

Registered no: MC-219850

Yorkshire Water Services Odsal Finance Holdings Limited

**Annual report and financial statements
for the year ended 31 March 2012**

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Registered No: MC-219850

Directors and advisers
for the year ended 31 March 2012

Directors

K I Whiteman
R Flint
S D McFarlane
E M Barber

Company secretary

S D McFarlane

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants
Benson House
33 Wellington Street
Leeds
LS1 4JP

Registered office

Maples & Calder Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman
Cayman Islands
KY1-1104

Bankers

National Westminster Bank
Leeds City Office
8 Park Row
LS1 1QS

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 March 2012. This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Results and dividends

The company did not trade during the year or the preceding year and made neither a profit nor a loss. There were also no other gains and losses for the current financial year or the preceding financial year. Accordingly neither an income statement nor a statement of comprehensive income has been presented.

Principal activity, review of the business and future developments

The principal activity of the company during the year is that of a holding company within the Yorkshire Water securitised group of companies.

Principal risks and uncertainties

The directors do not consider there to be any material risks or uncertainties which require disclosure.

Key performance indicators

Due to the nature of the business, disclosure of the company's key performance indicators is not considered to be necessary.

Directors

The directors listed below have served the company throughout the year and up to the date of signing of the financial statements:

R Flint
K I Whiteman
S D McFarlane
E M Barber

The company has directors' and officers' liability insurance in place. By virtue of the articles of association, the company had also provided indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Directors' statement as to disclosure of information to auditors

As at the date of this report, as far as each director is aware, there is no relevant audit information of which the company's auditors are unaware and each director has taken such steps as he or she should have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP were reappointed auditors during the year and have indicated their willingness to continue in office.

On behalf of the board



S D McFarlane
Director
25 July 2012

Statement of directors' responsibilities

The directors are responsible for preparing the non-statutory financial statements in accordance the basis of preparation and accounting policies in note 3. The directors must not approve the non-statutory financial statements unless they are satisfied that they have been properly prepared, in all material respects, in accordance with the basis of preparation and accounting policies in note 3 to the non-statutory financial statements. In preparing these non-statutory financial statements, the directors have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and accounting estimates that are reasonable and prudent;
- stated the basis of preparation and accounting policies applied;
- prepared the non-statutory 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. 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.

By order of the board



S D McFarlane
Director
25 July 2012

Independent auditors' report

to the directors of Yorkshire Water Services Odsal Finance Holdings Limited

We have audited the financial statements of Yorkshire Water Services Odsal Finance Holdings Limited for the year ended 31 March 2012 which comprise the balance sheet and the related notes. The financial reporting framework that has been applied in the preparation of these financial statements is International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of the directors and auditors

As explained more fully in the Statement of directors' responsibilities (set out on page 3) 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 Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the directors for management purposes in accordance with our engagement letter dated 18 April 2012 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

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 Directors' report to identify material inconsistencies with the audited financial statements. 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 2012 and of its result and cash flows for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union.



PricewaterhouseCoopers LLP
Chartered Accountants
Leeds
25 July 2012

The maintenance and integrity of the Kelda website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Balance sheet
as at 31 March 2012

		31 March 2012	31 March 2011
	Note	£	£
Assets			
Non-current assets			
Investment in group undertakings	6	1	1
Current assets			
Cash and cash equivalents		1	1
Total assets		<u>2</u>	<u>2</u>
Liabilities			
Non-current liabilities			
Borrowings	7	(1)	(1)
Total liabilities		<u>(1)</u>	<u>(1)</u>
Net assets		<u>1</u>	<u>1</u>
Capital and reserves			
Share capital	8	42,132,113	42,132,113
Accumulated loss		(42,132,112)	(42,132,112)
Total equity		<u>1</u>	<u>1</u>

There were no cash flows in either the current or prior year, therefore no statement of cash flows is disclosed.

There were no movements in capital reserves in either the current or prior year, therefore no statement of changes in equity is disclosed.

The financial statements on pages 5 to 9 were approved by the board of directors and signed on its behalf by:



S D McFarlane
Director
25 July 2012

Notes to the financial statements

for the year ended 31 March 2012

1. Authorisation of financial statements

The company's financial statements for the year ended 31 March 2012 were authorised for issue by the board of directors on 26 July 2012 and the balance sheet was signed on the board's behalf by Stuart McFarlane, Director. Yorkshire Water Services Odsal Finance Holdings Limited is a limited company incorporated and domiciled in the Cayman Islands.

2. General Information

Yorkshire Water Services Odsal Finance Holdings Limited is a holding company within the Yorkshire Water securitised group. The company is a private company, incorporated in the Cayman Islands and domiciled in the UK. The address of the registered office is Maples & Calder Corporate Services Limited, PO BOX 309, Ugland House, Grand Cayman, Cayman Islands, KY1-1104.

3. Accounting policies

Basis of preparation

The company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and IFRIC interpretations as they apply to the financial statements of the company for the year ended 31 March 2012, and as if UK Companies Act 2006 was applicable.

The company's financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies. There were no such areas of judgement or uncertainty deemed significant in these financial statements.

The financial statements present information about the company as an individual company undertaking and do not contain consolidated financial information as the parent of a group. The company is exempt from preparing group financial statements under section 400 of the Companies Act 2006 as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Kelda Eurobond Co Limited, a company registered in England and Wales.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

Investments in subsidiaries

Investments in subsidiaries are stated at cost and reviewed for impairment if there are indications that the carrying value may not be recoverable.

Notes to the financial statements

for the year ended 31 March 2012 (continued)

3. Accounting policies (continued)

New standards and interpretations

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 April 2011 and do not have a material impact on the company:

IAS 24 (revised) 'Related party disclosures' (effective 1 January 2011)

Amendments to IFRS 1 'First time adoption on financial instrument disclosures' (effective 1 January 2011)

Annual improvements 2010 (effective 1 January 2011)

Amendment to IFRIC 14 'Prepayments of a minimum funding requirement' (effective 1 January 2011)

IFRIC 19 'Extinguished financial liabilities with equity investments' (effective 1 January 2011)

At the date of approval of these financial statements, the following standards and interpretation, which have not been applied in these financial statements, were in issue but not yet effective:

Amendment to IFRS 7 'Financial instruments disclosures – transfer of assets'

Amendment to IFRS 7 'Financial instruments disclosures – offsetting financial assets and liabilities'

Amendment to IFRS 1 'First time adoption on fixed dates and hyperinflation'

Amendment to IAS 12 'Income taxes – deferred tax'

Amendment to IAS 19 'Employee benefits'

Amendment to IAS 1 'Financial statements presentation – other comprehensive income'

Amendment to IAS 32 'Financial instruments presentation – offsetting financial assets and liabilities'

Amendment to IFRS 1 'First time adoption – government loans'

IFRS 9 'Financial instruments – classification and measurement'

IFRS 10 'Consolidated financial statements'

IFRS 11 'Joint arrangements'

IFRS 12 'Fair value measurement'

IAS 27 (revised) 'Separate financial statements'

IAS 28 (revised) 'Associates and joint ventures'

IFRIC 20 'Stripping costs in the production phase of a surface mine'

The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Company's financial statements in the year of initial application.

4. Operating costs

Auditors' remuneration has been borne by Yorkshire Water Services Limited.

The company has no employees other than directors (2011: nil). The directors did not receive any emoluments in respect of their services to Yorkshire Water Services Odsal Finance Holdings Limited (2011: £nil). Key management costs are included in the Kelda Holdco Limited financial statements.

The average number of persons employed by the company during the year was nil. (2011: nil).

5. Taxation

There is no tax charge for the year (2011: £nil).

Notes to the financial statements

for the year ended 31 March 2012 (continued)

6. Investment in group undertakings

The investment of £1 comprises shares in Yorkshire Water Services Odsal Finance Limited at incorporation and there have been no movements from incorporation to 31 March 2012.

7. Borrowings

Maturity profile

Wholly repayable after five years:

Loan from subsidiary company

	2012	2011
	Book Value	Book Value
	£	£
	<u>1</u>	<u>1</u>

8. Share capital

Ordinary shares of £1 each at 1 April 2011 and 31 March 2012

Authorised
£

75,000,000

Allotted and called up
No. £

Ordinary shares of £1 each at 1 April 2011 and 31 March 2012

42,132,113 42,132,113

9. Ultimate controlling party

The company's immediate parent company is Yorkshire Water Services Limited. The company's ultimate parent company and controlling party is Kelda Holdings Limited, a company registered in Jersey.

Kelda Holdco Limited, a company registered in England and Wales, is the parent undertaking of the smallest group to consolidate these financial statements. Kelda Eurobond Co Limited, a company registered in England and Wales, is the largest UK group to consolidate these financial statements.

Copies of the group financial statements may be obtained from the Company Secretary, Kelda Eurobond Co Limited, Western House, Halifax Road, Bradford BD6 2SZ.

10. Contingent liabilities

The banking arrangements of the company operate on a pooled basis with other group companies and the bank balances of each subsidiary can be offset against each other. No losses are expected to arise as a result of this arrangement.

Notes to the financial statements

for the year ended 31 March 2012 (continued)

11. Related parties

Loans from subsidiary companies carry interest at market rates incurred by the company when raising the funds externally.

No purchase or sales transactions were entered into between the company and any other group companies.

	2012 £	2011 £
Loans from subsidiary company:	<u>1</u>	<u>1</u>