

# **Severn Trent Utilities Finance Plc**

## **Annual Report and financial statements for the year ended 31 March 2016**

Company number: 02914860

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# **Severn Trent Utilities Finance Plc**

## **Annual Report and financial statements for the year ended 31 March 2016**

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## **Severn Trent Utilities Finance Plc**

### **Company information**

**Company number** 02914860

**Directors** M J Dovey  
J A Jackson  
B Kennedy  
R C McPheely

**Secretary** A A Campbell

**Registered office** Severn Trent Centre  
2 St John's Street  
Coventry  
CV1 2LZ

**Bankers** Barclays Bank Plc  
1 Churchill Place  
London  
E14 5HP

**Solicitors** Herbert Smith Freehills LLP  
Exchange House  
Primrose Street  
London  
EC2A 2EG

**Auditor** Deloitte LLP  
Statutory Auditor  
2 New Street Square  
London  
EC4A 3BZ

# Severn Trent Utilities Finance Plc

## Strategic report

### Business review and principal activities

The company is a wholly owned subsidiary of Severn Trent Plc and operates as part of the Severn Trent group's Regulated Water and Waste Water business.

The principal activity of the company is the provision of long term finance for its immediate parent, Severn Trent Water Limited. There have not been any significant changes in the company's principal activities in the current year. 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.

In 2008 the company issued Eurobonds for €700 million that were due for repayment in March 2016. At inception, the company entered into cross currency swaps to convert the proceeds of this borrowing into sterling which was lent to Severn Trent Water Limited. On 31 March 2015 the company repurchased €182.6 million of the Eurobonds and cancelled the equivalent amount of the corresponding swap resulting in a charge of £6.6 million in finance costs in 2014/15. The remaining balance of the Eurobonds were repaid in accordance with the original schedule in the current 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. The performance of the Regulated Water and Waste Water business, which includes this company, is discussed in Severn Trent Plc's Annual Report and Accounts (which does not form part of this report).

### Results and dividends

The company's profit for the financial year after taxation was £1.7 million (2015: loss £0.9 million). The directors do not recommend the payment of a dividend (2015: £nil).

During the year, the company has recognised a gain of £28.9 million (2015: loss of £71.8 million) on the remeasurement of cross currency swaps to fair value at 11 March 2016 when the underlying debt matured. The company also recognised an exchange loss of £26.8 million (2015: gain of £70.7 million) on translating the corresponding debt at the rate prevailing on maturity. The cross currency swaps were not hedge accounted but were used as an economic hedge in the Severn Trent group.

The financial position at the year end was satisfactory.

### Principal risks and uncertainties

#### *Treasury management*

Financial risks are managed by a central treasury department (Group Treasury) under policies approved by the board of directors of Severn Trent Plc. The board has established a Treasury Management Committee to monitor treasury activities and to facilitate timely responses to changes in market conditions when necessary. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The board defines written principles for overall risk management, as well as written policies covering specific areas such as exchange rate risk, interest rate risk, credit risk and the use of derivative and non-derivative financial instruments. The group's treasury management policies and operations are discussed in Severn Trent Plc's Annual Report and Accounts (which does not form part of this report).

The company raises debt finance for its immediate parent company, Severn Trent Water Limited. Amounts raised are usually passed on to Severn Trent Water Limited on identical terms. Severn Trent Water Limited provides guarantees for the company's obligations under these arrangements. The principal risk of these arrangements is that Severn Trent Water Limited is unable to meet its obligations to the company.

Following the repurchase of Eurobonds on 31 March 2015, the outstanding principal of the debt was €517.4 million and the notional sterling principal value of the remaining cross-currency swaps was £396.6 million. This was repaid during the year as required per the original agreement. The net movement of the revaluation of the underlying debt and revaluation of the cross-currency swaps was a gain of £2.1 million and was recognised in the current year with previous gains/losses already being recognised in the income statement in the year in which they arose.

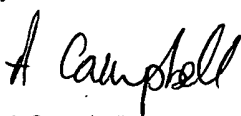
## **Severn Trent Utilities Finance Plc**

### **Strategic report**

#### **Going concern and financial position**

The directors have considered the financial position and future prospects of the company. The directors believe that the company has access to sufficient resources to manage its business risks successfully despite the current uncertain economic outlook. In particular Severn Trent Water Limited acts as guarantor in relation to the company's borrowings which are long term in nature (see note 11). After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the report and annual accounts.

By order of the board



A A Campbell  
Company Secretary  
15 June 2016

# Severn Trent Utilities Finance Plc

## Directors' report

The directors present their report and the audited financial statements of the company for the year ended 31 March 2016.

### Matters included in the Strategic report

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

- Principal activity of the company
- Future developments in the business
- Going concern and financial position

### Post balance sheet events

There have been no significant post balance sheet events.

### Directors

The directors who served during the year are shown on page 1.

No emoluments were paid by the company in respect of the services of the directors to the company. Their emoluments are paid by other companies within the Severn Trent group.

### 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 Financial Reporting Standard 101 Reduced Disclosure Framework. 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### 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 judgement is given in their favour or relief from any liability is granted to them by the court. This indemnification has been in force throughout the year and up to the date of signing the financial statements.

## Severn Trent Utilities Finance Plc

### Directors' report

#### Auditor and disclosure of information to the auditor

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Relevant audit information means information needed by the company's auditor in connection with preparing its report. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP has indicated its willingness to continue as auditor.

By order of the board



A A Campbell  
Company Secretary  
15 June 2016

## **Independent auditor's report to the members of Severn Trent Utilities Finance Plc**

We have audited the financial statements of Severn Trent Utilities Finance Plc for the year ended 31 March 2016 which comprise the income statement, the balance sheet, the statement of changes in equity and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 101 Reduced Disclosure Framework.

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 directors' responsibilities statement, 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 annual report 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 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework; 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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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 required for our audit.



Kari Hale, ACA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London  
United Kingdom  
15 June 2016



## Severn Trent Utilities Finance Plc

### Income statement For the year ended 31 March 2016

	Notes	2016 £m	2015 £m
Interest receivable	5	160.3	181.6
Interest payable	5	(160.3)	(181.6)
Gains/(losses) on financial instruments	6	2.1	(1.1)
<b>Profit/(loss) on ordinary activities before tax</b>		<b>2.1</b>	<b>(1.1)</b>
Taxation on profit/loss on ordinary activities	7	(0.4)	0.2
<b>Profit/(loss) for the financial year</b>		<b>1.7</b>	<b>(0.9)</b>

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

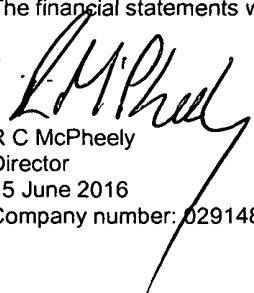
The company has no comprehensive income other than the results above and therefore no separate statement of other comprehensive income has been presented.

# Severn Trent Utilities Finance Plc

## Balance sheet As at 31 March 2016

	Notes	2016 £m	2015 £m
<b>Current assets</b>			
Debtors: amounts falling due in more than one year	9	2,973.5	2,956.8
Debtors: amounts falling due within one year	9	40.1	472.6
		<b>3,013.6</b>	<b>3,429.4</b>
<b>Current liabilities</b>			
Derivative financial liabilities	8	—	(25.2)
Creditors: amounts falling due within one year	10	(40.0)	(449.3)
		<b>(40.0)</b>	<b>(474.5)</b>
<b>Net current assets</b>		<b>2,973.6</b>	<b>2,954.9</b>
<b>Total assets less current liabilities</b>		<b>2,973.6</b>	<b>2,954.9</b>
Creditors: amounts falling due after more than one year	11	(2,973.2)	(2,956.2)
<b>Net assets/(liabilities)</b>		<b>0.4</b>	<b>(1.3)</b>
<b>Capital and reserves</b>			
Called up share capital	13	—	—
Retained earnings		0.4	(1.3)
<b>Total shareholder's funds/(deficit)</b>		<b>0.4</b>	<b>(1.3)</b>

The financial statements were approved by the board of directors on 15 June 2016. They were signed on its behalf by:

  
R C McPheely  
Director  
15 June 2016  
Company number: 02914860

## Severn Trent Utilities Finance Plc

### Statement of changes in equity For the year ended 31 March 2016

	Share capital £m	Retained earnings £m	Total £m
At 1 April 2014	—	(0.4)	(0.4)
Loss and total comprehensive loss for the year	—	(0.9)	(0.9)
At 31 March 2015	—	(1.3)	(1.3)
Profit and total comprehensive income for the year	—	1.7	1.7
<b>At 31 March 2016</b>	<b>—</b>	<b>0.4</b>	<b>0.4</b>

# **Severn Trent Utilities Finance Plc**

## **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 (including derivative instruments) at fair value, and in accordance with applicable United Kingdom Accounting Standards and comply with the requirements of the United Kingdom Companies Act 2006 ('the Act'). The principal accounting policies, which have been applied consistently in the current and preceding year are set out below.

#### **b) Basis of preparation**

The company is a wholly owned subsidiary of Severn Trent Plc and is included in the consolidated accounts of Severn Trent Plc.

The company financial statements have been prepared in accordance with United Kingdom Accounting Standards and comply with the Companies Act 2006. The company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements'.

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 financial instruments, capital management, presentation of a cash flow statement, standards not yet effective and related party transactions.

Where required, equivalent disclosures are given in the group accounts of Severn Trent Plc. The group accounts of Severn Trent Plc are available to the public and can be obtained as set out in note 15.

#### **c) Interest receivable and similar income**

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable. Interest income is included in interest receivable and similar income.

#### **d) Taxation**

Current tax payable is based on taxable profit for the year. Taxable profit differs from profit on ordinary activities before tax as reported in the income statement because it excludes items of income and expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full, using the liability method, on taxable temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

# **Severn Trent Utilities Finance Plc**

## **Notes to the financial statements**

### **e) Derivative financial instruments**

Derivative financial instruments are stated at fair value, including accrued interest. Fair value is determined using the methodology described in Severn Trent Plc's group financial statements. The accounting policy for changes in fair value depends on whether the derivative is designated as a hedging instrument. The various accounting policies are described below.

Interest receivable or payable in respect of derivative financial instruments is included in finance income or costs.

#### *Derivatives not designated as hedging instruments*

Gains or losses arising on remeasurement of derivative financial instruments that are not designated as hedging instruments are recognised in gains/losses on financial instruments in the income statement.

#### *Derivatives designated as hedging instruments*

The company uses derivative financial instruments such as cross currency swaps, forward currency contracts and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations.

At the inception of each hedge relationship, the company documents:

- the relationship between the hedging instrument and the hedged item;
- its risk management objectives and strategy for undertaking the hedge transaction; and
- the results of tests to determine whether the hedging instrument is expected to be highly effective in offsetting changes in fair values or cash flows (as appropriate) of the hedged item.

The company continues to test and document the effectiveness of the hedge on an ongoing basis.

Hedge accounting is discontinued when the hedging instrument expires, is sold, terminated or exercised, or no longer qualifies for hedge accounting.

#### *Fair value hedges*

Where a loan or borrowing is in a fair value hedging relationship it is remeasured for changes in fair value of the hedged risk at the balance sheet date, with gains or losses being recognised in gains/losses on financial instruments in the income statement. The gain or loss on the corresponding hedging instrument is also taken to gains/losses on financial instruments in the income statement so that the effective portion of the hedge will offset the gain or loss on the hedged item.

- If hedge accounting is discontinued, the fair value adjustment arising from the hedged risk on the hedged item is amortised to the income statement over the anticipated remaining life of the hedged item.

#### *Cash flow hedges*

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in equity and the ineffective portion is charged to gains/losses on financial instruments in the income statement. When the gain or loss from the hedged underlying transaction is recognised in the income statement, the gains or losses on the hedging instrument that have previously been recognised in equity are recycled through gains/losses on financial instruments in the income statement.

If hedge accounting is discontinued, any cumulative gain or loss on the hedging instrument previously recognised in equity is held in equity until the forecast transaction occurs, or transferred to gains/losses on financial instruments in the income statement if the forecast transaction is no longer expected to occur. If the hedging instrument is terminated, the gains and losses previously recognised in equity are transferred to the income statement. From this point the derivative is accounted for in the same way as derivatives not designated as hedging instruments.

#### *Embedded derivatives*

Where a contract includes terms that cause some of its cash flows to vary in a similar way to a derivative financial instrument, that part of the contract is considered to be an embedded derivative.

Embedded derivatives are separated from the contract and measured at fair value with gains and losses taken to the income statement if:

- the risks and characteristics of the embedded derivative are not closely related to those of the contract; and
- the contract is not carried at fair value with gains and losses reported in the income statement.

In all other cases embedded derivatives are accounted for in line with the accounting policy for the contract as a whole.

# **Severn Trent Utilities Finance Plc**

## **Notes to the financial statements**

### **f) Borrowings**

The accounting policy for borrowings that are the hedged item in a fair value hedge is set out in note 1e).

All other borrowings are initially recognised at fair value less issue costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method whereby interest and issue costs are charged to the income statement and added to the carrying value of borrowings at a constant rate in proportion to the capital amount outstanding.

Borrowings denominated in foreign currency are translated to sterling at the spot rate on the balance sheet date. Exchange gains or losses resulting from this are credited or charged to gains/losses on financial instruments.

### **g) Foreign currency**

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

## **2. Significant accounting judgements and key sources of estimation uncertainty**

In the process of applying the company's accounting policies, the company is required to make certain judgements, estimates and assumptions that it believes are reasonable based on the information available. The key accounting estimate is in respect of the fair value of derivative financial instruments, which are calculated by discounting future cash flows. Discount rates are derived from yield curves based on quoted interest rates and are adjusted for credit risk, which is estimated based on market observations. There were no derivatives at the year end and thus the fair value was nil.

## **3. Audit fees and employees**

Fees payable to the company's auditors for the audit of the company's annual accounts of £8,000 (2015: £8,000) have been paid by the parent undertaking on behalf of the company. No other fees were payable to the auditor (2015: £nil).

The average number of employees during the year (including executive directors) was nil (2015: nil).

## **4. Directors' remuneration**

The emoluments of the directors are paid by other companies within the Severn Trent group.

## **Severn Trent Utilities Finance Plc**

### **Notes to the financial statements**

#### **5. Net interest payable**

	2016 £m	2015 £m
Interest receivable on:		
- Amounts due from group undertakings	160.3	181.6
<b>Total interest receivable and similar income</b>	<b>160.3</b>	<b>181.6</b>
Interest payable and similar charges on:		
- Other loans	(160.3)	(181.6)
<b>Total interest payable and similar charges</b>	<b>(160.3)</b>	<b>(181.6)</b>
	—	—

#### **6. Gains/(losses) on financial instruments**

	2016 £m	2015 £m
Exchange (loss)/gain on other loans	(26.8)	70.7
Gain/(loss) arising on swaps where hedge accounting is not applied	28.9	(71.8)
	2.1	(1.1)

# Severn Trent Utilities Finance Plc

## Notes to the financial statements

### 7. Tax on profit/(loss) on ordinary activities

#### a) Analysis of tax charged/(credited) in the year

	2016 £m	2015 £m
<b>Current tax</b>		
Group relief at 20% (2015: 21%)		
- current year	(0.1)	(0.1)
<b>Total current tax</b>	<b>(0.1)</b>	<b>(0.1)</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences		
- current year	0.4	(0.1)
Charge arising from rate change	0.1	-
<b>Total deferred tax</b>	<b>0.5</b>	<b>(0.1)</b>
	<b>0.4</b>	<b>(0.2)</b>

The company earns profits primarily in the UK. Therefore the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax. The standard rate of UK corporation tax changed from 21% to 20% with effect from 1 April 2015.

In October 2015 the reduction of the main rate of corporation tax in the UK to 18% from 1 April 2020 was substantively enacted and therefore deferred tax assets and liabilities have been calculated at 18% (2015: 20%).

#### b) Factors affecting the tax charged/(credited) in the year

The tax assessed for the year is equal to (2015: equal to) the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained below:

	2016 £m	2015 £m
<b>Profit/(loss) on ordinary activities before tax</b>	<b>2.1</b>	<b>(1.1)</b>
Tax at the standard rate of corporation tax in the UK 20% (2015: 21%)	0.4	(0.2)
Effect of difference between current and deferred tax rates	(0.1)	-
Deferred tax charge arising from rate change	0.1	-
<b>Total tax charge/(credit) for the year</b>	<b>0.4</b>	<b>(0.2)</b>



# Severn Trent Utilities Finance Plc

## Notes to the financial statements

### 8. Financial instruments

#### a) Categories of financial liability held at fair value

	2016 £m	2015 £m
<b>Fair value through profit and loss</b>		
Cross currency swaps - not hedge accounted	-	(25.2)
	-	(25.2)

#### b) Derivatives

The company held cross currency swaps to manage exposure to foreign exchange risk. These risks are managed centrally by the Severn Trent Group Treasury department. Derivative financial instruments are not held for trading.

##### *Cross currency swaps*

The company held cross currency swaps to manage the exchange rate risk arising from foreign currency borrowings. Under the terms of the contracts, the company agreed with other parties to swap the foreign currency proceeds into sterling debt bearing fixed interest. The terms of the receivable legs of the swaps closely matched the terms of the underlying debt. The swaps were not hedge accounted but were used as economic hedges within the Severn Trent group. On 11 March 2016, the final outstanding balance on the European Medium Term Notes was settled which terminated the corresponding cross currency swaps at that date.

#### c) Fair value measurements recognised in the balance sheet

The fair values of financial instruments that were measured subsequent to initial recognition at fair value, were based on observable inputs other than quoted prices for identical instruments.

Cross currency swaps are valued by reference to forward interest rates from observable yield curves at year end and contract interest rates discounted at a rate that reflects the credit risk of the counterparties. The currency cash flows are translated at the spot rate at the year end.

#### d) Changes in value of financial instruments at fair value

Changes in fair value which are included in the income statement may be seen in note 6.

# Severn Trent Utilities Finance Plc

## Notes to the financial statements

### 9. Debtors

#### Amounts falling due within one year

	2016 £m	2015 £m
Amounts owed by group undertakings	40.1	472.3
Current tax	—	0.3
	40.1	472.6

#### Amounts falling due after more than one year

	2016 £m	2015 £m
Amounts owed by group undertakings	2,973.5	2,956.3
Deferred tax (note 12)	—	0.5
	2,973.5	2,956.8

# Severn Trent Utilities Finance Plc

## Notes to the financial statements

### 10. Creditors: amounts falling due within one year

	2016 £m	2015 £m
Other loans	—	407.4
Borrowings	—	407.4
Amounts owed to parent and fellow subsidiary undertakings	—	0.7
Interest payable	40.0	41.2
	<b>40.0</b>	<b>449.3</b>

### 11. Creditors: amounts falling due after more than one year

	2016 £m	2015 £m
Other loans	<b>2,973.2</b>	<b>2,956.2</b>

Borrowings are repayable as follows:

	2016 £m	2015 £m
Borrowings due within one year (note 10)	—	407.4
Between one and two years	<b>399.0</b>	—
Between two and five years	—	398.5
After more than five years	<b>2,574.2</b>	<b>2,557.7</b>
Borrowings due after more than one year	<b>2,973.2</b>	<b>2,956.2</b>
	<b>2,973.2</b>	<b>3,363.6</b>

# Severn Trent Utilities Finance Plc

## Notes to the financial statements

### 11. Creditors: amounts falling due after more than one year (continued)

The company operates back to back lending arrangements with its parent company, Severn Trent Water Limited. Therefore the loans repayable partly or wholly after more than five years are repayable to the company under the same terms that it repays them externally. The loans comprise:

	5-10 years £m	10-15 years £m	15-20 years £m	>20 years £m	2016 £m
Fixed rate	792.0	419.2	—	247.0	1,458.2
Floating rate	15.8	12.4	—	—	28.2
RPI linked	37.6	151.1	—	899.1	1,087.8
	845.4	582.7	—	1,146.1	2,574.2

	5-10 years £m	10-15 years £m	15-20 years £m	>20 years £m	2015 £m
Fixed rate	296.6	913.3	—	246.9	1,456.8
Floating rate	—	25.6	—	—	25.6
RPI linked	37.2	149.6	—	888.5	1,075.3
	333.8	1,088.5	—	1,135.4	2,557.7

The weighted average interest rate of borrowings due after more than five years is 3.75% (2015: 3.81%).

### 12. Deferred tax

An analysis of the movements in the deferred tax asset recognised by the company is set out below:

	£m
At 1 April 2014	0.4
Credit to income statement	0.1
At 1 April 2015	0.5
Charge to income statement	(0.5)
At 31 March 2016	—

The deferred tax asset arose due to the recognition of cross currency swaps at fair value and exchange movements on loans held in foreign currency.

# Severn Trent Utilities Finance Plc

## Notes to the financial statements

### 13. Share capital

	2016 £m	2015 £m
<b>Total issued and fully paid</b>		
50,000 ordinary shares of £1 each	—	—

### 14. Related party transactions

There have been no transactions with the directors of the company over the last year.

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

### 15. Ultimate parent undertaking

The immediate parent undertaking is Severn Trent Water Limited, which is the parent undertaking and smallest group to consolidate these financial statements.

The ultimate parent undertaking and controlling party is Severn Trent Plc, which is the parent undertaking and controlling party of 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.