

Severn Trent Overseas Holdings Limited

Annual report and financial statements for the year ended 31 March 2020

Company number: 02455508



Severn Trent Overseas Holdings Limited

Annual report and financial statements
for the year ended 31 March 2020

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Severn Trent Overseas Holdings Limited

Company information

Company number	0245508
Directors	J A Jackson B Kennedy R C McPheely
Secretary	G Eagle
Registered office	Severn Trent Centre 2 St John's Street Coventry CV1 2LZ
Banker	Barclays Bank PLC 1 Churchill Place London E14 5HP
Solicitor	Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2EG

Severn Trent Overseas Holdings Limited

Strategic report

The Directors present their Strategic report for the year ended 31 March 2020.

Business review and principal activities

The Company is a wholly owned subsidiary of Severn Trent Plc.

The principal activity of the Company is to act as a holding company for certain subsidiaries of the Severn Trent Group.

There have not been any significant changes in the Company's principal activities in the year under review. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities or prospects in the next year.

Severn Trent Plc manages its operations on a divisional basis and the Company's Directors do not believe that further key performance indicators for the Company are necessary to enhance the understanding of the development, performance or position of the business.

Results and dividends

The Company's profit for the financial year after taxation was £755,000 (2019: £2,911,000).

The Directors do not recommend the payment of a dividend (2019: nil).

Principal risks and uncertainties

Treasury management

The Severn Trent Group manages its treasury operations on a group basis. Financial risk management is performed by Severn Trent's Group Treasury department. This includes assessment and mitigation of price risk, credit risk, liquidity risk and interest rate cash flow risk. The Group's treasury management policies and operations are discussed in Severn Trent Plc's Annual Report and Financial Statements (which does not form part of this report).

Financial position and going concern

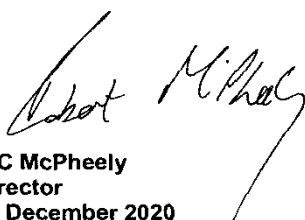
The Directors have considered the Company's financial position at the balance sheet date and its prospects for the period to 12 months from the date of this report.

As at 31 March 2020, the Company had net assets of £50,482,000 (2019: £49,727,000) and net current assets of £1,145,000 (2019: £529,000).

Following the year end, the Board has considered and monitored the potential impact of COVID-19, in particular financing and liquidity. This indicates that, while there may be a financial impact, this would not result in a significant impact to the Company's expected liquidity or solvency that could not be addressed by mitigating actions.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the report and annual financial statements.

By order of the Board



R C McPheely
Director
10 December 2020

Severn Trent Overseas Holdings Limited

Directors' report

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2020.

Matters included in the Strategic report

The following matters are included in the Company's Strategic report on the preceding page:

- Business review and principal activities of the Company
- Results and dividends
- Principal risks and uncertainties
- Financial position and going concern.

Directors

The Directors who served during the year are shown on page 2.

Directors' indemnities

The Company's Articles of Association provide that directors of the Company shall be indemnified by the Company against any costs incurred by them in carrying out their duties, including defending any proceedings arising out of their positions as directors in which they are acquitted or judgment is given in their favour or relief from any liability is granted to them by the court. These indemnities were in force throughout the year and up to the date of signing of the financial statements.

Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by its activities. The Company operates in accordance with the group policies of Severn Trent Plc which are described in the Group's Annual Report and Financial Statements (which does not form part of this report).

Post balance sheet events

There have been no significant post balance sheet events.

Severn Trent Overseas Holdings Limited

Directors' report (continued)

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting standards, including Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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.

By order of the Board


R C McPheely
Director
10 December 2020

Severn Trent Overseas Holdings Limited

Income statement

For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Dividend income		–	2,092
Profit before interest and tax		–	2,092
Finance income	5	2,548	3,033
Finance costs	6	(1,621)	(2,018)
Net finance income		927	1,015
Profit on ordinary activities before taxation		927	3,107
Taxation on profit on ordinary activities	7	(172)	(196)
Profit for the year		755	2,911

All results are from continuing operations in both the current and preceding year.

The Company has no recognised gains or losses other than the results above and therefore no separate statement of comprehensive income has been presented.

Severn Trent Overseas Holdings Limited

Balance sheet

At 31 March 2020

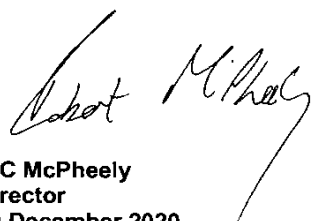
	Note	2020 £'000	2019 £'000
Non-current assets			
Trade and other receivables	8	133,471	133,471
		133,471	133,471
Current assets			
Trade and other receivables	8	926	860
Cash and cash equivalents		707	19
		1,633	879
Current liabilities			
Trade and other payables	9	(119)	(43)
Current tax payable		(369)	(307)
		(488)	(350)
Net current assets		1,145	529
Non-current liabilities			
Borrowings	10	(84,134)	(84,273)
Net assets		50,482	49,727
Equity			
Called up share capital	11	62,602	62,602
Retained earnings		(12,120)	(12,875)
		50,482	49,727

For the year ended 31 March 2020, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 (the Act) relating to subsidiary companies.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Act.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements were approved by the Board of Directors on 10 December 2020. They were signed on its behalf by:



R C McPheely
Director
10 December 2020
Company Number: 02455508

Severn Trent Overseas Holdings Limited

Statement of changes in equity

For the year ended 31 March 2020

	Share capital	Retained earnings	Total equity
	£'000	£'000	£'000
At 1 April 2018	62,602	(15,786)	46,816
Total comprehensive income for the year	–	2,911	2,911
At 1 April 2019	62,602	(12,875)	49,727
Total comprehensive income for the year	–	755	755
At 31 March 2020	62,602	12,120	50,482

Severn Trent Overseas Holdings Limited

Notes to the financial statements

1. Accounting policies

a) Accounting convention

The financial statements have been prepared on the going concern basis (see Strategic report) under the historical cost convention as modified by the revaluation of certain financial assets and liabilities at fair value, and in accordance with applicable United Kingdom Accounting Standards and comply with the requirements of the Companies Act 2006. The principal accounting policies, which have been applied consistently in the current and preceding year are set out below.

Severn Trent Overseas Holdings Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales.

b) Basis of preparation

(i) General

The Company is a wholly owned subsidiary of Severn Trent Plc and is included in the consolidated financial statements of Severn Trent Plc.

The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements. Accordingly, the Company has elected to apply FRS 101 Reduced Disclosure Framework. Therefore the recognition and measurement requirements of EU-adopted IFRS have been applied, with amendments where necessary in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) as these are Companies Act 2006 accounts.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

Where required, equivalent disclosures are given in the Group financial statements of Severn Trent Plc which are available to the public and can be obtained as set out in note 15.

(ii) Changes in accounting policies – IFRS 16

In the current year the Company has adopted IFRS 16 'Leases'. There is no material impact on the financial statements from the adoption of this accounting standard.

c) Taxation

Current tax payable is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on taxable temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred taxation is measured on a non-discounted basis using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Current and deferred tax are recognised in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

A deferred tax asset is only recognised to the extent it is probable that sufficient taxable profits will be available in the future to utilise it. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

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Notes to the financial statements (continued)

1. Accounting policies (continued)

d) Foreign exchange

Foreign currency transactions arising during the year are translated into sterling at the rate of exchange ruling on the date of the transaction. All gains and losses on exchange arising during the year are dealt with through the income statement.

2. Critical accounting judgments and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, the Company has made no critical accounting judgments and there are no key sources of estimation uncertainty.

3. Employee numbers

The average monthly number of employees (including Executive Directors) during the year was nil (2019: nil).

4. Directors' remuneration

The emoluments of the Directors are paid by other companies within the Severn Trent Group.

5. Finance income

	2020 £'000	2019 £'000
Interest income earned on:		
- amounts receivable from group undertakings	2,548	2,935
Exchange gain on foreign currency loans	—	98
	2,548	3,033

6. Finance costs

	2020 £'000	2019 £'000
Interest expense charged on:		
- amounts payable to other group undertakings	1,043	1,006
- amounts payable to immediate parent undertaking	556	1,012
Exchange loss on foreign currency loans	22	—
	1,621	2,018

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Notes to the financial statements (continued)

7. Taxation

a) Analysis of tax charge in the year

	2020 £'000	2019 £'000
Current tax at 19% (2019: 19%)		
Current year	176	196
Prior year	(4)	–
Total tax charge	172	196

b) Factors affecting the tax charge in the year

The tax assessed for the current year is lower (2019: lower) than the tax at the standard rate of corporation tax in the UK of 19% (2019: 19%).

The differences are explained below:

	2020 £'000	2019 £'000
Profit before taxation	927	3,107
Tax at the standard rate of corporation tax in the UK 19% (2019: 19%)	176	590
Non-taxable income	–	(394)
Adjustments in respect of prior years	(4)	–
Total tax charge	172	196

8. Trade and other receivables

	2020 £'000	2019 £'000
Current assets		
Amounts receivable from group undertakings	926	829
Other amounts receivable	–	31
	926	860
Non-current assets		
Amounts receivable from other fellow group undertakings under loan agreements	133,471	133,471

The Company has a facility of £46,000,000 available to Severn Trent Holdings Limited. The loan is unsecured with interest payable at 6m LIBOR + 1.075% and matures on 31 January 2023.

The Company has a facility of £120,000,000 available to Severn Trent Investment Holdings Limited. The loan is unsecured with interest payable at LIBOR + 1.025% and matures on 10 October 2021.

9. Trade and other payables

	2020 £'000	2019 £'000
Current liabilities		
Amounts owed to other group undertakings	91	10
Amounts owed to immediate parent undertaking	28	33
	119	43

Severn Trent Overseas Holdings Limited

Notes to the financial statements (continued)

10. Borrowings

	2020 £'000	2019 £'000
Non-current		
Loans due to other fellow group undertakings	29,674	29,813
Loans due to immediate parent undertaking	54,460	54,460
	84,134	84,273

The Company has a facility of £35,000,000 available from Severn Trent Plc. The loan is unsecured with interest payable at 6m LIBOR + 1.075% and matures on 31 January 2023.

The Company has a facility of £54,600,000 available from Severn Trent Carsington Limited. The loan is unsecured with interest payable at LIBOR + 1.025% and matures on 21 March 2022.

11. Share capital

	2020 £'000	2019 £'000
Total issued and fully paid share capital		
62,602,100 ordinary shares of £1 each	62,602	62,602

12. Contingent liabilities

The banking arrangement of the Company operate on a pooled basis with certain fellow group undertakings. Under these arrangements participating companies guarantee each other's balances only to the extent that their credit balances can be offset against overdrawn balances of other Severn Trent Group companies.

At 31 March 2020 the Company's maximum exposure under these arrangements was £707,000 (2019: £19,000).

13. Post balance sheet events

There have been no significant post balance sheet events.

14. Related party transactions

There have been no transactions with the Directors of the Company during the last financial year.

In accordance with the exemption allowed by FRS 101, no disclosure is made of transactions with other wholly owned subsidiary companies which are consolidated into the Severn Trent Plc Group.

15. Ultimate parent undertaking

The immediate parent undertaking is Severn Trent Carsington Limited.

The ultimate parent undertaking and controlling party is Severn Trent Plc, which is the parent undertaking and controlling party of the smallest and largest group to consolidate these financial statements. Copies of the Severn Trent Plc consolidated financial statements can be obtained from Severn Trent Plc's registrars at Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. The registered office of the ultimate parent is Severn Trent Centre, 2 St John's Street, Coventry, United Kingdom, CV1 2LZ.