



XYLEM WATER SOLUTIONS UK HOLDINGS LIMITED

Unaudited Annual Report and Financial Statements
For the year ended 31 December 2022



Company number: 04464243

XYLEM WATER SOLUTIONS UK HOLDINGS LIMITED

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XYLEM WATER SOLUTIONS UK HOLDINGS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022

DIRECTORS

L J Bentley

COMPANY SECRETARY

N A Tancred

REGISTERED OFFICE

Private Road No 1
Colwick Industrial Estate
Nottingham
Nottinghamshire
NG4 2AN

XYLEM WATER SOLUTIONS UK HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their strategic report and the unaudited financial statements for the year ended 31 December 2022. The Company is registered and domiciled in the United Kingdom.

PRINCIPAL ACTIVITY

The Company acts as a holding company for a group of companies which are involved in the water industry. These include the treatment and pumping of both water and wastewater. The Company will continue to act as a holding company for the foreseeable future.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The Company reported a loss after taxation for the year of £274k (2021: loss of £170k).

There have been no significant changes in the business during the year and the directors expect the general level of activity to remain consistent with 2022 in the forthcoming year.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk the Company faces is the reduction in value of its investments in group companies as a result of declining markets as well as liquidity risk and the ability to meet interest payments with other group companies. In addition to this, the Company's subsidiaries are impacted by the following:

Macroeconomic

Macroeconomic impacts and dynamics, including as a result of the COVID-19 pandemic, with respect to supply chain shortages, logistics challenges, tight labour markets and inflation, have had, and continue to have, a material adverse effect on our business and results of operations. Future slowdowns, economic recession, or other prolonged downturns in the global economy or our markets could have material adverse effects on our business, financial condition, cash flows, results of operations. The main risks that we see relate to the operations of the business and the impact of reduction in the sales for these businesses due to the level of economic uncertainty for our customers.

Our operating costs are subject to fluctuations, particularly due to changes in prices for commodities, parts, raw materials, energy and related utilities, freight and logistics, and cost of labour, which have been and may continue to be driven by a variety of factors, including inflation, tight labour markets, prevailing price levels, exchange rates, changes in trade agreements and trade protection measures including tariffs, and other economic factors.

In addition, we have significant manufacturing operations in Europe, which could be adversely impacted by increased costs for energy as a result of the Russia-Ukraine conflict and governments' efforts to decrease dependence on Russia energy supplies.

Brexit

All the Company's subsidiaries trade within the European Union and works closely with other group companies which are based within the European Union. As a result, the Brexit referendum has created potential risks and uncertainties, specifically around the economic landscape within Europe. On 27 February 2023, The Windsor Framework was announced being a proposed post-Brexit legal agreement between the European Union and the United Kingdom. It is designed to address the problem of the movement of goods between the European Single Market and the United Kingdom in the current Northern Ireland Protocol.

The new trading relationship between the UK and EU has increased, and will continue to increase, our costs. This has been noticeable on customs administration requirements for parties exporting into the UK where declarations are required and for UK entities within our group that are exporting and importing across the border with the European Union. Freight costs have increased due to multitude of reasons not exclusive to Brexit but as a contributory factor. Internal costs have increased with the addition of a team skilled in dealing with import and export regulations and uncertainty in Northern Ireland has contributed to an unfavourable market. We have experienced, and may continue to experience, shipping delays given the need for customs inspections and other procedures at the border. We continue to monitor the impacts of Brexit on our supply chain, operations and financial results.

XYLEM WATER SOLUTIONS UK HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

KEY PERFORMANCE INDICATORS

Since the Company operates as a holding company, it considers interest payable to the Group's European Treasury to be its only KPI. During the year, the Company incurred interest costs of £326k (2021: £180k) on outstanding loans with fellow group companies.

This report was approved by the Board of directors on 31 May 2023 and signed on behalf of the Board by:



L J Bentley
Director

XYLEM WATER SOLUTIONS UK HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report on the affairs of the Company, together with the unaudited financial statements for the year ended 31 December 2022. The Company is registered as a limited company and domiciled in the United Kingdom.

DIVIDENDS

The director has not proposed a final dividend in 2022 (2021: £nil).

FUTURE DEVELOPMENTS

The anticipated future developments of the Company have been discussed within the Strategic Report on page 2.

POST BALANCE SHEET EVENTS

There are not considered to be any post balance sheet events.

FINANCIAL RISK MANAGEMENT

The Company has no currency and commodity price risks because it does not trade. All administration costs incurred are invoiced in Sterling.

The director considers the Group facilities available to the Company to be adequate going forward. All costs are paid for by other group companies, since the Company does not have its own bank account, giving rise to an intercompany balance with Xylem Europe GmbH (a Group Treasury Facility). The credit risk on liquid funds is limited because the counterparties are banks with internationally recognised credit ratings. The Company has no significant credit risk. Liquidity risk is mitigated through the Group cash-pooling arrangements in place.

The Company principal financial instruments comprise of intercompany loans denominated in Sterling. Loan interest is charged in accordance with loan agreements with the Group's European Treasury. There is a loan from Xylem Europe GmbH of £14m (2021: £14m) in which interest is charged at a variable rate of 1% SONIA, with maturity scheduled for 31 March 2027.

All instruments are denominated in Sterling and therefore the Company has no currency exposure risk.

The Company has no derivative instruments outstanding at the end of the year (2021: nil)

GOING CONCERN

The director is aware that there will always be an element of economic uncertainty around making a going concern assessment. The director does not believe that the impact of COVID-19 pandemic would have a material adverse effect on the financial position or liquidity of the Company. On 16 February 2023 the director received a letter of support from Xylem Inc., the ultimate parent company, that it will continue to provide financial support in order for the Company to meet its financial obligations for a minimum of twelve months from the date of these financial statements are approved. The director is satisfied that the letter of support is sufficient to determine that the loans and accrued interest that the Company owes other group companies will not be recalled in the next 12 months from the date of signing the accounts. As a result, the director considers it appropriate to continue to adopt the going concern basis in preparing these financial statements.

DIRECTORS

The director who served during the year and to the date of the approval of the financial statements is shown below:

L J Bentley

XYLEM WATER SOLUTIONS UK HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

DIRECTOR'S INDEMNITY AND INSURANCE

The UK Group maintains directors' and officers' liability insurance. The sole director of the Company has received an indemnity to the extent permitted by law from the Company. Neither the indemnity nor the insurance provides cover in situations where a director has acted fraudulently or dishonestly.

This report was approved by the Board of directors on 31 May 2023 and signed on behalf of the Board by:

A handwritten signature in black ink, appearing to read 'L. Bentley', with a horizontal line extending from the end.

L. J. Bentley
Director

XYLEM WATER SOLUTIONS UK HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Net administrative expenses		<u>(12)</u>	<u>(30)</u>
Operating loss	3	(12)	(30)
Interest payable and similar charges	5	<u>(326)</u>	<u>(180)</u>
Loss before taxation		(338)	(210)
Tax credit on loss	6	<u>64</u>	<u>40</u>
Loss for the financial year		<u>(274)</u>	<u>(170)</u>
Total comprehensive loss for the year		<u>(274)</u>	<u>(170)</u>

There is no other comprehensive income for the current or previous year other than the loss for the current and previous year as shown above. Accordingly, no statement of comprehensive income/(expense) has been presented.

The notes on pages 9 to 17 form an integral part of these financial statements.

XYLEM WATER SOLUTIONS UK HOLDINGS LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2022**

	Notes	2022 £'000	2021 £'000
Non current assets			
Investments	7	67,586	67,586
Current assets			
Debtors	8	10,169	10,268
Creditors: amounts falling due within one year	9	(253)	(14,078)
Net assets/(liabilities)		9,916	(3,810)
Total assets less current liabilities		77,502	63,776
Creditors: amounts falling due after more than one year	10	(14,000)	-
Net assets		63,502	63,776
Capital and reserves			
Called up share capital	11	44,899	44,899
Share premium account	11	279,232	279,232
Profit and loss account	11	(260,629)	(260,355)
Total equity		63,502	63,776

The notes on pages 9 to 17 form an integral part of these financial statements.

For the year ending 31 December 2022 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Director's responsibilities:

- The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476;
- The director acknowledges his responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements were approved by the Board of Directors on 31 May 2023 and are signed on its behalf by:



L J Bentley
Director

XYLEM WATER SOLUTIONS UK HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2022

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2021	44,899	279,232	(260,185)	63,946
Loss for the financial year	-	-	(170)	(170)
Balance at 31 December 2021	<u>44,899</u>	<u>279,232</u>	<u>(260,355)</u>	<u>63,776</u>

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2022	44,899	279,232	(260,355)	63,776
Loss for the financial year	-	-	(274)	(274)
Balance at 31 December 2022	<u>44,899</u>	<u>279,232</u>	<u>(260,629)</u>	<u>63,502</u>

The notes on pages 9 to 17 form an integral part of these financial statements.

XYLEM WATER SOLUTIONS UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES

Company information

Xylem Water Solutions UK Holdings Limited ("the Company") is a private company limited by shares domiciled and incorporated in England and Wales. The registered office is at Private Road No 1, Colwick Industrial Estate, Nottingham, Nottinghamshire, NG4 2AN. The Company's principal activity is that of a holding company for a group of companies which are involved in the water industry.

Basis of preparation

These unaudited financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 under the historical cost convention.

The financial statements are presented in sterling which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Consolidated financial statements

The Company has taken advantage of the exemption in section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. Consequently, these financial statements present the financial position and financial performance of the Company as a single entity.

The financial statements of the Company are included in the financial statements of Xylem Water Holdings Limited, a company registered in the United Kingdom. The Consolidated financial statements of Xylem Water Holdings Limited are available from its registered office at Private Road No 1, Colwick Industrial Estate, Nottingham, Nottinghamshire, NG4 2AN, or alternatively Companies House. In addition, the financial statements of the Company are included in the financial statements of Xylem Inc. The consolidated financial statements of Xylem Inc. are available from its registered office at 301 Water Street SE, Washington, DC 20003, USA.

Reduced disclosures

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 12 'Other Financial Instruments' – Disclosure exemptions relating to financial instruments
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Going concern

The director is aware that there will always be an element of economic uncertainty around making a going concern assessment. The director does not believe that the impact of COVID-19 pandemic would have a material adverse effect on the financial position or liquidity of the Company. On 16 February 2023 the director received a letter of support from Xylem Inc., the ultimate parent company, that it will continue to provide financial support in order for the Company to meet its financial obligations for a minimum of twelve months from the date of these financial statements are approved. The director is satisfied that the letter of support is sufficient to determine that the loans and accrued interest that the Company owes other group companies will not be recalled in the next 12 months from the date of signing the accounts. As a result, the director considers it appropriate to continue to adopt the going concern basis in preparing these financial statements.

XYLEM WATER SOLUTIONS UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

The costs of borrowing on interest bearing loans are recognised in the profit and loss account on an accruals basis. Interest is calculated using the effective interest rates determined by the prevailing market interest rates.

Investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of investments

At each reporting end date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to dispose and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Financial assets

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Financial assets classified as other financial assets are stated at fair value with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset

XYLEM WATER SOLUTIONS UK HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

De-recognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities

Financial liabilities are classified as either basic or other financial liabilities.

Basic financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Other financial liabilities

Financial liabilities classified as other financial liabilities are stated at fair value with any gains or losses arising on re-measurement recognised in profit or loss.

De-recognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

Taxation

The tax expense represents the sum of the current tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

XYLEM WATER SOLUTIONS UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES (CONTINUED)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements 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.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of Investments

Investments are subject to impairment reviews based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on the higher of the value in use and fair value less costs to dispose. Value in use is calculated from expected future cash flows using suitable discount rates and includes management assumptions and estimates of future performance. These are key estimates as they are subjective in nature and significant assumptions are required and any changes to assumptions may lead to impairment charges being recognised. The Company has considered the impact of the assumptions used in the cash-generating unit calculations and has conducted sensitivity analysis on the impairment review of all cash-generating unit carrying values. All investments are adequately supported and therefore no impairments are deemed necessary.

There are not considered to be any critical judgements.

3. OPERATING LOSS

Operating loss is stated after charging/(crediting):	2022 £'000	2021 £'000
Other administrative expenses	11	30
Foreign exchange loss	1	-
	<hr/>	<hr/>

The legal and professional fees included in the 2022 accounts were £11k (2021: £30k).

XYLEM WATER SOLUTIONS UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4. EMPLOYEES AND DIRECTORS' REMUNERATION

There were no employees of the Company in the year (2021: nil).

During the year the sole director did not receive any remuneration from the Company for his services. L J Bentley was remunerated by Xylem Water Solutions UK Limited, a fellow group company registered in the UK. No remuneration has been charged to the profit and loss account in respect of his services to the Company in either years being reported, since it is not practical to allocate.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2022	2021
	£'000	£'000
Interest payable to group companies	<u>326</u>	<u>180</u>

6. TAXATION

	2022	2021
	£'000	£'000
Current tax		
UK corporation tax	(64)	(40)
Adjustments in respect of prior years	<u>-</u>	<u>-</u>
Total tax credit	<u>(64)</u>	<u>(40)</u>

Factors affecting current tax credit

The tax credit for the year is equal to (2021: equal to) the average standard rate of corporation tax in the UK for the year ended 31 December 2022 of 19% (2021: 19%). These differences are reconciled below:

	2022	2021
	£'000	£'000
Loss before taxation	<u>(338)</u>	<u>(210)</u>
Loss multiplied by the average standard rate of corporation tax in the UK for the year of 19% (2020: 19%)	(64)	(40)
Adjustment to tax charge in respect of previous years	<u>-</u>	<u>-</u>
Tax credit for the year	<u>(64)</u>	<u>(40)</u>

XYLEM WATER SOLUTIONS UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

6. TAXATION (CONTINUED)

Factors that may affect future tax credit

The Chancellor announced on 15 March 2023 in his 2023 budget that there would be future changes to the amount of corporation tax in the UK, starting from the beginning of April 2023, the rate of corporation tax will be increasing from 19% to 25%. At the balance sheet date, deferred tax balances are measured at 25% (2021: 25%).

7. INVESTMENTS

	Subsidiary undertakings £'000
Cost	
At 1 January 2022 and at 31 December 2022	115,734
Provision for Impairment	
At 1 January 2022 and at 31 December 2022	(48,148)
Net book value	
At 31 December 2022	67,586
At 31 December 2021	67,586

a) Directly owned by the Company:

<i>Name of company</i>	<i>Class of shareholding</i>	<i>Proportion of nominal value held directly</i>	<i>Nature of business</i>	<i>Country of incorporation</i>	<i>Registered office</i>
Water Process Ltd	Ordinary	100%	Fluid Tech	England & Wales	Private Road No 1, Colwick, Nottingham NG4 2AN
Xylem Water Solutions Rugby Ltd	Ordinary	100%	Fluid Tech	England & Wales	Private Road No 1, Colwick, Nottingham NG4 2AN
Xylem Water Solutions UK Ltd	Ordinary	100%	Fluid Tech	England & Wales	Private Road No 1, Colwick, Nottingham NG4 2AN

XYLEM WATER SOLUTIONS UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

7. INVESTMENTS (CONTINUED)

b) Indirectly owned by the Company:

<i>Name of company</i>	<i>Class of shareholding</i>	<i>Proportion of nominal value held directly</i>	<i>Nature of business</i>	<i>Country of incorporation</i>	<i>Registered office</i>
BS Pumps Ltd	Ordinary	100%	Dormant	Northern Ireland	Hydepark Commercial Centre, Newtownabbey BT36 4PY
Arrow Rentals Ltd	Ordinary	100%	Dormant	Ireland	50 Broomhill Close, Airton Road, Tallaght, Dublin 24
Xylem Water Solutions Ireland Ltd	Ordinary	26%	Fluid Tech	Ireland	50 Broomhill Close, Airton Road, Tallaght, Dublin 24

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Amounts owed by parent company	10,030	10,030
Amounts owed by subsidiaries	139	71
Amounts owed by other group companies:	-	167
	<u>10,169</u>	<u>10,268</u>

Amounts due from the parent company, subsidiaries and other group companies are non-interest bearing, unsecured and repayable on demand.

XYLEM WATER SOLUTIONS UK HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Amounts owed to subsidiaries	-	59
Amounts owed to other group companies		
- Interest bearing	-	14,000
- Non-interest bearing	253	-
Other creditors	-	19
	<u>253</u>	<u>14,078</u>

In the previous year, there was a loan from Xylem Europe GmbH of £14m of which interest was charged at a variable rate of 1% SONIA, with maturity scheduled for 31 March 2022. During 2022, the maturity date of these loan was extended to 31 March 2027, therefore this loan is now reclassified within Creditors: amounts falling due after more than one year.

Other amounts owed to subsidiaries and other group companies are non-interest bearing, unsecured and repayable on demand.

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022 £'000	2021 £'000
Amounts owed to other group companies:	<u>14,000</u>	<u>-</u>

In the previous year, there was a loan from Xylem Europe GmbH of £14m of which interest was charged at a variable rate of 1% SONIA with maturity scheduled for 31 March 2027. This loan was previously classified within Creditors: amounts falling due within one year since the maturity date was originally 31 March 2022.

11. CAPITAL AND RESERVES

Called up share capital

	2022 £'000	2021 £'000
<i>Authorised:</i>		
50,000,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
	<u>2022</u>	<u>2021</u>
	£'000	£'000
<i>Allotted, called-up and fully-paid:</i>		
44,899,080 ordinary shares of £1 each	<u>44,899</u>	<u>44,899</u>

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

XYLEM WATER SOLUTIONS UK HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

11. CAPITAL AND RESERVES (CONTINUED)

Share premium account

The consideration received for shares issued above their nominal value net of transaction costs.

Profit and loss account

The cumulative profit and loss, net of distributions to the owners of the Company.

12. RELATED PARTY TRANSACTIONS

In accordance with the exemption in FRS 102 section 33, related party transactions with other group companies which are 100% owned by the Company have not been disclosed.

13. FINANCIAL COMMITMENTS

The Company participates in a treasury arrangement, which calls for unlimited bank cross-guarantees between certain group companies. The net amount due to the bank at year end was £nil (2020: £nil).

14. POST BALANCE SHEET EVENTS

There are not considered to be any post balance sheet events.

15. ULTIMATE CONTROLLING PARTY

As at 31 December 2022 the Company was a wholly owned subsidiary of Xylem Water Holdings Limited, a company incorporated in England. Xylem Water Holdings Limited is the immediate parent company.

The ultimate parent company and controlling party is Xylem Inc., a company incorporated in the United States of America.

The smallest group in which these financial statements are consolidated is that of Xylem Water Holdings Limited, a company registered in the United Kingdom. The consolidated financial statements are available from the company's registered office at Private Road no. 1, Colwick Industrial Estate, Nottingham, NG4 2AN or alternatively, from Companies House.

The largest group in which these financial statements are consolidated is that of the ultimate parent company, Xylem Inc. The financial statements of that company are available from the registered office at 301 Water Street SE, Washington, DC 20003, USA.