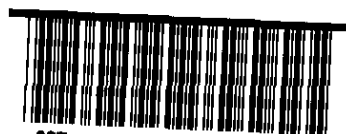


Registered no: SC190621

Stirling Water Seafield Finance plc
Annual report
for the period ended 31 March 2000

19



SCT S4210004 0025
COMPANIES HOUSE 30/6/00
COMPANIES HOUSE 30/06/00

Stirling Water Seafield Finance plc

Annual report for the period ended 31 March 2000

	Pages
Directors and advisers	1
Directors' report	2 - 3
Report of the auditors	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7- 10

Directors and advisers

Directors

O Oforiokuma
D A Eyre
H Been
J Mitchell
M J S Ramsay
D Bonnar

Alternates to O Oforiokuma

J Mitchell
J M Ravenscroft
D Bonnar

Alternates to D A Eyre

M J S Ramsay
P M Bloomfield

Alternates to H Been

K A Farrer

Alternates to J Mitchell

O Oforiokuma
J M Ravenscroft
D Bonnar

Alternates to M J S Ramsay

P M Bloomfield
D A Eyre

Alternates to D Bonnar

O Oforiokuma
J Mitchell
J M Ravenscroft

Registered Auditors

PricewaterhouseCoopers
9 Greyfriars Road
Reading
RG1 1JG

Secretary and registered office

J M Ravenscroft
Erskine House
68-73 Queen Street
Edinburgh
EH2 4NF

Directors' report for the period ended 31 March 2000

The directors present their report and the audited financial statements for the period ended 31 March 2000.

Principal activities

The company is part of a joint venture between the Thames Water, M J Gleeson and Montgomery Watson groups of companies. It raises funds to enable the group to upgrade and operate waste water treatment services and provide services relating to the treatment and disposal of sewage sludge in relation to Almond Valley and Seafeld.

Review of business and future developments

The company was incorporated on 28 October 1998 as Edintram Plc. On 23 December 1998 the company changed its name to Stirling Water Seafeld Finance plc.

During the period, the company issued and sold two bonds, with a total value of £99,900,000 to fund the operations of the group. An amount of £9,000,000, relating to a Variation Bond, was also issued during the period, but was not put to the market.

The profit and loss account is set out on page 5.

Both the level of business and the period end financial position were satisfactory.

Dividends

The directors do not recommend the payment of a dividend.

Directors

The directors of the company who served during the period, were as follows

	Appointment	Resignation
Oswalds Of Edinburgh Limited	Incorporation	22/12/1998
Jordans (Scotland) Limited	Incorporation	22/12/1998
MD Directors	22/12/1998	22/02/1999
MD Secretaries	22/12/1998	22/02/1999
Michael JS Ramsay	22/02/1999	
David Alan Eyre	22/02/1999	
Charles A Boyle	22/02/1999	
John Mitchell	22/02/1999	
John W Lawrence	22/02/1999	26/03/1999
Michael Carmedy	22/02/1999	10/02/2000
Kenneth Arthur Farrer	22/02/1999	
Ian H Roebuck	22/02/1999	25/03/1999
Janet Mary Ravenscroft	22/02/1999	
Graham Collingwood	25/03/1999	28/05/1999
Des Bonnar	26/03/1999	
Hans Been	28/05/1999	
Opoiyo Oforiokuma	10/02/2000	

Directors' interests in shares of the company

No directors at 31 March 2000 had any interests in the share capital of the company or any group company during the year.

Year 2000

The company completed its Year 2000 programme before the year end. The costs of this programme were not significant and have been expensed.

In the opinion of the directors, up to the date of this report, the Year 2000 date change has not had a significant impact on the company.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for the year then ended. In preparing those financial statements, the directors are required to

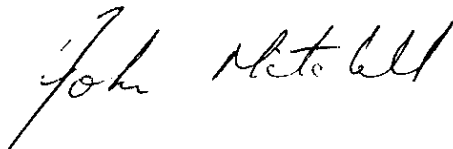
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The directors appointed PricewaterhouseCoopers as the first auditors of the company.

A resolution to appoint the auditors, PricewaterhouseCoopers will be proposed at the Annual General Meeting.

On behalf of the board

J Mitchell
Director

Report of the auditors to the members of Stirling Water Seafield Finance plc

We have audited the financial statements on pages 5 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 2000 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Reading

**Profit and loss account
for the period ended 31 March 2000**

	Notes	28 October 1998 to 31 March 2000 £'000
Interest receivable	2	5,580
Interest payable	3	(5,580)
Profit on ordinary activities before taxation		-
Taxation	5	-
Retained profit for the period	11	-

The results for the period derive wholly from continuing activities.

There are no recognised gains and losses other than the profits above and therefore no separate statement of recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the period stated above, and their historical cost equivalents.

Balance sheet
at 31 March 2000

	Notes	2000 £'000
Current Assets		
Debtors	6	50
Net Current Assets		
Debtors: amounts falling due after more than one year		
	7	91,238
Creditors: amounts falling due after more than one year		
	8	(91,238)
Net assets		50
Capital and reserves		
Called up share capital	10	50
Profit and loss account	11	-
Equity shareholders' funds		50

The financial statements on pages 5 to 10 were approved by the board of directors on June 2000 and were signed on its behalf by:



J Mitchell
 Director

Notes to the financial statements for the period ended 31 March 2000

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Accounting reference date

The company was incorporated on 28 October 1998. These financial statements are therefore for the 17 months ended 31 March 2000.

Taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Cash flow statement

The company is a wholly owned subsidiary of Stirling Water Seafield Holdings Limited and its results are included in that company's consolidated accounts. The company has therefore taken advantage of the exemption from presenting a cash flow statement provided by Financial Reporting Standard 1.

2 Interest receivable

	28 October 1998 to 31 March 2000 £'000
From group companies	5,580

3 Interest payable

	28 October 1998 to 31 March 2000 £'000
On other loans	5,580

4 Profit on ordinary activities before taxation

The directors received no emoluments in respect of their services to the company.

The company has no employees.

The auditors' remuneration has been borne by the company's parent.

5 Taxation

No charge to taxation arises on the result for the period.

There is no actual or potential liability to deferred taxation.

6 Debtors

	2000
	£'000
Amounts falling due within one year	
Amounts owed by group undertakings	50

7 Debtors: amounts falling due after more than one year

	2000
	£'000
Amounts falling due after more than one year	
Amounts owed by group undertakings	91,238

The net proceeds of the bond issues have been lent to another company within the Stirling Water group at an interest rate of 5.822% plus an agreed arrangement fee to cover the amortisation of bond issue costs and interest thereon. The loan is repayable on the same terms as the bonds, which, from September 2004 are to be repaid in bi-annual instalments and will be repaid in full by September 2026.

8 Creditors: amounts falling due after more than one year

	2000
	£'000
Guaranteed secured bonds	91,238

Guaranteed secured bonds with a total value of £99,900,000 have been issued by the company at an interest rate of 5.822%. From September 2004 these are to be repaid in bi-annual instalments, and the bonds will be repaid in full by September 2026.

The bonds have been stated in the balance sheet net of the bond issue costs that are being amortised over the life of the bonds.

9 Financial instruments

The funding policy of the Stirling Water Seafield Holdings Limited group is to fund capital expenditure using fixed rate sterling denominated bonds to protect profits against risks arising from adverse movement in interest rates and currency exposures. These bonds have been issued by the Company. The net proceeds of the bonds have been lent to Stirling Water Seafield Limited, to fund the Groups capital expenditure. The Group does not make use of derivative financial instruments.

The objective of Group treasury operations is to ensure the availability of a timely flow of funds at a cost which reflects the credit worthiness of the Group. They are managed as a cost, not a profit, centre; no material open or speculative positions are taken.

Financial assets

	Total at fixed rates £'000	Total book Value £'000	Fixed rate assets	
			Weighted Average Interest rate %	Weighted Average period until maturity for which rate is fixed Years
Current asset investment				
-£ Sterling	91,238	91,238	6.9	13.5

Financial liabilities

	Total at fixed rates £'000	Total book Value £'000	Fixed rate assets	
			Weighted Average interest rate %	Weighted Average period until maturity for which rate is fixed Years
Other loans				
- £ Sterling	99,900	99,900	5.822	13.5

Other bonds have been shown gross of issue costs that have been offset against the amount included in the balance sheet in accordance with FRS4.

Currency risk

The company has no exposure to currency risk as all of its assets and liabilities are in sterling.

Fair values

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 a forced or liquidation sale. The table below sets out a comparison of the book and fair values of the company's financial instruments.

Primary Financial Instruments	Total book Value £'000	Total fair value £'000
Financial assets	91,238	91,238
Financial liabilities	(99,900)	(93,106)

Primary financial liabilities are bonds that are not actively traded on a public market.

The maturity of the company's Group's borrowings is disclosed in note 8.

10 Called up share capital

	2000 £'000
Authorised	
100,000 ordinary shares of £1 each	100
Allotted, called up and fully paid	
50,000 ordinary shares of £1 each	50

The company was incorporated on 28 October 1998 with an issued share capital of 2 ordinary £1 shares. On 5 March 1999, £49,998 ordinary £1 shares were issued at par for cash.

11 Profit and loss account

	£'000
Retained profit for the period	-
At 31 March 2000	-

12 Reconciliation of movements in shareholders' funds

	2000 £'000
Proceeds of ordinary shares issued for cash	50
Profit attributable to shareholders	-
Opening shareholders' funds	-
Closing shareholders' funds	50

13 Related party transactions

The company is a wholly owned subsidiary of Stirling Water Seafield Holdings Limited, a company registered in Scotland. As the company's results are included in the consolidated financial statements of its parent, the company has taken advantage of the exemption provided by Financial Reporting Standard 8 from disclosing details of transactions with other Stirling Water Seafield Group companies.

14 Ultimate parent company and controlling party

The directors regard Stirling Water Seafield Holdings Limited, a company registered in Scotland, as the ultimate parent company and the ultimate controlling party. Stirling Water Seafield Holdings Limited prepares consolidated financial statements and copies of these may be obtained on application to the Company Secretary, Stirling Water Seafield Holdings Limited, Erskine House, 68-73 Queen Street, Edinburgh, EH2 4NF.