

Kelda Water Services (Projects) Limited

Annual report and financial statements

Registered number 6690873

Year ended 31 March 2018

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Directors and advisers

Directors

G M Cawthra (resigned 30 September 2017)

T Hall

P J Doherty (resigned 14 August 2017)

C S Haysom (appointed 14 August 2017)

Company secretary

A W M White

Registered office

Western House

Halifax Road

Bradford

West Yorkshire

BD6 2SZ

Independent auditor

Deloitte LLP

Statutory Auditor

1 City Square

Leeds

LS1 2AL

Directors' report

The directors present their report and audited financial statements for the year ended 31 March 2018.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Principal activity and review of business developments

Kelda Water Services (Projects) Limited's (the 'company') principal activity is to act as a holding company within the Kelda Holdings Limited group.

As a result of last year's strategic decision taken by the company's parent to seek to sell the non-regulated businesses owned by Kelda Water Services Limited, the investments in Alauna Renewable Energy Limited, Kelda Organic Energy Limited, Kelda Organic Energy (Edinburgh) Limited and Kelda Organic Energy (Cardiff) Limited were disposed of during December 2017 and January 2018.

Results and dividends

The profit for the financial year was £980,300 (2017: £nil). The net assets at 31 March 2018 were £1 (2017: £1).

During the year the directors approved and paid a dividend to its immediate parent company, Kelda Water Services Limited, of £980,300 (2017: £nil) per qualifying ordinary share, amounting to £980,300 (2017: £nil).

Future developments

The company remains within the Kelda Holdings Limited group and the directors expect there to be no change in the principal activities of the company and consider the future prospects to be satisfactory.

Principal risks and uncertainties facing the company

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

Key performance indicators

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

Directors

The directors of the company during the year ended 31 March 2018 and up to the date of signing the financial statements are listed on page 1.

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.

Going concern

The company's business activities, together with the likely factors likely to affect its future development, performance and position, are set out in the Directors' report on pages 2 to 3.

The directors believe that the company has adequate resources to continue in existence for the foreseeable future. Therefore, they continue in adopting the going concern basis of accounting in preparing the financial statements.

Disclosure of information to independent auditor

As at the date of this report, as far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware and the directors have taken all the steps that they ought to have as directors, in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of this information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent auditor

The auditor, Deloitte LLP, has indicated their willingness to continue in office and the Board has passed a resolution confirming their reappointment.

Directors' report (continued)

Directors' responsibilities statement

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 judgments and accounting estimates that are reasonable and prudent; 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.

On behalf of the board



C S Haysom
Director

18 September 2018

Independent auditor's report to the members of Kelda Water Services (Projects) Limited

Report on the audit of the financial statements

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 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Kelda Water Services (Projects) Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Kelda Water Services (Projects) Limited *(continued)*

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

**Independent auditor's report to the members of Kelda Water Services (Projects) Limited
(continued)**

Report on other legal and regulatory requirements

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

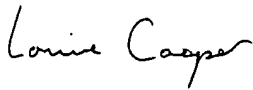
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.



Louise Cooper ACA, FCA (*Senior statutory auditor*)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds

19 September 2018

Profit and loss account
for the year ended 31 March 2018

	<i>Note</i>	2018 £	2017 £
Other operating income	5	980,300	-
Profit/result on ordinary activities before taxation		980,300	-
Taxation	6	-	-
Profit/result for the financial year		980,300	-

There are no other items of comprehensive income or result in the current or prior year, therefore no separate statement of other comprehensive income has been presented.

Balance Sheet
as at 31 March 2018

	<i>Note</i>	2018 £	2017 £
Fixed assets			
Investments	8	-	19,700
Current assets			
Debtors	9	1	-
Creditors: amounts falling due within one year	10	-	(19,699)
Net assets		<u>1</u>	<u>1</u>
Capital and reserves			
Called up share capital	11	<u>1</u>	<u>1</u>
Shareholders' funds		<u>1</u>	<u>1</u>

These financial statements on pages 7 to 14 were approved by the board of directors on 18 September 2018 and were signed on its behalf by:



C S Haysom
Director

Company registered number: 6690873

Statement of changes in equity
for the year ended 31 March 2018

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 April 2017	1	-	1
Total comprehensive income for the year			
Profit for the financial year	-	980,300	980,300
Total comprehensive income for the year	-	980,300	980,300
Dividends (note 7)	-	(980,300)	(980,300)
Balance at 31 March 2018	1	-	1

	Called up Share capital £	Profit and loss account £	Total equity £
Balance at 1 April 2016 and 31 March 2017	1	-	1

Notes to the financial statements

1. Accounting policies

Kelda Water Services (Projects) Limited (the "company") is a private company incorporated and resident for tax in the UK.

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.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006 as applicable to companies using FRS 101.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Kelda Holdings Limited includes the company in its consolidated financial statements. The consolidated financial statements of Kelda Holdings Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Western House, Halifax Road, Bradford, BD6 2SZ.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash flow statement and related notes;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of key management personnel; and
- Disclosures in respect of consolidation.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The company's business activities, together with the likely factors likely to affect its future development, performance and position, are set out in the Directors' report on pages 2 to 3.

The directors believe that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue in adopting the going concern basis of accounting in preparing the financial statements.

Other debtors

Other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Other creditors

Other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

2. Accounting estimates and judgements

The preparation of financial statements with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. There were no such areas of judgement or estimation uncertainty deemed significant in these financial statements.

3. Expenses and auditor's remuneration

Auditor's remuneration of £500 (2017: £nil) has been borne by Kelda Water Services Limited in relation to the audit of these financial statements.

Notes to the financial statements *(continued)*

4 Staff costs and directors' remuneration

The company does not have any employees (2017: nil).

All the directors are employees, or directors, of other group undertakings and are remunerated by the relevant undertaking and received no emoluments in respect of their services to the company (2017: £nil).

5 Other operating income

	2018 £	2017 £
Profit on disposal of investments (note 8)	980,300	-

6 Taxation

Total tax result recognised in the profit and loss account

	2018 £	2017 £
<i>Current tax</i>		
Current tax result on income for the year	-	-
Tax on profit/result on ordinary activities	-	-

The tax for the year is lower than (2017: equal to) the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

Reconciliation of effective tax rate

	2018 £	2017 £
Profit/result for the financial year	980,300	-
Profit/result for the financial year excluding taxation	980,300	-
Tax using the UK corporation tax rate of 19% (2017: 19.25%)	186,257	-
Income not taxable for tax purposes	(186,257)	-
Total tax result	-	-

The corporation tax rate of 19%, enacted in the Finance Act (No 2) Act 2015 and applicable from 1 April 2017, has been used in preparing these financial statements.

The Finance Act 2016 will reduce the corporation tax rate further to 17% from 1 April 2020. This reduction was substantively enacted on 6 September 2016.

Notes to the financial statements (continued)

7 Dividends

The following dividends were paid during the year:

	2018 £	2017 £
£980,300 (2017: £nil) per qualifying ordinary share	980,300	-
	<u>980,300</u>	<u>-</u>

8 Investments

	Shares in group undertakings £
Cost and net book value at 1 April 2017	19,700
Disposals	(19,700)
Cost and net book value at 31 March 2018	<u>-</u>

During December 2017 and January 2018, the company disposed of its investments, listed below, whose registered office was Western House, Halifax Road, Bradford, West Yorkshire BD6 2SZ, resulting in a profit on disposal of £980,300 and has been disclosed in other operating income.

	Country of Incorporation	Nature of business	Class of shares held	Ownership	
				2018	2017
Alauna Renewable Energy Limited	England & Wales	Construction and financing of an anaerobic digestion facility	Ordinary	-	95%
Kelda Organic Energy Limited	England & Wales	Construction and financing of an anaerobic digestion facility	Ordinary	-	100%
Kelda Organic Energy (Edinburgh) Limited	England & Wales	Operating and maintaining an anaerobic digestion facility	Ordinary	-	100%
Kelda Organic Energy (Cardiff) Limited	England & Wales	Operating and maintaining an anaerobic digestion facility	Ordinary	-	100%

9 Debtors

	2018 £	2017 £
Amounts owed by group undertakings	<u>1</u>	<u>-</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Notes to the financial statements *(continued)*

10 Creditors: amounts falling due within one year

	2018	2017
	£	£
Amounts owed to group undertakings	-	19,699
	<u> </u>	<u> </u>

Amounts owed to group undertakings are unsecured, interest free and payable on demand.

11 Capital and reserves

	Allotted, called up and fully paid	
	2018	2017
	£	£
Called up share capital		
1 ordinary share (2017: 1) of £1 (2017: £1) each	1	1
	<u> </u>	<u> </u>

12 Ultimate parent company and parent company of larger group

The company's immediate parent undertaking is Kelda Water Services Limited. The ultimate parent company and controlling party is Kelda Holdings Limited, incorporated in Jersey and resident for tax in the UK.

The largest group in which the results of the company are consolidated and made publicly available is that headed by Kelda Holdings Limited. The smallest group in which they are consolidated and made publicly available is that headed by Kelda Eurobond Co Limited, incorporated in England and Wales. No other publicly available group financial statements include the results of the company. The consolidated financial statements of these groups may be obtained from the Company Secretary, Western House, Halifax Road, Bradford BD6 2SZ.