

MACQUARIE

MEIF Kemble GP Limited

Registered number 06015050

Financial Statements for the year ended 31 March 2011

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MEIF Kemble GP Limited

Financial Statements – for the year ended 31 March 2011

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MEIF Kemble GP Limited

Financial Statements – for the year ended 31 March 2011

1 General Information

Directors	Parsons, Gordon Ian Winston Stanley, Martin Stephen William Wood, Alison
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Secretary	Lavery, James Thomas
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Registered Office	Ropemaker Place 28 Ropemaker Street London EC2Y 9HD United Kingdom
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Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH United Kingdom
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Company number	06015050
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2 Directors' Report

The directors of MEIF Kemble GP Limited (the "Company") present the annual report and the audited financial statements of the Company for the year ended 31 March 2011 (the "year")

Principal activity, review of the business and future developments

The Company was incorporated in England on 30 November 2006. The Company is a wholly owned subsidiary of MEIF Luxembourg Holdings S a r l , an entity incorporated in Luxembourg and a wholly owned subsidiary of Macquarie European Infrastructure Fund LP ("MEIF LP"). On 1 December 2006, the Company was appointed as the general partner of MEIF Kemble LP (the "Partnership") under the Limited Partnership Agreement, as amended and restated (the "LPA").

The directors consider the results for the year to be satisfactory. The nature of the Company's results and activities is not expected to change materially in future periods.

Results and Dividends

The Company's profit for the financial year of £2,560 (2010: £1,440), as disclosed on page 7, was transferred to reserves. No dividends were paid from reserves during the year (2010: Nil).

Financial Risk Management

The Company has limited cash balances and no external borrowings. The directors therefore believe the Company is not exposed to significant interest rate or liquidity risk. The Company's principal financial assets are debtors receivable from the Partnership which do not represent a material exposure of credit risk.

The functional currency of the Company is GBP ("£"). All transactions are incurred in GBP, therefore foreign exchange risk is not significant.

Key Performance Indicators

The directors are of the opinion that there are no meaningful financial or non-financial key performance indicators that would be necessary or appropriate for an understanding of the development, performance or position of the Company's activities.

Principal Risks and Uncertainties

The directors are of the opinion that there are no significant risks and uncertainties in relation to this entity.

Post Balance Sheet Events

At the date of this report, the directors are not aware of any matters or circumstance which have arisen that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the financial years subsequent to 31 March 2011 not otherwise disclosed in this report.

2 Directors' Report (continued)

Creditor Payment Policy

The Company seeks to treat all of its suppliers fairly. It is the Company's policy to agree the terms of payment at the start of business with suppliers to ensure that suppliers are aware of the terms of payment and to pay in accordance with its contractual and other legal obligations.

Directors

The following persons held office as directors of the Company during the year and up to the date of this report, except as otherwise noted:

- Parsons, Gordon Ian Winston
- Stanley, Martin Stephen William
- Wood, Alison

Secretary

The following person held office as company secretary of the Company during the period and up to the date of this report, except as otherwise noted:

- Lavery, James Thomas

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 elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law). Under the 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 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 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.

2 Directors' Report (continued)

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.

Disclosure of information to auditors

- So far as each director is aware, there is no relevant audit information of which the Company's independent auditors are unaware
- Each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves 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



G Parsons
Director, MEIF Kemble GP Limited
6 December 2011

Ropemaker Place
28 Ropemaker Street
London
United Kingdom
EC2Y 9HD

3 Independent Auditors' report to the Members of MEIF Kemble GP Limited

We have audited the financial statements of MEIF Kemble GP Limited for the year ended 31 March 2011 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 Directors' Responsibilities Statement 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 to 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 any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 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 properly prepared in accordance with 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.

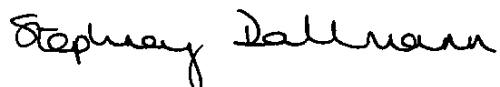
MEIF Kemble GP Limited

Financial Statements – for the year ended 31 March 2011

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



Stephney Dallmann (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London, WC2N 6RH
8 December 2011

4 Profit and Loss Account

	Note	1 April 2010 to 31 March 2011 £	1 April 2009 to 31 March 2010 £
Turnover		8,815	9,485
Administrative expenses	6 2	(6,815)	(7,485)
Profit on ordinary activities before taxation		2,000	2,000
Taxation on profit on ordinary activities	6 3	-	(560)
Reversal of taxation provision	6 3	560	-
Profit for the financial year		2,560	1,440

There is no material difference between the profit for the financial year as disclosed above and the historical cost basis equivalent

There are no other recognised gains or losses for the year apart from those included in the profit stated above, and therefore no separate statement of total recognized gains and losses has been presented

The results above derive from continuing activities

The notes on pages 9 to 12 form part of these Financial Statements

MEIF Kemble GP Limited

Financial Statements – for the year ended 31 March 2011

5 Balance Sheet

	Note	31 March 2011 £	31 March 2010 £
Current assets			
Debtors amounts falling due within one year	6 5	8,815	9,485
Cash at bank		<u>3,594</u>	<u>1,601</u>
		12,409	11,086
Current liabilities			
Creditors amounts falling due within one year	6 6	<u>(6,960)</u>	<u>(8,197)</u>
		(6,960)	(8,197)
Net current assets		5,449	2,889
Net assets		5,449	2,889
Capital and reserves			
Called up share capital	6 7	1	1
Profit and loss reserve	6 8	<u>5,448</u>	<u>2,888</u>
Total shareholders' funds	6 9	5,449	2,889

The above Balance Sheet should be read in conjunction with the accompanying notes on pages 9 to 12

These financial statements on pages 7 to 12 were approved by the board of directors of MEIF Kemble GP Limited on 6 December 2011 and were signed on their behalf by



G Parsons
Director, MEIF Kemble GP Limited

6 Notes to the Financial Statements

6.1 Principal accounting policies

The following accounting policies have been applied consistently in preparation of the Company's financial statements

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable UK accounting standards and under the historical cost convention in accordance with the Companies Act 2006

The financial statements have been prepared on a going concern basis

(b) Taxation and deferred taxation

The charge for taxation is based on the result for the period and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided fully in respect of all timing differences between the accounting and tax treatment of income and expenses at the reporting date, the anticipated reversal of which will result in a change in future liability to tax. The provision is calculated using the rates expected to be applicable when the asset or liability crystallises based on current tax rates and law measured on a non-discounted basis. A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of timing differences can be deducted.

(c) Turnover

Under the terms of the LPA, MEIF Kemble GP Limited was appointed General Partner to the Partnership. The General Partner is entitled to receive annually a General Partner's share equal to the lower of either 0.1% of the profits of the Partnership or £2,000, plus any administration costs incurred relating to the administration of the Partnership.

General Partner share income is recognised in the period to which it relates.

(d) Trade debtors and creditors

Trade debtors are measured at the amount receivable less any impairment. Trade creditors are carried at the payment or settlement amount.

Notes to the Financial Statements (continued)

6.2 Administrative expenses

The Company had no employees during the year

	1 April 2010 to 31 March 2011 £	1 April 2009 to 31 March 2010 £
Bank charges	90	134
	90	134
Services provided by the Company's auditors		
Fees payable for the audit	4,800	5,288
Fees payable for other services – tax compliance	1,925	2,063
Total administrative expenses	6,815	7,485

6.3 Taxation on profit on ordinary activities

	1 April 2010 to 31 March 2011 £	1 April 2009 to 31 March 2010 £
Current taxation		
UK corporation tax on profit for the year	-	560
Reversal of 2010 tax provision	(560)	-
Taxation on profit on ordinary activities	(560)	560

The tax assessed for the year is equal to the standard effective rate of corporation tax in the UK for year ended 31 March 2011 of 28% (2010 28%) multiplied by the total taxable profits ("TTP") Dividends from foreign entities are exempt from UK corporation tax with effect from 2010 Therefore the TTP for the year ended 31 March 2011 is nil, and the tax assessment for the year is nil

6.4 Directors' emoluments

The directors were employees of Macquarie Capital Group Limited, a subsidiary of Macquarie Group Limited ("MGL"), and received no remuneration in respect of their services to the Company during the year Macquarie Infrastructure and Real Assets (Europe) Limited (formerly Macquarie Capital Funds (Europe) Limited), the manager of MEIF LP, is also a subsidiary of MGL

Notes to the Financial Statements (continued)

6.5 Debtors: amounts falling due within one year

	31 March 2011 £	31 March 2010 £
General Partner's share receivable from MEIF Kemble LP	8,815	9,485
Total debtors	8,815	9,485

An amount of £8,815 (2010 £9,485) of General Partner's share has been accrued as a receivable from the Partnership in respect of the year ended 31 March 2011. The balance carries no credit terms and no interest is due on the balance.

6.6 Creditors: amounts falling due within one year

	31 March 2011 £	31 March 2010 £
UK corporation tax	-	560
Accruals	6,960	7,637
Total creditors	6,960	8,197

6.7 Called up share capital

	31 March 2011 £	31 March 2010 £
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
Allotted and fully paid		
1 Ordinary shares of £1 each	1	1

Notes to the Financial Statements (continued)

6.8 Profit and loss reserve

	31 March 2011 £	31 March 2010 £
Profit and loss reserve at 1 April	2,888	1,448
Profit for the year	2,560	1,440
Profit and loss reserve at 31 March	5,448	2,888

6.9 Reconciliation of movements in shareholders' funds

	31 March 2011 £	31 March 2010 £
Shareholders' funds at 1 April	2,889	1,449
Profit for the year	2,560	1,440
Shareholders' funds at 31 March	5,449	2,889

6.10 Immediate and ultimate parent undertaking

The immediate parent undertaking is MEIF Luxembourg Holdings S à r l, whose financial statements can be obtained from the Luxembourg Trade Register

The ultimate parent undertaking is MEIF LP, an English Limited Partnership with its registered office at 3rd Floor, 10 Lefebvre Street, St Peter Port, Guernsey, GY1 2PE

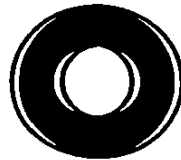
6.11 Cashflow statement and related party disclosures

The financial statements do not include a cash flow statement because the company is a wholly-owned subsidiary and the conditions of Financial Reporting Standard No 1 exempting inclusion are satisfied. The company is also exempt under the terms of Financial Reporting Standard No 8 from disclosing related party transactions with entities that are part of the MEIF LP group or investees of the MEIF LP group.

Consolidated accounts of the MEIF LP group are in the process of being prepared and will be available on request after being lodged at the address 3rd Floor, 10 Lefebvre Street, St Peter Port, Guernsey, GY1 2PE

6.12 Post balance sheet events

There are no post balance sheet events to report



MACQUARIE

MEIF Kemble LP

Registered number LP011746

Financial Statements for the year ended 31 March 2011

MEIF Kemble LP

Financial Statements – for year ended 31 March 2011

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MEIF Kemble LP

Financial Statements – for year ended 31 March 2011

1 General Information

General Partner	MEIF Kemble GP Limited Ropemaker Place 28 Ropemaker Street London United Kingdom EC2Y 9HD
Directors of the General Partner	Parsons, Gordon Ian Winston Stanley, Martin Stephen William Wood, Alison
Secretary	Lavery, James Thomas
Independent Auditors of the Partnership	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH United Kingdom
Registered office	Level 35 Ropemaker Place 28 Ropemaker Street London United Kingdom EC2Y 9HD
Registration number	LP011746

MEIF Kemble LP

Financial Statements – for year ended 31 March 2011

2 General Partner's report

The directors of the General Partner, MEIF Kemble GP Limited (the "Company") of MEIF Kemble LP (the "Partnership"), present the annual and audited financial statements of the Partnership for the year ended 31 March 2011 (the "year")

Principal activity, review of the business and future developments

The Partnership was registered in England on 1 December 2006

MEIF Luxembourg Holdings S à r l , (the "Partner"), an entity incorporated in Luxembourg and a wholly owned subsidiary of Macquarie European Infrastructure Fund LP ("MEIF LP"), is the sole limited partner of the Partnership

On 1 December 2006, the Company was appointed as the general partner of the Partnership, under the Limited Partnership Agreement as amended and restated (the "LPA")

The principal activity of the Partnership is to identify, negotiate, make, monitor and realise investments

The directors of the Company consider the results for the year to be satisfactory. The nature of the Partnership's results and activities is not expected to change materially in future periods

Results and Distributions

The profit for the year attributable to the Partner before distributions, as disclosed on page 7 was £18,556,368 (2010 £23,617,103). Total distributions of £18,570,808 (2010 £23,593,956) were paid to the Partner in the year ended 31 March 2011

Financial Risk Management

The Partnership has limited cash balances and no external borrowings. The directors of the Company therefore believe the Partnership is not exposed to significant interest rate or liquidity risk. The Partnership's principal financial assets are investments in Kemble Water International Holdings Limited, a holding company of the Thames Water business. The directors of the Company do not believe this represents a material exposure of credit risk.

The functional currency of the Partnership is GBP ("£"). All material transactions are incurred in GBP, therefore foreign exchange risk is not significant.

Key Performance Indicators

The directors of the Company are of the opinion that there are no meaningful financial or non-financial key performance indicators that would be necessary or appropriate for an understanding of the development, performance or position of the Partnership's activities.

Principal Risks and Uncertainties

The management of the business and the execution of the Partnership's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Partnership are considered to relate to industry risk, in respect of the Partnership's indirect investment in relation to the provision of water and wastewater services.

2 General Partner's Report (continued)

Post Balance Sheet Events

At the date of this report, the directors of the Company are not aware of any matters or circumstances which have arisen that have significantly affected or may significantly affect the operations of the Partnership, the results of those operations or the state of affairs of the Partnership in the financial years subsequent to 31 March 2011 not otherwise disclosed in this report

Creditor Payment Policy

The Partnership seeks to treat all of its suppliers fairly. It is the Partnership's policy to agree the terms of payment at the start of business with suppliers to ensure that suppliers are aware of the terms of payment and to pay in accordance with its contractual and other legal obligations

Directors of the General Partner

The following persons held office as directors of the General Partner during the year and up to the date of this report, except as otherwise noted

- Parsons, Gordon Ian Winston
- Stanley, Martin Stephen William
- Wood, Alison

Secretary

The following person held office as company secretary of the General Partner during the year and up to the date of this report, except as otherwise noted

- Lavery, James Thomas

Statement of Directors' of the General Partner's Responsibilities

The Partnership is a Qualifying Partnership in line with the Partnerships (Accounts) Regulations 2008 and as such is required to prepare annual accounts as if the Partnership were a company formed under the Companies Act 2006

The directors of the Company are responsible for preparing the General Partner's Report and the financial statements in accordance with applicable law and regulations. Company law, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 (the "Regulations"), requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law). Under company law as applied to qualifying partnerships 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 Partnership and of the profit or loss of the Partnership 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,

2 General Partner's Report (continued)

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to qualifying partnerships by the Regulations. They are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

- So far as each director is aware, there is no relevant audit information of which the Partnership's auditors are unaware
- Each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information

Independent Auditors

The Independent Auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office

By order of the board



G Parsons
Director, MEIF Kemble GP Limited in its capacity as
General Partner of MEIF Kemble LP
6 December 2011

Ropemaker Place
28 Ropemaker Street
London
United Kingdom
EC2Y 9HD

3 Independent Auditors' report to the members of MEIF Kemble LP Qualifying Partnership

We have audited the financial statements of MEIF Kemble LP for the year ended 31 March 2011 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 General Partner and auditors

As explained more fully in the General Partner's Responsibilities Statement set out on page 3, the General Partner is 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 members of the qualifying partnership as a body in accordance with the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 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 qualifying partnership's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the General Partner, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the General Partner's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements 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 qualifying partnership's affairs as at 31 March 2011 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 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

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 as applied to qualifying partnerships 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

MEIF Kemble LP

Financial Statements – For year ended 31 March 2011

- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of members' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Stephney Dallmann

Stephney Dallmann (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London, WC2N 6RH
8 December 2011

MEIF Kemble LP

Financial Statements – for year ended 31 March 2011

4 Profit and Loss Account

	Note	1 April 2010 to 31 March 2011 £	1 April 2009 to 31 March 2010 £
Administrative expenses	6 2	(15,691)	(16,984)
Operating loss		(15,691)	(16,984)
Income from fixed asset investment		18,570,808	23,633,956
Interest income	6 3	1,251	131
Profit before tax attributable to the partner		18,556,368	23,617,103
Tax on ordinary activities for the year	6 9	-	-
Profit after tax attributable to the partner	6 6	18,556,368	23,617,103

There is no material difference between the profit on ordinary activities before tax attributable to the partner as disclosed above and the historical cost basis equivalent

There are no other recognised gains or losses for the year apart from those included in the profit stated above, and therefore no separate statement of total recognized gains and losses has been presented

The results above derive from continuing activities

The notes on pages 9 to 13 form part of these financial statements

MEIF Kemble LP

Financial Statements – for year ended 31 March 2011

5 Balance Sheet

	Note	31 March 2011 £	31 March 2010 £
Assets			
Non-current assets			
Fixed asset investment	6 4	285,000,000	285,000,000
Amount provided for future distributions	6 6	2,277	-
		285,002,277	285,000,000
Current assets			
Cash at bank		13,565	29,354
		13,565	29,354
Liabilities			
Current liabilities			
Creditors	6 5	(15,775)	(17,124)
Partners' loan account		(285,000,000)	(285,000,000)
		(285,015,775)	(285,017,124)
Net current liabilities		(285,002,210)	(284,987,770)
Total assets less current liabilities		67	12,230
Non-current liabilities			
Partners' capital contribution account	6 7	(67)	(67)
Amount provided for future distributions	6 6	-	(12,163)
		(67)	(12,230)
Net assets attributable to the partner		-	-

The notes on pages 9 to 13 form part of these financial statements

These financial statements on pages 7 to 13 were approved by the board of directors of the Company on 6 December 2011 and were signed on their behalf by



G Parsons
Director, MEIF Kemble GP Limited in its
capacity as General Partner of MEIF Kemble LP

6 Notes to the Financial Statements

6.1 Principal accounting policies

The following accounting policies have been applied consistently in preparation of the Partnership's financial statements

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable UK accounting standards and under the historical cost convention in accordance with the Companies Act 2006

The financial statements have been prepared on a going concern basis

(b) Partnership investments

Partnership investments, including controlled, associated and equity investments, are held at cost in the books of the Partnership, or are written down, due to impairment, in accordance with UK GAAP

Finance costs incurred for the establishment of financing loans and facilities for the Partnership are expensed in the period in which they are incurred

Acquisition costs incurred in an investment undertaking are expensed in the period in which they are incurred

(c) Investment income

Dividend income on unquoted investments is accounted for on the ex-dividend date or when the Partnership establishes the right to receive the income. A full provision is made until such time as the directors of the General Partner are satisfied the income will be received

Bank interest is accounted for on an accrual basis

(d) Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction or, where forward contracts have been arranged, at the contractual rate. Monetary assets and liabilities in foreign currencies are translated at the exchange rates ruling at the balance sheet date or at a contractual rate (if applicable) and any exchange differences arising are taken to the profit and loss account

(e) Taxation

The Partnership is a tax transparent entity not subject to taxation in the UK

(f) Cash at Bank

Cash at bank, call deposits and other short-term highly liquid investments are disclosed within cash at bank

(g) Partners' funds

Partners' funds consists of a capital contribution, repayable to the Partner upon termination of the Partnership, an interest free loan, repayable either upon demand of the lender or as otherwise agreed between the borrower and lender, and profits/losses of the Partnership, being amounts provided for future distributions. For the purposes of FRS25, Partners' interests are recognised as financial liabilities, reflecting the finite life of the Partnership

6 Notes to the Financial Statements (continued)

(h) Material agreements

LPA - General Partner's Share

Under the terms of the LPA, MEIF Kemble GP Limited was appointed General Partner. The Partnership is obliged to pay annually, a General Partner's Share equal to the lower of either 0.1% of the profits of the Partnership or £2,000, plus any administration costs incurred relating to the administration of the Partnership.

General Partner's share expenditure is recognised as an administrative expense in the period to which it relates.

(i) Trade debtors and creditors

Trade debtors are measured at the amount receivable less any impairment. Trade creditors are carried at the payment or settlement amount.

6.2 Administrative expenses

The Partnership had no employees during the year.

	1 April 2010 to 31 March 2011 £	1 April 2009 to 31 March 2010 £
General Partner's share	8,815	9,485
Bank Charges	151	149
	<u>8,966</u>	<u>9,634</u>
Services provided by the Partnership's auditors		
Fees payable for the audit	4,800	5,287
Fees payable for other services – tax compliance	1,925	2,063
Total administrative expenses	<u>15,691</u>	<u>16,984</u>

6.3 Interest income

	1 April 2010 to 31 March 2011 £	1 April 2009 to 31 March 2010 £
Other interest income	1,251	131
Total other interest receivable and similar income	<u>1,251</u>	<u>131</u>

6 Notes to the Financial Statements (continued)

6.4 Fixed asset investments

	31 March 2011 £	31 March 2010 £
Net book value at 1 April	285,000,000	285,000,000
Net book value at 31 March	285,000,000	285,000,000

The financial assets are investments in Kemble Water International Holdings limited, a holding company of the Thames Water business

6.5 Creditors

	31 March 2011 £	31 March 2010 £
General Partner's share payable	8,815	9,485
Accruals	6,725	7,639
Total creditors	15,540	17,124

An amount of £8,815 (2010 £9,485) of General Partner's share has been accrued in respect of the year ended 31 March 2011

6.6 Reconciliation of amounts provided for future distributions

	31 March 2011 £	31 March 2010 £
Balance at 1 April	12,163	(10,984)
Profit after tax attributable to the Partner	18,556,368	23,617,103
Distributions paid to the Partner (refer to note 6.8)	(18,570,808)	(23,593,956)
Balance at 31 March	(2,277)	12,163

6.7 Movement in Partners' interests

2011	Balance at 1 April 2010 £	Movements during the year £	Balance at 31 March 2011 £
Partners' loan account	285,000,000	-	285,000,000
Partners' capital account			
Partners' capital contribution	67	-	67
Amounts provided for future distributions to/(contribution from the Partner)	12,163	(14,440)	(2,277)
	12,230	(14,440)	(2,210)
Total Partners' interests	285,012,230	(14,440)	284,997,790

6 Notes to the Financial Statements (continued)

6.7 Movement in Partners' interests (continued)

2010	Balance at 1 April 2009 £	Movements during the year £	Balance at 31 March 2010 £
Partners' loan account	285,000,000	-	285,000,000
Partners' capital account			
Partners' capital contribution	67	-	67
Amounts provided for future distributions to/(contribution from the Partner)	(10,984)	23,147	12,163
	(10,917)	23,147	12,230
Total Partners' interests	<u>284,989,083</u>	<u>23,147</u>	<u>285,012,230</u>

Partners' loan accounts are repayable on demand and are therefore classified as payable within one year. Partners' capital accounts are distributable at the discretion of the General Partner and are ultimately repayable to the Partner on the termination of the Partnership. As a result they are classified as amounts payable in more than one year.

6.8 Dividends

	1 April 2010 to 31 March 2011 £	1 April 2009 to 31 March 2010 £
Dividends paid to Partners	18,570,808	23,593,956
Total dividends paid to Partners	<u>18,570,808</u>	<u>23,593,956</u>

6.9 Taxation

The Partnership is a tax transparent entity not subject to taxation in the UK.

6.10 Immediate and ultimate parent undertaking

The immediate parent undertaking is MEIF Luxembourg Holdings S à r l, whose financial statements can be obtained from the Luxembourg Trade Register.

The ultimate parent undertaking is MEIF LP, an English Limited Partnership with its registered office at 3rd Floor, 10 Lefebvre Street, St Peter Port, Guernsey, GY1 2PE.

6.11 Cashflow statement and related parties disclosure

The financial statements do not include a cash flow statement due to the Partnership having a sole Partner and the conditions of FRS1 exempting inclusion being satisfied. The Partnership is also exempt under the terms of FRS8 from disclosing related party transactions with entities that are part of the MEIF LP group or investees of the MEIF LP group.

Consolidated accounts of the MEIF LP group are in the process of being prepared and will be available on request after being lodged at the address 3rd Floor, 10 Lefebvre Street, St Peter Port, Guernsey, GY1 2PE.

6 Notes to the Financial Statements (continued)

6.12 Post balance sheet events

There are no post balance sheet events to report