

YORKSHIRE WATER LIMITED

(Registered Number 3778498)

REPORT AND ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2001



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YORKSHIRE WATER LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited accounts of the company for the period ended 31 March 2001.

Principal Activity

The principal activity of the company is the holding of shares in subsidiary companies.

Business Review

The company received no income and incurred no expenditure and has consequently made neither profit nor loss.

Directors

The directors who served during the period were:-

H M Cressey	
P J Hudson	(appointed 10 November 2000)
S D McFarlane	(resigned 18 July 2000)
S J Webb	(appointed 18 July 2000, resigned 10 November 2000)

Directors' interests are set out in note 6 to the accounts.


Auditors

A resolution to reappoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

By Order of the Board

Registered Office:

Western House
Halifax Road
Bradford
BD6 2SZ


J C Downes
Secretary
2 July 2001

YORKSHIRE WATER LIMITED

DIRECTORS' RESPONSIBILITIES

The directors are required by company law to prepare accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year.

In preparing the accounts of the company the directors confirm that they have:

- (i) selected and consistently applied appropriate accounting policies;
- (ii) make reasonable and prudent estimates and judgements where appropriate;
- (iii) followed applicable accounting standards;
- (iv) prepared the accounts on a going concern basis.

The directors are responsible for ensuring that the company keeps accounting records which disclose, with reasonable accuracy, the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act 1985. They also have the 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.

The above statement should be read in conjunction with the statement of the auditors' responsibilities in the Report of the Auditors, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

YORKSHIRE WATER LIMITED

Report of the Auditors

To the Members of Yorkshire Water Limited

We have audited the accounts on pages 4 to 7 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

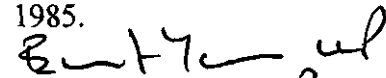
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 March 2001 and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young
Registered Auditor
Leeds

5 July, 2001.

YORKSHIRE WATER LIMITED

BALANCE SHEET AS AT 31 MARCH 2001

	Notes	2001 £	2000 £
CURRENT ASSETS			
Investments in subsidiary undertakings	4	100	100
		—	—
NET ASSETS		100	100
		==	==
CAPITAL AND RESERVES			
Called up share capital	5	100	100
		—	—
EQUITY SHAREHOLDERS' FUNDS		100	100
		==	==

Approved by the board of directors on 2 July 2001 and signed on their behalf by:

H.M. Cressey

H M Cressey
DIRECTOR

YORKSHIRE WATER LIMITED

NOTES TO THE ACCOUNTS

1 *Accounting Policies*

(a) Basis of Accounting

The accounts have been prepared under the historical cost convention and in accordance with all applicable accounting standards.

(b) Group Accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company is exempt from preparing group accounts by virtue of Section 228 of the Company's Act 1985. The company is included in the consolidated accounts of Kelda Group plc.

2 *Result for the Period*

During the period, the company has not traded, has not incurred any liabilities and, consequently, has made neither profit nor loss.

The auditors' remuneration is borne by the ultimate parent company.

3 *Directors & Employees*

None of the directors received any emoluments in respect of their services to the company.

The company had no employees during the year.

4 *Investments in Subsidiary Undertakings*

	Investments in subsidiary undertakings £
At 31 March 2000	100
At 31 March 2001	<u>100</u>

The company's subsidiary undertaking is as follows:

	<u>Country of Registration</u>	<u>Proportion of issued equity capital held</u>
Yorkshire Environmental Solutions Limited	England	100%

In the opinion of the directors the value of the company's investments is not substantially different from the amount at which they are stated in the balance sheet.

YORKSHIRE WATER LIMITED

NOTES TO THE ACCOUNTS (continued)

5 *Called up share capital*

	2000 £	2000 £
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
Allotted, issued and fully paid		
100 Ordinary shares of £1 each	100	100
	<hr/>	<hr/>

6 *Directors' Interests*

The interests of the directors holding office at 31 March 2001 in the shares of Kelda Group plc are:

	Ordinary shares of 15 5/9p each at 31 March 2001	Ordinary shares of 15 5/9p each at 31 March 2000
H M Cressey	10,391	11,383

Options to acquire ordinary shares

	At date March 2000	Granted during year	Exercised during year	Lapsed during year	At 31 March 2001	Exercise price (p)	Market price at date of exercise (p)	Date options exercisable	Date options expire
H M Cressey	1,322	-	(1,322)	-	-	295p	345p	1.5.2000	31.10.2000
	-	3,239	-	-	3,239	299p	-	01.03.2004	31.08.2004

The aggregate gain on exercise of the share options during the year was £661 (2000: £Nil).

There are no directors interests in the share capital of Yorkshire Water Limited requiring disclosure under the Companies Act 1985.

YORKSHIRE WATER LIMITED

NOTES TO THE ACCOUNTS (continued)

7 *Ultimate Parent Undertaking*

The company's immediate and ultimate parent undertaking is Kelda Group plc, which is registered in England and Wales and prepares group accounts.

Copies of the group accounts may be obtained from:

The Company Secretary
Kelda Group plc
Western House
Halifax Road
Bradford
BD6 2SZ