

**Dee Valley Water (Holdings) Limited**

**Directors' report and financial  
statements**

Registered number 04421854  
for the year ended 31 March 2010

WEDNESDAY



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22/09/2010  
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## **Company Information**

<b>Directors</b>	D J Guest Capita Trust Company Limited Capita Trust Corporate Services Limited
<b>Secretary</b>	D J Guest
<b>Company number</b>	04421854
<b>Registered office</b>	Packsaddle Wrexham Road Rhostyllen Wrexham LL14 4EH
<b>Auditors</b>	KPMG Audit Plc 8 Princes Parade Liverpool L3 1QH

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 March 2010

### **Principal activities**

The principal activity of the company was that of a holding company

### **Risks and uncertainties**

The principal risk in the company is the carrying value of its investments in Dee Valley Water Plc which is dependent on the trading of that company

### **Results and dividends**

The profit for the year was £2,441,000 (2009 loss of £8,799,000) The Company paid a dividend for the year of £2,441,000 (2009 £2,460,000) The loss in 2009 was attributable to a write down in the value of the company's investment in Dee Valley Water Plc

### **KPI's**

There are no specific KPI's used to monitor the company

### **Directors and directors' interests**

The directors who held office during the year were as follows

D J Guest  
Capita Trust Company Limited  
Capita Trust Corporate Services Limited

### **Capital reduction scheme**

On 2 July 2009 the Directors resolved to proceed with a reduction of capital under chapter 10, sections 641 to 644 of the Companies Act 2006 The reduction of capital would be achieved by reducing the share premium account from £45,999,001 to nil and redesignating this balance as a distributable reserve

In order to proceed with the reduction of capital, each of the Directors signed a solvency statement confirming that the Company would be able to pay its debts as they fell due within the next twelve months

The capital reduction was effective from 10 July 2009, being the date on which the resolution was registered at Companies House

### **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 auditor is 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 auditor is aware of that information

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

### **Auditors**

Pursuant to Section 487(2) of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the board



*DJ Guest  
Director*

Packsaddle  
Wrexham Road  
Rhostyllen  
Wrexham  
LL14 4EH

*15 September*

2010

## **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 judgments 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.



## **Independent auditor's report to the members of Dee Valley Water (Holdings) Limited**

We have audited the financial statements of Dee Valley Water (Holdings) Limited for the year ended 31 March 2010 set out on pages 6 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 4, 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 March 2010 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 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.

John Costello (Senior Statutory Auditor)  
for and on behalf of KPMG Audit Plc, Statutory  
Auditor  
Chartered Accountants  
8 Princes Parade  
Liverpool  
L3 1QH

**Profit and loss account**  
*for the year ended 31 March 2010*

	<i>Note</i>	<b>2010 £000</b>	<b>2009 £000</b>
<b>Administrative expenses</b> (2009 including provision for diminution in value of investments of £11,259,000)	5	-	(11 259)
<b>Other interest receivable and similar income</b>			
Investment Income	7, 8	<b>2,441</b>	2,460
<b>Profit/(loss) on ordinary activities before taxation</b>	4	<b>2,441</b>	(8,799)
<b>Profit/(loss) on ordinary activities after taxation</b>	7, 8	<b>2,441</b>	(8,799)

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains or losses other than those passing through the profit and loss account



**Balance sheet**  
*at 31 March 2010*

	<i>Note</i>	<b>2010</b> <b>£000</b>	2009 £000
<b>Fixed assets</b>			
Investment	5	34,741	34,741
		<hr/>	<hr/>
<b>Net assets</b>		34,741	34,741
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	6	-	-
Share Premium account	7	-	46 000
Profit and loss account	7	34,741	(11,259)
		<hr/>	<hr/>
<b>Shareholders' funds</b>		34,741	34,741
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 15/09/10 and were signed on its behalf by

*D. O. Guest*

*DJ Guest*  
*Director*

Registered number 4421854

## **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, except as noted below

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

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

Under FRS 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 Dee Valley Group Plc, 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 Dee Valley Group Plc, within which this Company is included, can be obtained from the address given in note 9

#### ***Investments***

Fixed asset investments are stated at cost less provision for diminution in value. The company's only investment is in Dee Valley Water plc which is tested for impairment with reference to the quoted share price of the ultimate parent company, Dee Valley Group plc, as Dee Valley Water plc is the only trading subsidiary of the group. Dividend income is recognised when approved and paid by the investee.

#### ***Taxation***

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

#### ***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 in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than no that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet.

#### ***Group accounts***

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 435 of the Companies Act 2006 as it is a subsidiary undertaking of Dee Valley Group plc, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

## **Notes (continued)**

### **2 Staff numbers and costs**

There were no employees during the current and prior year apart from the directors. Directors' remuneration was borne by a fellow subsidiary undertaking during the current and prior year.

### **3 Profit before tax**

Auditor's remuneration in the current and prior years was borne by a fellow subsidiary company Dee Valley Water Plc.

### **4 Taxation**

	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
<b>Domestic current year tax</b>		
UK Corporation Tax	-	-
	<hr/>	<hr/>
<b>Total current tax</b>	-	-
	<hr/>	<hr/>
<b>Factors affecting the tax charge for the year</b>		
Profit/(loss) on ordinary activities before taxation	<b>2,441</b>	(8,799)
	<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28% (2009 28%)	<b>683</b>	(2,464)
Effects of		
Provision against cost of investment not deductible for tax purposes	-	3,153
Dividends and distributions received	<b>(683)</b>	(689)
	<hr/>	<hr/>
<b>Total tax expense</b>	-	-
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 5 Fixed asset investments

	2010 £000	2009 £000
Cost unlisted investment	46,000	46,000
Provision for diminution value	11,259	11,259
<b>Net book value</b>	<b>34,741</b>	<b>34,741</b>

The impairment charge has been calculated with reference to the quoted share price of the ultimate parent company, Dee Valley Group plc, as Dee Valley Water plc is the only trading subsidiary of the group

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held	%
Dee Valley Water Plc	England and Wales	Ordinary		100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year as were as follows

	Capital and Reserves 2010 £000	Profit for the year 2010 £000
Dee Valley Water Plc	11,303	4,378

### 6 Called up share capital

	2010 £	2009 £
<b>Authorised</b>		
100 Ordinary shares of £1 each	100	100
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	100	100

## Notes (continued)

### 7 Statements of movements on reserves

	Share Premium Account £000	Profit and loss account £000
Balance at 31 March 2009	46,000	(11 259)
Capital reduction scheme	(46,000)	46,000
Profit the year	-	2,441
Dividends	-	(2,441)
<b>Balance at 31 March 2010</b>	<b>-</b>	<b>34,741</b>

### 8 Reconciliation of movements in shareholders' funds

	2010 £000	2009 £000
Profit/(loss) for the financial year	2,441	(8,799)
Dividends	(2,441)	(2,460)
	-	(11,259)
Opening shareholders' funds	34,741	46,000
Closing shareholders' funds	34,741	34,741

### 9 Capital reduction scheme

On 2 July 2009 the Directors resolved to proceed with a reduction of capital under chapter 10, sections 641 to 644 of the Companies Act 2006. The reduction of capital would be achieved by reducing the share premium account from £45,999,001 to nil and redesignating this balance as a distributable reserve.

In order to proceed with the reduction of capital, each of the Directors signed a solvency statement confirming that the Company would be able to pay its debts as they fell due within the next twelve months.

The capital reduction was effective from 10 July 2009, being the date on which the resolution was registered at Companies House.

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

The immediate parent company is Chester Water Limited, a company registered in England and Wales.

The Directors regard Dee Valley Group plc, a company registered in England and Wales, as being the Company's ultimate holding company.

Dee Valley Group plc prepares group financial statements and copies can be obtained from The Company Secretary, Dee Valley Group plc, Packsaddle, Wrexham, Rhosyllen, Wrexham, LL14 4EH.

### 11 Related Party Transactions

Dividend income of £2,441,000 (2009 £2,460,000) has been received from Dee Valley Water Plc. The auditor's remuneration in the current and prior year was paid by a fellow subsidiary company Dee Valley Water Plc.