

# WESSEX WATER SERVICES FINANCE PLC

Annual report and financial statements  
30 June 2016

Registered in England and Wales No. 3704265

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## **STRATEGIC REPORT**

### **PRINCIPAL ACTIVITIES**

The sole activity of the Company is to issue bonds, the proceeds of which are lent to the immediate parent company Wessex Water Services Ltd (WWSL).

The bonds are admitted to the Official List of the UK Listing Authority and to the London Stock Exchange plc.

The bond proceeds are lent to WWSL on the same terms as the bonds themselves. WWSL guarantees the bonds, hence protecting the Company from any risk.

The market and fair values of the bonds are disclosed in note 10, along with a description of the risks associated with the financial instruments.

### **PROFIT AND DIVIDEND**

There was no profit in the year (2015 - £nil).

The Directors did not recommend the payment of a dividend in either year.

### **REVIEW OF ACTIVITIES**

The only activity of the Company is to issue Bonds on behalf of the parent company WWSL.

There are no employees and no expenses incurred by the Company.

Note 10(d) explains the strength of WWSL in terms of its Licence to operate. It also explains how the risks on the Bonds are mitigated. WWSL guarantees the bonds, hence protecting the Company from any risk.

All Bonds are repayable in more than 5 years and there are no immediate plans for any further Bonds to be issued on behalf of WWSL.

The Directors conclude that the Company does not run any major risks and they are confident about the future viability of the Company.

The Strategic Report was approved by the Board of Directors on 30 September 2016 and signed on its behalf by:



Mark Watts  
Director

## DIRECTORS' REPORT

The Directors present their report and accounts for the year to 30 June 2016.

### CHARITABLE AND POLITICAL DONATIONS

There were no charitable or political donations in either year.

### DIRECTORS

The Directors of the Company during the year were;

Colin Skellett  
Mark Watts

Directors' emoluments in respect of services to group companies are disclosed in the accounts of WWSL (see note 13).

The Directors were granted ordinary share options of Malaysian Ringgit RM0.50 each in YTL Power International Berhad, a parent company (see note 13).

	Opening number 30/6/2015	Exercise price RM	Date of grant	Exercise date	Expiry date	Exercise	Closing number 30/6/2016
<i>2011 UK Plan</i>							
Colin Skellett	87,000	1.65	01/06/2012	01/06/2015	31/03/2021	-	87,000
Colin Skellett	1,913,000	1.41	01/06/2012	01/06/2015	31/03/2021	-	1,913,000
Mark Watts	87,000	1.65	01/06/2012	01/06/2015	31/03/2021	-	87,000
Mark Watts	913,000	1.41	01/06/2012	01/06/2015	31/03/2021	-	913,000

### DISCLOSURE OF INFORMATION TO AUDITOR

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that ought to have been taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### RE-APPOINTMENT OF AUDITOR

A resolution for the appointment of KPMG LLP as auditor of the Company will be put to the forthcoming Board meeting.



By order of the Board  
L Fisher-Hoyle  
Company Secretary  
Claverton Down  
Bath BA2 7WW  
30 September 2016

## **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, 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 IFRSs as adopted by the EU 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 estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; 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 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 WESSEX WATER SERVICES FINANCE PLC**

We have audited the financial statements of Wessex Water Services Finance Plc for the year ended 30 June 2016 set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 4, 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.

### **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 30 June 2016 and of its result for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **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; or



**James Ledward (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
66 Queen Square,  
Bristol, BS1 4BE  
30 September 2016

**Income Statement and Statement of Other Comprehensive Income**  
**For the year ended 30 June 2016**

	<i>Note</i>	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
<b>Revenue</b>		-	-
<b>Operating profit</b>	2	-	-
Financial income	3	<b>65,741</b>	70,853
Financial expenses	3	<b>(65,741)</b>	(70,853)
<b>Net financing expense</b>		-	-
<b>Profit before and after tax</b>		-	-

The notes on pages 9 to 15 are an integral part of these financial statements.

## Balance Sheet

At 30 June 2016

	Note	2016 £000	2015 £000
<b>Non-current assets</b>			
Other financial assets	4	1,572,084	1,562,354
		<u>1,572,084</u>	<u>1,562,354</u>
<b>Current assets</b>			
Trade and other receivables	5	31,064	30,907
Cash and cash equivalents	6	13	13
		<u>31,077</u>	<u>30,920</u>
<b>Total assets</b>		<u><u>1,603,161</u></u>	<u><u>1,593,274</u></u>
<b>Current liabilities</b>			
Trade and other payables	7	(31,064)	(30,907)
		<u>(31,064)</u>	<u>(30,907)</u>
<b>Non-current liabilities</b>			
Other interest-bearing loans and borrowings	8	(1,572,084)	(1,562,354)
Other payables		-	-
		<u>(1,572,084)</u>	<u>(1,562,354)</u>
<b>Total liabilities</b>		<u><u>(1,603,148)</u></u>	<u><u>(1,593,261)</u></u>
<b>Net assets</b>		<u><u>13</u></u>	<u><u>13</u></u>
<b>Equity</b>			
Share capital	9	13	13
Retained earnings		-	-
<b>Total equity</b>		<u><u>13</u></u>	<u><u>13</u></u>

Registered in England and Wales No. 3704265.

The notes on pages 9 to 15 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 30 September 2016 and signed on its behalf by:



Mark Watts  
Director



## Cash Flow Statement

For the year ended 30 June 2016

	Note	2016 £000	2015 £000
<b>Cash flows from operating activities</b>			
Profit for the year		-	-
<i>Adjustments for:</i>			
Financial income	3	(65,741)	(70,853)
Financial expense	3	65,741	70,853
Taxation		-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
(Increase) in trade and other receivables		(157)	(77)
Increase in trade and other payables		157	77
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
Tax paid		-	-
		<u>-</u>	<u>-</u>
<b>Net cash from operating activities</b>		<u>-</u>	<u>-</u>
<b>Cash flows from investing activities</b>			
Interest received		55,856	55,634
		<u>55,856</u>	<u>55,634</u>
<b>Net cash from investing activities</b>		<u>55,856</u>	<u>55,634</u>
<b>Cash flows from financing activities</b>			
Interest paid		(55,856)	(55,634)
		<u>(55,856)</u>	<u>(55,634)</u>
<b>Net cash from financing activities</b>		<u>(55,856)</u>	<u>(55,634)</u>
Increase / (decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at 1 July	6	13	13
		<u>13</u>	<u>13</u>
<b>Cash and cash equivalents at 30 June</b>		<u>13</u>	<u>13</u>

## Notes to the financial statements

### 1. Accounting policies

#### 1.1 Basis of preparation

Wessex Water Services Finance PLC is a Company incorporated and domiciled in the UK.

The Company financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the Directors, in the application of these accounting policies, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 14.

#### 1.2 Measurement convention

The financial statements are prepared on the historical cost basis. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

#### 1.3 Going concern

The Directors have considered the financial position of the Company and have concluded that they will be able to meet their liabilities as they fall due for the foreseeable future. For these purposes the foreseeable future is taken to mean a period of at least 12 months from the date of approval of these accounts.

#### 1.4 Foreign currency

Transactions in foreign currencies are translated into sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

#### 1.5 Financial instruments

##### *Investments*

Investments held as fixed assets are stated at cost less any provision for impairment. Those held as current assets are stated at the lower of cost and net realisable value.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

##### *Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### 1.6 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

## Notes to the financial statements – Accounting policies (continued)

### 1.7 Impairment excluding inventories and deferred tax assets

#### *Financial assets (including receivables)*

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. 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.

### 1.8 Revenue

Turnover represents income receivable in the ordinary course of business, excluding VAT, for services provided. Turnover is recognised to the extent that it is probable that economic benefits will flow to the Company.

### 1.9 Expenses

#### *Financing income and expenses*

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprises interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

### 1.10 Taxation

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

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 temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

### 1.11 Dividends

Dividends are proposed by the board and immediately afterwards are authorised by the shareholder, and are therefore recognised as a liability in the accounts until paid.

### 1.12 Adopted IFRS not yet applied

The following Adopted IFRS has been issued but has not been applied in these financial statements:

- IFRS 9 Financial Instruments (Mandatory for years commencing on or after 1 January 2018)

The Company does not currently expect that adoption of this standard will have a significant effect on the results or financial position of the Company, but may affect disclosure requirements.

## Notes to the financial statements *(continued)*

### 2 Operating profit

There were no expenses incurred by the Company in either year, audit fees of £1k (2015 - £1k) were borne by other group companies.

### 3 Finance income and expense Recognised in the income statement

	2016 £000	2015 £000
<i>Finance income</i>		
Interest receivable from parent company	65,741	70,853
Total finance income	<u>65,741</u>	<u>70,853</u>
<i>Finance expense</i>		
On bond issues	(65,741)	(70,853)
	<u>(65,741)</u>	<u>(70,853)</u>
Net interest payable	<u>-</u>	<u>-</u>

### 4 Other Financial Assets

	2016 £000	2015 £000
<b>Non-current</b>		
Intercompany loans repayable in more than 12 months	1,572,084	1,562,354
	<u>1,572,084</u>	<u>1,562,354</u>

Intercompany Loans consist of bonds lent to the parent with the same terms as bonds issued by the Company. See Note 8 for details of bonds issued by the Company.

### 5 Trade and other receivables

	2016 £000	2015 £000
Interest receivable	31,064	30,907
	<u>31,064</u>	<u>30,907</u>

### 6 Cash and cash equivalents

	2016 £000	2015 £000
Cash at bank	13	13
	<u>13</u>	<u>13</u>

## Notes to the financial statements (continued)

### 7 Trade and other payables

	2016 £000	2015 £000
<b>Current</b>		
Interest payable	31,064	30,907
	<u>31,064</u>	<u>30,907</u>

### 8 Other interest-bearing loans and borrowings

	2016 £000	2015 £000
<b>Non-current liabilities</b>		
Inter-company loans	1,572,084	1,562,354
	<u>1,572,084</u>	<u>1,562,354</u>

#### Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2015 £000	Carrying amount 2015 £000	Face value 2014 £000	Carrying amount 2014 £000
<i>Inter-company loans</i>							
Fixed Rate Bond	Sterling	5.375%	2028	198,747	198,385	198,641	198,288
Fixed Rate Bond	Sterling	5.75%	2033	346,904	345,873	346,725	345,732
Fixed Rate Bond	Sterling	4.00%	2021	303,432	303,432	304,101	304,101
Index Linked Bond	Sterling	3.52%	2023	74,373	74,373	73,209	73,209
Index Linked Bond	Sterling	2.186%	2039	60,975	60,960	60,029	60,016
Index Linked Bond	Sterling	1.75%	2046	100,036	100,036	98,470	98,470
Index Linked Bond	Sterling	1.75%	2051	100,035	100,035	98,470	98,470
Index Linked Bond	Sterling	1.369%	2057	100,035	100,035	98,470	98,470
Index Linked Bond	Sterling	1.374%	2057	100,036	100,036	98,470	98,470
Index Linked Bond	Sterling	1.489%	2058	62,973	62,973	62,376	62,376
Index Linked Bond	Sterling	1.495%	2058	62,973	62,973	62,376	62,376
Index Linked Bond	Sterling	1.499%	2058	62,973	62,973	62,376	62,376
				<u>1,573,492</u>	<u>1,572,084</u>	<u>1,563,713</u>	<u>1,562,354</u>

## Notes to the financial statements (continued)

### 9 Capital and reserves

#### Share capital

#### Ordinary shares

	2016 £	2015 £
<b>Authorised</b>		
<i>Allotted, called up and fully paid</i>		
49,998 shares of £0.25 each	12,500	12,500
2 shares of £1 each	2	2
	<u>12,502</u>	<u>12,502</u>
Issued at 30 June 2016		
	<u>12,502</u>	<u>12,502</u>
Shares classified as liabilities	-	-
Shares classified in shareholders' funds	<u>12,502</u>	<u>12,502</u>
	<u>12,502</u>	<u>12,502</u>

### 10 Financial Instruments

#### (a) Fair values of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in an arms-length transaction between informed and willing parties, other than a forced or liquidation sale. The fair value of short term and floating rate borrowings approximate to book value. The fair value of long term fixed rate borrowings has been calculated using market values or discounted cash flow techniques.

The fair value of long term fixed rate inter-company loans are classified as level 1 in the IFRS 13 fair value hierarchy and have a carrying value of £1,572,084k and a fair value of £1,955,293k.

The IFRS 13 fair value hierarchy is a categorisation relating to the extent that the fair value can be determined by reference to comparable market values. The hierarchy ranges from level 1 where instruments are quoted on an active market through to level 3 where the assumptions used to derive fair value do not have comparable market data.

It is the Company's policy to recognise all the transfers into the levels and transfers out of the levels at the date of the event or change in circumstances that caused the transfer. No liabilities are classified as level 2 or level 3.

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

	Carrying amount	Fair Value	Level 1	Carrying amount	Fair Value	Level 1
	2016	2016	2016	2015	2015	2015
	£000	£000	£000	£000	£000	£000
<b>Loans and receivables</b>						
Cash and cash equivalents (Note 6)	(13)	(13)	(13)	(13)	(13)	(13)
Total financial assets	<u>(13)</u>	<u>(13)</u>	<u>(13)</u>	<u>(13)</u>	<u>(13)</u>	<u>(13)</u>
Other interest-bearing loans and borrowings (Note 8)	1,572,084	1,955,293	1,955,293	1,562,354	1,840,889	1,840,889
Total financial liabilities	<u>1,572,084</u>	<u>1,955,293</u>	<u>1,955,293</u>	<u>1,562,354</u>	<u>1,840,889</u>	<u>1,840,889</u>
Total financial instruments	<u>1,572,071</u>	<u>1,955,280</u>	<u>1,955,280</u>	<u>1,562,341</u>	<u>1,840,876</u>	<u>1,840,876</u>

## Notes to the financial statements *(continued)*

### 10 Financial Instruments *(continued)*

#### **(b) Credit risk**

##### *Financial risk management*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

Cash and cash equivalents are short term deposits with counterparties that have a credit rating of A1+/P1 or A1/P1, and hence there is no exposure to credit risk for these values.

	2016	2015
	£000	£000
Cash and cash equivalents	13	13
	<u>13</u>	<u>13</u>

#### **(c) Cash flow hedges**

The company does not have any cash flow hedges.

#### **(d) Liquidity risk**

##### *Financial risk management*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Parent company is a regulated utility with a five-year settlement with the industry regulator, which allows it to plan to a certain degree of accuracy the financial obligations in the medium term. This means that the need to obtain additional finance has been spread over future years and is not considered onerous in any one regulatory period.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	Carrying amount	Contractual cash flows	Year 1	Years 2 to 5	Over 5 years
	2016	2016	2016	2016	2016
	£000	£000	£000	£000	£000
<b>Non derivative financial instruments</b>					
Inter-company loans	1,572,084	3,053,200	56,100	226,300	2,770,800
Total financial instruments	<u>1,572,084</u>	<u>3,053,200</u>	<u>56,100</u>	<u>226,300</u>	<u>2,770,800</u>

	Carrying amount	Contractual cash flows	Year 1	Years 2 to 5	Over 5 years
	2015	2015	2015	2015	2015
	£000	£000	£000	£000	£000
<b>Non derivative financial instruments</b>					
Inter-company loans	1,562,354	3,298,200	56,100	226,500	3,015,600
Total financial instruments	<u>1,562,354</u>	<u>3,298,200</u>	<u>56,100</u>	<u>226,500</u>	<u>3,015,600</u>

## Notes to the financial statements *(continued)*

### 10 Financial Instruments *(continued)*

#### **(e) Market risk**

There is no exposure to equity or foreign currency risk, the interest rate risk is shown below.

##### *Interest rate risk*

At the year end the interest rate profile of the Company's interest-bearing financial instruments was:

	2016	2015
	£000	£000
Fixed rate instruments	847,690	848,121
Floating rate instruments	-	-
Index linked instruments	724,394	714,233
	<u>1,572,084</u>	<u>1,562,354</u>

The company policy is to keep an appropriate mix of fixed rate and index linked financial instruments.

##### *Sensitivity*

There are no floating rate instruments where the interest charge is subject to changes in the interest rate.

### 11 Contingencies

There are no material contingent liabilities at 30 June 2016 for which provision has not been made in these accounts (2015: £nil)

### 12 Related parties

There were no transactions with key management personnel.

There have been no transactions with pre-penultimate, penultimate and ultimate holding companies described in note 13.

### 13 Ultimate parent company and parent company of larger group

The smallest group into which the financial statements of the Company are consolidated is that headed by Wessex Water Ltd, a company incorporated in England whose registered address is Wessex Water Operations Centre, Claverton Down, Bath, BA2 7WW.

The pre-penultimate, penultimate and ultimate holding companies are YTL Power International Berhad, YTL Corporation Berhad and Yeoh Tiong Lay & Sons Holdings Sdn Bhd respectively, all registered in Malaysia.

The largest group in which the results of the Company are consolidated is that headed by YTL Corporation Berhad incorporated in Malaysia. The consolidated financial statements of these groups are available to the public and can be obtained from Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia.

### 14 Accounting estimates and judgements

In preparing the financial statements and applying the accounting policies, the Company is required to make reasonable estimates and judgements based on the available information. The carrying value of bonds is based on known factors determined by the bond agreements and fair values as estimates as described in note 10.