

SOUTHERN WATER SERVICES (FINANCE) LIMITED

ANNUAL REPORT

AND

FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 MARCH 2013

SOUTHERN WATER SERVICES (FINANCE) LIMITED

**REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2013

The directors of Southern Water Services (Finance) Limited ('SWSF') (Registered No. CR 112331) present their report and the audited financial statements for the year ended 31 March 2013.

The company is incorporated in the Cayman Islands and has no requirements to prepare statutory financial statements. However under the Disclosure and Transparency Rules (DTR) 4.1, and the Common Terms Agreement, which governs the company's banking arrangements, financial statements are required to be produced.

PRINCIPAL ACTIVITIES

The company provides financing to Southern Water Services Limited, and enters into swap transactions to manage the cash flow exposures of these borrowings.

RESULTS AND DIVIDENDS

The profit after tax for the year amounted to £0.3m (2012 : £0.2m). The directors do not recommend the payment of a final dividend (2012: £nil).

DIRECTORS

The Directors who served during the year and up to the date of signing were:

M Wright
M Carmedy

The Company Secretary in the year and at the date of signing was Kevin Hall.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for the preparation of the Annual Report and Financial Statements ("the financial statements").

The directors are required to prepare financial statements for each financial period in accordance with United Kingdom accounting standards and which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period.

The directors consider that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2013. The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and applicable accounting standards have been followed.

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the expectation that the company will continued to be able to meet its liabilities as they fall due, as well as the continued financial support of the parent company Southern Water Services Limited.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PROVISION OF INFORMATION TO INDEPENDENT AUDITOR

So far as the directors are aware, there is no relevant information of which the company's auditor is unaware. The directors have taken all the steps, (such as making enquiries of other directors and the auditor and any other steps required by the director's duty to exercise due care, skill and diligence), that they ought to have taken in their duty as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

INDEPENDENT AUDITOR

Deloitte LLP have indicated their willingness to continue in office. A resolution that they be reappointed will be proposed at the annual general meeting.

Approved by the Board of Directors and signed on behalf of the Board.



.....
Kevin Hall
Company Secretary
24 July 2013

Registered office
Ugland House
P O Box 309
George Town
Grand Cayman, Cayman

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013 £m	2012 £m
Administrative expenses		-	(0.1)
Loss on ordinary activities before interest and taxation		-	(0.1)
Interest receivable and similar income	3	148.1	165.9
Interest payable and similar charges	4	(147.7)	(165.5)
Other gains and losses	4	-	-
Profit on ordinary activities before taxation	2	0.4	0.3
Taxation on profit on ordinary activities	5	(0.1)	(0.1)
Profit for the financial year	13	0.3	0.2

The above results relate entirely to continuing operations.

There is no difference between the profit on ordinary activities stated above and their historical cost equivalents.

The company has no recognised gains and losses other than those included above for the year and therefore no separate statement of total recognised gains and losses has been presented.

The Notes on pages 5 to 12 form part of these financial statements.

BALANCE SHEET AS AT 31 MARCH 2013

	Notes	2013 £m	2012 £m
Fixed assets			
Financial assets			
- Derivative financial instruments	11	1,097.3	813.1
Current assets			
Debtors: Amounts falling due within one year	6	296.8	47.7
Debtors: Amounts falling due after one year	7	3,312.4	3,305.5
Cash	8	355.4	127.6
		3,964.6	3,480.8
Creditors: Amounts falling due within one year	9	(619.1)	(142.4)
Net current assets		3,345.5	3,338.4
Total assets less current liabilities		4,442.8	4,151.5
Creditors: Amounts falling due after one year	10	(3,312.7)	(3,305.9)
Derivative financial instruments	11	(1,097.3)	(813.1)
Net assets		32.8	32.5
Capital and reserves			
Called up equity share capital	12	-	-
Profit and loss account	13	32.8	32.5
Total equity shareholder's funds	14	32.8	32.5

The financial statements of Southern Water Services (Finance) Limited (Registered No. CR 112331) on pages 3 to 12 were approved by the Board on 24 July 2013. They are signed on its behalf by:

Michael Carmedy
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

1 Accounting policies

a) Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial instruments and in accordance with applicable UK accounting standards. The accounts have been prepared on a consistent basis.

The company has taken advantage of the exemption in FRS 8 'Related Party Disclosures' not to disclose transactions with other members of the group.

The company is a wholly owned subsidiary company of a group headed by Greensands Holdings Limited, and is included in the consolidated financial statements of that company, which are publicly available (see Note 15). Consequently, the company has taken advantage of the exemption within FRS 1 'Cashflow statements (revised 1996)' from preparing a cash flow statement.

b) Going concern

These financial statements have been prepared on a going concern basis. This basis is appropriate as the structure of the inter company loans and swap arrangements in place are such that the company is expected to continue to make a profit over the term of the current debt arrangements and benefits from group securitisation arrangements such that it should be "made whole" if required. Further, the company has received confirmation from its parent company, Southern Water Services Limited, that it intends to provide financial support to the company should it be required to enable the company to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these accounts.

c) Interest income, interest payable and similar income and charges

Interest income, interest payable and similar income and charges are recognised on an accruals basis. The policy for interest income and expense is detailed in the financial instruments policy.

d) Taxation

The taxation charge in the profit and loss account is based on the profit or loss for the year as adjusted for disallowable and non-taxable items using current rates and takes into account tax deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date, calculated at the rate at which it is expected the tax will arise in accordance with FRS 19 'Deferred Tax'. Deferred taxation balances are not discounted. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

e) Financial Instruments

The company has adopted the provisions of FRS 25, 'Financial Instruments: Disclosure and Presentation', and FRS 26, 'Financial Instruments: Recognition and Measurement'.

Loans and receivables are measured at amortised cost using the effective interest rate method and not revalued. Amortised cost is calculated taking into account any issue costs and any discount or premium on settlement. Interest costs are expensed in the profit and loss account as incurred.

The company uses derivative financial instruments in the form of interest rate swaps to hedge its risks associated with interest rate fluctuations. The company does not elect to apply hedge accounting. Derivative financial instruments are recognised initially and subsequently in the balance sheet at fair value with any movements during the year charged or credited to the profit and loss account. The fair value is determined by reference to market values for similar instruments.

At each reporting date an assessment is carried out to determine whether there is any indication that financial assets may be impaired. Where there is objective evidence that an impairment loss has arisen, the carrying amount is reduced in accordance with FRS 26 'Financial Instruments: Measurement', with the loss being recognised in the profit and loss account in the year in which the respective assessment takes place.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**2 Profit on ordinary activities before taxation**

The company had no employees, other than the directors, during the year ended 31 March 2013 (2012: nil).

In 2013 and 2012 audit fees of £1,000 were borne by Southern Water Services Limited ('SWS').

The services of the directors are deemed to be wholly attributable to their services to SWS. Accordingly no details in respect of the emoluments paid to the directors are included here as they are fully disclosed in the financial statements of SWS.

3 Interest receivable and similar income

	2013	2012
	£m	£m
Interest on loans to group undertakings	121.0	120.1
Indexation	27.1	45.8
	<u>148.1</u>	<u>165.9</u>

4 Interest payable and similar charges

	2013	2012
	£m	£m
Loan interest and facility fee charges	119.6	119.1
Indexation	27.1	45.8
Interest payable to group undertakings	1.1	0.7
Amortisation of gilt lock proceeds (see note (i) below)	(0.1)	(0.1)
	<u>147.7</u>	<u>165.5</u>

Movements in the fair value of derivative liabilities through the profit and loss account in the period amount to a charge of £284.2m (2012: £320.9m). This is offset by the movements in the fair value of derivative assets which amount to the equivalent opposite value.

- (i) The company entered into an agreement prior to the issue of a £300m bond in 2007, whereby the proceeds of the loan were fixed, resulting in a 'gilt lock'. The loan was issued at a discount with compensating proceeds under the gilt lock of £6.3m. This receipt has been deferred to the balance sheet and will be released to the profit and loss account over the life of the bond.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

5 Tax on profit on ordinary activities

	2013 £m	2012 £m
Current Tax		
UK corporation tax on profits for the year at 24% (2012: 26%)	0.1	0.1
Tax charge on profit on ordinary activities	<u>0.1</u>	<u>0.1</u>

No deferred tax arose during the year to 31 March 2013 (2012: nil).

The rate of current tax charge on profit on ordinary activities varied from the standard rate of corporation tax due to the following factors:

	Year ended 31 March 2013 £m	Year ended 31 March 2012 £m
Current tax		
Profit on ordinary activities before tax	<u>0.4</u>	<u>0.3</u>
Current tax		
UK corporation tax rate at standard rate of tax of 24% on profit for the year (2012: 26%)	0.1	0.1
Adjustments in accordance with securitisation tax rules (see note (i) below)	<u>-</u>	<u>-</u>
Current tax charge for year	<u>0.1</u>	<u>0.1</u>

- (i) For UK corporation tax purposes, the company has been considered as a securitisation company under the 'Taxation of Securitisation Companies Regulations 2006' (SI 2006/3296). Therefore, the company is not required to pay corporation tax on its accounting profit or loss. Instead the company is required to pay tax on its retained profits as specified in the documentation governing the securitisation transaction into which the company has entered. This has not had a significant effect in either 2012 or 2013.

Factors that may affect future tax charges:

On 21 March 2012 the UK Government announced a reduction in the main rate of corporation tax from 24 per cent to 23 per cent effective from 1 April 2013.

The Government has also announced further reductions in the main tax rate to 21 per cent from 1 April 2014 and 20 per cent from 1 April 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**6 Debtors: Amounts falling due within one year**

	2012	2012
	£m	£m
Loan to parent undertaking (see note (i) below)	30.3	30.3
Loan to parent undertaking (see note (ii) below)	252.7	-
Group relief surrendered	0.7	0.7
Prepayments	2.9	3.0
Accrued interest receivable	7.4	11.2
Other borrowings	2.8	2.5
	<u>296.8</u>	<u>47.7</u>

Notes

- (i) The amounts due from the parent undertaking is a balance of £30.3m (2012: £30.3m), this amount is unsecured, interest free, and is repayable in whole or part upon demand at any time, provided that:
- on the date of such demand, no class A, B or mezzanine debt is outstanding (see note 10); or
 - it is done with the consent of the security trustee.
- (ii) The loan to parent undertaking includes the Class B £250m loan measured at amortised cost using the effective interest rate method. This loan will be repaid in March 2014 and has been reclassified as a debtor under one year for 2012/13. Under the loan agreement between SWS and SWSF, SWSF on-lends to SWS an amount equal to each bond or other debt raised externally at the same interest rate plus 0.01%.

7 Debtors: Amounts falling due after one year

Under the loan agreement between SWS and SWSF, SWSF on-lends to SWS an amount equal to each bond or other debt raised externally at the same interest rate plus 0.01%.

	2013	2012
	£m	£m
Loans and receivables from parent undertaking	3,312.4	3,305.5

Loans and receivables are measured at amortised cost using the effective interest rate method.

8 Cash

Cash of £355.4m (2012: £127.6m) is held in a designated bank account in order to meet certain interest requirements on loan finance.

9 Creditors: Amounts falling due within one year

	2013	2012
	£m	£m
Receipts in advance from parent undertaking	2.9	3.0
Accruals and deferred income	115.5	118.5
Amounts owed to parent company	0.4	0.4
Deferred gilt lock proceeds (note 10 (ii) below)	0.1	0.1
Loans and other borrowings (see note(i) below)	252.7	-
Loan from parent undertaking (see note (ii) below)	247.5	20.4
	<u>619.1</u>	<u>142.4</u>

Notes

- (i) Loans and borrowings include the Class B £250m 7.869% fixed rate 2038 which will be repaid in March 2014.
- (ii) The funds raised from the new Class B loan (note 16(iv)) have been retained by SWSF in readiness for the repayment of the existing Class B loan (note 15) in 2013-14. This loan is unsecured and interest-free.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

10 Creditors: Amounts falling due after one year

	2013 £m	2012 £m
Loans and other borrowings		
Class A £350m 6.192% fixed rate 2029	386.8	388.2
Class A £150m 3.706% index linked 2034	237.4	230.5
Class A £35m 3.706% index linked 2034	56.0	54.4
Class A £350m 6.640% fixed rate 2026	384.8	386.6
Class A £150m 3.816% index linked 2023	219.8	213.9
Class A £350m 5.000% fixed rate 2021	350.0	350.0
Class A £150m 5.000% fixed rate 2041	147.8	147.8
Class A £200m 4.500% fixed rate 2052	198.5	198.5
Class A £300m 5.125% fixed rate 2056	292.5	292.4
Class A £300m 6.125% fixed rate 2019	297.7	297.3
Artesian £165m 4.076% index linked 2033	265.9	257.8
Artesian £156.5m 3.635% index linked 2032	220.1	212.4
Total Class A debt	<u>3,057.3</u>	<u>3,029.8</u>
Class B £250m 7.869% fixed rate 2038	-	255.2
Class B £250m 4.500% fixed rate 2038	250.0	-
Deferred gilt lock proceeds (note (i) below)	5.4	5.5
Total loans and other borrowings	<u>3,312.7</u>	<u>3,290.5</u>
Amounts owed to group companies		
Senior Mezzanine £15.4m LIBOR plus 6.25% 2038 (note (ii) below)	-	15.4
Total amounts owed to group companies	<u>-</u>	<u>15.4</u>
Total creditors falling due after one year	<u><u>3,312.7</u></u>	<u><u>3,305.9</u></u>

These loans are guaranteed and secured pursuant to a guarantee and security agreement (the Security Agreement). The agreement is over the entire property, assets, rights and undertaking of each of SWS, SWSF, SWS Holdings Limited, and SWS Group Holdings Limited. In the case of SWS, this is to the extent permitted by the Water Industry Act 1991 and Licence.

Notes in respect of the specific instruments above:

- (i) Prior to the issue of the £300m Class A bond, the company entered into a gilt lock agreement, resulting in the receipt of £6.3m. The proceeds have been deferred and are being released to the profit and loss account over the life of the loan.
- (ii) The senior mezzanine loan owed to Southern Water Capital Limited was repaid in the year.

	2013 £m	2012 £m
Repayments fall due as follows:		
Between two and five years	-	-
After five years not by instalments	3,307.3	3,300.4
	<u>3,307.3</u>	<u>3,300.4</u>

The note above does not include gilt lock proceeds of £5.4m (2012: £5.5m) which will be amortised as per note (i) above.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**11 Financial Instruments****(i) Financial risk management objectives and policies**

The principal financial risks to which the company is exposed are interest rate, liquidity and RPI risks. The Board has approved policies for the management of these risks.

Interest rate risk

The company's interest rate risk is primarily in relation to its fixed rate borrowings (fair value risk) and floating rate borrowings (cash flow risk). Interest rate derivatives are used to manage the overall interest rate profile within the company policy, which is to maintain a higher proportion of net debt at fixed rates of interest having regard to the prevailing interest rate outlook.

Liquidity risk

The company raises funds, as required, to ensure that it has sufficient cash and/or facilities to fund the business of Southern Water Services Limited for the next twelve months.

RPI risk and sensitivity analysis

The principal market risks are interest rates and movements in RPI. Interest rates are currently either fixed or fully effective swap instruments are in place to swap floating rates for fixed. RPI impacts indexation, however annual indexation credited to interest income is the same as that charged to interest expense, so there is no impact on the company's profit or loss.

(ii) Derivative financial instruments**Fair values of derivative financial instruments**

The fair values of derivative financial instruments at the balance sheet date were:

	2013		2012	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Interest rate swaps	<u>1,097.3</u>	<u>1,097.3</u>	<u>813.1</u>	<u>813.1</u>

The notional principal amount of the outstanding interest swap contracts at 31 March 2013 was £1,575.7m (2012: £1,575.7m).

Cash receipts under the swap contracts will continue over the term of the instrument, with a cash payment equal to the indexation receivable from SWS payable at the end of the term of the related debt. The interest swap contracts will affect the profit and loss account throughout the period of the instruments.

(iii) Fair values of non-derivative financial assets and financial liabilities

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties. Where available, market values have been used to determine fair values. The carrying amounts of short term borrowings approximate to book value.

	Book value	Fair value	Book value	Fair value
	2013 £m	2013 £m	2012 £m	2012 £m
Long term borrowings	(3,312.7)	(3,705.2)	(3,305.9)	(3,467.4)
Short term Borrowings	(252.7)	(262.3)	-	-
Short term loan from parent	(247.5)	(247.5)	(20.4)	(20.4)
Long term debtors	3,312.4	3,705.2	3,305.5	3,467.4
Other short term debtors	30.3	30.3	30.3	30.3
Other short term loans	252.7	262.3	-	-
Other borrowings	2.8	2.8	2.5	2.5
Restricted Cash	355.4	355.4	127.6	127.6

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

11 Financial Instruments (continued)

(iv) Interest rate risk

In respect of income earning financial assets and interest bearing financial liabilities, the following tables indicate their effective interest.

Weighted average effective interest rates by class

	Loans & Receivables 2013 %	Financial Liabilities 2013 %	Loans & Receivables 2012 %	Financial Liabilities 2012 %
Class A	4.96	4.95	4.99	4.98
Class B	5.63	5.62	6.74	6.72
Artesian	3.95	3.94	4.06	4.05
Mezzanine	-	-	11.97	11.96

(v) Maturity of financial liabilities

The maturity profile of the company's financial liabilities at 31 March 2013 is disclosed within note 10.

(vi) Fair value measurements recognised in the balance sheet

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from calculation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2013			Total
	Level 1 £m	Level 2 £m	Level 3 £m	£m
Financial assets at FVTPL*				
Derivative financial assets	-	1,097.3	-	1,097.3
Financial liabilities at FVTPL				
Derivative financial liabilities	-	(1,097.3)	-	(1,097.3)
	2012			Total
	Level 1 £m	Level 2 £m	Level 3 £m	£m
Financial assets at FVTPL*				
Derivative financial assets	-	813.1	-	813.1
Financial liabilities at FVTPL				
Derivative financial liabilities	-	(813.1)	-	(813.1)

There were no transfers between Level 1 and 2 during the year.

* Fair value through profit and loss

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

12 Share capital

	2013 £	2012 £
Authorised:		
Equity shares		
25,000 Ordinary Shares of £1 each	25,000	25,000
	<u>25,000</u>	<u>25,000</u>

	2013 £	2012 £
Allotted, issued and fully paid:		
Equity shares		
1,000 Ordinary Shares of £1 each	1,000	1,000
Called up share capital	<u>1,000</u>	<u>1,000</u>

13 Reserves

	Profit and loss account £m
At 1 April 2012	32.5
Profit for the year	0.3
At 31 March 2013	<u>32.8</u>

	Profit and loss account £m
At 1 April 2011	32.3
Profit for the year	0.2
At 31 March 2012	<u>32.5</u>

14 Reconciliation of movement in shareholder's funds

	2013 £m	2012 £m
Opening shareholder's funds	32.5	32.3
Profit for the financial year	0.3	0.2
Net addition to shareholder's funds	0.3	0.2
Closing shareholder's funds	<u>32.8</u>	<u>32.5</u>

15 Ultimate holding company and related party transactions

The immediate parent undertaking is Southern Water Services Limited.

The ultimate parent and controlling company is Greensands Holdings Limited, a company incorporated in the Jersey. As at 31 March 2013, the major shareholders in Greensands Holdings Limited were a consortium including IIF International SW UK Investments Limited (advised by JP Morgan Investments Inc.) and The Northern Trust company.

Greensands Holdings Limited is the only group company that prepares consolidated financial statements, which contain the financial statements of Southern Water Services (Finance) Limited. Copies of Greensands Holdings Limited's consolidated financial statements may be obtained from the company Secretary of Greensands Holdings Limited, at Southern House, Yeoman Road, Worthing, BN13 3NX.

16 Capital instruments

The company's objective when managing capital is to maintain a positive value of capital employed to safeguard the company's ability to continue as a going concern, so that it can continue to provide finance for its parent company, Southern Water Services Ltd.

No specific value of capital, or capital ratio, is required to be maintained.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF SOUTHERN WATER SERVICES (FINANCE) LIMITED FOR THE YEAR ENDED 31 MARCH 2013

We have audited the financial statements of Southern Water Services (Finance) Limited for the year ended 31 March 2013 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. 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 Disclosure and Transparency Rules (DTR) 4.1. 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 the directors and auditors

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

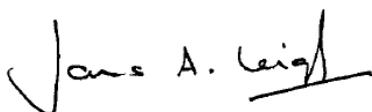
Scope of the audit of financial statements

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. 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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its profit for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.



Deloitte LLP
Chartered Accountants
London, United Kingdom
24 July 2013