

# **Severn Trent Services Purification Limited**

## **Report and financial statements**

**for the year ended 31 March 2009**

Company number 02409826

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# **Severn Trent Services Purification Limited**

## **Report and Financial Statements for the ended 31 March 2009**

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## **Severn Trent Services Purification Limited**

### **Company information**

<b>Company number</b>	02409826
<b>Directors</b>	R C McPheely K A A Porritt P M Senior
<b>Secretary</b>	K A A Porritt
<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 LLP Chartered Accountants Four Brindleyplace Birmingham B1 2HZ

# **Severn Trent Services Purification Limited**

## **Directors' Report**

The directors present their report and the audited financial statements of the company for the year ended 31 March 2009.

## **Business review and principal activities**

The company is a wholly owned subsidiary of Severn Trent Plc and operates as part of the Severn Trent group's Severn Trent Services business.

The company's principal activity is that of a non-trading company. The company's financial position was slightly weaker than in the previous year, due to a higher bank overdraft at the year end of £4,397,000 (2008: £4,241,000).

The company's loss for the period of £154,000 is disclosed in the profit on loss account on page 8. The company's net liabilities of £2,134,000 are disclosed in the balance sheet on page 9. The directors have considered the company's performance for the period and financial position in their going concern assessment within this report.

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. The performance of the Severn Trent Services business, which includes this company, is discussed in Severn Trent Plc's Annual Report and Accounts (which does not form part of this report).

## **Principal risks and uncertainties**

The balance sheet includes assets and liabilities, which are subject to interest rate risk. These risks are managed by the monitoring of interest rates on deposits. The fair value of financial assets and liabilities is equivalent to their carrying value in these financial statements.

## **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 company 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).

## **Post balance sheet events**

There are no post balance sheet events to report.

# **Severn Trent Services Purification Limited**

## **Directors' Report (continued)**

### **Results and dividends**

The company's loss for the financial year after taxation was £154,000 (2008: £141,000). The directors do not recommend the payment of a dividend (2008: £nil).

### **Going concern**

The directors have considered the financial position and future prospects of the company. The directors believe that the company has access to sufficient resources to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### **Directors**

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

No emoluments were paid by the company in respect of the services of the directors to the company. Their emoluments are paid by other companies within the Severn Trent group.

### **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 (UK 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;
- 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.

## **Severn Trent Services Purification Limited**

### **Directors' Report**

#### **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.

#### **Auditors and disclosure of information to 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.

Relevant audit information means information needed by the company's auditors in connection with preparing their report.

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

Deloitte LLP has indicated its willingness to continue as auditors.

By order of the board



R C McPheely  
Director  
6 July 2009

## **Independent auditors' report to the members' of Severn Trent Services Purification Limited**

We have audited the financial statements of Severn Trent Services Purification Limited for the year ended 31 March 2009 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. 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.

### **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.

# Independent auditors' report to the members' of Severn Trent Services Purification Limited

## 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 2009 and of the its loss for the year 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 LLP*

**Deloitte LLP**  
Chartered Accountants and Registered Auditors  
Birmingham,  
United Kingdom  
6 July 2009



# Severn Trent Services Purification Limited

## Profit and loss account

For the year ended 31 March 2009

	Notes	2009 £'000	2008 £'000
<b>Operating loss</b>	2	-	-
<b>Net interest payable</b>	3	(212)	(206)
<b>Loss on ordinary activities before taxation</b>		(212)	(206)
Taxation on loss on ordinary activities	5	58	65
<b>Loss for the financial year</b>	9	(154)	(141)

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

All activities of the company, as non-trading, are continuing.

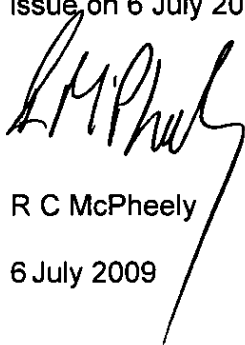
# Severn Trent Services Purification Limited

## Balance Sheet

At 31 March 2009

	Notes	2009 £'000	2008 £'000
<b>Current assets</b>			
Debtors	6	3,060	3,059
		3,060	3,059
<b>Creditors: amounts falling due within one year</b>	7	(5,194)	(5,039)
<b>Net current liabilities being net liabilities</b>		(2,134)	(1,980)
<b>Capital and reserves</b>			
Called-up share capital	8	700	700
Profit and loss account	9	(2,834)	(2,680)
<b>Total shareholders' deficit</b>	10	(2,134)	(1,980)

The financial statements were approved by the board of directors and authorised for issue on 6 July 2009. They were signed on its behalf by:



R C McPheely  
6 July 2009

Director

# Severn Trent Services Purification Limited

## Notes to the financial statements

31 March 2009

### 1. Accounting policies

#### a) Accounting convention

The financial statements have been prepared on the going concern basis under the historical cost convention, and in accordance with applicable United Kingdom Accounting Standards comply with the requirement of the United Kingdom Companies Act 1985 ('the Act').

#### 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. Consequently, the directors have taken advantage of the exemption available under section 228 of the United Kingdom Act 1985 from preparing group accounts.

The company has also taken advantage of the exemption in FRS 1 'Cash flow statements' and not presented a cash flow statement.

#### c) Current and deferred taxation

Current taxation is provided at amounts expected to be paid (or recovered) using the tax rates 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

The audit fee of £1,000 (2008: £1,000) has been paid by the parent undertaking on behalf of the company.

There were no employees or staff costs during the year (2008: £nil).

### 3. Net interest payable

	2009 £'000	2008 £'000
Interest payable on:		
Bank overdraft	212	206

# Severn Trent Services Purification Limited

## Notes to the financial statements (continued)

31 March 2009

### 4. Directors' remuneration

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 Services Purification Limited are incidental to their services provided to other group companies. It is not possible to make an accurate apportionment of the emoluments in respect of each of the subsidiaries. Accordingly, no emoluments have been disclosed in these financial statements in respect of the directors.

### 5. Tax on loss on ordinary activities

	2009 £'000	2008 £'000
<b>Current tax</b>		
Group relief on loss of the period	(60)	(63)
Adjustments in respect of previous periods	2	(2)
<b>Tax on loss on ordinary activities</b>	<b>(58)</b>	<b>(65)</b>

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

	2009 £'000	2008 £'000
<b>Loss on ordinary activities before tax</b>	<b>(212)</b>	<b>(206)</b>
Tax on loss on ordinary activities at standard UK corporation rate of 28% (2008: 30%)	(60)	(62)
Effects of:		
Expenses not deductible for tax purposes	-	(1)
Adjustments to tax charge in respect of previous periods	2	(2)
<b>Current tax credit for the period</b>	<b>(58)</b>	<b>(65)</b>

The company's losses arise primarily in the UK. Therefore the tax rate used for tax on loss on ordinary activities is the standard rate for UK corporation tax, currently 28%.

There are no timing differences between the treatment of items for taxation and accounting purposes and consequently there is no provision for deferred tax as at 31 March 2009 (2008: £nil).

# Severn Trent Services Purification Limited

## Notes to the financial statements (continued)

31 March 2009

### 6. Debtors: Amounts falling due within one year

	2009 £'000	2008 £'000
Amounts owed by parent undertaking	3,030	3,030
Group relief owed by group undertakings	30	29
	<b>3,060</b>	<b>3,059</b>

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

	2009 £'000	2008 £'000
Bank overdraft	4,397	4,241
Amounts owed to group undertakings	779	779
Other creditors	18	19
	<b>5,194</b>	<b>5,039</b>

### 8. Share capital

	2009 £'000	2008 £'000
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#### Authorised, allotted, issued and fully paid up

700,000 ordinary shares of £1 each	700	700
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### 9. Profit and loss account

	£'000
At 1 April 2008	(2,680)
Loss for the financial year	(154)
<b>At 31 March 2009</b>	<b>(2,834)</b>

# Severn Trent Services Purification Limited

## Notes to the financial statements (continued)

31 March 2009

### 10. Reconciliation of movement in shareholders' deficit

	2009 £'000	2008 £'000
Loss for the financial year	(154)	(141)
Opening shareholders' deficit	(1,980)	(1,839)
Closing shareholders' deficit	(2,134)	(1,980)

### 11. Contingent liabilities

The banking arrangements of the company operate on a pooled basis with certain fellow group undertakings. Under these arrangements participating companies guarantee each others balances only to the extent that their credit balances can be offset against group overdrawn balances.

At 31 March 2009 the company was in an overdrawn position, therefore bearing no liability (2008: £nil).

### 12. Subsequent events

There are no material post balance sheet events to report.

### 13. Related party transactions

There have been no transactions with the directors of the company during the financial year and accordingly no amounts are outstanding at the year end (2008: £nil).

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.

### 14. Ultimate parent undertaking

The immediate parent undertaking is Severn Trent Services Holdings Limited.

The ultimate 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.