

Registered no: 06195202 (England & Wales)

# **Thames Water Utilities Holdings Limited**

**Directors' report and financial statements**

**For the year ended 31 March 2014**

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# **Thames Water Utilities Holdings Limited**

## **Directors' report and financial statements for the year ended 31 March 2014**

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# **Thames Water Utilities Holdings Limited**

## **Directors and advisors**

### **Directors**

Sir Peter Mason KBE - Chairman  
R Blomfield-Smith  
E Beckley  
D Buffery (appointed 13 December 2013)  
C R Deacon  
Dr P Dyer  
S R Eaves  
C Heathcote (appointed 21 June 2013)  
N Horler (appointed 14 April 2014)  
D J Shah OBE  
L Webb  
D Xu

### **Registered auditor**

KPMG LLP  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL

### **Company Secretary & registered office**

J E Hanson  
Clearwater Court  
Vastern Road  
Reading  
Berkshire  
RG1 8DB

# Thames Water Utilities Holdings Limited

## Strategic report

The directors present their strategic report for the Company for the year ended 31 March 2014.

### Review of business

The principal activity of Thames Water Utilities Holdings Limited ("the Company") is that of an intermediate holding company in the Kemble Water Holdings Limited group of companies ("the Group").

The only income of the Company is dividends from its main trading subsidiary, Thames Water Utilities Limited ("TWUL"), which are at the discretion of the TWUL board. The only expense is interest on loans from its subsidiary and its immediate parent, which are charged at pre-agreed rates as detailed in note 10.

The Company is a member of the Whole Business Securitisation Group and acts as an obligor to debt issued by TWUL and its subsidiary financing companies.

### Thames Tideway Tunnel – changes to financial covenants regarding the securitisation group

Given the size and scale of the Thames Tideway Tunnel and its importance to UK infrastructure, TWUL has been in dialogue with Defra, Ofwat and HM Treasury as to the preferred way to deliver the Thames Tideway Tunnel Project (the "TTT Project"). TWUL, Defra, Ofwat and HM Treasury have together developed a proposal whereby the TTT Project is delivered by an independent infrastructure provider (the "IP"). Such infrastructure providers were specifically introduced by recent legislation to deliver projects that: (i) are of such a size and complexity that they threaten the incumbent undertaker's ability to provide services for its customers, and; (ii) where "specifying" the infrastructure project is likely to result in better value for money than would be the case if the infrastructure project was not specified. Projects meeting these criteria can be specified as such by Ofwat or the Secretary of State.

The IP will not be owned by TWUL but will instead be an independent entity with its own licence and separately regulated by Ofwat. The IP will also be responsible for raising its own capital. The IP will by law and by regulation be required to design, construct, finance, operate and maintain the Thames Tideway Tunnel as specified.

TWUL will collect additional revenues from customers which it will pass to the IP and its licence will be amended to include the ability and obligation to collect such additional revenues. Importantly, TWUL will only be required to pass such revenues to the IP on a "pay when paid" basis i.e. TWUL will only be required to pass to the IP the relevant proportion of its revenues (commensurate with the proportion of the IP charges to TWUL's total wastewater charges) when it has collected them. In addition to the collection of revenues, TWUL will be involved in the procurement of the IP, ensuring that the Thames Tideway Tunnel connects correctly to TWUL's existing sewer network and the completion of the certain preparatory works.

TWUL has received accounting advice that, as a result of the delivery model for the TTT Project, the financial ratios will no longer operate as originally intended during the construction and operation phase (the "Accounting Effect"). This unintended accounting consequence of the delivery of the Thames Tideway Tunnel could not have been envisaged at the time TWUL's financing agreements were put in place in 2007.

The Accounting Effect in broad terms means that, during construction phase of the TTT, TWUL's cash interest cover ratios would benefit from an increase in revenues without a corresponding increase in debt service obligations whilst conversely, during operational phase (the earliest date for which will be in 2024) of the Thames Tideway Tunnel, certain of TWUL's leverage ratios would be affected by an increased "finance lease liability" without any additional asset RCV being attributed to TWUL.

The board of TWUL does not anticipate that the credit quality of Thames Water should be materially affected by the implementation of the TTT Project through the IP delivery and as such TWUL sought the approval of secured creditors to change the terms of certain finance documents to neutralise the impact of the Accounting Effect on its financial covenants.

# Thames Water Utilities Holdings Limited

## Strategic report (continued)

TWUL issued an announcement to the London Stock Exchange on 22 April 2014 launching the consent solicitation process. Bondholder meetings took place on 15 May 2014 the proposal was passed on 16 May 2014 by a vote from a total of c.88% of all relevant secured creditors. Further to this consent, the proposed changes will be implemented on satisfaction of further specific conditions which are: the issue of the TTT Project Specification Notice and; the affirmation of credit ratings at specific levels as set out in relevant finance documents.

### Results and performance

For the financial year ended 31 March 2014, the Company made a profit after tax of £14.9m (2013: £17.2m).

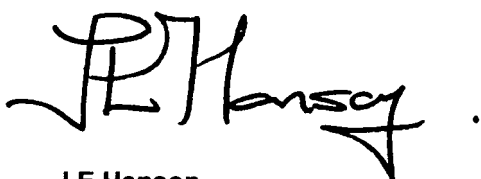
### Principal risk and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's annual report which does not form part of this report. The Group's annual report is available from the address shown in note 14 on page 16.

### Future outlook

The Company is expected to continue to be an intermediate holding company in the Group for the foreseeable future.

By the order of the Board:

A handwritten signature in black ink, appearing to read 'J E Hanson', followed by a period.

**J E Hanson**  
Company Secretary

Clearwater Court  
Vastern Road  
Reading  
Berkshire RG1 8DB

5 June 2014

# Thames Water Utilities Holdings Limited

## Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2014.

The registered company number is 06195202.

### Future outlook

The future outlook of the Company is discussed in the strategic report.

### Dividends

The Company has not paid any dividends during the year (2013: £nil) and the directors do not propose a final dividend (2013: £nil).

### Financial risk management

The Company has access to the Chief Executive and his executive team (of Thames Water Utilities Limited), who also manage the wider Kemble Water Holding Group on a day to day basis on behalf of the Directors of the individual group companies. They receive regular reports from all areas of the business. This enables prompt identification of financial and other risks so that appropriate actions can be taken in the relevant group companies.

The Company's treasury operations are managed centrally by a small specialist team, which operates with the delegated authority of, and under policies approved by, the Board of Directors of the Company's ultimate parent company, Kemble Water Holdings Limited.

The operation of the treasury function is governed by policies and procedures that set out specific guidelines for the management of interest rate risk and foreign exchange risk and the use of financial instruments. Treasury policy and procedures are incorporated within the financial control procedures of the Company.

### Directors

The directors who held office during the year ended 31 March 2014 and to the date of signing were:

Sir Peter Mason KBE - Chairman  
E Beckley  
R Blomfield-Smith  
D Buffery (appointed 13 December 2013)  
C R Deacon  
Dr P Dyer  
S R Eaves  
C Heathcote (appointed 21 June 2013)  
G I W Parsons (resigned 21 June 2013)  
N Horler (appointed 14 April 2014)  
K Roseke (appointed 2 January 2013, resigned 24 May 2013)  
D J Shah OBE  
L Webb  
D Xu

During the year under review, none of the directors had significant contracts with the Company or any other body corporate other than their contracts of service.

# Thames Water Utilities Holdings Limited

## Directors' report (continued)

### Directors (continued)

The following directors have formally appointed alternate directors to represent them when they are unavailable:

Director	Alternate Director
E Beckley	G Parsons
R Blomfield-Smith	P Noble
C R Deacon	R Evenden (resigned 16 August 2013)
Dr P Dyer	R Greenleaf (resigned 31 July 2013)
S R Eaves	M C Hill
C Heathcote (appointed 21 June 2013)	G Parsons (appointed 21 June 2013)
D J Shah OBE	C Van Heijningen
L Webb	C Pham
K Roseke (resigned 24 May 2013)	D Rees (resigned 24 May 2013)
D Xu (appointed 29 October 2012)	F Sheng

### Political donations and expenditure

No political donations were made by the Company during the year (2013: £nil).

### Disclosure of information to the auditor

The directors who held office at the date of approval of this director's report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### 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.

### Auditor

Our external auditor has informed us that for administrative reasons and to instigate the orderly wind down of business, they wished to formally change the entity which conducts the Thames Water Utilities Holdings Limited audit from KPMG Audit Plc to KPMG LLP.

KPMG Audit Plc resigned as auditor on 30 October 2013 pursuant to section 516 of the Companies Act 2006. At the Extraordinary General Meeting held on 30 October 2013, KPMG LLP was appointed as auditor of the company under section 485 of the Companies Act.

Approved by the Board of Directors on 5 June 2014 and signed on its behalf by



**J E Hanson**  
Company Secretary

# **Thames Water Utilities Holdings Limited**

## **Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements**

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 UK 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 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 its 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.



# **Independent Auditor's Report to the Members of Thames Water Utilities Holdings Limited**

We have audited the financial statements of Thames Water Utilities Holdings Limited for the year ended 31 March 2014 set out on pages 9 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## **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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with requirements of the Companies Act 2006.

## **Opinion on other matters as prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# **Independent Auditor's Report to the Members of Thames Water Utilities Holdings 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 by, 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.



**William Meredith (Senior Statutory Auditor)**

**For and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants  
15 Canada Square  
London  
E14 5GL

5 June 2014

# Thames Water Utilities Holdings Limited

## Profit and loss account

	Note	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
Income from fixed asset investment	2	208.5	231.4
Interest payable and similar charges	3	(223.3)	(244.5)
<b>Loss on ordinary activities before taxation</b>		<b>(14.8)</b>	<b>(13.1)</b>
Tax credit on loss on ordinary activities	5	29.7	30.3
<b>Profit for the year</b>	12	<b>14.9</b>	<b>17.2</b>

All amounts relate to continuing operations.

The Company has no recognised gains and losses other than the profits above and therefore no separate Statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents.

The notes on pages 11 to 16 form part of these financial statements.

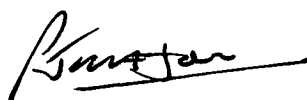
# Thames Water Utilities Holdings Limited

## Balance sheet

	Note	As at 31 March 2014 £m	As at 31 March 2013 £m
<b>Fixed assets</b>			
Fixed asset investments	7	4,250.0	4,250.0
<b>Current assets</b>			
Debtors	8	30.8	47.0
<b>Creditors: amounts falling due within one year</b>	9	(167.2)	(198.3)
<b>Net current liabilities</b>		(136.4)	(151.3)
<b>Total assets less current liabilities</b>		4,113.6	4,098.7
<b>Creditors: amounts falling due after more than one year</b>	10	(3,995.1)	(3,995.1)
<b>Net assets</b>		118.5	103.6
<b>Capital and reserves</b>			
Called-up share capital	11	-	-
Profit and loss account	12	118.5	103.6
<b>Shareholder's funds</b>	13	118.5	103.6

The notes on pages 11 to 16 form part of these financial statements.

The financial statements on pages 9 to 16 were approved by the Board of Directors on 5 June 2014 and signed on its behalf by:



**Sir Peter Mason KBE**  
Chairman

Registered no: 06195202

# Thames Water Utilities Holdings Limited

## Notes to the financial statements

### 1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which the Company considered material in relation to the financial statements.

#### Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost accounting rules.

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.

#### Going concern

The directors have adopted the going concern basis in preparing these financial statements having given due consideration to the net current liabilities of the Company and the requirement for ongoing support from the ultimate parent. This is based upon a review of the Group's budget, business plan and investment programme, together with the cash and committed borrowing facilities available. The Board also took into account potential contingent liabilities and other risk factors. Kemble Water Holdings Limited, the ultimate parent company has confirmed that it will continue to provide support to Thames Water Utilities Holdings Limited to enable it to meet its liabilities for a period of at least twelve months from the date of signing these financial statements.

#### Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements, which have been applied consistently are set out below.

##### (a) Investments

Investments held as fixed assets are stated at cost less provisions for impairment in value. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

##### (b) Related party disclosures

As the Company is a wholly owned subsidiary of Kemble Water Holdings Limited, the Company has taken advantage of the exemption contained in Financial Reporting Standards ("FRS") 8 and has therefore not disclosed transactions or balances with other wholly owned subsidiaries which form part of the Group (or investees of the Group qualifying as related parties). The consolidated financial statements of Kemble Water Holdings Limited, within which this Company is included, can be obtained from the address given in note 14.

##### (c) Cash flow

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements, which contain a cashflow statement.

##### (d) Dividends

Dividend income is recognised when there is a legal right to receive.

##### (e) Securitisation guarantees

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

# Thames Water Utilities Holdings Limited

## Notes to the financial statements (continued)

### 1 Principal accounting policies (continued)

#### (f) Taxation

The tax expense represents the current tax charge or credit for the year.

Current tax, including UK corporation tax and foreign tax, is based on the taxable profit for the period and is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Taxable profit can differ from the net profit as reported in the profit and loss account because it may exclude items of income or expense that are taxable or deductible in other periods and it may further exclude items that are never taxable or deductible.

Consideration receivable or payable in respect of losses surrendered or claimed by way of Group relief is dealt with in the profit and loss account.

#### *Deferred taxation*

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

A net 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 underlying timing differences can be deducted.

Deferred taxation is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date.

Deferred tax is charged or credited in the profit and loss account except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with via the statement of total recognised gains and losses.

#### (g) Financial risk management

The financial risk management of the Company is discussed in the Directors' Report on page 4.

### 2 Income from fixed asset investment

The investment income of £208.5m (2013: £231.4m) relates to dividends received from the Company's direct subsidiary, Thames Water Utilities Limited.

### 3 Interest payable and similar charges

	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
Payable to Group undertakings: On loans		
- payable on outstanding consideration payable to immediate parent undertaking	(198.0)	(199.9)
- payable on loans payable to direct subsidiary undertaking	(25.3)	(44.6)
	(223.3)	(244.5)

# Thames Water Utilities Holdings Limited

## Notes to the financial statements (continued)

### 4 Staff numbers and costs

The Company has no employees (2013: none).

The current directors receive emoluments in respect of their services as directors of Kemble Water Holdings Limited, the ultimate parent company. No emoluments were paid in respect of their roles of directors of the Company (2013: £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.

### 5 Taxation on profit on ordinary activities

	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
<b>Current tax:</b>		
Amounts receivable in respect of group relief for the year	38.0	30.3
Adjustment in respect of prior years	(8.3)	-
<b>Total tax credit for the year</b>	<b>29.7</b>	<b>30.3</b>

The current tax credit for the year is higher (2013: higher) than the standard rate of corporation tax in the UK of 23% (2013: 24%). The differences are explained below:

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Loss on ordinary activities before taxation	(14.8)	(13.1)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2013: 24%)	3.4	3.1
Effects of:		
Non taxable income (dividend from UK company)	48.0	55.5
Surplus tax losses	(13.4)	(28.3)
Adjustment to tax credit in prior years	(8.3)	-
<b>Current tax credit for the year</b>	<b>29.7</b>	<b>30.3</b>

There is an unrecognised deferred tax asset in respect of surplus tax losses where the Company does not anticipate taxable profits in the immediate future. The amount of deferred tax asset unrecognised at 20% and 21% is:

	As at 31 March 2014 £m	As at 31 March 2013 £m
Deferred tax asset not recognised in respect of surplus tax losses	122.1	120.7

There is no tax charge or credit for deferred tax (2013: £nil).

#### Factors affecting future tax rate

A reduction in the corporation tax rate was substantively enacted on 3 July 2013, reducing the rate from 24% to 23% with effect from 1 April 2013. The March 2013 Budget announced that the corporation tax rate will further reduce to 20% from 1 April 2015. As the Company has no deferred tax asset or liability, there is no effect on these financial statements other than the unrecognised deferred tax.

# Thames Water Utilities Holdings Limited

## Notes to the financial statements (continued)

### 6 Auditor's remuneration

The auditor's remuneration (for audit services only) of £1,760 (2013: £1,721) was borne by Thames Water Limited (in both years). No other fees were payable to KPMG LLP in respect of this Company in this year (2013: £nil).

### 7 Fixed asset investments

	Interests in Group undertaking £m
<b>Cost at 1 April 2013 and 31 March 2014</b>	<b>4,250.0</b>

In the opinion of the directors, the value of the investments in the subsidiary company is not less than the amount included in the balance sheet.

For details of Group undertakings, see table below:

	Year end	% owner -ship	Country of incorporation	Description of shares held	Nature of business
<b>Direct:</b>					
Thames Water Utilities Limited	31 March	100	England & Wales	Ordinary £1	Water and waste water Company
<b>Indirect (through Thames Water Utilities Limited):</b>					
Thames Water Utilities Finance Limited	31 March	100	England & Wales	Ordinary £1	Financing Company
Thames Water Utilities Cayman Finance Limited	31 March	100	Cayman Islands*	Ordinary \$1	Financing Company

\* Thames Water Utilities Cayman Finance Limited is resident in the UK for tax purposes.

In accordance with S410 of the Companies Act 2006, information is given only in respect of such undertakings whose financial position principally affects the figures of the Company. A full list of subsidiary undertakings will be filed at Companies House with the Company's annual return.

### 8 Debtors

	As at 31 March 2014 £m	As at 31 March 2013 £m
Group relief debtor	30.8	47.0



# Thames Water Utilities Holdings Limited

## Notes to the financial statements (continued)

### 9 Creditors: amounts falling due within one year

	As at 31 March 2014 £m	As at 31 March 2013 £m
Interest payable to Thames Water Limited, immediate parent	142.3	153.7
Interest payable to Thames Water Utilities Limited, direct subsidiary	24.9	44.5
Amounts owed to Group undertakings	167.2	198.3

### 10 Creditors: amounts falling due after more than one year

Amounts owed to Group undertakings:	As at 31 March 2014 £m	As at 31 March 2013 £m
Inter-company loans	3,995.1	3,995.1

Amounts owed to Group undertakings include the following unsecured loans:

- £1,980.1m (2013: £1,980.1m) owed to Thames Water Limited, the immediate parent company, being the unpaid deferred consideration on the purchase of Thames Water Utilities Limited, on which interest is payable at 10% (2013: 10%). Repayment is at the discretion of the Company but must be repaid by 2056. Interest repayment on this loan is determined by agreement between both parties.
- £2,015.0m (2013: £2,015.0m) owed to Thames Water Utilities Limited, the direct subsidiary company, on which interest is based on LIBOR + 0.35% (2013: LIBOR + 0.35%). The loan is repayable by 21 August 2037.

### 11 Called-up share capital

	As at 31 March 2014 £	As at 31 March 2013 £
<b>Allotted, called-up and fully paid</b>		
2 ordinary shares of £1 each (2013: 2 ordinary shares of £1 each)	2	2

### 12 Profit and loss account

	As at 31 March 2014 £m	As at 31 March 2013 £m
At the beginning of the year	103.6	86.4
Profit for the year	14.9	17.2
<b>At the end of the year</b>	<b>118.5</b>	<b>103.6</b>

# Thames Water Utilities Holdings Limited

## Notes to the financial statements (continued)

### 13 Reconciliation of movements in shareholder's funds

	As at 31 March 2014 £m	As at 31 March 2013 £m
Opening shareholder's funds	103.6	86.4
Profit for the year	14.9	17.2
<b>Closing shareholder's funds</b>	<b>118.5</b>	<b>103.6</b>

### 14 Immediate and ultimate parent company and controlling party

The immediate parent undertaking is Thames Water Limited, a company incorporated in the United Kingdom.

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

The Directors consider Kemble Water Holdings Limited, a company incorporated in the United Kingdom, to be the ultimate and controlling party and the 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.

### 15. Post balance sheet events

On 22 April 2014 TWUL issued an announcement to the London Stock Exchange launching the consent solicitation process to seek the approval of secured creditors to change the terms of certain finance documents. Bondholder meetings took place on 15 May and the proposal was passed on 16 May. Further to this consent, the proposed changes will be implemented on satisfaction of further specific conditions which are the issue of the TTT Project Specification Notice and the affirmation of credit ratings at specific levels as set out in relevant finance documents.

Whilst these changes are considered important to the securitisation group, there is no immediate financial effect.