

Stirling Water Seafield Finance Plc

Report and financial statements
for the year ended 31 December 2014

Registered number: **SC190621**

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Stirling Water Seafield Finance Plc

Strategic Report

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Directors and officers

Directors

N Paterson

K Ratcliffe (appointed 2 June 2015)

MR Saunders (resigned 2 June 2015)

Secretary

C Garrett

Registered office

Princes Exchange

1 Earl Grey Street

Edinburgh

EH3 9AQ

Auditor

Ernst & Young LLP

G1, 5 George Square

Glasgow

G2 1DY

Stirling Water Seafeld Finance Plc

Strategic Report

Principal activity

The Company is a wholly owned subsidiary of Stirling Water Seafeld Limited. The Company raises funds to enable other group companies to upgrade and operate wastewater treatment services and provide services relating to the treatment and disposal of sewage sludge in relation to Almond Valley and Seafeld.

Review of the business, financial performance and future developments

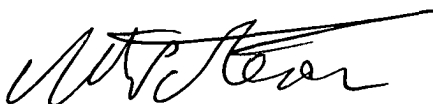
The Company continued its core business activity of raising finance to support the activities of group companies. No changes in its core business activity is anticipated in the foreseeable future.

Profit on ordinary activities after taxation for the year ended 31 December 2014 was £nil (year ended 31 December 2013: £nil).

The Balance sheet detailed on page 8 shows equity shareholder's funds amounting to £50,000 (31 December 2013: £50,000).

Financial and non financial key performance indicators ("KPIs") for the UK group are identified and measured by the parent, Veolia Water UK Limited. The directors have therefore taken the decision not to disclose KPI's in the individual subsidiary financial statements of Stirling Water Seafeld Finance Plc.

By order of the Board



Nigel Paterson

Director

Date: 11 June 2015

Stirling Water Seafield Finance Plc

Directors' Report

The directors present their report and the audited statutory financial statements for the year ended 31 December 2014.

Information contained within the strategic report

The directors have chosen to disclose information, required by Companies Act 2006 to be included in the Directors' Report, regarding future developments of the business within the Strategic Report, found on page 2.

Directors

The directors holding office during the year and to the date of this report are disclosed on page 1.

Results and Dividends

The profit on ordinary activities after taxation for the year was £nil (2013 £nil). The dividend policy of the Company is to allow for the directors in carrying out their fiduciary duties to distribute dividends as they deem appropriate within the general legal and financial governance frameworks.

The directors do not recommend payment of a final dividend (31 December 2013: £nil).

Corporate Governance

As a general guiding principle, the company falls under the Veolia Group and the Veolia Water sub group, which adopt the principles and rules contained in the most widely recognised good governance recommendations.

The directors confirm that the company remains a going concern on the basis of its future cash flow forecasts and has sufficient working capital for present requirements.

Internal Control

During the year under review, the directors of the company had overall responsibility for establishing and maintaining an adequate system of internal controls within the company and they participated in the review of internal controls over financial reporting and the certification process which took place on a Veolia group-wide basis. Veolia was, until December 2014, listed on the New York stock exchange and so was subject to Sarbanes Oxley accreditation and the group continues to adhere to those requirements following the delisting. The effectiveness of the system at Veolia Group level was kept under review through the work of the Veolia Internal Audit department. The system of internal control is designed to manage rather than eliminate risk. In pursuing these objectives, internal control can only provide reasonable and not absolute assurance against material misstatement or loss.

A risk and control governance framework is in place across the Veolia Group. The risk management framework and internal control system is subject to continuous review and development. The company is committed to ensuring that a proper control environment is maintained. There is a commitment to competence and integrity and to the communication of ethical values and control consciousness to managers and employees. Human Resources policies underpin that commitment by a focus on enhancing job skills and promoting high standards of probity among staff. In addition, the appropriate organisational structure has been developed within which to control the businesses and to delegate authority and accountability, having regard to acceptable levels of risk.

Veolia Water Group has fraud and anti-bribery policies and procedures in place to ensure that all incidences of fraud and bribery are appropriately investigated and reported. Further, Veolia Group has adopted a Whistle-blower Protection Policy, incorporating a confidential external reporting service operated by an independent provider. This policy, which is applicable to employees of the company, covers the reporting and investigation of suspected fraud, bribery, and misappropriation, questionable accounting, financial reporting or auditing matters, breaches of internal financial control procedures, and serious breaches of behaviour and ethical principles. There is also a process in existence within the Veolia Water Group whereby all members of staff may report any financial irregularities to the Internal Audit Department. Notwithstanding the foregoing the result of the Company's assessment of the risk of material misstatement in financial statements due to fraud is that such risk existence is not relevant.

The Company and Veolia have a commitment to competence and integrity and to the communication of ethical values and compliance with Corporate Governance in compliance with the Disclosure Rules and Transparency Rules ("DTR") of the Financial Conduct Authority.

Stirling Water Seafield Finance Plc

Directors' Report (continued)

Identification and Evaluation of Risks and Control Objectives

During the year under review the Veolia Group governance structure was supported by risk policies approved by the Veolia Group Board. The company identifies and assesses the key business risks associated with the achievement of its strategic objectives. Any key actions needed to further enhance the control environment are identified, along with the person responsible for the management of the specific risk.

Going concern

The Company has adequate resources to meet its current operational and financial obligations, and the directors have a reasonable expectation that this will continue for the foreseeable future. This assessment is based on the consideration of the Company's budgeted cash flows and long term forecasts, and related assumptions, available debt facilities, and the support of the wider Veolia group. For this reason, the directors continue to adopt the going concern basis in the statutory financial statements.

Statement of Directors' responsibilities

The directors are responsible for preparing the Strategic report, Directors report and annual report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted for use in the European Union ("IFRS"). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Each of the Directors, as at the date of this report, confirms to the best of their knowledge that:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and result of the Company.
- The Strategic Report and the Directors' Report include a fair review of the development and performance and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Principal risks and uncertainties

The directors consider that the key risk affecting the Company is the ability of Stirling Water Seafield Limited (the Company's parent entity) to meet loan re-payments as they fall due.

Other key financial risks to the Company are set out in note 7.

Post balance sheet events

There are no post balance sheet events relating to the Company.

Stirling Water Seafield Finance Plc

Directors' Report (continued)

Disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors, each director has taken all steps that he is obliged to take as a director in order to make himself aware of that information and to establish that the Company's auditor is aware of that information.

Auditors

In accordance with Section 487(2) of the Companies Act 2006, and in the absence of a notice proposing that the appointment be terminated, the auditors, Ernst & Young LLP, will be deemed to be re-appointed for the next financial year.

By order of the Board



Nigel Paterson

Director

Date: 11 June 2015

Independent auditor's report to the members of Stirling Water Seafield Finance plc

We have audited the financial statements of Stirling Water Seafield Finance Plc for the year ended 31 December 2014 which comprise the Income statement and Statement of comprehensive Income, the Balance sheet, the Statement of changes in equity, the Statement of cash flows, 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 (IFRS) as adopted for use in 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 auditor

As explained more fully in the Statement of directors' responsibilities set out on page 4, 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 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. In addition, we read all the financial and non-financial information in the Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its result for the year then ended;
- ▶ have been properly prepared in accordance with IFRSs as adopted for use in 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.



Christabel Cowling (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow

15 June 2015

Stirling Water Seafield Finance Plc

Income statement and Statement of comprehensive income
for the year ended 31 December 2014

		12 months ended 31 December 2014 £000	12 months ended 31 December 2013 £000
	Notes		
Continuing operations			
Finance income	3	4,679	5,581
Finance costs	4	(4,679)	(5,581)
Profit before tax from continuing operations		-	-
Income tax expense		-	-
Profit for the year		-	-
Other comprehensive income		-	-
Total comprehensive income for the year net of tax attributable to the owners of the Company		-	-

The accompanying notes are an integral part of these financial statements.

Stirling Water Seafield Finance Plc

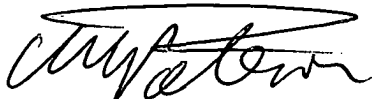
Balance Sheet

for the year ended 31 December 2014

Company registration number: SC190621

	Notes	31 December 2014 £000	31 December 2013 £000
ASSETS			
Non-current assets			
Loans to parent company	5	64,404	68,237
Current assets			
Loans to parent company	5	3,883	3,635
Total assets		68,287	71,872
LIABILITIES			
Current liabilities			
Borrowings	6	(3,833)	(3,585)
Net current assets		50	50
Non-current liabilities			
Borrowings	6	(64,404)	(68,237)
Total liabilities		(68,237)	(71,822)
Net assets		50	50
EQUITY			
Share capital	9	50	50
Total equity		50	50

The financial statements on pages 7 to 17 were approved by the board of directors and authorised for issue. They were signed on its behalf by:



Nigel Paterson

Director

Date: 11 June 2015

The accompanying notes are an integral part of these financial statements.

Stirling Water Seafield Finance Plc

Statement of changes in equity for the year ended 31 December 2014

Attributable to equity holders of the Company

	Share Capital £000
At 1 January 2013	50
Total comprehensive income	-
At 31 December 2013	50
Total comprehensive income	-
At 31 December 2014	50

Stirling Water Seafield Finance Plc

Statement of cash flows

for the year ended 31 December 2014

	31 December 2014 £000	31 December 2013 £000
Cash flows from operating activities		
Profit before tax	-	-
Net cash from operating activities (i)	-	-
Cash flows from financing activities		
Interest received	4,679	5,581
Interest paid	(4,679)	(5,581)
Net cash flow from financing activities (ii)	-	-
Increase in cash and cash equivalents (i) +(ii)	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	-	-

Stirling Water Seafield Finance Plc

Notes to the financial statements for the year ended 31 December 2014

1 Accounting principles and methods

General Information

Stirling Water Seafield Finance Plc is a public limited company incorporated in Scotland.

Accounting standards framework

Basis underlying the preparation of the financial information

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union (IFRS). These financial statements present financial information for the year ended 31 December 2014.

The basis of preparation and accounting policies used in preparing the financial statements for the year ended 31 December 2014 and the year ended 31 December 2013 are set out below. These accounting policies have been consistently applied.

There were no new or revised accounting standards adopted in the year which had a significant impact on the financial position or performance of the company.

Standards, interpretations and amendments to existing standards that are not yet effective and have not been previously adopted by the Company

Standards not yet effective for the financial statements for the year ended 31 December 2014	Effective for annual periods beginning on or after
• Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions	01 July 2014
• Annual Improvements to IFRSs 2010-2012 Cycle	01 July 2014
• Annual Improvements to IFRSs 2011-2013 Cycle	01 July 2014
• Annual Improvements to IFRSs 2012-2014 Cycle	01 July 2014
• IFRS 14 "Regulatory Deferral Accounts"	01 January 2016
• Amendments to IFRS 11 "Joint Arrangements: Accounting for Acquisitions of Interests"	01 January 2016
• Amendments to IAS 16 and IAS 28 "Clarification of Acceptable Methods of Depreciation and Amortisation"	01 January 2016
• Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	01 January 2016
• Amendments to IAS 27 "Equity Method in Separate Financial Statements"	01 January 2016
• IFRS15 "Revenue from Contracts with Customers"	01 January 2017
• IFRS 9 "Financial Instruments"	01 January 2018

The company expects that the adoption of these pronouncements will not have a significant impact on the results and operations and financial position in the period of initial application.

General principles underlying the preparation of the financial statements

The accounting methods presented below have been applied consistently for all periods presented in the financial statements.

The financial statements are presented on a historical cost basis.

Basis of presentation as of 31 December 2014

The financial statements are presented in thousands of pounds (£000s) in sterling, unless stated otherwise.

Stirling Water Seafield Finance Plc

Notes to the financial statements

for the year ended 31 December 2014

Financial Instruments

Financial assets and liabilities

Measurement and recognition of financial assets

Financial assets are initially recognised at fair value plus transaction costs and are subsequently measured at amortised cost.

All of the Company's financial assets are classified as loans and other receivables.

Loans and other receivables

After initial recognition at fair value, these instruments are recognised and measured at amortised cost using the effective interest method.

An impairment loss is recognised if the carrying amount of these assets exceeds the present value of future cash flows discounted at the initial effective interest rate. Any such impairment loss is recognised in the statement of comprehensive income.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Recognition and measurement of financial liabilities

Borrowings and other financial liabilities are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the estimated term of the financial instrument or, where applicable, over a shorter period, to the net carrying amount of the financial asset or liability.

Financial items in the statement of comprehensive income

Finance costs consist of interest payable on borrowings calculated using the amortised cost method.

Finance income consists of income from group loans.

Interest income is recognised in the statement of comprehensive income when earned, using the effective interest method.

Critical accounting estimates and judgments

Management make estimates and assumptions concerning the future, and uses judgment in applying the Company's accounting policies. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management have not made any material estimates or assumptions that may result in a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2 Profit from operations

No remuneration or pension contributions were paid to directors for services to the Company (31 December 2013: £nil). These costs were paid by and charged in the accounts of other group companies. Of the total remuneration, a

Stirling Water Seafield Finance Plc

Notes to the financial statements

for the year ended 31 December 2014

total amount of £1k (31 December 2013: £17k) can be attributed to the Stirling Water Seafield Holdings Limited group of companies, of which the Company is a part, for the qualifying services performed.

The Company has no employees.

The auditor's remuneration and non-audit fees have been borne by the Company's immediate parent, Stirling Water Seafield Limited. Total audit fees for the Stirling Water Seafield Holdings Limited group of companies amounted to £29k (31 December 2013: £20k).

3 Finance income

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Interest receivable from group undertakings	4,679	5,581

4 Finance costs

	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Interest payable on guaranteed secured bonds	4,679	5,581

5 Loans to Parent company

	31 December 2014 £000	31 December 2013 £000
Due within one year: Loans to parent company (note 10)	3,883	3,635
Due after one year: Loans to parent company (note 10)	64,404	68,237

Stirling Water Seafield Finance Plc

Notes to the financial statements

for the year ended 31 December 2014

6 Borrowings

	31 December 2014 £000	31 December 2013 £000
Bonds – guaranteed secured notes due 2026	68,237	71,822
Borrowings are repayable as follows:		
On demand or within one year	3,833	3,585
In the second year	4,098	3,833
In the third to fifth years inclusive	14,075	13,164
After five years	46,231	51,240
Less: Amount due for settlement within 12 months (shown under current liabilities)	3,833	3,585
Amount due for settlement after 12 months	64,404	68,237

Guaranteed secured bonds with a total value of £102,900,000 (31 December 2013: £102,900,000) were issued by the Company at an interest rate of 5.822% on 26th September 1999. The bonds are secured by a floating charge over the assets and undertaking of the company. The guaranteed secured bonds are guaranteed by a financial guarantee insurance policy issued by MBIA Assurance S.A.

The bonds have been stated in the balance sheet net of unamortised bond issue costs amounting to £2,460,000 (31 December 2013: £2,805,000) that are being amortised over the life of the bonds.

Since September 2004 the bonds are being repaid in bi-annual instalments, and will be repaid in full by September 2026.

As part of the existing finance arrangements relating to the variation bond issued in the year ended 31 March 2000, the Company has the ability to raise a further £4,119,000 (31 December 2013: £4,351,000). This has not been put to the market.

7 Financial risk management

The Company finances its operations through bonds. The Group's central treasury department manages liquidity, interest rate and foreign exchange risk centrally within limits set by the Chief Financial Officer.

Foreign currency risk

The Company is not exposed to foreign currency risk as the Company operates principally in the UK and at each reporting date all financial assets and financial liabilities are denominated in Sterling.

Interest rate risk

The Company is not exposed to interest rate risk as the interest rates on its guaranteed secured bonds and loans to parent company are fixed.

Liquidity risk

The Company is not exposed to significant liquidity risk as it performs limited operations. The liabilities it has to meet are in relation to the bonds in issue. Provided that Stirling Water Seafield Limited meets its obligations to the Company, liquidity risk is minimal.

Credit risk

The key risk affecting the Company is the ability of Stirling Water Seafield Limited (the Company's parent entity) to meet re-payments as they fall due.

Stirling Water Seafield Finance Plc

Notes to the financial statements

for the year ended 31 December 2014

8 Financial instruments

Categories of financial instruments

All of the Company's financial assets at 31 December 2014 and 31 December 2013 are categorised as loans and receivables and measured at amortised cost.

All of the Company's financial liabilities at 31 December 2014 and 31 December 2013 are categorised as borrowings and measured at amortised cost.

Fair value

The Company does not hold any financial instruments at fair value. However, set out below is a comparison of the carrying amounts and fair value of the Company's borrowings.

	31 December 2014		31 December 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Financial liabilities				
Borrowings	68,237	81,933	71,822	81,467
Financial assets				
Loans to parent company	(68,287)	(81,983)	(71,872)	(81,517)

Apart from a minor current receivable element of £50,000 which does not relate to the core financing arrangements the fair value of the loan receivable is equivalent to the fair value of the loan payable of £75,042,000 on the basis that the loan is fully unconditionally guaranteed by Stirling Water Seafield Limited.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the year ended 31 December 2014 and 2013 there were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3 fair value measurements.

Under the fair value hierarchy, the financial instrument is considered to be a Level 2 instrument. The fair value at 31 December 2014 of the borrowings and obligations under guaranteed secured bonds is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Liquidity risk

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date of which the Company can be required to pay. The tables include principal cash flows and interest.

Stirling Water Seafield Finance Plc

Notes to the financial statements for the year ended 31 December 2014

8 Financial instruments continued

		Timing of cash flows				
	Weighted average effective interest rate %	Within one year £000	Between one and two years £000	Between two and five years £000	More than five years £000	Total £000
At 31 December 2014						
Guaranteed secured bonds	6.8	8,262	8,262	12,394	70,231	99,149
At 31 December 2013						
Guaranteed secured bonds	6.8	8,262	8,262	12,394	78,493	107,411

The following tables detail the Company's expected maturity for its financial assets. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets. The inclusion of information on financial assets is necessary to understand the Company's liquidity risk management as liquidity is managed on a net asset and liability basis.

		Timing of cash flows				
	Weighted average effective interest rate %	Within one year £000	Between one and two years £000	Between two and five years £000	More than five years £000	Total £000
At 31 December 2014						
Loan to parent company	6.8	8,312	8,262	12,394	70,231	99,199
At 31 December 2013						
Loan to parent company	6.8	8,312	8,262	12,394	78,493	107,461

The comparative fair values and cash flows as at 31 December 2013 have been revised from those disclosed last year (borrowings £74,627,000; loans to parent company £74,677,000) following identification of an error in their calculation.

9 Share capital

	31 December 2014 £000	31 December 2013 £000
<i>Allotted, called-up and fully-paid</i>		
50,000 ordinary shares of £1 each	50	50

An unlimited number of common shares with a £1 par value are authorised for issue. The entire share capital of the Company has been pledged to Prudential Trustee Company as security trustee.

Stirling Water Seafield Finance Plc

Notes to the financial statements

for the year ended 31 December 2014

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2014 or the year ended 31 December 2013.

10 Related party transactions

The immediate parent Company is Stirling Water Seafield Limited, a company incorporated in the UK. The ultimate parent company is Veolia Environnement SA, a company incorporated in France. Veolia Environnement SA is the largest and the smallest group which includes the Company and for which consolidated financial statements are prepared. Copies of the consolidated financial statements for Veolia Environnement SA are available from the Head Office at 36 – 38 Avenue Kléber, 75116 Paris, France.

Trading transactions

Transactions between related parties are made on an arm's length basis. During the year, the Company entered into the following transactions with related parties:

	Interest receivable		Interest payable	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
	£000	£000	£000	£000
Immediate parent company	4,679	5,581	-	-

	Amounts owed by related parties		Amounts owed to related parties	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
	£000	£000	£000	£000
Immediate parent company	68,237	71,872	-	-

The net proceeds of the bond issues have been lent to the immediate parent company 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.