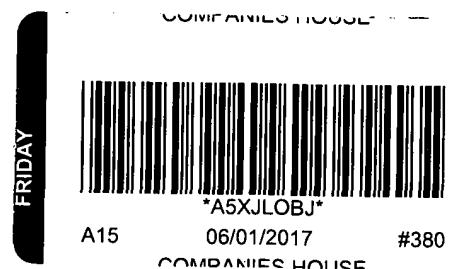


Water Projects International Limited

**Annual report and financial statements
For the year ended 31 March 2016**



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Directors and advisors

Directors

A Beaumont
S Ledger
P Kerr

Company Secretary and registered office

D Hughes
Clearwater Court
Vastern Road
Reading
Berkshire
RG1 8DB

Directors' report

The Directors present their annual report and the unaudited financial statements of Water Projects International Limited ("the Company") for the year ended 31 March 2016. The Directors consider that the annual report and financial statements, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's performance and strategy.

The Directors have exercised exemption under section 414B(b) of the Companies Act 2006 from the requirements to prepare a strategic report on the grounds that, other than being part of an ineligible group, the Company is otherwise entitled to apply the small companies' regime.

The registered number of the Company is 00258985.

Directors

The Directors who held office during the year ended 31 March 2016 and to the date of this report were:

A Beaumont
S Ledger
P Kerr

Review of business

The Company has not traded during the current or preceding financial year. During these years the Company has received no income and incurred no expenditure, and consequently has made neither profit nor loss in either year. Consequently the Directors have determined that the net assets or liabilities are the most appropriate key performance indicator of an understanding of the development and position of the Company. As at 31 March 2016 the Company had net liabilities of £2,194,933 (2015: net liabilities £2,194,933 which is in line with expectations. On this basis, the Directors have no concerns regarding the performance or position of the Company.

During the year, the Company transitioned from UK Generally Accepted Accounting Practices ("UK GAAP") to Financial Reporting Standards 102 ("FRS 102"). The effective date of transition to FRS 102 is 1 April 2014. Further details of the effect of the transition can be found in notes to the financial statements.

Future outlook

The Company is expected to continue to act as an intermediate holding company within the Group for the foreseeable future.

The Company has been dormant, as defined in section 480 of the Companies Act 2006, throughout the current and preceding financial year. It is not currently anticipated that the Company will trade in the future.

Dividends

The Company has paid no dividends during either the current or preceding financial year and the Directors do not recommend the payment of a final dividend (2015: £nil).

Financial risk management

Based on the nature of the Company and its lack of any trading or financing operations, the Company is not deemed to be exposed to any risks or uncertainties.

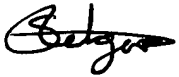
Political and charitable donations

No political or charitable donations were made by the Company during the year (2015: £nil).

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors (which extend to the performance of any duties as Director of any associated company) and these remain in force at the date of this report.

Approved by the Board of Directors on 20 December 2016 and signed on its behalf by



S Ledger
Director

Clearwater Court
Vastern Road
Reading
Berkshire
RG1 8DB

Statement of Directors' responsibilities in respect of the annual report and financial statements

The Directors are responsible for preparing the Directors Report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 *The Financial Standard Applicable in the UK and Republic of Ireland* ("FRS 102").

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 estimates that are reasonable and prudent;
- State whether applicable United Kingdom Accounting Standards, including FRS 102, 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Income statement

For the year ended 31 March 2016

During the current and preceding financial year, the Company did not trade, received no income and incurred no expenditure. Consequently, during these years the Company made neither a profit nor a loss, therefore, no income statement has been presented.

The Company has no recognised gains or losses in either year and therefore no separate statement of comprehensive income has been presented.

The accounting policies and notes on pages 10 to 13 are an integral part of these financial statements.

Statement of financial position

As at 31 March

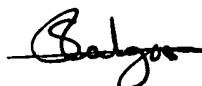
	Note	2016 £	2015 £
Current liabilities			
Borrowings	2	(2,194,933)	(2,194,933)
Net liabilities		(2,194,933)	(2,194,933)
Equity			
Share capital	3	1,000	1,000
Retained earnings		(2,195,933)	(2,195,933)
Total equity		(2,194,933)	(2,194,933)

For the year ended 31 March 2016, the Company was entitled to exemption from audit under section 480 of the Companies Act 2006. No members have required the Company to obtain an audit of its financial statements for the period in question in accordance with section 476.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The accounting policies and notes on pages 10 to 13 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 20 December 2016 and signed on its behalf by:



S Ledger
Director

Registered number: 00258985 (England & Wales)

Statement of changes in equity

For the year ended 31 March

	Share capital £	Retained earnings £	Total equity £
At 1 April 2014	1,000	(2,195,933)	(2,194,933)
At 31 March 2015	1,000	(2,195,933)	(2,194,933)
At 31 March 2016	1,000	(2,195,933)	(2,194,933)

The accounting policies and notes on pages 10 to 13 are an integral part of these financial statements.

Accounting policies

The following accounting policies have been adopted in the preparation of these financial statements. They have been applied consistently in dealing with items which are considered material, except as noted below:

General information

Water Projects International Limited ("the Company") is a company incorporated in England & Wales and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is Clearwater Court, Vastern Road, Reading, RG1 8DB.

The Company's principal activity is that of an intermediate holding company in the Kemble Water Holdings Limited Group of companies ("the Group"), and remains unchanged from the previous year.

Basis of Preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006 and on a going concern basis. The presentation currency of these financial statements is sterling.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement or recognition adjustments. An explanation of how the transition to FRS 102 has affected the financial position of the Company, including disclosure requirements, has been provided in the notes to the financial statements.

The Company's ultimate parent undertaking, Kemble Water Holdings Limited ("KWH") includes the Company in its consolidated financial statements. The consolidated financial statements of KWH are prepared in accordance with EU adopted IFRSs and are available to the public and may be obtained from the Company Secretarial Department, Thames Water Group, Clearwater Court, Vastern Road, Reading, Berkshire, RG1 8DB. In these financial statements the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash flow statement and related notes; and
- Key management personnel compensation.

As the consolidated financial statements of KWH include the equivalent disclosures, the Company has also taken exemptions under FRS 102 available in respect of the disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102 the Company has not retrospectively changed its accounting under old UKGAAP for the derecognition of financial assets and liabilities before the date of transition or accounting estimates.

Going Concern

The Directors have adopted the going concern basis in preparing these financial statements based upon a review of the Company's budget, the Group's budget and strategic plan, together with the cash and committed borrowing facilities available to both the Company and Group.

Accounting policies (continued)

Non-derivative financial instruments

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and interest bearing borrowings.

Interest bearing borrowings

Interest bearing borrowings are financial liabilities recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition these are stated at amortised cost using the effective interest method. The amortisation is included within finance costs in the income statement and is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

De-recognition of financial instruments

A financial asset is de-recognised when the rights to receive cash flows from the asset have expired.

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Dividends

Dividends unpaid at the financial reporting date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. This occurs when the shareholders right to receive the payment has been established. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Significant accounting judgements and key sources of estimation uncertainty

The Directors do not consider there to be any critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the current and future financial statements of the Company.

Notes to the financial statements

1. Employees and Directors

Employees

The Company had no employees during the year (2015: none).

Directors

No emoluments were paid in respect of their roles as directors of the Company (2015: £nil) and there are no retirement benefits accruing in either year. Aggregate emoluments for the Group are disclosed in the financial statements of the ultimate parent company.

2. Borrowings

	2016 £	2015 £
Amounts owed to group undertakings		
Thames Water Limited	2,194,933	2,194,933
Total	2,194,933	2,194,933

Amounts owed to group undertakings are unsecured, repayable on demand and interest free.

3. Called up share capital

	2016 £	2015 £
<i>Allotted, called up and fully paid:</i>		
1,000 ordinary shares of £1 each (2015: £1)	1,000	1,000

The Company has one class of ordinary share which carries no right to fixed income. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

4. Related parties

The related parties of the Company are the parent and other subsidiary entities forming part of the Kemble Water Holdings Limited group of companies. During both the current and preceding financial year the Company has not traded and has received no income and incurred no expenditure. Consequently there has been no services provided to or by the Company during the year with entities that are related to it.

Amounts outstanding at the balance sheet date with entities that are related to the Company represent intercompany loan balances which have been disclosed separately in the notes to these financial statements. The amounts outstanding are unsecured and will be settled in a form other than cash. No guarantees have been given or received and no provisions have been made for doubtful debts in respect of amounts owed by related parties.

Notes to the financial statements

5. Ultimate parent company and parent company of larger group

The immediate parent company of Water Projects International Limited is Thames Water Limited which owns 999 ordinary shares of the issued share capital of the Company. The remaining one share is owned by Thames Water Nominees Limited.

Kemble Water Finance Limited, a company incorporated in the United Kingdom, is the smallest group to consolidate these financial statements.

The Directors consider the ultimate parent company and controlling party to be Kemble Water Holdings Limited, a company incorporated in the United Kingdom and largest group to consolidate these financial statements. Copies of the accounts of all of the above companies may be obtained from The Company Secretary's Office, Thames Water Group, Clearwater Court, Vastern Road, Reading, Berkshire, RG1 8DB.

6. Explanation of transition to FRS 102

As stated on page 4, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out on pages 10 to 12 have been applied in preparing the financial statements for the year ended 31 March 2016, the comparative information presented in these financial statements for the year ended 31 March 2015 and in the preparation of an opening FRS 102 balance sheet at 1 April 2014 (the Company's effective date of transition).

As a result of applying FRS 102 there have been no measurement, recognition or presentation differences noted.