

Company No SC247752

Stirling Water (2003) Limited

Financial statements

For the year ended 31 March 2013

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Stirling Water (2003) Limited

Financial statements for the year ended 31 March 2013

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Stirling Water (2003) Limited

Company information

Directors

	Date Appointed	Date Resigned
Mr James Arthur Barrett	20 August 2013	
Mr Andrew Jonathan Barrie		24 April 2013
Mr David Robert Barrow		
Mr Andrew Gordon Brown	11 March 2013	
Mr Steven Doyle Canney		
Mr Nigel John Earnshaw		
Mr Alan Fairweather		
Mr Fraser John Gale	1 January 2013	
Mr Robert Turnbull Hudson		1 August 2013
Mr Stephen James Miller		
Mr John Mitchell		
Mr Christopher Stewart Notman		31 December 2012
Mr Anthony Richard Towse		31 July 2012
Mr David Huw Williams		20 August 2013

Registered Office

13 Queens Road
Aberdeen
AB15 4YL

Registered Number

SC247752

Registered Auditor

Baker Tilly UK Audit LLP
3rd Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

Stirling Water (2003) Limited

Report of the directors for the year ended 31 March 2013

The directors present their report and the audited financial statements of the company for the year ended 31 March 2013.

Business review and principal activities

Stirling Water (2003) Limited ("the company") provides management services to one client, Scottish Water Solutions Limited. Scottish Water Solutions are delivering a quality and standards programme to Scottish Water, including for example the building of water and treatment works and the laying of mains and sewers.

The contract ended part way through the current year and the final balance on the contract was invoiced during the year. The only remaining transactions will relate to the wind-down of continuing obligations under the contract.

The results for the company show a pre-tax profit of £62,256 (2012: £185,554) for the year ended 31 March 2013 and sales of £8,457,935 (2012: £1,856,333), which the directors consider to be satisfactory given the contract the company is party to as disclosed in the accounting policies.

Future outlook

During Q3/Q4 of the prior year, the Board actively pursued a strategy which supported the early close-down of the remaining programme. The sale of residual project liabilities back to Scottish Water was subsequently agreed to take effect 31 May 2012 and the supporting commercial agreement finalised effective 13 September 2012. The only remaining transactions will relate to the continued wind-down of trade.

Results and Dividends

The company's profit for the year was £49,805 (2012: £135,327). The directors do not recommend the payment of a dividend for the year (2012:Nil).

Directors

The directors who held office during the year and up to the signing of the financial statements are stated on page 1.

AUDITOR

Baker Tilly UK Audit LLP have shown their willingness to continue as Auditor.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

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

By order of the Board,


Stephen J Miller
Director

2013

12th December 2013

Stirling Water (2003) Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF 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 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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and 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.

Stirling Water (2003) Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STIRLING WATER (2003) LIMITED

We have audited the financial statements on pages 5 to 13. 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 auditors

As more fully explained in the 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 (APB's) Ethical Standards for Auditors.

Scope of the audit

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

Opinion on the 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 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

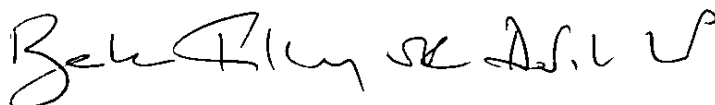
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' 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; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.



COLIN ROBERTS FCA (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

3rd Floor

One London Square

Cross Lanes

Guildford

Surrey

GU1 1UN

20.03.2013

Stirling Water (2003) Limited

Profit and loss account for the year ended 31 March 2013

	Note	2013 £	2012 £
Turnover	2	8,457,935	1,856,333
Cost of sales		(8,354,300)	(1,600,732)
Gross profit		103,635	255,601
Administrative expenses		(53,067)	(71,924)
Operating profit	3	50,568	183,677
Interest receivable	6	16,466	30,573
Interest payable	7	(4,778)	(28,696)
Profit on ordinary activities before taxation		62,256	185,554
Tax on profit on ordinary activities	8	(12,451)	(50,227)
Profit on ordinary activities after taxation	16, 17	49,805	135,327

The turnover and operating profit for the year relates to the company's operations that were discontinued during the year.

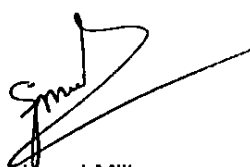
The company has no recognised gains or losses other than the profit for the year as set out above and therefore no separate statement of total recognised gains or losses has been presented.

Stirling Water (2003) Limited
Company Registration Number: SC247752

Balance sheet as at 31 March 2013

	Note	2013 £	2012 £
Fixed assets			
Investments	9	-	-
Current assets			
Debtors: Amounts falling due within one year	10	874	1,303,349
Debtors: Amounts falling due after one year	10	100,015	-
Cash at bank		442,910	616,386
Restricted cash	11	-	6,936,971
		543,799	8,856,706
Creditors: Amounts falling due within one year	12	(30,243)	(1,441,732)
Net current assets		513,556	7,414,974
Total assets less current liabilities		513,556	7,414,974
Creditors: Amounts falling due after one year	13	-	(6,951,223)
Net assets		513,556	463,751
Capital and reserves			
Called-up share capital	15	1,200	1,200
Profit and loss account	16	512,356	462,551
Total shareholders' funds	17	513,556	463,751

The financial statements on page 5 to 13 were approved by the board of Directors and authorised for issue on21/12.2013 and signed on its behalf by:



Stephen J Miller
 Director

Stirling Water (2003) Limited

Notes to the financial statements for the year ended 31 March 2013

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and applicable UK accounting standards. The principal accounting policies are set out below.

Going concern

The company is a joint venture vehicle, which was set up as an intermediary between the joint venture partners and Scottish Water Solutions Limited. Scottish Water Solutions Limited's last remaining project was completed and handed over to its sole customer, Scottish Water, in the year in May 2012. Scottish Water Solutions Limited had a contractual requirement to remedy defects occurring on the constructed assets for a two year warranty period. Scottish Water Solutions Limited came to an agreement to buy itself out of its remaining liabilities with Scottish Water. Following this, Scottish Water Solutions Limited trading activities have ceased with no future trading intended. As a result, the company's trading activities are expected to cease in due course. However, the joint venture partners are contractually obliged to provide financial support, as and when required, in order for the company to meet its external obligations. In view of this, the directors consider it appropriate to prepare the accounts on a going concern basis.

Investment

Investments are held as fixed assets at cost plus annual capital contributions made. A provision is made for any permanent diminution in value.

Deferred Taxation

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 have 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.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax is measured on a non-discounted basis.

Turnover

Turnover represents the fair value of services invoiced, excluding value added tax.

Cash flow statement

The company has taken advantage of the small company exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1.

Stirling Water (2003) Limited

Notes to the financial statements for the year ended 31 March 2013 (Continued)

2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company based solely in the United Kingdom.

3 Operating profit

Operating profit is stated after charging:

	2013	2012
	£	£
Auditor's remuneration:		
- Audit fees	9,500	10,250
- Other services	2,000	2,000
Impairment of Fixed Asset Investment (note 9)	-	38,000

4 Employees

No staff were employed during the year or prior year.

5 Directors' emoluments

The directors do not receive remuneration for their role as directors of this company.

6 Interest receivable

	2013	2012
	£	£
Bank interest receivable	16,466	30,573

7 Interest payable

	2013	2012
	£	£
Interest payable to related parties	4,778	28,696

Stirling Water (2003) Limited

Notes to the financial statements for the year ended 31 March 2013 (Continued)

8 Taxation

	2013 £	2012 £
Current tax:		
UK corporation tax on profit for the year	12,451	50,227
Current tax charge	12,451	50,227
Deferred tax charge	-	-
Tax on profit on ordinary activities	12,451	50,227
Factors affecting tax charge for the year		
Profit on ordinary activities before tax	62,256	185,554
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 20% (2012: 26%)	12,451	48,244
Effects of:		
Non deductible expenses	-	9,880
Marginal rate relief	-	(7,897)
Current tax charge for the year	12,451	50,227

Stirling Water (2003) Limited

Notes to the financial statements for the year ended 31 March 2013 (Continued)

9 Investments

Cost	£
At 1 April 2012 and 31 March 2013	74,051
Amounts written off	
At 1 April 2012 and 31 March 2013	(74,051)
Net Book Value at 31 March 2013	-
Net Book Value at 31 March 2012	-

The company has a joint venture interest in Scottish Water Solutions Limited. The company owns 245 (24.5%) of the £1 ordinary shares of this company. Scottish Water Solutions Limited has only issued ordinary shares.

The directors have not classified this investment as an associate, despite holding more than 20% of the ordinary shares of the company, on the basis that they do not have significant influence due to a third party majority shareholder.

Profit and loss account of Scottish Water Solutions Limited for the years ending 31 March 2013 and 2012:

	2013 £'000	2012 £'000
Turnover	16,675	16,709
Cost of sales	(16,271)	(16,129)
Gross profit	404	580
Administrative expenses	(404)	(580)
Profit for the year before taxation	-	-
Tax on profit on ordinary activities	-	(104)
Retained profit/(loss) for the year	-	(104)

Equity shareholders' funds of Scottish Water Solutions Limited at 31 March 2013 and 2012 were £1,000.

The figures relating to Scottish Water Solutions Limited have been extracted from their audited accounts for the year ended 31 March 2013, which were approved by the directors on 17 May 2013. The auditor of Scottish Water Solutions Limited is PricewaterhouseCoopers. Copies of these accounts are available from Companies House.

Stirling Water (2003) Limited

Notes to the financial statements for the year ended 31 March 2013 (Continued)

10 Debtors

	2013 £	2012 £
Amounts falling due within one year:		
Trade debtors	-	1,233,333
Other debtors	874	56,716
Prepayments and accrued income	-	13,300
Debtors: Amounts falling due within one year:	874	1,303,349
Amounts falling due after one year:		
Trade debtors	100,015	-
Debtors: Amounts falling due after one year:	100,015	-
Debtors	100,889	1,303,349

Trade debtors of £100,015 (2012: £Nil) relates to a retention of funds held by Scottish Water to be paid on the earlier of the dissolution of Scottish Water Solutions or the fifth anniversary of the Commercial Agreement of Close Out Arrangements signed 13 September 2012.

11 Cash at bank

Cash balances with bank include £Nil (2012: £6,936,971) of restricted cash deposits, which are held by the company in a collateral account until authorised for release by the guarantee holder. The guarantee was in respect of a possible future claim by Scottish Water Solutions Limited, if the programme underperforms against the expected investment delivery costs. This was repaid during the year.

12 Creditors: Amounts falling due within one year

	2013 £	2012 £
Trade creditors	-	315,800
Corporation tax	12,451	50,227
Accruals and deferred income	17,792	1,075,705
Creditors	30,243	1,441,732

Trade creditors solely represent amounts due to related parties (see note 14).

13 Creditors: Amounts falling due after one year

	2013 £	2012 £
Amounts owed to related parties	-	6,951,223

The amounts owed to related parties related to a guarantee held in respect of the Scottish Water Solutions project, which was held as restricted cash as disclosed in note 11.

Stirling Water (2003) Limited

Notes to the financial statements for the year ended 31 March 2013 (Continued)

14 Related party transactions

Name	Relationship	Description of Services provided	Transaction £	2013 Amounts due (to) or from as at 31 March	Transaction £	2012 Amounts due (to) or from as at 31 March
				2013 £		2012 £
Scottish Water Solutions Limited	Joint Venture	Fees in relation to provision of design and management services	8,457,935	100,015	1,856,333	1,233,333
Carillion Construction Limited	Investor in Stirling Water (2003) Limited	Fees in relation to provision of management services and interest payable	2,088,575	-	-	-
Black & Veatch Limited	Investor in Stirling Water (2003) Limited	Fees in relation to provision of management services and interest payable	2,088,575	-	162,565	(3,575,380)
Kellogg Brown and Root Limited	Investor in Stirling Water (2003) Limited	Fees in relation to provision of management and accounting services and interest payable	2,088,575	-	176,889	-
Veolia Water Outsourcing Limited	Investor in Stirling Water (2003) Limited	Fees in relation to provision of management services	2,088,575	-	147,962	-
Alfred McAlpine Utility Services Limited	Investor in Stirling Water (2003) Limited	Fees in relation to provision of management services and interest payable	-	-	162,055	(3,361,590)

Amounts invoiced due from or to related parties are included in trade debtors or trade creditors as appropriate.

15 Share capital

Authorised, issued, allotted, called up and fully paid:

Equity	2013		2012	
	No	£	No	£
Ordinary 'A' shares of £1 each	300	300	300	300
Ordinary 'B' shares of £1 each	300	300	300	300
Ordinary 'C' shares of £1 each	300	300	300	300
Ordinary 'D' shares of £1 each	300	300	300	300
	1,200	1,200	1,200	1,200

The allotted share capital of the company is divided into 1,200 ordinary shares of £1 each, ranking pari passu in all respects.

Stirling Water (2003) Limited

Notes to the financial statements for the year ended 31 March 2013 (Continued)

16 Profit and loss account

	2013	2012
	£	£
Balance brought forward	462,551	327,224
Profit for the financial year	49,805	135,327
Balance carried forward	512,356	462,551

17 Reconciliation of movements in shareholders' funds

	2013	2012
	£	£
Profit for the financial year	49,805	135,327
Opening shareholders' funds	463,751	328,424
Closing shareholders' funds	513,556	463,751

18 Ultimate controlling party

In the opinion of the directors there is no single controlling party.