

Registration number 3102176

Albion Water Limited

Abbreviated accounts

for the year ended 31 March 2013



Albion Water Limited

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**Independent auditors' report to Albion Water Limited
under Section 449 of the Companies Act 2006**

We have examined the abbreviated accounts set out on pages 2 to 5 together with the financial statements of Albion Water Limited for the year ended 31 March 2013 prepared under Section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and the auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2008/4 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

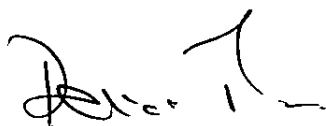
In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with those provisions.

Emphasis of Matter - The supply price of water

In forming our opinion on the financial statements, which is not modified, we have considered the following matter:

The adequacy of the disclosure made in note 6 to the financial statements concerning the outcome of the final determination concerning the price of water purchased by the company for resale.

The ultimate outcome of the matter cannot presently be determined so no provision has been made in the accounts for any liability greater than that already provided for, nor has income been recognised in respect of any determination that would be less than that already provided for.



David Tansley (senior statutory auditor)
For and on behalf of Sinnett & Tansley Limited
Chartered Accountants & Statutory Auditors

11th December 2013

3 Richfield Place
Richfield Avenue
Reading RG1 8EQ

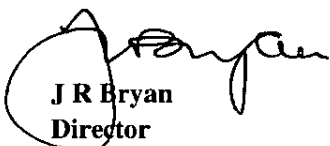
Albion Water Limited

**Abbreviated balance sheet
as at 31 March 2013**

		2013		2012	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	3		269,063		275,643
Current assets					
Debtors		2,225,295		336,756	
Cash at bank and in hand		216,481		312,959	
		<u>2,441,776</u>		<u>649,715</u>	
Creditors: amounts falling due within one year		<u>(2,226,835)</u>		<u>(1,392,474)</u>	
Net current assets/(liabilities)			<u>214,941</u>		<u>(742,759)</u>
Total assets less current liabilities			484,004		(467,116)
Provisions for liabilities			<u>(408,840)</u>		<u>(445,698)</u>
Net assets/(liabilities)			<u>75,164</u>		<u>(912,814)</u>
Capital and reserves					
Called up share capital	4		1		1
Profit and loss account			<u>75,163</u>		<u>(912,815)</u>
Shareholders' funds			<u>75,164</u>		<u>(912,814)</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 and the Financial Reporting Standard for Smaller Entities (effective April 2008) relating to small companies

The abbreviated accounts were approved by the Board on 10/12/2013 and signed on its behalf by


J R Bryan
Director

Registration number 3102176

The notes on pages 3 to 5 form an integral part of these financial statements.

Albion Water Limited

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

1. Accounting policies

1.1. Accounting convention

The accounts are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year and derives from the provision of goods falling within the company's ordinary activities

1.3. Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred

1.4. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows

Land and buildings	-	No depreciation on land
Plant and machinery	-	2 years straight line
Infrastructure	-	100 years straight line
Sewerage treatment works	-	60 years straight line

Mechanical & Electrical	-	10 years straight line
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The company has acquired the rights to operate sewerage facilities at Knowle Village from Berkeley Homes (Southern) Limited. These were acquired at nil value. The directors consider that they have a value of £934,302 but are matched by obligations of a similar amount. The commercial value of the assets is depreciated at rates shown above and are then negated by a similar amount to reflect that consideration was nil.

2. Auditors' remuneration

The audit costs are paid by Albion Group Limited

Albion Water Limited

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

continued

3. Fixed assets	Tangible fixed assets £	
Cost		
At 1 April 2012	301,598	
Third party contribution b/fwd	3,430,928	
Third party contribution	(3,434,302)	
At 31 March 2013	<u>298,224</u>	
Depreciation		
At 1 April 2012	95,991	
Amortisation of fixed asset contribution b/fwd	131,044	
Charge for year	79,990	
Amortisation of fixed asset contribution	(277,864)	
At 31 March 2013	<u>29,161</u>	
Net book values		
At 31 March 2013	<u>269,063</u>	
At 31 March 2012	<u>205,607</u>	
4. Share capital	2013 £	2012 £
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>
Equity Shares		
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>
5. Ultimate parent undertaking		

The ultimate holding company is Albion Water Group Limited, a company incorporated in England

Albion Water Limited

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

continued

6. Uncertainty with regard to the supply price of water

The accounts for the year ended 31st March 2012 contained provision for £842,000 claimed by Dwr Cymru as compensation under the terms of a Final Determination of the bulk supply for the Shotton site, for which Albion is the inset appointee. Compensation is calculated for the period from 22nd February 2010 to 31st October 2011, the date of Ofwat's determination and has the force of law. Albion applied for permission to proceed to Judicial Review of Ofwat's decision and upon receiving Albion's submissions and in the light of Dwr Cymru's failure to provide full disclosure of relevant evidence, Ofwat withdrew its Final Determination. Prices have reverted to the lower levels in Ofwat's Interim Determination, which has also had the effect of quashing the award of compensation. The accounts have been prepared on the basis of the prevailing (lower) prices. However, provision for the higher prices set by Final Determination (now overturned but not reset) has been maintained. Any adjustments required when Ofwat recalculates its Final Determination will be dealt with in the year it is issued.

Ofwat did not deal with the issue of prices that should apply to the period before the determination, however Dwr Cymru has indicated that prices eventually determined should apply to both periods. Albion resists this.