3i Osprey GP Limited

Annual report and accounts
for the year to 31 March 2011

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COMPANIES HOUSE

Directors' report

The Dırectors submıt theır report wıth the fınancıal statements for the year to 31 March 2011

Business revıew

Principal activity
The prıncıpal actıvıty of 3ı Osprey GP Lımıted (the "Company") ıs to act as general partner of 3ı Osprey LP

There have been no changes ın actıvıty ın the year and the Dırectors do not foresee any future changes

The Company's ultımate parent ıs 3ı Group plc. 3ı Group plc and ıts subsıdıarıes are consıdered to be the "Group"

The Dırectors do not consıder that the Company carrıes on substantıally dıfferent classes of busıness and no segmental ınformatıon has been presented

Development
There have been no changes ın actıvıty ın the year and the Dırectors do not foresee any future changes

Principal risks and uncertaınties
A descrıptıon of the prıncıple rısks and uncertaıntıes facıng the Company and the Company's rısk management polıcıes are set out ın note 10 to the accounts From the perspectıve of the Company, the prıncıpal rısks and uncertaıntıes are ıntegrated wıth the prıncıpal rısks of the Group and are not managed separately The prıncıpal rısks and uncertaıntıes of the Group, whıch ınclude those of the Company, are ıncluded ın the consolıdated fınancıal statements of 3ı Group plc, whıch does not form part of thıs report

Results and dividend

The total comprehensıve ıncome for the year amounted to £143,060 (2010 £150,075) The Dırectors do not recommend a dıvıdend for the year (2010 £nıl)

Dırectors

K J Dunn
J C Murphy
A J Haywood – appoınted 7 October 2010
J B C Russell – resıgned 16 September 2010
P Waller – resıgned 16 September 2010

Directors' report (cont'd)

Statement of Directors' responsibilities

The Dırectors are responsıble for preparıng the Annual Report and fınancıal statements ın accordance wıth applıcable Unıted Kıngdom law and have elected to prepare them ın accordance wıth those Internatıonal Fınancıal Reportıng Standards whıch have been adopted by the European Unıon

Under Company Law the Dırectors must not approve fınancıal statements unless they are satısfıed that they present faırly the financıal posıtıon, financıal performance and cash flows of the Company for that penod In preparıng financıal statements the Dırectors are requıred to

- select suıtable accountıng polıcıes ın accordance wıth IAS 8 *Accountıng Polıcıes, Changes ın Accountıng Estımates and Errors* and then apply them consıstently,
- present ınformatıon, ıncludıng accountıng polıcıes, ın a manner that provıdes relevant, relıable, comparable and understandable ınformatıon,
- provıde addıtıonal dısclosures when complıance wıth the specıfic requırements ın IFRSs ıs ınsufficıent to enable users to understand the ımpact of partıcular transactıons, other events and condıtıons on the Company's fınancıal posıtıon and fınancıal performance,
- state that the Company has complıed wıth IFRSs, subject to any materıal departures dısclosed and explaıned ın the fınancıal statements, and
- make judgements and estımates that are reasonable and prudent

The Dırectors have a responsıbılıty for ensurıng that proper accountıng records are kept whıch are suffıcıent to show and explaın the Company's transactıons and dısclose wıth reasonable accuracy at any tıme the fınancıal posıtıon of the Company and enable them to ensure that fınancıal statements comply wıth the Companıes Act 2006 They have a general responsıbılıty for takıng such steps as are reasonably open to them to safeguard the assets of the Company and hence for takıng reasonable steps for the preventıon and detectıon of fraud and other ırregularıtıes

Goıng concern

The Dırectors are satısfied that the Company has adequate resources to contınue to operate for the foreseeable future For thıs reason, they contınue to adopt the goıng concern basıs for preparıng the fınancıal statements

Audit ınformation

Pursuant to s418(2) of the Companıes Act 2006, each of the Dırectors confırms that (a) so far as they are aware, there ıs no relevant audıt ınformatıon of whıch the audıtors are unaware, and (b) they have taken all steps they ought to have taken to make themselves aware of any relevant audıt ınformatıon and to establısh that the audıtors are aware of such ınformatıon

Directors' report

Auditors

Ernst & Young LLP remain in office as auditors of the Company in accordance with Section 487(2) of the Companies Act 2006

By Order of the Board

J C Murphy
For and on behalf of 3i plc
Secretaries
Date 26|9|11

Registered Office
16 Palace Street
London SW1E 5JD

Independent auditor's report to the members of 3i Osprey GP Limited

We have audited the financial statements of 3i Osprey GP Limited for the year ended 31 March 2011 which comprise the statement of comprehensive income, statement of changes in equity, balance sheet, cash flow statement, accounting policies A to J and the related notes 1 to 10 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 auditors

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 Our responsibility is to audit 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 Directors, and the overall presentation of the financial statements.

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 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, 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

3i Osprey GP Limited No 6100576

Independent auditor's report to the members of 3i Osprey GP Limited

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

Ernst & Young LLP

James Stuart (Senior Statutory Auditor)
for and on behalf of
Ernst & Young LLP, Statutory Auditor
London

Date 26/9/11

Statement of comprehensive income

for the year to 31 March

	Notes	2011 £	2010 £
Revenue	1	2,861,193	2,886,501
Administrative expenses	2	(2,718,133)	(2,736,426)
Operating profit		143,060	150,075
Profit before tax		143,060	150,075
Income taxes	4	-	-
Profit for the year		143,060	150,075
Total comprehensive income for the year		143,060	150,075

All items in the above statement are derived from continuing operations
The Company has no recognised gains or losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 11 to 15 form an integral part of these financial statements

Statement of changes in equity

for the year to 31 March

	Issued capital £	Retained earnings £	Total equity £
Balance as at 01 April 2009	1	307,861	307,862
Profit for the year	-	150,075	150,075
Balance as at 31 March 2010	1	457,936	457,937
Balance as at 01 April 2010	1	457,936	457,937
Profit for the year	-	143,060	143,060
Balance as at 31 March 2011	1	600,996	600,997

Balance sheet
as at 31 March 2011

	Notes	2011	2010
		£	£
Assets			
Non-current assets			
Investments	5	1	1
Current assets			
Other receivables	6	600,996	457,936
Total assets		600,997	457,937
Liabilities			
Total liabilities		-	-
Net assets		600,997	457,937
Equity			
Issued capital	7	1	1
Retained earnings		600,996	457,936
Total equity		600,997	457,937

The notes on pages 11 to 15 form an integral part of these financial statements
The financial statements have been approved and authorised for issue by the Board of Directors

Director ANDREW HAYWOOD

Date 26/9/11

Cash flow statement

for the year to 31 March

	2011 £	2010 £
Cash flow from operating activities		
Profit before tax	143,060	150,075
	143,060	150,075
Increase in receivables	(143,060)	(144,325)
Decrease in payables	-	(5,750)
Net cash flow from operating activities	-	-
Change in cash and cash equivalents	-	-
Change in non-cash items	-	-
Closing cash and cash equivalents at end of year	-	-

Accounting policies

A Statement of compliance These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and their interpretations issued or adopted by the International Accounting Standards Board as adopted for use in the European Union ("IFRS")

These financial statements have been prepared in accordance with and in compliance with the Companies Act 2006

The IASB has issued the following standards and interpretations to be applied to financial statements with periods commencing on or after the following dates

		Effective for periods beginning on or after
IFRIC 19	Extinguishing Financial Liability with Equity	1 July 2010
IAS 24	Revised definition of related parties	1 January 2011
IFRIC 14, IAS 19	Prepayments of a minimum funding requirement (Amendments to IFRIC 14)	1 January 2011
IFRS 7	Amendments enhancing disclosures about transfers of financial assets	1 July 2011
IAS 12	Limited scope amendment (recovery of underlying assets)	1 January 2012
IFRS 9	Financial Instruments - Classification and Measurement	1 January 2013
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of involvement with other entities	1 January 2013

In addition, the IASB has issued amendments to several standards resulting from the May 2010 Annual Improvement to IFRS

The Directors do not anticipate that the adoption of these standards, interpretations and amendments will have a material impact on the financial statements in the period of intitial application and has therefore decided not to adopt these amendments early

B Basis of preparation The financial statements are presented in Sterling, the functional currency of the Company

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods The most significant techniques for estimation are described in the accounting policies below

The accounting policies set out below have been applied consistently to all periods presented in these financial statements

Accounting policies

C Investments Investments are carried in the balance sheet at cost to the extent that the fair value cannot be reliably measured

D Priority Profit Share Revenue comprises Priority Profit Share from 3i Osprey LP To the extent that there are insufficient partnership profits to allocate the Priority Share of profit, an interest free loan is made to the Company which is included in current liabilities As this loan is discharged out of surplus profits after future allocations, an amount equal to the shortfall is credited to the statement of comprehensive income and is included in current assets

E Administrative expenses Administrative expenses include the management fee paid by the Company to 3i plc, a fellow subsidiary

F Revenue recognition Revenue is recognised on an accruals basis

G Financial instruments Financial instruments are made up of other payables, other receivables and cash and cash equivalents The Directors consider that the fair value of other payables and other receivables approximate their carrying value The Directors do not believe that the Company is exposed to significant credit risk, liquidity risk, currency risk or interest rate risk and has not taken any specific actions to mitigate these financial risks (see note 10) There are no other financial instruments

H Other receivables Assets, other than those specifically accounted for under a separate policy, are stated at their cost less impairment losses They are reviewed at each balance sheet date to determine whether there is an indication of impairment If any such indication exists, the asset's recoverable amount is estimated based on expected discounted future cash flows Any change in the level of impairment is recognised directly in statement of comprehensive income An impairment loss is reversed at subsequent balance sheet dates to the extent that the asset's carrying amount does not exceed its original cost

I Other payables Liabilities, other than those specifically accounted for under a separate policy, are stated based on the amounts which we consider to be payable in respect of goods or services received up to the balance sheet date

J Income taxes Income taxes represent the sum of the tax currently payable and deferred tax Tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the tax is also dealt with in equity

The tax currently payable is based on the taxable profit for the year This may differ from the profit included in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit ('temporary differences'), and is accounted for using the balance sheet liability method

Deferred tax liabilities are generally recognised for all taxable temporary differences Deferred tax assets are generally recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised using tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Notes to the financial statements

1 Revenue

	2011 £	2010 £
Priority profit share	2,861,193	2,886,501
	2,861,193	2,886,501

2 Administrative expenses

	2011 £	2010 £
Auditor's remuneration	-	(5,750)
Management fee	2,718,133	2,742,176
	2,718,133	2,736,426

The auditor's remuneration fee of £5,750 (2010 - £5,750) was borne by 3i plc

3 Directors' emoluments

None of the Directors received any emoluments in respect of their services to the Company for the year to 31 March 2011 (2010 nil)

The Directors of the Company are also directors of fellow subsidiaires and receive remuneration from 3i plc The Directors do not believe that it is practicable to apportion this amount between their services as Directors of the Company and their services as directors of fellow subsidiary companies, however the Directors' services to the Company do not occupy a significant amount of their time

Five Directors (2010 four) of the Company accrued retirement benefits under the 3i Group Pension Plan, a defined benefit contributory scheme

The Company's contribution to pension schemes on behalf of Directors was £nil, (2010 £nil)

The Directors are granted options in shares of 3i Group plc The fair value of the services provided to the Company by the Directors cannot be reliably estimated and as such no share-based payment charge has been allocated to the Company

Notes to the financial statements

4 Income taxes

There are no taxes in the statement of comprehensive income (2010 nil)

Reconciliation of total income taxes in the statement of comprehensive income

The tax for the year is different to the standard rate of corporation tax in the UK (28%), (2010 28%) and the differences are explained below

	2011 £	2010 £
Profit before tax	143,060	150,075
Profit before tax multiplied by rate of corporation tax in the UK of 28% (2010 28%)	40,057	42,021
Effects of		
Non-taxable income	(801,134)	(708,490)
Utilisation of tax losses claimed as group relief for nil consideration	761,077	666,469
Total income taxes in the statement of comprehensive income	-	-

5 Investments

	2011 £	2010 £
Cost		
31 March	1	1
Analysis of investments		
Unlisted		
3i Osprey LP - capital contribution	1	1

6 Other receivables

	2011 £	2010 £
Other receivables from related undertakings	600,996	474,660
	600,996	474,660

Notes to the financial statements

7 Share capital

	Number of shares	Amount £
Authorised ordinary shares of £1 each	100	100
At 31 March 2011	100	100
Allotted and called up ordinary shares of £1 each	1	1
At 31 March 2011	1	1

	Number of shares	Amount £
Authorised ordinary shares of £1 each	100	100
At 31 March 2010	100	100
Allotted and called up ordinary shares of £1 each	1	1
At 31 March 2010	1	1

8 Parent undertaking and controlling party

The Company's immediate parent undertaking is 3i Holdings plc

The Company's ultimate parent undertaking and controlling party is 3i Group plc which is incorporated in Great Britain and registered in England and Wales Copies of its group financial statements, which include the Company, are available from 16 Palace Street, London, SW1E 5JD

Notes to the financial statements

9 Related partıes

Durıng the year the Company entered ınto transactıons, ın the ordınary course of busıness, wıth related partıes Each of these categorıes of related partıes and theır ımpact on the fınancıal statements ıs detaıled below There were no transactıons wıth dırectors of the Company and there are no other key management personnel

Investments in Lımited Partnershıps

Total revenue ın the form of Prıorıty Profit Share from the ınvestment ın 3ı Osprey LP ıs detaıled below

	2011 £	2010 £
Prıorıty Profit Share	2,861,193	2,886,501
Accrued at end of year	724,169	474,660

Fellow subsidiary

Management fees
Total fees paıd to a fellow subsıdıary for management servıces, ıncludıng the amount of accrued fees due at the end of the year, are detaıled below

	2011 £	2010 £
Management fees	2,718,133	2,742,176

Parent company

Share capıtal
The total amount outstandıng from the parent company ın respect of share capıtal ıs shown below

	2011 £	2010 £
Accrued at end of year	1	1

Notes to the financial statements

10 Financial Risk Management

The Company is a subsidiary of 3i Group plc The Group sets objectives, policies and processed for managing and monitoring risk as set out in the Directors' report in the 3i Group plc annual report This note provides further information on the specific risks faced by the Company

The capital structure of the Company consists of equity and intercompany loans which are due on demand There is sufficent capital in the Company to cover liabilities and the Company is free to transfer capital to the parent company subject to maintaining sufficient reserves to meet statutory obligations No significant constraints have been identified in the past and the Company have been able to distribute profits in a tax-efficient manner

Financial risks

Credit and Counterparty Risk

Distributions from 3i Osprey LP are dependent on the performance of 3i Osprey LP's underlying investment in Anglian Water Group Limited This investment is closely monitored by 3i Investments plc and is considered by the Directors to be a well rated counterparty The Directors do not believe therefore that there is significant credit risk arising from the Counterparty exposure and the Company's debtor is a partnership in which 3i Group plc is a Limited Partner and amounts owed are repayable on demand

Liquidity Risk

Liquidity risk is managed at the Group level as discussed in the Directors' report in the 3i Group plc annual report

Market Risk

The Directors do not believe that there is significant market risk as the Company does not hold fixed or floating rate loans or liabilities (other than intercompany loans), foreign currency assets or liabilities, or investments which are exposed to market fluctuations

3i Osprey LP

Annual report and accounts
for the year to 31 March 2011

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COMPANIES HOUSE

3i Osprey LP

No. LP11865

Contents

Manager's report

3i Osprey LP ("the Partnership") was established on 15 February 2007. The Manager submits its report with the financial statements of the Partnership for the year to 31 March 2011

Activities and future prospects

The principal activity of the Partnership is to invest exclusively in Anglian Water Group Limited and to carry on the business of an investor in Anglian Water Group Limited

There have been no changes in activity in the year and the Manager does not foresee any future changes

The Partnership's ultimate parent is 3i Infrastructure plc 3i Infrastructure plc and its subsidiaries are considered to be the "Group".

The Manager does not consider that the Partnership carries on substantially different classes of business and no segmental information has been presented

Business review

The total comprehensive income for the year amounted to £39,962,943 (2010. £39,914,881). This comprises amounts attributable to the Partners for the year of £36,644,724 (2010: £12,188,778) which has been allocated to the Partners' profit accounts and an unrealised profit on the revaluation of investments of £3,318,219 (2010 £27,726,103).

A summary of movements in investments is given in note 3 to the financial statements.

Principal risks and uncertainties

A description of the principal risks and uncertainties facing the Partnership and the Partnership's risk management policies are set out in note 11 to the accounts. From the perspective of the Partnership, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately The principal risks and uncertainties of the Group, which include those of the Partnership, are set out in the consolidated financial statements of 3i Infrastructure plc, which does not form part of this report

Key performance indicators

The Directors of 3i Infrastructure plc manage the operations of the Group on a consolidated and investment basis. The Manager believes that an analysis of the Partnership's results using key performance indicators is neither relevant nor appropriate to the management of the business. The development, performance and position of the Group, which includes the Partnership is discussed in the financial statements of 3i Infrastructure plc.

Manager's report (cont'd)

Taxation

As a limited partnership, the taxation payable on profits is the liability of the partners and accordingly no charge for taxation appears in the financial statements.

Partners' interests

A summary of movements in Partners' accounts is given in note 6 to the financial statements

Manager

The General Partner of the Partnership is 3i Osprey GP Limited which has delegated the responsibility for managing the Partnership to 3i Investments plc ("The Manager").

3i Investments plc has responsibility for managing and operating the Partnership and for managing the investment portfolio.

Statement of Manager's responsibilities

The Manager is responsible for preparing the financial statements in accordance with applicable law and regulations and the Partnership Agreement of the Partnership

The Companies Act 2006 as applied by the Partnerships (Accounts) Regulations 2008 requires the Manager to prepare financial statements for each financial year. Under that law the Manager has elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

Under the Companies Act 2006 as applied by the Partnerships (Accounts) Regulations 2008 the Manager must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the Partnership and of the total profit or loss of the Partnership for that period.

In preparing these financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting 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 Partnership will continue in business.

The Manager is responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied by the Partnerships (Accounts) Regulations 2008. The Manager is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Manager's report (cont'd)

Going concern

The Manager is satisfied that the Partnership has adequate resources to continue to operate for the foreseeable future. For this reason, it continues to adopt the going concern basis for preparing the financial statements.

Audit information

Pursuant to s418(2) of the Companies Act 2006, each of the Directors confirms that: (a) so far as they are aware, there is no relevant audit information of which the auditors are unaware; and (b) they have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of such information

Auditors

Ernst & Young LLP remain in office as auditors of the Partnership

For and on behalf of 3i Investments plc

S. Halhnain

Authorised signatory

12 August 2011

Registered Office.
16 Palace Street
London SW1E 5JD

Independent auditor's report to the members of 3i Osprey LP

We have audited the financial statements of 3i Osprey LP ("the Partnership") for the year ended 31 March 2011, which comprise the statement of comprehensive income, the statement of changes in partners' accounts, the balance sheet, the cash flow statement, the accounting policies A to I and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

This report is made solely to the Partnership, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the members of the Partnership 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 Partnership, as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of members and auditor

As explained more fully in the Manager's Responsibilities Statement set out on page 3, the Manager 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 the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply 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 qualifying partnership's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Manager and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Manager and the other information contained in the annual report to identify material inconsistencies with the audited financial statements The other information comprises only the Additional Information for Partners (Notes a to d). 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 Partnership's affairs as at 31 March 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

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 as applied to qualifying partnerships 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
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Sarah Williams (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

12 ***August 2011***

Statement of comprehensive income

for the year to 31 March

	Notes	2011 £	2010 £
Portfolio income	1	39,510,085	13,540,173
Administrative expenses	2	(2,866,215)	(2,953,107)
Other interest receivable		854	4,960
Realised profit on the disposal of investments	3	-	1,596,752
Amount available for allocation among Partners		36,644,724	12,188,778
Unrealised profit on the revaluation of investments	3	3,318,219	27,726,103
Profit for the year		39,962,943	39,914,881
Total comprehensive income for the year		39,962,943	39,914,881

All items in above statement are derived from continuing operations.

The Partnership has no recognised gains or losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

Statement of changes in Partners' accounts

for the year to 31 March

		2011 £	2010 £
Opening balance of Partners' accounts	6	235,034,533	271,590,509
Distributions to Partners	6	(36,898,314)	(50,333,040)
Total comprehensive income for the year		39,962,943	39,914,881
Movement to unrealised reserve	7	(3,318,219)	(27,726,103)
Reserve transfer from unrealised reserve	7	-	1,588,286
Closing balance of Partners' accounts	6	234,780,943	235,034,533

The accounting policies on pages 10 to 11 and the notes on pages 12 to 16 form an integral part of these financial statements.

3i Osprey LP

No. LP11865

Balance sheet
as at 31 March

	Notes	2011 £	2010 £
Assets			
Non-current assets			
Investments held at fair value through profit or loss	3	216,551,994	213,233,775
Loans and receivables	3	69,300,149	69,300,149
		285,852,143	282,533,924
Current assets			
Trade and other receivables	4	1,668,350	1,668,349
Cash and cash equivalents		110,691	109,773
		1,779,041	1,778,122
Total assets		287,631,184	284,312,046
Liabilities			
Current liabilities			
Trade and other payables	5	745,855	491,346
Net assets		286,885,329	283,820,700
Represented by:			
Loans and other debts due within one year			
Partners' capital classified as liability under IAS 32	6	178,687,827	178,687,827
Equity			
Partners' capital classified as equity under IAS 32	6	252	252
Profit account	6	56,092,864	56,346,454
Total Partners' funds		234,780,943	235,034,533
Unrealised reserve	7	52,104,386	48,786,167
		286,885,329	283,820,700

The accounting policies on pages 10 to 11 and the notes on pages 12 to 16 form an integral part of these financial statements

For and on behalf of 3i Investments plc

S Harrison

Authorised signatory

12 August 2011

Cash flow statement

for the year to 31 March

	2011 £	2010 £
Cash flow from operating activities		
Total comprehensive income for the year	39,962,943	39,914,881
Adjustments for		
Realised gain on the disposal of investments	-	(1,596,752)
Unrealised profit on the revaluation of investments	(3,318,219)	(27,726,103)
(Increase)/decrease in receivables	(1)	174,580
Increase in payables	254,509	217,477
Net cash flow from operating activities	36,899,232	10,984,083
Cash flow from financing activities		
Distributions to Partners	(36,898,314)	(50,333,040)
Net cash flow from financing activities	(36,898,314)	(50,333,040)
Cash and cash equivalents at start of year	109,773	131,928
Increase/(decrease) in cash and cash equivalents	918	(22,155)
Cash and cash equivalents at end of year	**110,691**	**109,773**

Accounting policies

A Statement of compliance These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and their interpretations issued or adopted by the International Accounting Standards Board as adopted for use in the European Union ("IFRS")

These financial statements have been prepared in accordance with and in compliance with the requirements of the Limited Partnership Agreement of the Partnership and with the Partnerships (Accounts) Regulations 2008

The IASB has issued the following standards and interpretations to be applied to financial statements with periods commencing on or after the following dates.

		Effective for periods beginning on or after
IFRIC 19	Extinguishing Financial Liability with Equity Instruments	1 July 2011
IAS 24	Revised definition of related parties	1 January 2011
IFRIC 14, IAS 19	Prepayments of a minimum funding requirement (Amendments to IFRIC 14)	1 January 2011
IFRS 7	Amendments enhancing disclosures about transfers of financial assets	1 July 2011
IAS 12	Limited scope amendment (recovery of underlying assets)	1 January 2012
IFRS 9	Financial Instruments - Classification and Measurement	1 January 2013
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of involvement with other entities	1 January 2013

In addition, the IASB has issued amendments to several standards resulting from the May 2010 Annual Improvement to IFRS

The Manager does not anticipate that the adoption of these standards, interpretations and amendments will have a material impact on the financial statements in the period of initial application and have therefore decided not to adopt these amendments early

B Basis of preparation The financial statements are presented in sterling the functional currency of the Partnership

The Partnership is exempt from the requirements to produce consolidated accounts, in accordance with section s400 to s402 of the Companies Act 2006, as it is a wholly owned subsidiary undertaking of 3i Infrastructure plc, a company incorporated in Jersey which publishes consolidated accounts including the results of the Partnership and its subsidiary undertakings in accordance with International Financial Reporting Standards as adopted by the European Union

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods The most significant techniques for estimation are described in the accounting policies below

It is anticipated in the Limited Partnership Agreement that the Partnership will eventually be wound up In accordance with IAS 32, financial instruments are classified between equity and liabilities in accordance with the substance of the contractual arrangements

The accounting policies set out below have been applied consistently to all periods presented in these financial statements

C Investments Investments are recognised and derecognised on a date where the purchase or sale of an investment is under a contract whose terms require the delivery or settlement of the investment. Investments are managed with a view to profiting from the receipt of interest and dividends and changes in the fair value of equity investments Therefore, all quoted investments and unquoted equity investments are designated as at fair value through profit or loss and subsequently carried in the balance sheet at fair value Other investments including loan investments and fixed income shares are classified as loans and receivables and subsequently carried in the balance sheet at fair value less amortised cost. All investments are initially recognised at the fair value of the consideration given and held at this value until it is appropriate to measure fair value on a different basis, applying the Managers valuation policies which is to value the asset on a Discounted Cash Flow basis ("DCF") Acquisition costs are attributed to equity investments and recognised immediately in the income statement.

The valuations incorporate observable market data about market conditions and other factors that are likely to affect the instruments' fair values

Accounting policies

D Revenue recognition Revenue represents the overall increase in net assets from the investment portfolio net of deal-related costs but excluding exchange movements Revenue income is analysed into the following components

i Realised profits over cost on the disposal of investments is the difference between the fair value of the consideration received less any directly attributable costs, on the sale of equity and the repayment of loans and receivables, and its fair value Realised profits are recognised in the statement of comprehensive income

ii Unrealised profits on the revaluation of investments is the movement in carrying value of investments between the start and end of the accounting period converted into sterling using the exchange rates in force at the date of the movement.

iii Portfolio income is that portion of income that is directly related to the return from individual investments It is recognised to the extent that it is probable that there will be economic benefit arising from the investment and the income can be reliably measured The following specific recognition criteria must be met before the income is recognised

- Income from loans and other receivables is recognised as it accrues by reference to the principal outstanding and the effective interest rate applicable
- Dividends from equity investments are recognised when the shareholders' rights to receive payment have been established except to the extent that dividends, paid out of pre-acquisition reserves, adjust the fair value of the equity investment.

E Administrative expenses All reasonable costs incurred with the management of the Partnership are charged to the statement of comprehensive income on an accruals basis in accordance with the agreement between the Partners

F Loan to General Partners The General Partner is entitled to a priority profit share calculated as a fixed proportion of the value of the Partnership's net assets in accordance with the Limited Partnership Agreement. The obligation of the Partnership to settle the priority profit share ranks in advance of the allocation of any profits to the other partners of the Partnership To the extent that the Partnership generates insufficient realised profits in any financial year from which to settle the General Partner's profit share, payment is made to the General Partner in the form of an interest free loan that can only be settled through the allocation of future income generated by the Partnership As a result, the priority profit share is considered to be an obligation of the Partnership and is therefore treated as an expense of the Partnership (and included in administrative expenses) rather than treated as an allocation made from Partners' capital

G Cash and cash equivalents Cash and cash equivalents in the balance sheet comprise cash at bank and in hand with an original maturity of three months or less For the purposes of the cash flow statement, cash and cash equivalents comprise cash as defined above

H Other receivables Assets, other than those specifically accounted for under a separate policy are stated at their cost less impairment losses They are reviewed at each balance sheet date to determine whether there is an indication of impairment If any such indication exists, the asset's recoverable amount is estimated based on expected discounted future cash flows Any change in the level of impairment is recognised directly in the statement of comprehensive income An impairment loss is reversed at subsequent balance sheet dates to the extent that the asset's carrying amount does not exceed its original cost. The Manager considers that the fair value of accounts receivable approximates to their carrying value

I Other payables Liabilities, other than those specifically accounted for under a separate policy, are stated based on the amounts which we consider to be payable in respect of goods or services received up to the balance sheet date The Manager considers that the fair value of accounts payable approximates to their carrying value

Notes to the financial statements

1 Portfolio income

	Year to 31 March 2011 £	Year to 31 March 2010 £
Dividend income	32,580,070	2,530,321
Interest income	6,930,015	11,009,852
	39,510,085	13,540,173

There was no preference share income for the year to 31 March 2011 The preference shares held by the Partnership were fully redeemed in February 2010. The income from preference shares for the year to 31 March 2010 totalled £4 0m and have been classified within interest income

All income is derived from investment activity in the United Kingdom and from the Partnership's principal activity

2 Administrative expenses

	Year to 31 March 2011 £	Year to 31 March 2010 £
Administrative expenses are stated after charging		
Auditor's remuneration	5,000	4,000

The auditor's remuneration of £5,000 (2010 £4,000) was paid by 3i Infrastructure plc, the ultimate parent undertaking of the Partnership and was re-charged to the Partnership The Partnership did not incur any non-audit fees (2010 £nil) in respect of services provided by the Partnership's auditor
Administrative expenses includes a priority profit share payable to the General Partner of £2,861,190 (2010 £2,883,326) This balance is calculated at a rate of 0 25% of the total net assets of the Partnership and is payable on a quarterly basis

3 Investments

The Partnership holds a 15% stake in Anglian Water Group Limited

	Unquoted equity £	Loans and receivables £	Total £
Fair value at 1 April 2010	213,233,775	69,300,149	282,533,924
Unrealised gain on revaluation	3,318,219	-	3,318,219
Fair value at 31 March 2011	216,551,994	69,300,149	285,852,143

	Unquoted equity £	Loans and receivables £	Total £
Fair value at 1 April 2009	218,021,742	74,516,129	292,537,871
Disposals, repayments and write-offs	(32,514,070)	(5,215,980)	(37,730,050)
Unrealised gain on revaluation	27,726,103	-	27,726,103
Fair value at 31 March 2010	213,233,775	69,300,149	282,533 924

Notes to the financial statements

3 Investments (continued)

Fair value hierarchy

The Manager classifies financial instruments measured at fair value in the investment portfolio according to the following hierarchy

Level	Fair value input description	Financial instruments
Level 1	Quoted prices (unadjusted) from active markets	Quoted equity instruments
Level 2	Inputs other than quoted prices included in Level 1 that are observable either directly (ie as prices) or indirectly (ie derived from prices)	Debt investments held at fair value
Level 3	Inputs that are not based on observable market data	Unquoted equity instruments and loans and receivables

Unquoted equity instruments are measured in accordance with the International Private Equity Valuation guidelines with reference to the most appropriate information available at the time of measurement.

The Partnership's investment portfolio for equity and loan instruments is classified by the fair value hierachy as the following

				as at 31 March 2011
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Unquoted equity	-	-	216,551,994	216,551,994
Loans and receivables	-	-	69,300,149	69,300,149
Total	-	-	285,852,143	285,852,143

				as at 31 March 2010
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Unquoted equity	-	-	213,233,775	213,233,775
Loans and receivables	-	-	69,300,149	69,300,149
Total	-	-	282,533,924	282,533,924

Level 3 fair value reconciliation	as at 31 March 2011
	£
Opening book value	282,533,924
Revaluation	3,318,219
Closing book value	285,852,143

Level 3 fair value reconciliation	as at 31 March 2010
	£
Opening book value	292,537,871
Disposals, repayments, write offs	(37,730,050)
Revaluation	27,726,103
Closing book value	282,533,924

Notes to the financial statements

4 Trade and other receivables	**31 March 2011 £**	**31 March 2010 £**
Accrued income	1,668,098	1,668,349
Other receivables from related undertakings	252	-
	1,668,350	1,668,349

5 Trade and other payables	**31 March 2011 £**	**31 March 2010 £**
Amounts owed to the General Partner	724,169	474,660
Other payables	21,686	16,686
	745,855	491,346

6 Partners' accounts

	Capital contributions £	**Loans £**	**Profits £**	**Total £**
Total partners' funds at 1 April 2010	252	178,687,827	56,346,454	235,034,533
Amount available for allocation amongst partners	-	-	36,644,724	36,644,724
Distributions	-	-	(36,898,314)	(36,898,314)
Total partners' funds at 31 March 2011	252	178,687,827	56,092,864	234,780,943

	Capital contributions £	**Loans £**	**Profits £**	**Total £**
Total partners' funds at 1 April 2009	270	229,020,849	42,569,390	271,590,509
Amount available for allocation amongst partners	-	-	12,188,778	12,188,778
Reserve transfer from unrealised reserve	-	-	1,588,286	1,588,286
Distributions	(18)	(50,333,022)	-	(50,333,040)
Total partners' funds at 31 March 2010	252	178,687 827	56,346,454	235,034,533

Notes to the financial statements

7 Unrealised reserve

	Unrealised reserve £
Year to 31 March 2011	
Opening balance	48,786,167
Unrealised movement	3,318,219
Balance at 31 March 2011	52,104,386
Year to 31 March 2010	
Opening balance	22 648,350
Unrealised movement	27,726,103
Reserve transfer	(1,588,286)
Balance at 31 March 2010	48,786,167

8 Income taxes

No provision for taxation has been made as the Partnership is not a taxable entity Any taxation arising on the income and gains of the Partnership is payable by the individual partners

9 Related parties

During the year the Partnership entered into transactions, in the ordinary course of business, with other related parties Each of these categories of related parties and their impact on the financial statements is detailed below The Partnership has no key management personnel

Limited Partners
Transactions with Limited Partners in the form of allocations of profit and drawdowns and distributions of cash, including balances at the year end, are detailed in note 6

General Partners
The Partnership pays a Priority Profit Share to its General Partner The Priority Profit Share entitlement for the year was £2,861,190 (2010 £2,883,326) To the extent that there is insufficient income to allocate against the General Partners' drawings, the balance takes the form of an interest free loan. The balance outstanding on the General Partner's share at the end of the year is £724,169 (2010 £474,660)

10 Controlling party

In addition to being an investing partner in the Partnership, 3i Infrastructure plc is considered to be the ultimate controlling party Copies of the consolidated 3i Infrastructure plc ("the Group") financial statements which include the results of the Partnership are available from 22 Grenville Street, St Helier, Jersey JE4 8PX

Notes to the financial statements

11 Financial risk management

The Partnership is a subsidiary of 3i Infrastructure plc The Group sets objectives, policies and processes for managing and monitoring risk as set out in the Risks and Uncertainties report in the 3i Infrastructure plc annual report. This note provides further information on the specific risks faced by the Partnership

Concentration risk

Concentration risk is managed at the Group level as discussed in the Risks and Uncertainties section in the 3i Infrastructure plc annual report. The Partnership is exposed to risk based on its sole investment in Anglian Water Group (AWG) Limited

Capital structure

The capital structure of the Partnership consists of equity and loan commitments made by limited partners in accordance with the Limited Partnership Agreement dated 14th February 2007 Hence, the Manager believes that the Partnership has sufficient capital to cover its liabilities The Partnership is free to return realised surplus profits to the partners in accordance with the Limited Partnership Agreement No restrictions exist in respect of the distribution of surplus realised profits Profits are allocated to each partner in proportion to their profit entitlements in accordance with the Limited Partnership Agreement

Credit risk

The Partnership takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts when they fall due

The Manager does not believe that there is significant credit risk as amounts owed by the Partnership's debtors are due from other Group entities and repayable on demand, or from investee companies for which the performance and ability to meet obligations are closely monitored The Partnership's maximum exposure to credit risk is the value of the debt investment and debtor balance as disclosed in notes 3 and 4

The Partnership is also exposed to credit risk in relation to outstanding loan contributions from its limited partners Loan commitments are made under the Limited Partnership Agreement signed by all parties so that all members of the Partnership are aware of their commitments The Manager communicates regularly with all the members of the Partnership to make them aware of likely future capital requirements and provide explanations for investment performance

Liquidity risk

Liquidity risk is managed at the Group level as set out in the Directors' report in the 3i Infrastructure plc annual report.

Market risk

The valuation of the Partnership's investments is largely dependent on the underlying trading performance of AWG Limited, but the valuation of the investments and the carrying value of other items in the financial statements can also be affected by interest rate, currency and quoted market fluctuations The Partnership's sensitivities to these are set out below

(i) Interest rate risk

The Partnership is not exposed to interest rate risk as the rate on the loan held with AWG Limited is fixed

(ii) Currency risk

There is no currency risk as all balances are held in pound sterling

(iii) Market price risk

The Partnership is exposed to market price risk in relation to the fair value of its direct investment in AWG Limited Volatility in the market value of this investment is considered to be limited due to the predictable nature of the cash flows that are received from the underlying investment. A 10% increase or decrease in the fair value of the investment would have the impact of increasing or decreasing net assets and net profit by £21.7m

Additional information for Partners

a General Partner's share and loan to General Partner

The General Partner's share for each quarter is calculated as 0.25% of the value of the Partnership's net assets

	2011 £	2010 £
General Partner's share for the year	(2,861,190)	(2,883,326)
Satisfied by allocation of income for the year	2,861,190	2,883,326
	-	-

b Partners' commitments and capital contributions

	Commitment at 31 March 2011	Capital contributions at 31 March 2011
	%	£
Founder Partner		
3i Group plc	2 381%	6
General Partner		
3i Osprey GP Limited	0.397%	1
Investing Partner		
3i Infrastructure plc	68 254%	172
Hermes Infrastructure I LP	10 714%	27
Teachers Insurance and Annuity Association of America	18 254%	46
	100%	252

Additional information for Partners

c Partners' loan accounts

	At 01 April 2010 £	Drawdowns £	Distributions £	At 31 March 2011 £
Founder Partner				
3i Group plc	17,706,595	-	-	17,706,595
General Partner				
3i Osprey GP Limited	-	-	-	-
Investing Partner				
3i Infrastructure plc	107,426,680	-	-	107,426,680
Hermes Infrastructure I LP	19,689,173	-	-	19,689,173
Teachers Insurance and Annuity Association of America	33,865,379	-	-	33,865,379
	178,687,827	-	-	178,687,827

d Partners' profit accounts

	At 01 April 2010 £	Appropriations £	Distributions £	At 31 March 2011 £
Founder Partner				
3i Group plc	8,414,820	847,211	(853,077)	8,408,954
General Partner				
3i Osprey GP Limited	6,341,371	-	-	6,341,371
Investing Partner				
3i Infrastructure plc	29,248,506	25,104,365	(25,278,153)	29,074,718
Hermes Infrastructure I LP	5,070,918	3,931,304	(3,958,520)	5,043,702
Teachers Insurance and Annuity Association of America	7,270,839	6,761,844	(6,808,564)	7,224,119
	56,346,454	36,644,724	(36,898,314)	56,092,864