

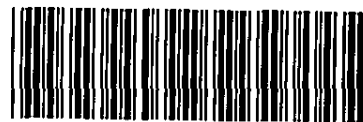
Yorkshire Water First Finance Limited

Annual report and financial statements

for the year ended

31 March 2012

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COMPANIES HOUSE

Yorkshire Water First Finance Limited

Registered No 2180720

Directors

P Garrett
S D McFarlane

Company secretary

R C Hill

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

The directors present their report and audited financial statements of the company for the year ended 31 March 2012. The directors' report has been prepared in accordance with the small companies regime under Part 15 of the Companies Act 2006.

Business review and principal activities

Yorkshire Water First Finance Limited is a group holding company.

The company has not traded during the year, the profit being generated from interest received from another group company. The directors do not have an immediate intention to make further investments.

The profit for the year after taxation amounts to £118,583 (2011: £88,870).

The directors did not pay an ordinary dividend during the year (2011: £nil).

The directors do not consider the disclosure of key performance indicators and material risks or uncertainties to be applicable.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

P Garrett (appointed 31 May 2011)

S D McFarlane

P Beaumont (resigned 31 May 2011)

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

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 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

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

By order of the board



R C Hill

Company secretary

6 September 2012

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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 auditors' report

to the members of Yorkshire Water First Finance Limited

We have audited the financial statements of Yorkshire Water First Finance Limited for the year ended 31 March 2012 which comprise the profit and loss account, the balance sheet and the related notes. 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).

Respective responsibilities of 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 and express an opinion on 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 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.

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 an apparent material misstatement 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 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

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 First Finance Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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 advantage of the small companies' exemption in preparing the Directors' Report



Richard Bunter (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
6 September 2012

Profit and loss account

for the year ended 31 March 2012

	Notes	2012 £	2011 £
Interest receivable and similar income	5	164,250	123,543
Interest payable and similar charges	6	(4,004)	-
Profit on ordinary activities before taxation	2	160,246	123,543
Tax on profit on ordinary activities	7	(41,663)	(34,673)
Profit for the financial year	11	118,583	88,870

All amounts relate to continuing operations

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial years, stated above, and their historical cost equivalents

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £118,583 for the year ended 31 March 2012 (2011 £88,870)

Balance sheet

as at 31 March 2012

	Notes	2012 £	2011 £
Current assets			
Debtors	8	17,877,344	17,865,897
Creditors' amounts falling due within one year	9	(380,779)	(487,915)
Net assets		<u>17,496,565</u>	<u>17,377,982</u>
Capital and reserves			
Called up share capital	10	15,800,002	15,800,002
Profit and loss account	11	1,696,563	1,577,980
Total equity shareholders' funds	12	<u>17,496,565</u>	<u>17,377,982</u>

The financial statements on pages 6 to 10 were approved by the board of directors on 6 September 2012 and were signed on its behalf by



P Garrett

Director

6 September 2012

Notes to the financial statements

at 31 March 2012

1. Accounting policies

Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

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

Revenue recognition

Interest on loans to group undertakings is recognised as it accrues. Interest is charged each month and rolled up into the outstanding debtor balance

Cash flow statement

The financial statements do not include a cash flow statement because the cash flows of the company are consolidated in the cash flow statement of the holding company in accordance with FRS 1 (revised)

Taxation

The taxation charge in the profit and loss account 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 accounting purposes

Dividends payable

Dividends payable are recognised on payment of the dividend

2. Profit on ordinary activities before taxation

Auditors' remuneration of £500 has been borne by another group company (2011 £200)

3. Directors' emoluments

All of 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 company has no employees (2011 nil)

5. Interest receivable and similar income

	2012 £	2011 £
Interest receivable from group undertakings	164,250	123,543

6. Interest payable and similar charges

	2012 £	2011 £
Interest payable to group undertakings	4,004	-

Notes to the financial statements (continued)

at 31 March 2012

7. Tax on profit on ordinary activities

	2012 £	2011 £
(a) The tax is made up as follows		
<i>Current tax</i>		
UK corporation tax	41,663	34,592
Adjustment in respect of prior years	-	81
Tax on profit on ordinary activities	<u>41,663</u>	<u>34,673</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is equal to (2011 higher than) the standard effective rate of corporation tax in the UK for the year ended 31 March 2012 of 26% (2011 28%), as detailed below

	2012 £	2011 £
Profits on ordinary activities before tax	<u>160,246</u>	<u>123,543</u>
Profits on ordinary activities multiplied by the standard rate of UK corporation tax of 26% (2011 28%)	41,663	34,592
Tax underprovided in previous years	-	81
Current tax charge for the year	<u>41,663</u>	<u>34,673</u>

8. Debtors

	2012 £	2011 £
Amounts falling due within one year		
Amounts owed by group undertakings	17,877,342	17,713,092
Other debtors	-	152,803
Called up share capital not paid	2	2
	<u>17,877,344</u>	<u>17,865,897</u>

Amounts owed by group undertakings are unsecured and repayable on demand and relate to funds loaned by the company at an interest rate of 0.4% over 3 month LIBOR, in addition to debtors for services provided

9. Creditors: amounts falling due within one year

	2012 £	2011 £
Amounts owed to group undertakings	<u>380,779</u>	<u>487,915</u>

Amounts owed to group undertakings are unsecured and repayable on demand and relate to finance of the company at an interest rate of 0.4% over 3 month LIBOR, in addition to creditors for services provided

Notes to the financial statements (continued)

at 31 March 2012

10. Called up share capital

	2012 £	2011 £
Ordinary shares of £1 each Authorised	25,000,000	25,000,000
Alotted, called up and fully paid	15,800,000	15,800,000
Called up share capital not paid	2	2
Called up share capital	15,800,002	15,800,002

11. Reserves

	<i>Called up share capital</i> £	<i>Profit and loss account</i> £	<i>Total</i> £
At 1 April 2011	15,800,002	1,577,980	17,377,982
Profit for the financial year	-	118,583	118,583
At 31 March 2012	15,800,002	1,696,563	17,496,565

12. Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Shareholders' funds at 1 April	17,377,982	17,289,112
Profit for the financial year	118,583	88,870
Shareholders' funds at 31 March	17,496,565	17,377,982

13. Related party transactions

The company is exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Kelda Eurobond Co Limited group or investees of Kelda Eurobond Co Limited, whose accounts are publicly available

14. Ultimate parent undertaking

The company's immediate parent company is Keyland Developments 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