

# **Kelda Group QUEST Trustees Limited**

## **Report and Financial Statements**

31 March 2004



# Kelda Group QUEST Trustees Limited

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Registered No: 3847226

## **Directors**

J W Kidd  
J G Lee  
S D McFarlane  
A M Bainbridge  
P J Hudson

## **Secretary**

J C Downes

## **Auditors**

Ernst & Young LLP  
Cloth Hall Court  
14 King Street  
Leeds  
LS1 2JN

## **Registered office**

Western House  
Halifax Road  
Bradford  
BD6 2SZ

## Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2004.

### Principal activities and review of business developments

The principal activity of the company is to act solely as a trustee of the Kelda Group QUEST.

### Results and dividends

The company did not trade during the period, acting solely in its capacity as trustee.

### Directors and their interests

The directors of the company during the year ended 31 March 2004 were as listed on page 1.

### Directors' shareholdings

The interests of the directors holding office at 31 March 2004 in the shares of Kelda Group plc are:

	<i>Ordinary shares 31 March 2004</i>	<i>Ordinary shares 1 April 2003</i>
J W Kidd	3	3
S D McFarlane	996	996
J G Lee	1	1
A M Bainbridge	112	112

P J Hudson has no interest in the shares of Kelda Group plc, the ultimate parent company.

### Options to acquire ordinary shares

	<i>At 31 March 2003</i>	<i>Granted during year</i>	<i>Exercised during year</i>	<i>At 31 March 2004</i>	<i>Exercise price (p)</i>	<i>Market price at date of exercise (p)</i>	<i>Date options exercisable</i>
P J Hudson	6,018	-	-	6,018	275	-	01/03/2005
S D McFarlane	1,128	-	-	1,128	299	-	01/03/2006
	690	-	-	690	275	-	01/03/2005
	590	-	-	590	320	-	01/03/2006
	-	504	-	504	366	-	01/03/2007
A M Bainbridge	2,407	-	-	2,407	275	-	01/03/2007
	1,771	-	-	1,771	320	-	01/03/2006
J W Kidd	590	-	-	590	320	-	01/03/2006

The market price of the shares subject to these options at 31 March 2004 was 450.75p (2003: 409.5p) ranging from 404.00p to 469.25p during the year. The aggregate gain on exercise of the share options during the year was £nil (2002: £5,641).

## Directors' report

### Long Term Incentive Plan for Kelda Group plc

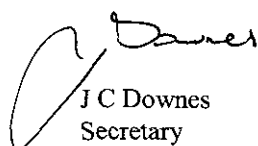
	<i>31 March 2003</i>	<i>Granted during year</i>	<i>Vested during year</i>	<i>Lapsed during year</i>	<i>31 March 2004</i>	<i>Earliest Vesting Date</i>
P J Hudson	7,657	-	-	-	7,657	07/06/2004
	7,167	-	-	-	7,167	11/06/2005
	-	16,707	-	-	16,707	02/09/2006
S D McFarlane	3,063	-	-	-	3,063	07/06/2004
	2,807	-	-	-	2,807	11/06/2005
	-	6,241	-	-	6,241	02/09/2006
A M Bainbridge	2,866	-	-	-	2,866	07/06/2004
	2,683	-	-	-	2,683	11/06/2005
	-	10,915	-	-	10,915	02/09/2006

Details of the plan are set out in the Kelda Group plc Annual Report and Accounts 2004.

### Auditors

Resolutions excluding the company from the obligation to hold annual meetings and to re-elect auditors annually have been passed by the company.

By order of the Board

  
J C Downes  
Secretary  
23 July

2004

## **Statement of directors' responsibilities in respect of the financial statements**

Company law requires the directors to prepare financial statements for each financial year which 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 those 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 accounting standards 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 Kelda Group QUEST Trustees Limited**

We have audited the company's financial statements for the year ended 31 March 2004 which comprise the Balance Sheet and the related notes 1 to 5. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

## **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

## **Independent auditors' report**

**to the members of Kelda Group QUEST Trustees Limited (continued)**

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2004 and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
Leeds

*27 July* 2004

## Balance sheet

at 31 March 2004

	Notes	2004 £	2003 £
<b>Current assets</b>			
Amounts owed by parent undertaking		1	1
<b>Net assets</b>		<u>1</u>	<u>1</u>
<b>Capital and reserves</b>			
Called up share capital	4	1	1
<b>Total equity shareholders' funds</b>		<u>1</u>	<u>1</u>

P J Hudson - Director

23 July

2004





## Notes to the financial statements

at 31 March 2004

### 1. Accounting policies

#### *Basis of accounting*

The accounts of the Company are prepared under the historical cost convention in compliance with all applicable accounting standards (Financial Reporting Standards 'FRS', Statement of standard Accounting Practice 'SSAP' and Urgent Issues Task Force abstract 'UITF') and, except where otherwise stated in the notes to the accounts, with the Companies Act 1985.

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.

### 2. Directors' emoluments

The directors are employees of the ultimate parent company Kelda Group plc, and received no emoluments in respect of their services to the company.

### 3. Staff numbers

The average number of persons employed by the company during the year was nil (2003: nil).

### 4. Share capital

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>
	£	£	£	£
Ordinary shares of £1 each	1,000	1,000	1	1
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 5. Ultimate parent undertaking

The immediate and ultimate parent undertaking and controlling party is Kelda Group plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Kelda Group plc consolidated financial statements can be obtained from the Company Secretary at Western House, Halifax Road, Bradford, BD6 2SZ.