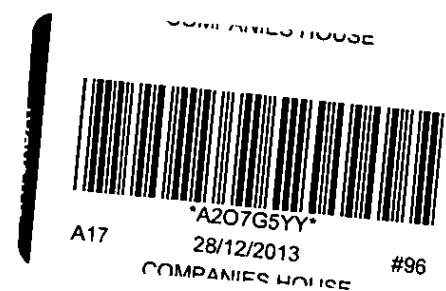


Kelda Energy Services (Knostrop) Limited
(formerly Aire Valley Environmental Leeds Limited)

Directors' Report and Financial Statements

For the year ended 31 March 2013



**Kelda Energy Services (Knostrop) Limited (formerly Aire Valley Environmental
Leeds Limited)**

Registered No 6690788

Directors

A P Sharpe (Resigned 5 May 2013)

P D Wynn (Resigned 30 April 2012)

G Dixon (Appointed 30 April 2012 and resigned 3 March 2013)

C S Haysom (Appointed 3 March 2013)

G M Cawthra (Appointed 1 August 2012)

Company secretary

R C Hill

Registered office

Western House

Halifax Road

Bradford

West Yorkshire

BD6 2SZ

Independent Auditors

PriceWaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Benson House

Wellington Street

Leeds

West Yorkshire

LS1 4JP

Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2013

Principal activities and review of the company

The company was incorporated on 8 September 2008 and changed its name from Aire Valley Environmental Leeds Limited to Kelda Energy Services (Knostrop) Limited on 1 August 2012. The company incurred no profit or loss in the year and therefore no profit and loss account is presented.

The company's key activity is the construction of a wind turbine on Yorkshire Water's waste water treatment works at Leeds for the generation of renewable energy to be used on the site. The plan is for electricity generation to commence by March 2014.

Principal risks and uncertainties

Due to the nature of the business, there are no material risks or uncertainties which require disclosure.

Key performance indicators

Due to the nature of the business, key performance indicators are not applicable.

Directors

The directors of the company during the year ended 31 March 2013 and up to the date of signing the financial statements are listed on page 1.

Directors' statement as to disclosure of information to auditor

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 him or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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.

Independent auditors

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

By order of the board



R C Hill
Company secretary

19 December

2013

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, 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 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report to the members of Kelda Energy Services (Knostrop) Limited (formerly Aire Valley Environmental Leeds Limited)

We have audited the financial statements of Kelda Energy Services (Knostrop) Limited formerly Aire Valley Environmental Leeds Limited) for the year ended 31 March 2013 which comprise 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 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 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 company's affairs as at 31 March 2013 and of its result 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 Kelda Energy Services (Knostrop) Limited (formerly Aire Valley Environmental Leeds Limited) - (continued)

Other matter - prior period financial statements unaudited

The financial statements for the year ended 31 March 2012, forming the corresponding amounts of the financial statements for year ended 31 March 2013, are unaudited

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



Richard Bunter (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
17 December 2013

Balance sheet

at 31 March 2013

Registered No: 6690788

| | <i>Note</i> | <i>2013</i> £ | <i>2012</i> <i>(Unaudited)</i> £ |
|--|-------------|------------------|--|
| Current assets | | | |
| Stock and work in progress | 3 | 55,537 | - |
| Debtors | 4 | - | 1 |
| | | <u>55,537</u> | <u>1</u> |
| Creditors amounts falling due within one year | 5 | <u>(55,536)</u> | <u>-</u> |
| Net assets | | <u>1</u> | <u>1</u> |
| Capital and reserves | | | |
| Called up share capital | 6 | 1 | 1 |
| Total shareholders' funds | | <u>1</u> | <u>1</u> |

The financial statements on pages 6 to 8 were approved by the board of directors and were signed on its behalf by



G M Cawthra
Director

19/12

2013

Notes to the financial statements

For the year ended 31 March 2013

1. Accounting policies

Basis of accounting

The financial statements of the company are prepared on a going concern basis, under the historical cost convention in compliance with all applicable accounting standards in the United Kingdom (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 financial statements, with the Companies Act 2006

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

The financial statements for previous years were unaudited as the company took advantage of the exemption available to dormant companies under section 480 of the Companies Act 2006

2. Profit and loss account

The company has not traded since incorporation. Therefore, the company has made neither profits nor losses and no profit and loss account has been presented. The company's auditors and directors both received no remuneration for their services (2012- £nil). The company has no employees other than the directors (2012 - £nil)

3. Stock and work in progress

| | 2013 | 2012 |
|------------------|-------------|-------------|
| | (Unaudited) | (Unaudited) |
| | £ | £ |
| Work in progress | 55,537 | - |

4. Debtors

| | 2013 | 2012 |
|----------------------------------|-------------|-------------|
| | (Unaudited) | (Unaudited) |
| | £ | £ |
| Amount owed by group undertaking | - | 1 |

5. Creditors: amounts falling due within one year

| | 2013 | 2012 |
|----------------------------------|-------------|-------------|
| | (Unaudited) | (Unaudited) |
| | £ | £ |
| Amount owed to group undertaking | 55,536 | - |

The above amount is unsecured, interest free and repayable on demand

Notes to the financial statements (continued)

at 31 March 2013

6. Called up share capital

*Allotted, called up
and fully paid*
2013 2012
(Unaudited)

Ordinary shares of £1 each

| | |
|----------|----------|
| 1 | 1 |
| <u>1</u> | <u>1</u> |

7. Cash flow statement

The company is a wholly owned subsidiary of Kelda Non Reg Holdco Limited and is included in the consolidated financial statements of Kelda Eurobond Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996)

8. Related party transactions

The company is exempt under the terms of FRS 8 from disclosing related party transactions within wholly owned entities that are wholly owned within Kelda Holdings Limited group

9. Ultimate parent undertaking

The company's immediate parent company is KWS (Projects) Limited. The company's ultimate parent company and controlling party is Kelda Holdings Limited, a company registered in Jersey. Kelda Eurobond Limited, a company registered in England and Wales, is the parent undertaking of the smallest and largest group to consolidate these financial statements in the United Kingdom. Copies of the group financial statements may be obtained from the Company Secretary, Kelda Group Limited, Western House, Halifax Road, Bradford BD6 2SZ.