

Reiver Holdings Limited**Registered No: 04872994****Report and Financial Statements**

31 March 2012

THURSDAY



A1NPBJRE

A03

13/12/2012

#170

COMPANIES HOUSE

Contents

	<i>Page</i>
Director's report	2
Statement of director's responsibilities	4
Independent auditor's report	5
Profit and loss account	7
Statement of total recognised gains and losses	7
Balance sheet	8
Notes to the financial statements	9

Reiver Holdings Limited

Registered No 04872994

Director

C M Green

Secretary

M Parker

Auditors

Deloitte LLP
Chartered Accountants and Statutory Auditors
One Trinity Gardens
Broad Chare
Newcastle Upon Tyne
NE1 2HF

Bankers

National Westminster Bank plc
87 Grey Street
Newcastle upon Tyne
NE99 1PY

Registered Office

Northumbria House
Abbey Road
Pity Me
Durham
DH1 5FJ

Director's report

The director presents his report and financial statements for the year ended 31 March 2012

Change of controlling party

On 14 October 2011, Northumbrian Water Group plc ("NWG" or the "Group"), the company's controlling party at the time, was acquired by UK Water (2011) Limited ("UKW"). Shares of NWG were delisted from the London Stock Exchange on the same date. UKW is indirectly wholly owned by a consortium comprising Cheung Kong Infrastructure Holdings Limited, Cheung Kong (Holdings) Limited and Li Ka Shing Foundation Limited. Following the change of control, NWG was re-registered as a private limited company under the name Northumbrian Water Group Limited ("NWGL").

Results and dividends

The profit for the year, after taxation, amounted to £15 (2011: £13). The director does not recommend the payment of a final dividend.

Principal activity and review of the business

The company's principal activity during the year continued to be to act as a holding company for its subsidiary, Reiver Finance Limited (which together form the group ("the group")). No new finance was raised during the year.

Future developments

The director has no plans to expand the existing operations of the company or the group.

Going concern

The director has considered the company's detailed budgets and forecasts and has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Treasury operations

The company's board is responsible for the financing strategy of the company, which is determined within treasury policies set by the Group. The aim of this strategy is to assess the ongoing capital requirement of the company and to raise funding on a timely basis, taking advantage of any favourable market opportunities.

The Treasury department of the Group carries out treasury operations on behalf of the company. Surplus funds are invested based upon forecast requirements, in accordance with the treasury policy. On occasion, derivatives are used as part of this process, but the treasury policies prohibit their use for speculation.

Risks arising from the company's financial instruments

The main risks arising from the company's financial instruments are liquidity risk and interest rate risk. As noted above, the company's financing strategy is developed in accordance with the treasury policies of the Group, whose board reviews and agrees policies for managing each of these risks. These are summarised below. The treasury activities of the company are conducted in accordance with these policies.

Liquidity risk

As regards day to day liquidity, the company is responsible for cash management but also has access to the committed borrowing facilities available to the Group. The Group's policy is to have available standby committed bank borrowing facilities with a value of no less than £50m and with a bank agreement availability period of no less than 3 months. At 31 March 2012, Northumbrian Water Limited ("NWL"), an intermediate parent company, had £450 million available in standby committed bank facilities. A further £70 million of committed bank facilities were entered into on 7 April 2012.

Interest rate risk

The company receives interest on its bank deposits at floating rates of interest, the interest rate risk is not deemed significant enough to undertake any hedging activity.

Director's report (continued)

Foreign currency risk

The Group's policy is that any foreign currency exposure in excess of £100,000 sterling equivalent of a transactional nature, or £3m sterling equivalent of a translation nature, should be covered immediately on recognition

Currency exposures

At 31 March 2012, the Group and the company had no currency exposures (2011 nil)

Market price risk

The company's exposure to market price risk principally comprises interest rate exposure. The company's policy is to accept a degree of interest rate risk. On the basis of the company's analysis, it is estimated that a 1% rise in interest rates would not have a material effect.

Director's declaration

As required under Section 418 of the Companies Act 2006, as far as the director is aware, there is no relevant audit information of which the company's auditors are unaware and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Indemnification of directors

UKW has in place directors' and officers' insurance and, on 28 November 2005, the Group entered into a deed of indemnity to grant the director further protection against liability to third parties.

Auditors

Deloitte LLP was appointed auditor in the current year, following the resignation of Ernst & Young LLP. Deloitte LLP has expressed its willingness to continue in office for the ensuing year.

By order of the board



Martin Parker

30 November 2012

Statement of director's responsibilities

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable United Kingdom law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether UK applicable 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report

to the members of Reiver Holdings Limited

We have audited the financial statements of Reiver Holdings Limited for the year ended 31 March 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, and the related notes 1 to 11. 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).

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 director and auditor

As explained more fully in the Statement of director's responsibilities, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 director, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual 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 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's 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 Reiver 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, 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 the director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Paul Feechan

Paul Feechan (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Newcastle Upon Tyne, United Kingdom

30 November 2012

Profit and loss account

for the year ended 31 March 2012

		2012	2011
	Notes	£	£
Other operating expenses		-	-
Operating profit	2	-	-
Bank interest receivable		15	13
Profit on ordinary activities before taxation		15	13
Tax on profit on ordinary activities	4	-	-
Profit for the financial year	8	15	13

All results are from continuing operations in the United Kingdom

Statement of total recognised gains and losses

for the year ended 31 March 2012

There are no recognised gains and losses other than the profit attributable to shareholders of the company of £15 in the year ended 31 March 2012 and the profit of £13 in the year ended 31 March 2011

Registered No 04872994

Balance sheet

at 31 March 2012

	Notes	2012 £	2011 £
Fixed assets			
Investments	5	1	1
		<u>1</u>	<u>1</u>
Current assets			
Cash at bank and in hand		12,336	12,321
Creditors amounts falling due within one year	6	(1)	(1)
Net current assets		<u>12,335</u>	<u>12,320</u>
Total assets less current liabilities		<u>12,336</u>	<u>12,321</u>
Net assets		<u>12,336</u>	<u>12,321</u>
Capital and reserves			
Called up share capital	7	10,000	10,000
Profit and loss account	8	2,336	2,321
Shareholders' funds		<u>12,336</u>	<u>12,321</u>

These financial statements of Reiver Holdings Limited were approved by the director and authorised for issue on 30 November 2012

They were signed on its behalf by



C M Green
Director

Notes to the financial statements

as at 31 March 2012

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards in the United Kingdom. The director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, he continues to adopt the going concern basis in preparing the annual report and accounts. For further details on the matters considered by the director refer to the going concern section of the Directors' report.

A summary of the principal accounting policies is set out below. These have been applied consistently throughout the current and preceding year.

Consolidation

The company was a wholly owned subsidiary, whose ultimate parent undertaking is UKW, a company which produces publicly available consolidated financial statements in which the company is included. Consequently the company is exempt under the terms of section 400 of the Companies Act 2006 from preparing consolidated financial statements. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Cash flow statement

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (revised) and has not included a cash flow statement on the grounds that the company is wholly owned and its ultimate parent company publishes a consolidated cash flow statement.

Taxation

Corporation Tax is based on the profit for the year as adjusted for taxation purposes using the rates of tax enacted or substantively enacted by the balance sheet date.

Provision is made for deferred tax in respect of all timing differences that have originated but not reversed at the balance sheet date that will result in an obligation to pay more, or a right to pay less tax in future periods. Deferred tax is calculated at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent that the director considers that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Fixed asset investments

Fixed Asset investments are shown at cost less provision for any impairment in value.

2. Operating profit

The auditors' remuneration, director's remuneration and any other administrative expenses are borne by Reiver Finance Limited. Auditors' remuneration for the year ended 31 March 2012 was £2,500 (2011: £2,200).

3. Staff costs

Excluding the director, there were no employees during the year (2011: nil). The director did not receive any remuneration in respect of his services to the company.

The director of the company is remunerated by NWL and the Group, and, as his services to Reiver Holdings Limited are incidental to the services provided to other Group companies, receives no remuneration in respect of qualifying services to Reiver Holdings Limited.

Notes to the financial statements

as at 31 March 2012

4. Tax on profit on ordinary activities

(a) Analysis of tax charge for the year

	2012 £	2011 £
Tax on profit on ordinary activities	-	-

(b) Reconciliation of the current tax charge

	2012 £	2011 £
Profit on ordinary activities before tax	15	13
Profit on ordinary activities multiplied by standard rate of corporation tax of 26% (2011 28%)	4	4
Effects at 26% (2011 28%) of		
Other	(4)	(4)
Tax funding receivable for current year	-	-
Adjustments in respect of prior years	-	-
Total current tax (note 4(a))	-	-

Under arrangements with Reiver Finance Limited, the company receives a contribution to fund its tax liabilities

5. Investments

	£
At 1 April 2011 and 31 March 2012	1

The company has a wholly owned subsidiary Reiver Finance Limited, whose principal activity is to act as a sole special purpose financing vehicle

Notes to the financial statements

as at 31 March 2012

6. Creditors: amounts falling due within one year

	2012 £	2011 £
Amounts owed to group undertakings	1	1

7. Share capital

Allotted, called up and fully paid

	2012 No	2011 No	2012 £	2011 £
Ordinary shares of £1 each	10,000	10,000	10,000	10,000
			10,000	10,000

8. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Profit and loss account £	Total share- holders' funds £
At 31 March 2010	10,000	2,308	12,308
Profit for the year	-	13	13
At 31 March 2011	10,000	2,321	12,321
Profit for the year	-	15	15
At 31 March 2012	10,000	2,336	12,336

9. Related parties

The company is a wholly owned subsidiary of UKW which produces publicly available consolidated financial statements which include the company. Accordingly, the company is exempt under the terms of Financial Reporting Standard Number 8 "Related Party Disclosures" from disclosing transactions with other members of the group headed by UKW.

Notes to the financial statements

as at 31 March 2012

10. Parent undertaking and controlling party

The company's immediate parent undertaking is Northumbrian Water Limited

In the directors' opinion, the company's ultimate parent undertaking and controlling party is UKW, which is incorporated in England and Wales. UKW acquired NWG, the previous controlling party, on 14 October 2011. UKW is indirectly wholly owned by a consortium comprising Cheung Kong Infrastructure Holdings Limited, Cheung Kong (Holdings) Limited and Li Ka Shing Foundation Limited.

Copies of UKW's consolidated financial statements, the largest group which includes the Company, are available from Northumbria House, Abbey Road, Pity Me, Durham, DH1 5FJ. Copies of Northumbrian Water Group Limited's consolidated financial statements, the smallest group which includes the Company, are available from Northumbria House, Abbey Road, Pity Me, Durham, DH1 5FJ.

11. Contingent liability

As part of the securitisation of the Kielder Water transfer scheme, there is a charge over the company's cash and investment in Reiver Finance Limited.