

Registered No: 06815156

Yorkshire Water Services Holdings Limited

Annual report and financial statements

for the year ended 31 March 2014

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Directors and advisers

Directors

S D McFarlane

R Flint

K I Whiteman

E M Barber

Company secretary

S D McFarlane

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Benson House

33 Wellington Street

Leeds

LS1 4JP

Registered office

Western House

Halifax Road

Bradford

BD6 2SZ

Directors' report

for the year ended 31 March 2014

The directors present their annual report and the audited financial statements for the year ended 31 March 2014. This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Principal activity

The principal activity of the company continued to be that of a holding company within the Kelda Holdings Limited group.

Results and dividends

The profit and loss account for the year is set out on page 6. The company paid dividends of £165.5m (2013: £256.7m) in the year. No final dividend for the year is proposed.

Future developments

The company remains within the Kelda Holdings Limited group, but has no intention to trade in the foreseeable future.

Principal risks and uncertainties

Due to the nature of the business, there are no material risks or uncertainties which require disclosure.

Key performance indicators

Due to the nature of the business, key performance indicators are not applicable.

Directors

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

Richard Flint
Kevin Whiteman
Elizabeth Barber
Stuart McFarlane

The company had directors' and officers' liability insurance in place throughout the financial year and up to the date of approval of the financial statements. 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.

Independent auditors

PricewaterhouseCoopers LLP were appointed auditors during the year and have indicated their willingness to continue in office. A resolution concerning their reappointment will be proposed by the directors.

Directors' statement as to disclosure of information to the 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.

Directors' report

for the year ended 31 March 2014 (continued)

Statement of directors' responsibilities

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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgements and accounting estimates that are reasonable and prudent; 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board



S D McFarlane
Director
14 July 2014

Independent auditors' report to the members of Yorkshire Water Services Holdings Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Yorkshire Water Services Holdings Limited, comprise:

- the balance sheet as at 31 March 2014;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 and financial statements (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 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.

Independent auditors' report

to the members of Yorkshire Water Services Holdings Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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 and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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 save where expressly agreed by our prior consent in writing.



Richard Bunter (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
14 July 2014

Profit and loss account

for the year ended 31 March 2014

	Note	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Income from shares in group undertakings	6	165,474,219	256,683,118
Profit on ordinary activities before taxation		165,474,219	256,683,118
Tax on profit on ordinary activities	5	-	-
Profit for the financial year		165,474,219	256,683,118

All activities relate to continuing operations.

There are no recognised gains or losses attributable to the shareholders for the year ended 31 March 2014 (2013: £nil), other than those stated above.

There is no difference between the profit and loss account above and its historical cost equivalent.

Balance sheet

at 31 March 2014

	Note	2014	2013
		£	£
Fixed assets: Investments	7	778,318,509	778,318,509
Current assets:			
Debtors	8	1	1
Cash at bank and in hand		1	1
Net assets		778,318,511	778,318,511
Capital and reserves			
Called up share capital	9	2	2
Share premium account		778,318,509	778,318,509
Total shareholder's funds		778,318,511	778,318,511

The financial statements on pages 6 to 10 were approved by the board of directors and were signed on their behalf by:



S D McFarlane
 Director
 14 July 2014

Registered no. 06815156

Notes to the financial statements

for the year ended 31 March 2014

1. Accounting policies

Basis of accounting

The company's financial statements are prepared on a going concern basis, under the historical cost convention in accordance with all applicable United Kingdom accounting standards and with the Companies Act 2006.

The accounting policies have been reviewed in accordance with the requirements of FRS 18. The directors consider that the accounting policies adopted remain most appropriate to the company's circumstances, have been consistently applied and are supported by reasonable and prudent estimates and judgements.

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.

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.

Investment income

Investment income comprises dividends receivable from Yorkshire Water Services Holdings Limited's subsidiary company, Yorkshire Water Services Limited. Dividends receivable are recognised when the shareholders' right to receive the revenue is established.

Taxation

The taxation charge is based on the result for the year as adjusted for disallowable and non-taxable items using current rates and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and for accounting purposes.

2. Auditors' remuneration

The auditors' remuneration was borne by Kelda Group Limited.

3. Directors' emoluments

All the directors are employees, or directors, of other group undertakings and are remunerated by the relevant undertaking and received no emoluments in respect of their services to the company.

4. Staff numbers

The average number of persons employed by the company during the year, excluding directors, was nil (2013: nil).

Notes to the financial statements

for the year ended 31 March 2014 (continued)

5. Tax on profit on ordinary activities

Total tax on profit on ordinary activities for the year is £nil (2013: £nil). The tax charge for the year is lower (2013: lower) than the standard rate of corporation tax in the UK of 23% (2013: 24%). The differences are explained below:

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Profit on ordinary activities before taxation	165,474,219	256,683,118
Tax on profit at standard UK rate of 23% (2013: 24%)	<u>38,059,070</u>	61,603,948
Investment income receivable not taxable	<u>(38,059,070)</u>	(61,603,948)
	<u>-</u>	<u>-</u>

6. Dividends

Dividends of £165,474,219 (2013: £256,683,118) (8,273,711,095p per ordinary share (2013: 12,834,155,900 per ordinary share)) were paid to the company's parent entity as a distribution.

7. Fixed asset investments

The fixed asset investment of £778,318,509 comprises a 100% investment of ordinary shares in Yorkshire Water Services Limited, whose principal activities are the supply of clean water and treatment and disposal of waste water in Yorkshire. The investment has been held since incorporation and there have been no movements from incorporation to 31 March 2014. The directors believe that the carrying value of the investments is supported by their underlying net assets.

8. Debtors

	2014 £	2013 £
Amounts owed by group undertakings	<u>1</u>	<u>1</u>

The amounts owed by group undertakings are unsecured, do not bear interest and are payable on demand.

9. Called up share capital

	Authorised		Allotted and fully paid	
	2014 £	2013 £	2014 £	2013 £
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>2</u>	<u>2</u>

Notes to the financial statements

for the year ended 31 March 2014 (continued)

10. Reconciliation of movements in shareholder's funds

	Called up share capital	Share premium account	Profit and loss account	Total
	£	£	£	£
At 1 April 2012	2	778,318,509	-	778,318,511
Profit for the financial year	-	-	256,683,118	256,683,118
Dividends	-	-	(256,683,118)	(256,683,118)
At 31 March 2013	2	778,318,509	-	778,318,511
Profit for the financial year	-	-	165,474,219	165,474,219
Dividends	-	-	(165,474,219)	(165,474,219)
At 31 March 2014	2	778,318,509	-	778,318,511

11. Cash flow statement

The company is a wholly owned subsidiary of Kelda Eurobond Co Limited and is included in the consolidated financial statements of Kelda Eurobond Co Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (Revised 1996).

12. Related party transactions

The company is a wholly owned subsidiary of Kelda Eurobond Co Limited and is therefore exempt under the terms of FRS 8 from disclosing related party transactions with entities that are subsidiaries of the Kelda Eurobond Co Limited group, whose financial statements are publicly available.

13. Ultimate parent undertaking

Kelda Eurobond Co Limited, a company registered in England and Wales, is the parent undertaking of the largest UK group to consolidate these financial statements in the UK. Kelda Finance (No. 1) Limited, a company registered in England and Wales, is the parent undertaking of the smallest 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.