

Registered no: MC-219850

Yorkshire Water Services Odsal Finance Holdings Limited

**Annual report and financial statements
for the year ended 31 March 2014**

Contents

Directors and advisers	1
Directors' report for the year ended 31 March 2014	2
Statement of directors' responsibilities	3
Independent auditors' report to the members of Yorkshire Water Services Odsal Finance Holdings Limited	4
Balance sheet as at 31 March 2014	6
Notes to the financial statements for the year ended 31 March 2014	7

Registered No: MC-219850

Directors and advisers

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

for the year ended 31 March 2014

The directors present their annual report and 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.

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 was 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:

Richard Flint
Kevin Whiteman
Stuart McFarlane
Elizabeth 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 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' report

for the year ended 31 March 2014 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the non-statutory financial statements in accordance with 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; and
- 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
14 July 2014

Independent auditors' report

to the directors of Yorkshire Water Services Odsal Finance 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 result and cash flows for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 Odsal Finance Holdings Limited, comprise:

- the balance sheet as at 31 March 2014; 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 IFRSs as adopted by the European Union.

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 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.

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.

Independent auditors' report

to the directors of Yorkshire Water Services Odsal Finance Holdings Limited (continued)

This report, including the opinion, has been prepared for and only for the company's directors as a body to fulfil management's stewardship obligations in relation to compliance with the terms of the Deutsche Bank AG Common Terms Agreement in accordance with our engagement letter dated 25 April 2014 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.



PricewaterhouseCoopers LLP
Chartered Accountants
Leeds
14 July 2014

Balance sheet

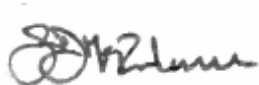
as at 31 March 2014

	Note	31 March 2014 £	31 March 2013 £
Assets			
Non-current assets			
Investment in subsidiaries	6	1	1
Current assets			
Cash and cash equivalents		1	1
Total assets		2	2
Liabilities			
Non-current liabilities			
Borrowings	7	(1)	(1)
Total liabilities		(1)	(1)
Net assets		1	1
Capital and reserves			
Share capital	8	42,132,113	42,132,113
Accumulated losses		(42,132,112)	(42,132,112)
Total equity		1	1

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 and reserves in either the current or prior year, therefore no statement of changes in equity is disclosed.

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



S D McFarlane
Director
14 July 2014

Registered no. MC-219850

Notes to the financial statements

for the year ended 31 March 2014

1. Authorisation of financial statements

The company's financial statements for the year ended 31 March 2014 were authorised for issue by the board of directors on 14 July 2014 and the balance sheet was signed on the board's behalf by S D McFarlane, Director. Yorkshire Water Services Odsal Finance Holdings Limited is a limited company incorporated in the Cayman Islands and resident for tax in the UK.

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 resident for tax 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 2014, 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 would be 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 2014 (continued)

3. Accounting policies (continued)

New standards and interpretations

The following standards have been adopted by the company for the first time for the financial year beginning 1 April 2013 and do not have a material impact on the company:

- IFRS 13 'Fair value measurements', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.
- IAS 19 'Employee benefits' (revised). The changes on the Group's accounting policies has been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability.
- Amendment to IAS 1 'Financial statement presentation' regarding other comprehensive income.

The following standards, interpretations and amendments to existing standards are effective for annual periods starting on or after 1 January 2014 and have not been early adopted by the company:

- Amendment to IAS 32 'Financial instruments presentation - offsetting financial assets and liabilities'
- Amendments to IFRS 10, IFRS 12 and IAS 27 for investment entities
- Amendments to IAS 36 'Impairment of assets'
- Amendment to IAS 39 'Financial instruments: Recognition and measurement'
- Amendments to IFRS 10, 11 and 12 on transition guidance
- IFRS 10 'Consolidated financial statements'
- IFRS 11 'Joint arrangements'
- IFRS 12 'Disclosures of interests in other entities'
- IAS 27 (revised) 'Separate financial statements'
- IAS 28 (revised) 'Associates and joint ventures'

The following standards, interpretations and amendments to existing standards are not yet effective and have not been early adopted by the company:

- Amendment to IAS 19 'Employee benefits'
- Amendments to IFRS 9 'Financial instruments – regarding general hedge accounting'
- IFRS 9 'Financial instruments – classification and measurement'
- Amendment to IFRS 7 'Financial instruments disclosures – offsetting financial assets and liabilities'
- IFRS 14 'Regulatory deferral accounts'
- IFRIC 21 'Levies'

The company is still considering the implications of applying these standards and interpretations to the company's financial statements.

Notes to the financial statements

for the year ended 31 March 2014 (continued)

4. Operating costs

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

The company has no employees other than directors (2013: nil). The directors did not receive any emoluments in respect of their services to Yorkshire Water Services Odsal Finance Holdings Limited (2013: £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 (2013: nil).

5. Taxation

There is no tax charge for the year (2013: £nil).

6. Investment in subsidiary

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 2014.

7. Borrowings

	2014 Book value £	2013 Book value £
Maturity profile		
Wholly repayable after five years:		
Loan from subsidiary company	1	1

8. Share capital

	Allotted and called up No.	£
Ordinary shares of £1 each at 1 April 2013 and 31 March 2014	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 and tax resident in the UK.

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.

Notes to the financial statements

for the year ended 31 March 2014 (continued)

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.

11. Related parties

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

	2014 £	2013 £
Loans from subsidiary company:	1	1