

# **Thames Water Utilities Cayman Finance Limited**

**Annual report and voluntary  
financial statements for the  
year ended 31 March 2010**



Registered no: MC-187772 (Cayman Islands)

**Thames Water Utilities Cayman Finance Limited**

Annual report and voluntary financial statements

For the year ended 31 March 2010

# Thames Water Utilities Cayman Finance Limited

## Annual report and voluntary financial statements for the year ended 31 March

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# Thames Water Utilities Cayman Finance Limited

## Directors and advisors

### Directors

A Beaumont  
S Ledger

### Independent auditors

KPMG Audit Plc  
Chartered Accountants  
8 Salisbury Square  
London  
EC4Y 8BB

### Registered office

M&C Corporate Services Limited  
PO Box 309GT  
Ugland House  
South Church Street  
George Town  
Grand Cayman  
Cayman Islands

# Thames Water Utilities Cayman Finance Limited

## Directors' report

The directors present their report and the audited voluntary financial statements of Thames Water Utilities Cayman Finance Limited ("the Company") for the year ended 31 March 2010.

The Company is registered in the Cayman Islands and its operations are conducted entirely within the UK. The purpose of these voluntary financial statements is to enable the Company to comply with its obligations in respect of the whole business securitisation. Accordingly, the voluntary financial statements have been prepared on the going concern basis, under the historical cost convention, as if UK GAAP and UK Companies legislation were applicable.

### Review of business, principal activities and future developments

The Company was established to make certain financing arrangements on behalf of Thames Water Utilities Limited.

The registered company number is MC-187772 (Cayman Islands)

The major transactions of the Company were the raising of finance and subsequent lending of the debt to Thames Water Utilities Limited on the same terms and conditions except interest, where a margin is charged on the issued bonds. This is expected to continue for the foreseeable future.

The directors of the Company manage the group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company.

### Results and dividends

The profit and loss account for the period is set out on page 6. The directors do not recommend the payment of a dividend (2009: £Nil).

### Directors' indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its directors (which extend to the performance of any duties as director of any associated Company) and these remain in force at the date of this report.

### Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Kemble Water Holdings Limited group ("Group") and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's annual report which does not form part of this report.

# Thames Water Utilities Cayman Finance Limited

## Directors' report (continued)

### Directors

The directors who held office during the year ended 31 March 2010 and up to the date of signing were:

A Beaumont  
S Ledger

During the year under review, none of the directors had any contracts with the company or any other body corporate other than their contracts and service.

### Political and charitable donation and expenditure

No charitable or political donations were made by the company during the year (2009: £Nil).

### Financial risk management

The Company has access to the Group Executive Management Team, which receives regular reports from all areas of the business to enable prompt identification of financial and other risks so that appropriate actions can be taken.

The Company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, price risk and liquidity risk.

The operation of the Treasury function is governed by specific policies and procedures that set out specific guidelines for the management of interest rate risk and foreign exchange risk and the use of financial instruments. Treasury policy and procedures are incorporated within the financial control procedures of the Company, see note 11 for further details.

### Disclosure of information to auditors

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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board



A Beaumont  
Director

9 June 2010

Clearwater Court  
Vastern Road  
Reading  
Berkshire  
RG1 8DB

# Thames Water Utilities Cayman Finance Limited

## Statement of directors' responsibilities in respect of the Directors' Report and the Financial Statements

The directors of Thames Water Utilities Cayman Finance Limited ('the directors') have accepted responsibility for the preparation of these non-statutory accounts for the year ended 31 March 2010 which are intended by them to give a true and fair view of the state of affairs of the company and of the profit or loss for that period. They have decided to prepare the non-statutory accounts in accordance with UK Accounting Standards (UK Generally Accepted Accounting Practice) and as if applicable UK law applied to them.

In preparing these non-statutory accounts, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- stated whether applicable UK Accounting Standards have been followed; subject to any material departures being disclosed and explained in the non-statutory accounts; and
- prepared the non-statutory accounts on the going concern basis as they believe that the company will continue in business.

The directors 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.

**Report of KPMG Audit Plc to Thames Water Utilities Cayman Finance Limited**

We have audited the non-statutory accounts of Thames Water Utilities Cayman Finance Limited for the year ended 31 March 2010 set out on pages 6 to 16. These non-statutory accounts have been prepared for the reasons set out in note 1 to the non-statutory accounts and on the basis of the financial reporting framework of UK Accounting Standards (UK Generally Accepted Accounting Practice) and as if applicable UK law applied to them.

Our report has been prepared for the Company solely in accordance with the terms of our engagement. It has been released to the Company on the basis that our report shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

Our report was designed to meet the agreed requirements of the Company determined by the Company's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company for any purpose or in any context. Any party other than the Company who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG Audit Plc will accept no responsibility or liability in respect of our report to any other party.

**Respective responsibilities of directors and KPMG Audit Plc**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the non-statutory accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit the non-statutory accounts in accordance with the terms of our engagement letter and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the non-statutory accounts**

An audit involves obtaining evidence about the amounts and disclosures in the non-statutory accounts sufficient to give reasonable assurance that the non-statutory accounts 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 non-statutory accounts.

**Opinion on non-statutory accounts**

In our opinion the non-statutory accounts:

- give a true and fair view of the state of the Company's affairs as at 31 March 2010 and of its loss for the year then ended; and
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, as if those requirements were to apply.



**W Meredith**

**for and on behalf of KPMG Audit Plc**

**Chartered Accountants**

9 June 2010

# Thames Water Utilities Cayman Finance Limited

## Profit and loss account for the year ended 31 March

	Note	Year end 31 March 2010 £'000	Period end 31 March 2009 £'000
Turnover	2	83,328	74,782
Interest payable and similar charges	3	(80,297)	(74,307)
Loss on financial instruments at fair value through profit and loss	10	(68,016)	-
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(64,985)</b>	475
Tax on (loss)/profit on ordinary activities	5	18,195	(133)
<b>(Loss)/profit for the financial period</b>	13	<b>(46,790)</b>	342

All amounts relate to continuing operations.

The Company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the results for the period stated above and their historical cost equivalents.

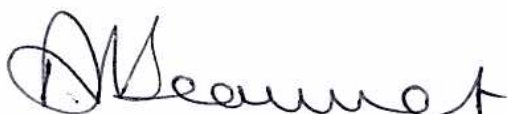
# Thames Water Utilities Cayman Finance Limited

## Balance sheet as at 31 March

	Note	31 March 2010 £'000	31 March 2009 £'000
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	59,749	36,257
Debtors: amounts falling due after more than one year	8	2,139,919	1,982,678
		<b>2,199,668</b>	<b>2,018,935</b>
<b>Creditors: amounts falling due in less than one year</b>			
	9	<b>(37,862)</b>	<b>(35,596)</b>
<b>Net current assets</b>		<b>2,161,806</b>	<b>1,983,339</b>
<b>Creditors: amounts falling due after more than one year</b>			
	10	<b>(2,207,935)</b>	<b>(1,982,678)</b>
<b>Net (liabilities)/assets</b>		<b>(46,129)</b>	<b>661</b>
<b>Capital and reserves</b>			
Called-up share capital	12	-	-
Profit and loss account	13	(46,129)	661
<b>Shareholder's (deficit)/funds</b>	14	<b>(46,129)</b>	<b>661</b>

The notes on pages 8 to 16 form part of these voluntary financial statements.

The voluntary financial statements on pages 6 to 16 were approved by the Board of Directors on 9 June 2010 and signed on its behalf by:



**A Beaumont**  
Director

# Thames Water Utilities Cayman Finance Limited

## Notes to the voluntary financial statements for the year ended 31 March

### 1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which the group considered material in relation to the voluntary financial statements, except as noted below.

#### Basis of preparation

These voluntary financial statements have been prepared on the going concern basis and in accordance with applicable accounting standards, and under historical cost accounting rules.

The Company is registered in the Cayman Islands and its operations are conducted entirely within the UK. The purpose of these voluntary financial statements is to enable the Company to comply with its obligations in respect of the whole business securitisation. Accordingly, the voluntary financial statements have been prepared on the going concern basis, under the historical cost convention, in accordance with UK GAAP and as if UK Companies legislation was applicable.

#### Going concern

The directors have adopted the going concern basis in preparing these voluntary financial statements having given due consideration to the net liabilities of the Company and the requirement for ongoing support from the ultimate parent. This is based upon a review of the Group's budget, business plan and investment programme, together with the cash and committed borrowing facilities available. The Board also took into account potential contingent liabilities and other risk factors. The ultimate parent company has confirmed that it will continue to provide support to Thames Water Utilities Cayman Finance Limited to enable it to meet its liabilities for a period of at least twelve months from the date of signing these financial statements.

#### Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the voluntary financial statements, which have been applied consistently are set out below.

#### (a) Turnover

Turnover represents the recharge to Thames Water Utilities Limited of costs and interest incurred in respect of the raising of finance on that company's behalf. All costs of loans and interest are directly recharged, except for the secured bonds where interest is recharged at an additional margin. See note 10 below.

#### (b) Related party disclosures

As the Company is a wholly owned subsidiary of Thames Water Utilities Cayman Finance Holdings Limited, and voluntarily prepares accounts under UK GAAP, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the group qualifying as related parties). The consolidated voluntary financial statements of Kemble Water Finance Limited, within which this Company is included can be obtained from the address in note 15.

#### (c) Cash flow

As the Company voluntarily prepares accounts under UK GAAP, it is exempt under FRS1 from the requirement to prepare a cashflow statement on the grounds that a parent undertaking includes the Company in its own published consolidated voluntary financial statements.

# Thames Water Utilities Cayman Finance Limited

## Notes to the voluntary financial statements for the year ended 31 March (continued)

### 1 Principal accounting policies (continued)

#### (d) Financial instruments

The Company's debt arises from secured bonds. These are recorded at the proceeds received, which represent the fair value, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an amortised cost basis to the profit and loss using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

The Company has also applied FRS 26 'Financial Instruments: Recognition and Measurement', and FRS 29 'Financial Instruments: Disclosures' in these voluntary financial statements, as the Company has listed debt.

#### (e) Taxation

The tax expense represents the sum of current tax and deferred tax.

##### *Current taxation*

Current tax, including UK corporation tax and foreign tax, is based on the taxable profit for the period and is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Taxable profit can differ from the net profit as reported in the profit and loss account because it may exclude items of income or expense that are taxable or deductible in other periods and it may further exclude items that are never taxable or deductible.

Consideration receivable or payable in respect of losses surrendered or claimed by way of group relief is dealt with in the profit and loss account.

##### *Deferred taxation*

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred taxation is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date.

Deferred taxation is measured on a non-discounted basis. Deferred tax is charged or credited in the profit and loss account except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with via the Statement of total recognised gains and losses.

# Thames Water Utilities Cayman Finance Limited

## Notes to the voluntary financial statements for the year ended 31 March (continued)

### 1 Principal accounting policies (continued)

#### (f) Foreign currency

The voluntary financial statements are presented in Sterling, which is the functional currency of the majority of the Group and is therefore also the presentational currency of the Group. Transactions in foreign currencies are recorded at the exchange rates ruling on the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated into sterling at the relevant rates of exchange ruling on the balance sheet date. Gains and losses arising on retranslation are included in the profit and loss account for the year.

#### (g) Financial risk management

The Company is not exposed to any significant currency or interest rate risk as the Company's financial assets match the liabilities of the Company, so that no net exposure to interest or exchange rates exists. The objective of treasury operations is to ensure the availability of a timely flow of funds at a cost that reflects the credit standing of the Company. The financing arrangements of the Company, and interaction with the wider Group, are further described in note 11 (pages 12 to 15) of these voluntary financial statements.

The Company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, price risk and liquidity risk.

The Group's Treasury operations are managed centrally by a small specialist team, which operates with delegated authority of, and under policies approved by, the Board of Directors. Therefore, risks are managed on a group wide basis.

The operation of the Treasury function is governed by specific policies and procedures that set out specific guidelines for the management of interest rate risk and foreign exchange risk and the use of financial instruments. Treasury policy and procedures are incorporated within the financial control procedures of the Group.

### 2 Turnover

The Company's turnover and result arise solely in the United Kingdom and are attributable to the one principal activity of the Company being the raising of finance and subsequent lending of the debt to Thames Water Utilities Limited

### 3 Interest payable and similar charges

	Year end 31 March 2010 £'000	Period end 31 March 2009 £'000
Interest payable on other loans	68,431	53,171
Interest expense: RPI indexation	11,866	21,136
	<b>80,297</b>	<b>74,307</b>

### 4 Directors emoluments

No director received any remuneration in respect of their services to the Company (2009: £Nil).

# Thames Water Utilities Cayman Finance Limited

## Notes to the voluntary financial statements for the year ended 31 March (continued)

### 5 Taxation on profit on ordinary activities

	Year end 31 March 2010 £'000	Year end 31 March 2009 £'000
<b>Current tax:</b>		
Amounts payable in respect of group relief	850	133
<b>Deferred tax:</b>		
Origination and reversal of timing differences (note 7)	(19,045)	-
<b>Tax on (loss)/profit on ordinary activities</b>	<b>(18,195)</b>	<b>133</b>

The tax assessed for the period is different to (2009: equal to) the standard rate of corporation tax in the United Kingdom of 28% (2009: 28%). The differences are explained below:-

	31 March 2010 £'000	31 March 2009 £'000
(Loss)/profit on ordinary activities before tax	(64,985)	475
(Loss)/profit on ordinary activities at corporation tax of 28% (2009: 28%)	(18,195)	133
Effects of:		
Disallowable costs (fair value loss on financial instruments)	19,045	-
<b>Current tax charge for year</b>	<b>850</b>	<b>133</b>

### 6 Auditors' remuneration

The auditors' remuneration of £11,500 (2009: £11,500) was borne by Thames Water Limited (2009: borne by Thames Water Limited).

### 7 Debtors: amounts falling due within one year

	31 March 2010 £'000	31 March 2009 £'000
Deferred tax asset	19,045	-
Amounts owed by parent undertaking - interest	40,704	36,257
	<b>59,749</b>	<b>36,257</b>

There are no amounts past their due by dates. As these assets relate to intercompany debt owed by a regulated water company, the risk exposure is deemed immaterial.

# Thames Water Utilities Cayman Finance Limited

## Notes to the voluntary financial statements for the year ended 31 March (continued)

### 8 Debtors: amounts falling due after more than one year

	<b>31 March 2010 £'000</b>	31 March 2009 £'000
Amounts owed by parent undertaking - loans	<b>2,139,919</b>	1,982,678

There are no amounts past their due by dates. As these assets relate to intercompany debt owed by a regulated water company, the risk exposure is deemed immaterial.

### 9 Creditors: amounts falling due within one year

	<b>31 March 2010 £'000</b>	31 March 2009 £'000
Interest payable	<b>36,743</b>	35,327
Group relief creditor	<b>986</b>	199
Inter-company creditor	<b>133</b>	70
	<b>37,862</b>	35,596

### 10 Creditors: amounts falling due after more than one year

	<b>31 March 2010 £'000</b>	31 March 2009 £'000
Other loans	<b>2,147,443</b>	1,982,678
Derivatives	<b>60,492</b>	-
	<b>2,207,935</b>	-

The Company has in issue £2,147,443,000 (Sterling equivalent value) of secured bonds due between 2013 and 2062. The net proceeds were loaned to Thames Water Utilities Limited under the same terms, except for interest rates being charged at a margin of 10 basis points. The amount is included in amounts owed by Thames Water Utilities Limited. Thames Water Utilities Holdings Limited, Thames Water Utilities Limited and Thames Water Utilities Finance Limited have guaranteed the principal and interest payments due under the terms of the bonds.

During the year the Company booked a fair value adjustment through the profit and loss account in relation to the fair value movement in an index linked swap (£68,016,000).

### 11 Financial instruments

Financial Reporting Standard 25 requires disclosure of the Company's Funding and Treasury Policy together with further details on its financial assets and liabilities.

The Company has also chosen to apply FRS 26 'Financial Instruments: Recognition and Measurement', and FRS 29 'Financial Instruments: Disclosures' as the Company has listed debt.

# Thames Water Utilities Cayman Finance Limited

## Notes to the voluntary financial statements for the year ended 31 March (continued)

### 11 Financial instruments (continued)

#### Funding and Treasury Policy

The Company's funding policy is in accordance with that of Kemble Water Holdings Limited, (see note 15), which is to maintain a broad portfolio of debt, diversified by source and maturity in order to protect profits against risks arising from adverse movements in interest rates and currency exposures.

The Company's debt arises from the issuance of secured bonds.

The Company's treasury operations are managed centrally by a small specialist team, and are managed as a cost centre, not a profit centre; no material open or speculative positions are taken.

Short term debtors and creditors, other than intercompany loan; have been excluded from the financial instruments' disclosures.

Interest rates earned on, and currency of denomination of, the Company's financial assets, are either matched or earn a margin against those of the Company's financial liabilities. These assets and liabilities hedge each other, so that the Company has no net exposure to movements in interest rates or exchange rates. Where current financial assets and current financial liabilities attract floating rates of interest, these are linked to LIBOR. Index linked debt and derivatives are aligned to UK Retail Price Index (RPI).

#### Fair values

	<b>Book value</b>	<b>Fair value</b>	Book value	Fair value
	<b>31 March</b>	<b>31 March</b>	31 March	31 March
	<b>2010</b>	<b>2010</b>	2009	2009
	<b>£'000</b>	<b>£'000</b>	£'000	£'000
<b>Primary financial instruments</b>				
- Financial assets	<b>2,139,919</b>	<b>2,286,820</b>	1,982,678	2,100,629
- Financial liabilities	<b>(2,147,443)</b>	<b>(2,226,328)</b>	(1,982,678)	(2,100,629)
- Derivatives	<b>(60,492)</b>	<b>(60,492)</b>	-	-
<b>Total</b>	<b>(68,016)</b>	-	-	-

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than in a forced or a liquidation sale. The table above sets out a comparison of the book and fair values of the Company's financial instruments. During the year, the Company entered into an index linked swap and a cross currency swap against bonds issued in the year. The proceeds of the swaps were subsequently on lent to Thames Water Utilities Limited.

Primary financial instruments include bonds that are traded on a public market. Fair values for these have been calculated using the 31 March 2010 quoted prices. Mark-to-market techniques (discounting expected cash flows at prevailing interest and exchange rates) are employed in computing fair values for the remaining fixed rate borrowings and all derivative financial instruments.

The effects of revaluing foreign currency borrowings at closing rates are included in the valuations.

# Thames Water Utilities Cayman Finance Limited

## Notes to the voluntary financial statements for the year ended 31 March (continued)

### 11 Financial instruments (continued)

#### Financial assets

##### Interest rate risk profile at 31 March

	Total at floating rates		Total at fixed rates		Total book value		Weighted average interest rate		Weighted average period until maturity for which rate is fixed	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 %	2009 %	2010 Years	2009 Years
Other loans										
- £ Sterling	-	-	1,546,558	1,379,537	1,546,558	1,379,537	4.8	3.3	32.4	35.3
- \$ US	103,945	-	(103,945)	-	-	-	2.6	0.0	4.9	0.0
- Other	-	-	593,361	603,141	593,361	603,141	5.4	5.5	9.0	9.8
<b>Total</b>	<b>103,945</b>	<b>-</b>	<b>2,035,974</b>	<b>1,982,678</b>	<b>2,139,919</b>	<b>1,982,678</b>	<b>5.1</b>	<b>3.9</b>	<b>27.0</b>	<b>27.5</b>

#### Financial liabilities

##### Interest rate risk profile at 31 March

	Total at floating rates		Total at fixed rates		Total book value		Weighted average interest rate		Weighted average period until maturity for which rate is fixed	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 %	2009 %	2010 Years	2009 Years
Other loans										
- £ Sterling	-	-	1,614,574	1,379,537	1,614,574	1,379,537	4.8	3.3	32.4	35.3
- \$ US	103,945	-	(103,945)	-	-	-	2.6	0.0	4.9	0.0
- Other	-	-	593,361	603,141	593,361	603,141	5.4	5.5	9.0	9.8
<b>Total</b>	<b>103,945</b>	<b>-</b>	<b>2,103,990</b>	<b>1,982,678</b>	<b>2,207,935</b>	<b>1,982,678</b>	<b>5.1</b>	<b>3.9</b>	<b>27.0</b>	<b>27.5</b>

#### Maturities

	31 March 2010 £'000	31 March 2009 £'000
Other loans (secured)		
- Between two and five years	549,580	462,963
- After more than five years	1,658,355	1,519,715
<b>Total</b>	<b>2,207,935</b>	<b>1,982,678</b>

# Thames Water Utilities Cayman Finance Limited

## Notes to the voluntary financial statements for the year ended 31 March (continued)

### 11 Financial instruments (continued)

Other loans are repayable between 2013 and 2062.

Other loans include:

Euro 500m 6.13% fixed rate bond due 2013.	£55m 2.09% index linked bond due 2042
\$156m floating rate note due 2015	£100m 1.85% index linked bond due 2047.
£400m 7.24% fixed rate bond due 2018	£200m 1.82% index linked bond due 2049
JPY 20bn 3.28% fixed rate bond due 2038.	£200m 1.77% index linked bond due 2057
£50m 3.85% index linked bond due 2040	£350m 1.76% index linked bond due 2062
£50m 1.98% index linked bond due 2042	

The range of interest rates on outstanding other loans are 1.76% to 7.24% (2009: 1.76% to 7.24%). These interest rates are those contracted on the underlying borrowings before taking account of interest rate protection.

### Borrowing facilities

The Company has a £10 billion (2009: £10 billion) secured bond program, which provides the Company with access to the capital markets in a range of currencies and maturities. Additionally, the Company has committed revolving credit facilities with a group of banks of £1,105m, which are available to be on lent to Thames Water Utilities Limited. These facilities were undrawn at 31 March 2010.

### 12 Share capital

	31 March 2010 £	31 March 2009 £
<b>Allotted, called-up and fully paid</b>		
1 ordinary shares of \$1 each	1	1

### 13 Profit and loss account

	31 March 2010 £'000	31 March 2009 £'000
Profit at beginning of the year	661	319
(Loss)/profit for the year	(46,790)	342
<b>(Loss)/profit at the end of the year</b>	<b>(46,129)</b>	<b>661</b>

### 14 Reconciliation of movements in shareholder's funds

	31 March 2010 £'000	31 March 2009 £'000
Opening shareholder's funds	661	319
(Loss)/profit for the year	(46,790)	342
<b>Closing shareholder's (deficit)/funds</b>	<b>(46,129)</b>	<b>661</b>

# Thames Water Utilities Cayman Finance Limited

## Notes to the voluntary financial statements for the year ended 31 March (continued)

### 15 Immediate and ultimate parent company and controlling party

The immediate parent undertaking is Thames Water Utilities Cayman Finance Holdings Limited, a company incorporated in the Cayman Islands.

Kemble Water Finance Limited, a company incorporated in the United Kingdom, is the intermediate parent company and the smallest group to consolidate these voluntary financial statements.

The directors consider Kemble Water Holdings Limited, a company incorporated in the United Kingdom, to be the ultimate parent and controlling party and the largest group to consolidate these voluntary financial statements.

Copies of the voluntary financial statements of all of the above companies may be obtained from The Company Secretarial Department, Thames Water Group, Clearwater Court, Vastern Road, Reading, Berkshire, RG1 8DB.

[www.thameswater.co.uk](http://www.thameswater.co.uk)



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