

Aquainvest Holding Company Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2018

Company Registration No: 05208607



Company Name

Aquainvest Holding Company Limited

Company Registration No

05208607

Registered Office

C/O South Staffordshire Plc

Green Lane

Walsall

West Midlands

WS2 7PD

Directors

Mr A P Page

Mr P S Antolik

Ms R M Parfond

Company Secretary

Mr J R Goodwin

Auditor

Deloitte LLP

2 New Street Square

London

EC4A 3BZ

United Kingdom

DIRECTORS' REPORT

The Directors have pleasure in submitting their annual report and audited financial statements for the year ended 31 March 2018.

The Directors' Report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006.

Financial Results and Dividends

The Company's results are shown in the profit and loss account on page 10. The profit after tax for the financial year amounted to £28,713,000 (2017: £28,398,000). The Company made dividend payments of £28,713,000 in the year ended 31 March 2018 (2017: £28,398,000).

Political Donations

No political donations were made by the Company during the financial year (2017: Nil).

Going Concern

The Directors have considered the going concern assumption within the financial statements and note that the Company continues to be profitable and generate positive cash flows before dividends payable and expect this to continue for at least 12 months from the date of signing of these financial statements and therefore consider the going concern assumption to be appropriate.

Employees

As an intermediate holding company, the Company does not employ any individuals.

Directors

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

Mr A P Page

Mr P S Antolik (appointed 3 July 2018)

Ms R M Parfond (appointed 3 July 2018)

Mr J O Clavijo (resigned 30 November 2017)

Mr R S Kumar (resigned 3 July 2018)

Mr O I Shamovsky (resigned 30 November 2017)

Mr R Miller (appointed 30 November 2017, resigned 3 July 2018)

DIRECTORS' REPORT

Post Balance Sheet Events

On 3 July 2018 the ultimate controlling party of the Company changed to Arjun Infrastructure Partners Limited as described in detail in note 9 to the accounts.

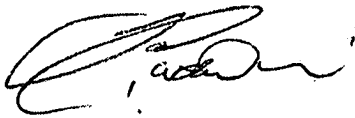
Independent Auditor

In accordance with S418 of the Companies Act 2006, the Directors confirm that as far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and that the Board has taken all reasonable steps to make itself 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.

A resolution proposing the reappointment of Deloitte LLP as independent auditor will be put to the Board of Directors.

Approved by the Board of Directors and signed on its behalf by



Mr J R Goodwin

Company Secretary

21 November 2018

Registered Office:

C/O South Staffordshire Plc, Green Lane, Walsall, West Midlands, WS2 7PD

Registered in England and Wales

DIRECTOR'S RESPONSIBILITIES 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF AQUAINVEST HOLDING COMPANY LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Aquainvest Holding Company Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 9.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF AQUAINVEST HOLDING COMPANY LIMITED

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF AQUAINVEST HOLDING COMPANY LIMITED

Responsibilities of directors (continued)

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF AQUAINVEST HOLDING COMPANY LIMITED

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 the advantage of the small companies exemption in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's member, 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 member those matters we are required to state to it 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 member as a body, for our audit work, for this report, or for the opinions we have formed.



Jacqueline Holden FCA
(Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
30 November 2018

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Income from shares in UK subsidiary undertaking - Dividends receivable		28,713	28,398
Profit on ordinary activities before taxation		28,713	28,398
Taxation on profit on ordinary activities	4	-	-
Profit on ordinary activities after taxation		28,713	28,398

The results above are all derived from continuing operations.

There was no other comprehensive income in either year other than the profit after tax for the financial year. Accordingly, no separate statement of other comprehensive income is presented.

The accompanying notes are an integral part of these financial statements.

BALANCE SHEET

As at 31 March 2018

	Note	2018 £'000	2017 £'000
Fixed Assets			
Investments	6	122,502	122,502
		122,502	122,502
Total assets		122,502	122,502
Net Assets		122,502	122,502
Capital and Reserves			
Called up share capital	7	122,502	122,502
Shareholders' Funds		122,502	122,502

The accompanying notes are an integral part of these financial statements.

The financial statements of Aquainvest Holding Company Limited, registered number 05208607, were approved by the Board of Directors and authorised for issue on 21 November 2018.



Mr A P Page
Director

STATEMENT OF CHANGES IN EQUITY

As at 31 March 2018

	Called up Share Capital £'000	Profit & Loss Account £'000	Shareholders' Funds £'000
Balance at 31 March 2016	122,502	-	122,502
Profit for the financial period	-	28,398	28,398
	122,502	28,398	150,900
Dividends (Note 5)	-	(28,398)	(28,398)
Balance at 31 March 2017	122,502	-	122,502
Profit for the financial period	-	28,713	28,713
	122,502	28,713	151,215
Dividends (Note 5)	-	(28,713)	(28,713)
Balance at 31 March 2018	122,502	-	122,502

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies

The principal accounting policies are summarised below, which have all been applied consistently throughout the year and the preceding year.

a) General information and basis of accounting

Aquainvest Holding Company Limited (the Company) is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is C/O Green Lane, Walsall, West Midlands, WS2 7PD. The principal activity of the Company is that of an intermediate holding company.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its ultimate UK parent, Hydriades IV Limited, which are publicly available. The company was, at the end of the year, a wholly-owned subsidiary of another company and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement, remuneration of key management personnel and related party transactions.

NOTES TO THE FINANCIAL STATEMENTS

1. *Statement of Accounting Policies (continued)*

b) **Going Concern**

The Directors have considered the going concern assumption within the financial statements and note that the Company continues to be profitable and generate positive cash flows before dividends payable and expect this to continue for at least 12 months from the date of signing of these financial statements and therefore consider the going concern assumption to be appropriate.

c) **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using current tax rates at the balance sheet date. Where it is agreed that the Company will not be paid for tax losses surrendered to other Group undertakings, no credit is reflected for tax losses in the profit and loss account.

d) **Dividends**

Dividends are recognised if they have been paid or if they have been approved by the shareholder before the year end.

e) **Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

(i) *Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

NOTES TO THE FINANCIAL STATEMENTS

1. *Statement of Accounting Policies (continued)*

e) Financial instruments (continued)

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

f) Operating Costs

Operating costs, including audit fees of £1,000 (2017: £1,000), are borne by fellow Group undertakings. There were no fees paid by the Company to the Company's auditor for non-audit services in either year.

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies (continued)

g) Fixed Asset Investments

Fixed asset investments are shown at cost less provision for impairment.

h) Related Party Disclosures

As at 31 March 2018, the Company was an indirectly wholly owned subsidiary undertaking of Hydriades IV Limited, the ultimate parent company in the United Kingdom. As such, the Company has taken advantage of the exemption from disclosing transactions with other members of the group headed by Hydriades IV Limited, as consolidated financial statements for this company in which the financial statements of the Company are included, are publicly available.

2. Principal accounting judgements, estimates and assumptions

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions in respect of the carrying amounts of assets and liabilities recognised in the financial statements. These are based on historical experience, future forecasts and other factors that are considered to be relevant. It is recognised that historical experience and forecasts change over time and these judgements, estimates and assumptions are therefore reviewed and amended where necessary on a regular basis. However, it is also recognised that the actual outcomes may still differ to the judgements, estimates and assumptions made.

Critical judgements in applying the Company's accounting policies

There are no critical judgements or key sources of estimation uncertainty.

NOTES TO THE FINANCIAL STATEMENTS

3. Directors' remuneration

None of the Directors who served during the year or the preceding year received any remuneration from the Company as Directors of the Company. Remuneration paid by other Group companies for the services of certain Directors during the period of service as Directors of the Company amounted to £352,000 (2017: £383,000).

4. Taxation on profit on ordinary activities

No tax charge arises in the year.

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are reconciled below.

	2018 £'000	2017 £'000
Profit on ordinary activities before tax	28,713	28,398
Profit on ordinary activities multiplied by standard UK corporation tax rate of 19% (2017: 20%)	5,456	5,680
UK dividends not taxable	(5,456)	(5,680)
Total tax charge	-	-

5. Dividends

	2018 £'000	2017 £'000
Ordinary interim dividends paid of 23.4p (2017: 23.2p) per share	28,713	28,398

NOTES TO THE FINANCIAL STATEMENTS

6. Fixed Asset Investments

Cost and Net Book Value	£'000
<u>At 1 April 2017 and 31 March 2018</u>	<u>122,502</u>

Details of the Company's directly held investment, which is incorporated in England and Wales, at 31 March 2018 are provided below:

Name:	Class of Shares	Proportion of shares held	Nature of Business
Aquainvest Acquisitions Limited	Ordinary	100%	Holding Company

As at 31 March 2018, the Company's principal indirectly held subsidiary undertakings, all of which are incorporated in the United Kingdom with the exception of Echo India Private Limited, which is incorporated in India and Onsite Utility Services Canada Limited, which is incorporated in Canada, and all of which have only ordinary shares in issue, were as follows:

NOTES TO THE FINANCIAL STATEMENTS

6. Fixed Asset Investments (continued)

Name	Proportion of Shares Held	Nature of Principal Business
South Staffordshire Plc	100%	Holding Company and management services
South Staffordshire Water PLC	100%	Regulated water supply
Aqua Direct Limited	100%	Supply of spring and mineral water
Office Watercoolers Limited	90%	Rental of water cooling units and sale of spring water
Echo Managed Services Limited	100%	Customer management
Echo Northern Ireland Limited	100%	Customer management
Inter-Credit International Limited	100%	Customer credit management
Grosvenor Services Group Limited	100%	Customer credit management
Echo India Private Limited	100%	Software development support services to UK parent company
SSI Services (UK) Limited	100%	Holding company for those companies listed below
Onsite Central Limited	100%	Sewer and wastewater asset inspection, relining, surveying, cleaning and flow monitoring. Clean water asset installation, repair, maintenance and refurbishment.
Onsite Utility Services Canada Limited	100%	Sewer and wastewater asset inspection, surveying and cleaning
Integrated Water Services Limited	100%	Mechanical and electrical and water hygiene services
Hydrosave UK Limited	100%	Water main leak detection services and clean water network management services
Immerse Asset Management Limited	100%	Water efficiency and bill management services
G. Stow Plc	100%	Borehole drilling and refurbishment
Advanced Engineering Solutions Limited	100%	Pipeline engineering

NOTES TO THE FINANCIAL STATEMENTS

6. Fixed Asset Investments (continued)

Other subsidiaries of the Company as at 31 March 2018, which were all non-trading companies as at that date, were as follows:

365 Environmental Services Limited	Ion Water and Environmental Management Limited	Recoup Revenue Management Limited
Aquaven Limited	IWS M&E Services Limited	Smart Water Coolers Limited
Brocol Consultants Limited	IWS Pipeline Services Limited	South Staffordshire Infrastructure Services Limited
Cambridge Water Plc	IWS Water Hygiene Services Limited	South Staffordshire Water Holdings Limited
Data Contracts Specialist Maintenance Limited	Lingard Limited	Subaqua Solutions Limited
Debt Action Limited	OnSite Specialist Maintenance Limited	Wells Water Treatment Services Limited
Freshwater Coolers Plc	Portadam Limited	Woodside Environmental Services Limited
Greenacre Pumping Systems Limited	Perco Engineering Services Limited	
Green Compliance Water Division Limited	Pump Services Limited	
Grosvenor Legal Services Limited	Rapid Systems Limited	

As at 31 March 2018, the registered address of the above subsidiaries is Green Lane Walsall, WS2 7PD, with the exception of Aqua Direct Limited (Elmhurst Spring, Lichfield Road, Elmhurst, Lichfield, Staffordshire, WS13 8HQ), Echo Northern Ireland Limited (Capital House, Wellington Place, Belfast, Northern Ireland, BT1 6FB), Echo India Private Limited (304, 3rd floor, Laxmi Chamber, Plot No D-223, VikasMarg, Laxmi Nagar, New Delhi – 110092), Onsite Utility Services Canada Limited (Three Bentall Centre, Vancouver, British Columbia, Canada, V7X 1L3), Cambridge Water Plc (90 Fulbourn Road, Cherry Hinton, Cambridge, CB1 9JN) and Debt Action Limited (Capital House, 3 Upper Queen Street, Belfast, Northern Ireland, BT1 6PU).

NOTES TO THE FINANCIAL STATEMENTS

7. Share Capital

	2018 £'000	2017 £'000
Authorised:		
125,000,000 ordinary shares of £1 each	125,000	125,000
Issued, called up and fully paid:		
122,502,121 ordinary shares of £1 each	122,502	122,502

8. Post Balance Sheet Events

On 3 July 2018 the ultimate controlling party of the Company changed to Arjun Infrastructure Partners Limited as described in detail in note 9 below.

9. Ultimate Controlling Party

The Company's immediate parent undertaking is Aquainvest Ventures Limited. During the year the ultimate parent company in the United Kingdom was Hydriades IV Limited which is the largest and smallest set of UK financial statements within which the Company is consolidated.

The ultimate controlling party during the year ended 31 March 2018 was KKR Infrastructure Limited, which during that year controlled and managed, and was the General Partner of the Global Infrastructure Fund of the investment business KKR & Co L.P., which is quoted on the New York Stock Exchange.

Since the end of the year on 3 July 2018 the ultimate controlling party became Arjun Infrastructure Partners Limited a Company registered in England and Wales, which controls and manages and is the General Partner of a UK registered investment entity that acquired a majority equity interest of a holding company of Hydriades IV Limited and therefore of the Company, on that date.