

**Company Registration No. 04421854**

**DEE VALLEY WATER  
(HOLDINGS) LIMITED**

**Annual Report and Financial Statements**

**For the year ended 31 March 2016**

FRIDAY



\*A5G4GTGH\*

A33

23/09/2016

#221

COMPANIES HOUSE

## **DEE VALLEY WATER (HOLDINGS) LIMITED**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and Professional Advisers</b>	<b>1</b>
<b>Strategic Report</b>	<b>2</b>
<b>Directors' Report</b>	<b>3</b>
<b>Directors' Responsibilities Statement</b>	<b>4</b>
<b>Independent Auditor's Report</b>	<b>5</b>
<b>Profit and Loss Account</b>	<b>7</b>
<b>Balance Sheet</b>	<b>8</b>
<b>Statement of Changes in Equity</b>	<b>9</b>
<b>Notes to the Financial Statements</b>	<b>10</b>

# **DEE VALLEY WATER (HOLDINGS) LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

Capita Trust Corporate Services Limited  
Capita Trust Corporate Limited  
I J A Plenderleith

#### **COMPANY SECRETARY**

I J A Plenderleith

#### **REGISTERED OFFICE**

Packsaddle  
Wrexham Road  
Rhostyllen  
Wrexham  
Clwyd  
LL14 4EH

#### **AUDITOR**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Manchester  
United Kingdom

## DEE VALLEY WATER (HOLDINGS) LIMITED

### STRATEGIC REPORT

The Directors of Dee Valley Water (Holdings) Limited are pleased to present their strategic report on the affairs of the Company, along with the Directors' report, the audited financial statements and the auditor's report for the year ended 31 March 2016.

#### BUSINESS OVERVIEW

Dee Valley Water (Holdings) Limited is a subsidiary company of Dee Valley Group plc, whose principal activity is the provision of water services to customers in an area of 835 square kilometres, in North East Wales and North West England, for which Dee Valley Water plc is the licensed water supply undertaker. Information with regard to the business overview of Dee Valley Water plc can be found in the financial statements of that company which are available from the registered office address recorded in note 8 to these Financial Statements.

#### Regulatory Framework

As a monopoly water supplier in its area, subsidiary Dee Valley Water plc is subject to strict regulation covering financial, water quality and environmental aspects of the business. Ofwat is the regulator responsible for economic regulation.

The Drinking Water Inspectorate is the regulator responsible for ensuring that water is safe to drink and acceptable to customers. For the environment in Wales, Natural Resources Wales is the regulatory authority having taken over the former roles of the Countryside Council for Wales, the Environment Agency and Forestry Commission in Wales. Natural Resources Wales regulates our interface with the environment, ensuring in particular that abstractions from and discharges to water bodies are within licensed limits. We look forward to continued constructive dialogue with them.

Dee Valley Water plc operates mainly in Wales and is therefore accountable to the Welsh Government which has devolved powers and provides the strategic direction for water policy in Wales. Dee Valley Water also works with the Consumer Council for Water, which represents the interest of water customers, and seeks to develop and maintain good working relationships with all key stakeholders.

#### KEY PERFORMANCE INDICATORS

There are no specific KPI's used to monitor the Company.

#### FUTURE PROSPECTS

The Company will continue to operate as a holding company of the Group.

#### RISKS AND UNCERTAINTIES

The principal risk for the Company is the carrying value of its investment in Dee Valley Water plc, which is dependent on the trading performance of that company. Risk is managed by the common Director between both companies.

#### FINANCIAL REVIEW

The profit for the year was £2,895,000 (2015: £2,895,000). The Company paid a dividend for the year of £2,895,000 (2015: £2,895,000).

Approved by the Board and signed on its behalf by:



I J A Plenderleith  
Chief Executive

14 September 2016

## DEE VALLEY WATER (HOLDINGS) LIMITED

### DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 March 2016.

#### PRINCIPAL ACTIVITIES

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

#### DIRECTORS AND DIRECTORS' INTERESTS

The Directors who held office during the year and thereafter were as follows:

Capita Trust Corporate Services Limited

Capital Trust Corporate Limited

A A Bickerton

(Resigned 25 April 2016)

I J A Plenderleith

(Appointed 25 April 2016)

No Director has any rights to subscribe for shares in, or debentures of, the Company.

#### GOING CONCERN

The financial statements have been prepared on a going concern basis. The entity is non-trading and is in a net asset position. As such, the Directors have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### AUDITOR

Deloitte LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

#### DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



I J A Plenderleith  
Chief Executive

14 September 2016

## **DEE VALLEY WATER (HOLDINGS) LIMITED**

### **DIRECTORS' RESONSIBILITIES STATEMENT**

The directors are responsible for preparing the Annual 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), including FRS 101 "Reduced Disclosure Framework". 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 accounting 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 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.

## **DEE VALLEY WATER (HOLDINGS) LIMITED**

### **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 2016 which comprise the Profit and Loss Account, the Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes 1 to 8. 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), including FRS 101 "Reduced Disclosure Framework".

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 auditor**

As explained more fully in the Directors' Responsibilities Statement, 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 Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 2016 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 matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **DEE VALLEY WATER (HOLDINGS) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEE VALLEY WATER (HOLDINGS) LIMITED (continued)**

#### **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 by the Company, 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.



**Jane Boardman BSc FCA (Senior Statutory Auditor)**  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Manchester, United Kingdom  
14 September 2016



## DEE VALLEY WATER (HOLDINGS) LIMITED

### PROFIT AND LOSS ACCOUNT For the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
<b>INTEREST RECEIVABLE AND SIMILAR INCOME</b>			
Investment income		<u>2,895</u>	<u>2,895</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION</b>	3,7	<u><u>2,895</u></u>	<u><u>2,895</u></u>

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 and accordingly no separate Statement of Comprehensive Income has been presented.

## DEE VALLEY WATER (HOLDINGS) LIMITED

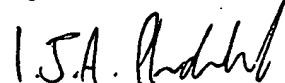
### BALANCE SHEET At 31 March 2016

	Note	2016 £'000	2015 £'000
<b>FIXED ASSETS</b>			
Investments	6	46,000	46,000
<b>NET ASSETS</b>		<u>46,000</u>	<u>46,000</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	-	-
Profit and loss account		46,000	46,000
<b>SHAREHOLDER'S FUNDS</b>		<u>46,000</u>	<u>46,000</u>

The notes on pages 10 to 13 form an integral part of these financial statements.

The financial statements of Dee Valley Water (Holdings) Limited (registered number 04421854) on pages 7 to 13 were approved by the Board of Directors and authorised for issue on 14 September 2016.

Signed on behalf of the Board of Directors



I J A Plenderleith  
Chief Executive

## DEE VALLEY WATER (HOLDINGS) LIMITED

### STATEMENT OF CHANGES IN EQUITY At 31 March 2016

	<b>Called –up capital £'000</b>	<b>Profit and Loss Account £'000</b>	<b>Total £'000</b>
<b>At 1 April 2015</b>	-	46,000	46,000
Profit for the financial year	-	2,895	2,895
Dividends	-	(2,895)	(2,895)
	<hr/>	<hr/>	<hr/>
<b>At 31 March 2016</b>	-	46,000	46,000
	<hr/>	<hr/>	<hr/>

## DEE VALLEY WATER (HOLDINGS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

#### 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.

##### General information

Dee Valley Water (Holdings) Limited (the Company) is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report.

The Company has applied FRS 101 'Reduced Disclosure Framework' incorporating the Amendments to FRS 101 issued by the FRC in July 2015.

##### Basis of preparation

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

The Company is ultimately a wholly owned subsidiary undertaking of Dee Valley Group plc, incorporated in England and Wales. The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements therefore present information about the Company as an individual undertaking. The consolidated financial statements of Dee Valley Group plc, within which the Company is included, can be obtained from the address given in note 8.

##### Basis of accounting

The Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS 101) 'Reduced Disclosure Framework' issued by the Financial Reporting Council. Accordingly, in the year ended 31 March 2016 the Company has changed its accounting framework from pre-2015 UK GAAP to FRS 101 and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements have been prepared in accordance with FRS 101.

##### Explanation of transition to FRS 101

This is the first year that the Company has presented its financial statements under FRS 101. The last financial statements under a previous GAAP (pre-2015 UK GAAP) were for the year ended 31 March 2015 and the date of transition to FRS 101 was therefore 1 April 2014.

No amendments were required to the Company's accounting and valuation methods to comply with FRS 101 and, accordingly, the comparative figures in these accounts have not been restated.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, interpretations of standards not yet effective, impairment of assets and related party transactions.

##### Going concern

The financial statements have been prepared on a going concern basis. The entity is non-trading and is in a net asset position. As such, the Directors have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

##### Investments

Fixed asset investments are stated at cost less provision for impairment. The Company's only investment is in Dee Valley Water plc; this investment 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.

##### Recognition of dividends

Dividends declared after the balance sheet date are not recognised as a liability as at the balance sheet date, but are charged against retained earnings when the dividends become unconditional. Dividend income is recorded at the point at which dividends are declared and approved by the directors of the subsidiary.

# DEE VALLEY WATER (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

### 1. ACCOUNTING POLICIES (CONTINUED)

#### 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 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 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 not 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.

### 2. STAFF NUMBERS AND COSTS

There were no employees during the current and prior year apart from the Directors. The Directors did not receive any remuneration from the company in respect of services to the Company.

### 3. PROFIT BEFORE TAX

Auditor's remuneration in the current and prior years was borne by the subsidiary company, Dee Valley Water plc, and not recharged.

No non-audit fees were paid to the Company's auditor in either year.

### 4. TAXATION

	2016 £'000	2015 £'000
UK corporation tax	-	-
<b>TOTAL CURRENT TAX</b>	-	-
<b>Factors affecting the tax charge for the year:</b>		
	2016 £'000	2015 £'000
Profit on ordinary activities before taxation	2,895	2,895
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20% (2015: 21%)	579	608
Effects of:		
Dividends and distributions received	(579)	(608)
	-	-

# DEE VALLEY WATER (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

### 5. DIVIDENDS

Amounts recognised as distributions to equity holders in the year:

	2016 £'000	2015 £'000
Final dividend for the year ended 31 March 2015 of £19,460 (2015: 19,460) per ordinary share	1,946	1,946
Interim dividend for the year ended 31 March 2016 of £9,490 (2015: £9,490) per ordinary share	949	949
	<u>2,895</u>	<u>2,895</u>
Proposed final dividend for the year ended 31 March 2016 of £19,460 (2015: £19,460) per ordinary share	1,946	1,946

The proposed final dividend was subject to approval by the shareholders at the balance sheet date and has therefore not been included as a liability in these financial statements.

### 6. FIXED ASSET INVESTMENTS

	2016 £'000	2015 £'000
Cost and net book value: investment in subsidiary	<u>46,000</u>	<u>46,000</u>

The Company has one 100% subsidiary, Dee Valley Water plc, which is incorporated in England and Wales and is engaged in water supply services.

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

	Capital and reserves 2016 £'000	Profit for the year 2016 £'000
Dee Valley Water plc	<u>37,844</u>	<u>4,706</u>

### 7. CALLED UP SHARE CAPITAL

	2016 £	2015 £
Allotted, called up and fully paid 100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

## **DEE VALLEY WATER (HOLDINGS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2016**

**8. ULTIMATE PARENT COMPANY AND PARENT UNDERTAKING OF LARGEST 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 is the only group into which the accounts of the Company are consolidated for financial statement purposes.

Dee Valley Group plc prepares group Financial Statements and copies can be obtained from The Company Secretary, Dee Valley Group plc, Packsaddle, Wrexham, Rhostyllen, Wrexham, LL14 4EH.