	<hr/>
Profit/ (loss) for the financial year	12	(1,332)	(3,424)
		<hr/>	<hr/>

All recognised gains and losses in the current year are included in the profit and loss account.

**Balance sheet**  
*at 31 December 2009*

	<i>Note</i>	<b>2009</b>		<b>2008</b>	
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Current assets</b>					
Debtors					
Amounts falling due after within one year	7	1,256,205		988,562	
Amounts falling due after more than one year	8	9,874,620		11,231,362	
		<u>11,130,825</u>		<u>12,219,924</u>	
<b>Creditors: amounts falling due within one year</b>	9	<b>(1,256,205)</b>		<b>(987,230)</b>	
		<u></u>		<u></u>	
<b>Net current assets</b>			<b>9,874,620</b>		<b>11,232,694</b>
<b>Creditors: amounts falling due after more than one year</b>	10		<b>(10,066,435)</b>		<b>(11,423,177)</b>
			<u></u>		<u></u>
<b>Net liabilities</b>			<b>(191,815)</b>		<b>(190,483)</b>
			<u></u>		<u></u>
<b>Capital and reserves</b>					
Called up share capital	11		<b>2</b>		<b>2</b>
Profit and loss account	12		<b>(191,817)</b>		<b>(190,485)</b>
			<u></u>		<u></u>
<b>Shareholders' deficit</b>			<b>(191,815)</b>		<b>(190,483)</b>
			<u></u>		<u></u>

These financial statements were approved by the board of directors on 26 May 2010 and were signed on its behalf by:



**J F McFadzean**  
*Director*

**Reconciliation of movements in shareholders' deficit**  
*for the year ended 31 December 2009*

	2009 £	2008 £
Loss for the financial year	(1,332)	(3,424)
Net reductions in shareholders' deficit	(1,332)	(3,424)
Opening shareholders' deficit	(190,483)	(187,059)
Closing shareholders' deficit	(191,815)	(190,483)

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

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

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

The company has net liability of £191,815 (2008 £190,483) as a result of past intra group losses. As all significant assets and liabilities of the company are group related and the group's performance and financial position is secured and the directors believe that the company's liabilities will continue to be paid as due. As such the financial statements have been prepared on a going concern basis and do not include any adjustments that would result from the basis of preparation being inappropriate.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

As the Company is a wholly owned subsidiary of Catchment Highland Holdings Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Catchment Highland Holdings Limited, within which this Company is included, can be obtained from the address given in note 14.

#### ***Taxation***

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### ***Turnover***

Turnover represents sales to the subsidiary undertaking at invoiced amounts less value added tax to the extent that the income relates to the current period

#### ***Dividends on shares presented within shareholders' funds***

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

#### ***Leases***

The company and its parent, Catchment Limited, have entered into a series of legal agreements to finance the Fort William and Inverness wastewater and sewage treatment plants:

- Catchment Highland Limited purchases certain assets as agent for Catchment Limited, and;
- Catchment Limited leases back the same assets from Catchment Highland Limited for operational use in the business.

## Notes (continued)

### 1 Accounting policies (continued)

The directors have concluded that the substance of the arrangements is such that the risks and rewards of the projects lie with Catchment Limited. As such, all assets, liabilities and transactions relating to the business are shown within Catchment Limited, irrespective of the legal ownership.

Catchment Highland Limited remains as a leasing business which rents assets to Catchment Limited. Accordingly, these accounts show the lease liabilities and lease debtors. The capital element of future rentals receivable is treated as an asset and the interest element is credited to the profit and loss account over the period of the lease in proportion to the debtor outstanding. Similarly, the capital element of future rentals payable is treated as a liability and the interest element is charged to the profit and loss account over the period of the lease in proportion to the obligation outstanding.

### 2 Analysis of turnover and profit on ordinary activities before taxation

Turnover and profit on ordinary activities before taxation are derived from the company's principal activity and arises solely within the UK.

### 3 Notes to the profit and loss account

	2009 £	2008 £
Auditors' remuneration:		
Audit of these financial statements	-	-
Other services pursuant to tax legislation	-	-
	<hr/>	<hr/>

The fee payable to the company's auditors of £4,000 (2008: £4,000) is borne by its parent undertaking.

### 4 Remuneration of directors

The directors received no emoluments as directors of the company during the year (2008: £nil).

The following directors benefited from qualifying third party indemnity provisions:

- G R Keegan
- L A Bell
- N W Middleton
- M J Edwards
- C P Maloney
- J F McFadzean
- A C Ritchie
- R G Jack

## Notes (continued)

### 5 Interest payable and similar charges

	2009 £	2008 £
Finance charges payable in respect of finance leases and hire purchase contracts	354,350	792,392

### 6 Taxation

#### Analysis of charge in year

	2009 £	2008 £
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
Total corporation tax	-	-
<i>Deferred tax</i>		
Reversal of timing differences	-	(1,356)
Adjustment in respect of prior years	1,332	-
Effect of decreased tax rate	-	24
Total deferred tax	1,332	(1,332)
Total current tax charge	1,332	(1,332)

#### Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2008: lower) than the standard rate of corporation tax in the UK 28%, (2008: 28%). The differences are explained below.

	2009 £	2008 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	-	(4,756)
Current tax at 28% (2008: 28.5 %)	-	(1,355)
<i>Effects of:</i>		
Tax losses carried forward	-	1,355
Total current tax charge (see above)	-	-

### 7 Debtors: amounts falling due within one year

	2009 £	2008 £
Obligations under finance leases owed by parent undertaking	1,256,205	987,230
Deferred taxation	-	1,332
	1,256,205	988,562

The deferred taxation asset arises from losses carried forward.

## Notes (continued)

### 8 Debtors: amounts falling due after more than one year

	2009 £	2008 £
Obligations under finance leases owed by parent undertaking	9,874,620	11,231,362

### 9 Creditors: amounts falling due within one year

	2009 £	2008 £
Obligations under finance leases and hire purchase contracts (see note 10)	1,256,205	987,230

### 10 Creditors: amounts falling due after more than one year

	2009 £	2008 £
Obligations under finance leases and hire purchase contracts	9,874,620	11,231,362
Amounts owed to group undertakings	191,815	191,815
	<u>10,066,435</u>	<u>11,423,177</u>

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	2009 £	2008 £
Within one year	1,256,205	987,230
In the second to fifth years	6,673,506	5,244,075
Over five years	3,201,114	5,987,287
	<u>11,130,825</u>	<u>12,218,592</u>

### 11 Called up share capital

	2009 £	2008 £
<i>Authorised</i>		
Ordinary shares of £1 each	100	100
	<u>          </u>	<u>          </u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	2	2
	<u>          </u>	<u>          </u>
Shares classified in shareholders' funds	2	2
	<u>          </u>	<u>          </u>

## Notes (continued)

### 12 Reserves

	<b>Profit and loss account £</b>
At beginning of year	(190,485)
Loss for the year	(1,332)
	<hr/>
At end of year	<b>(191,817)</b>
	<hr/>

### 13 Contingent liabilities

There is a cross guarantee in place in respect of monies advanced by Société Générale to Catchment Highland Holdings Limited and Catchment Limited.

The assets of the company are secured to Société Générale by way of a fixed and floating charge.

### 14 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a wholly owned subsidiary of Catchment Limited which is a wholly owned subsidiary of Catchment Highland Holdings Limited. The smallest group in which the results of the company are consolidated is that headed by Catchment Highland Holdings Limited, a company registered in Scotland. The consolidated accounts of this group are available to the public and may be obtained from 11 Thistle Street, Edinburgh, EH2 1DF.

Catchment Highland Holdings Limited is a joint venture with equal immediate parent ownership of United Utilities (Highland) Limited, a company registered in England and Wales (with ultimate parent ownership of United Utilities Plc), Barclays Integrated Infrastructure Fund LP, an English limited liability partnership and International Water UU (Highland) Limited a company registered in England and Wales (which in turn has equal immediate parent ownership of United Utilities (Highland) Limited and Barclays Integrated Infrastructure Fund LP).

The consolidated financial statements of United Utilities Plc are available to the public and may be obtained from Companies House.