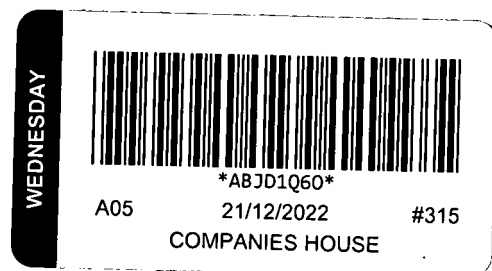


**SOUTHERN WATER (NR) HOLDINGS LIMITED**

**ANNUAL REPORT  
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH 2022**

**Registered number: 04772485**



**SOUTHERN WATER (NR) HOLDINGS LIMITED**  
**Annual Report and Financial Statements for the year ended**  
**31 March 2022**

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## **SOUTHERN WATER (NR) HOLDINGS LIMITED**

### **COMPANY INFORMATION**

The company is a private company limited by shares.

#### **Directors**

L Gosden  
J Statton

#### **Company Secretary**

J Statton

#### **Registered office**

Southern House  
Yeoman Road  
Worthing  
West Sussex  
United Kingdom  
BN13 3NX

#### **Bankers**

HSBC Bank PLC  
PO Box 125  
2nd Floor, 62-76 Park Street  
London  
United Kingdom  
SE1 9DZ

#### **Auditor**

Deloitte LLP  
Statutory Auditor  
2 New Street Square  
London  
EC4A 3HQ  
United Kingdom

#### **Registered number**

04772485

## **SOUTHERN WATER (NR) HOLDINGS LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022**

The strategic report for the year ended 31 March 2022 has been prepared in terms of Section 414C of the Companies Act 2006.

Southern Water (NR) Holdings Limited "the company" (Registered No. 04772485) is incorporated in the United Kingdom and was established to complement the activities of the other companies in the Greensands Holdings group.

The company did not trade during the year, and there is no intention for it to trade in the future however it will continue to act as a holding company for Southern Water (NR) Limited.

### **KEY PERFORMANCE INDICATORS**

Southern Water (NR) Holdings Limited acts as an intermediate holding company for the overall group and as such does not have any KPIs as an individual company. KPIs are monitored at the group level and are disclosed in the consolidated financial statements of Greensands Holdings Limited which may be obtained from the Company Secretary at Southern House, Yeoman Road, Worthing, BN13 3NX.

Given the limited activity of the company, additional information including a review of the company's business, future developments and information of the principal risk and uncertainties facing the company is presented in the directors' report. As a result, no further information is included in this strategic report.

Approved by the Board and signed on its behalf by:



J Statton  
**Director**  
16 December 2022

## **SOUTHERN WATER (NR) HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022**

The directors of Southern Water (NR) Holdings Limited (Registered No. 04772485) present their annual report and audited financial statements for the year ended 31 March 2022.

The directors, in preparing this directors report, have complied with s414C of the Companies Act 2006.

### **PRINCIPAL ACTIVITY**

The principal activity of the company continued to be that of an intermediate holding company for Southern Water (NR) Limited.

### **REVIEW OF THE BUSINESS, RESULTS AND DIVIDENDS**

The company acted as a holding company during the year.

The company did not trade during the year, and there is no intention for it to trade in the future.

During the year the company received dividends of £nil (2021: £nil) from its investment in Southern Water (NR) Limited and paid dividends of £nil (2021: £nil) to its immediate parent Southern Water Investments Limited. No final dividend has been declared or paid for the year ended 31 March 2022.

The company generated neither a profit nor loss during the financial year (2021: £nil).

The company has £nil net assets (2021: £nil) comprising largely of an investment in Southern Water (NR) Limited of £176.0m (2021: £176.0m) offset by amounts owed to group undertakings of £176.1m (2021: £176.1m).

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risk the company is exposed to is the occurrence of events that would result in an impairment to the value of its investment in Southern Water (NR) Limited and the recoverability of its inter company debt. Ultimately this is reliant on cash funds being available at the main trading company within the group, Southern Water Services Limited, to support the group.

The directors are confident that these risks are mitigated by the use of effective risk management policies employed by Southern Water Services Limited. For further details regarding these policies please refer to the strategic report of Southern Water Services Limited.

### **Trigger event risk:**

The Greensands Holdings Group comprises a number of intermediary financing companies as set out below:

<b>Corporate level</b>	<b>Companies</b>
'Holdco'	Greensands Holdings Ltd (GSH) Greensands Europe (GSE) Greensands UK Limited (GSUK) Greensands Junior Finance Limited (GSJF) Southern Water (Greensands) Financing plc (SWGF) Greensands Senior Finance Limited (GSSF) Greensands Investments Limited (GSI)
'Midco'	Greensands Finance Holdings Limited (GSFH) Greensands Finance Limited (GSF Ltd) Greensands Financing plc (GSF plc) Southern Water Capital (SWC) Southern Water Investments Limited Southern Water Services Group (SWSG)
Southern Water Financing Group	SWS Group Holdings SWS Holdings Southern Water Services Limited (SWS) Southern Water Services (Finance) (SWSF) SW (Finance) I plc (SWFI) SW (Finance) II Limited (SWFII)

## **SOUTHERN WATER (NR) HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022**

#### **PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

The company is a subsidiary of Southern Water Investment Limited, consequently it is covered by the same loan covenants exist at the "Midco" level. There is no trading activity carried out within either the 'Midco' or 'Holdco' groups and 'Midco' is dependent upon distributions received from Southern Water Services Limited. Loan covenants exist at the 'Midco' and SWS financing group which are designed to protect investors at each respective level.

A further credit ratings downgrade at Southern Water Services, as set out in its Annual Report and Financial Statements, or a breach of the Adjusted Interest Cover Ratio at 'Midco' would result in a Trigger Event and lead to a restriction in the payment of dividends.

A Trigger Event would not impact directly on the liquidity position as analysed for the 'going concern' statement of 'Holdco' as the debt service requirement, for the 12 months from the date of signing these financial statements, can be met out of existing liquidity. However, without mitigation, it would impact future liquidity.

#### **GOING CONCERN**

The directors believe, after due and careful enquiry, that the company has sufficient resources for its present requirements and, therefore, consider it appropriate to adopt the going concern basis in preparing the financial statements to 31 March 2022.

In forming this assessment, the directors have considered the following information:

- The company acts as a holding company within the group and as such does not currently undertake any trade. The financial position of the company is set out on page 8.
- This company's business activities, together with the factors likely to affect its future development, performance and position, which are described on pages 2-6.
- The company does not hold any external financial obligations outside the Greensands Holdings Limited group of companies, therefore there are limited future cash commitments and the company's current liquidity position is sufficient to pay the company's liabilities as they fall due.
- This company is part of a group of companies which includes covenanted loan structures that are subject to distribution restrictions in certain circumstances, and is further described on page 3.
- The counterparties to the current liabilities, which relate to balances owed to group companies and are classified as such according to the terms of the creditor, have confirmed that they will not call on the settlement of the liabilities for a period of 12 months from the signing of these financial statements, unless there is a change in the overall financial circumstances of the group.

The operating company within the group, Southern Water Services Limited, operates in an industry that is subject to economic regulation rather than market competition. Ofwat, the economic regulator, has a statutory obligation to set price limits that it believes will enable the water companies to finance their activities.

As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## **SOUTHERN WATER (NR) HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

#### **STREAMLINED ENERGY AND CARBON REPORT (SECR)**

The company is exempt from producing the Streamlined Energy and Carbon Report (SECR) by virtue of the fact it is non-operating and does not directly consume energy. The Streamlined Energy and Carbon Report (SECR) for the group is included in the consolidated financial statements of Greensands Holdings Limited, which are available to the public and can be obtained from the Southern Water website, [www.southernwater.co.uk](http://www.southernwater.co.uk).

#### **FUTURE DEVELOPMENTS**

The directors expect the general level of activity to remain consistent with 2022 in the forthcoming year, however there may be wider economic factors, such as the rising cost of inflation and the continued impact of the UK's departure from the European Union, which could affect future company dealings. However, the company is safeguarded by being a holding company not engaged in any trade. The underlying operational company Southern Water Services Limited has considered the impact of wider economic factors and disclosed this in its Annual Report which can be obtained from the Company Secretary of Southern Water Services Limited, at the registered address, Southern House, Yeoman Road, Worthing, BN13 3NX or on its website at <https://southernwater.annualreport2022.com> Southern Water Services Limited is expected to continue in operational existence for the foreseeable future.

#### **EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE**

There were no significant events after the statement of financial position date.

#### **DIRECTORS**

The directors who held office during the year and up to the date of signing the financial statements, unless otherwise stated, were as follows:

I McAulay	Resigned as Director on 30 June 2022
L Gosden	Appointed as Director on 1 July 2022
J Statton	

#### **DIRECTORS' INDEMNITIES**

The company maintains liability insurance for its directors and officers, which is also maintained for the directors and officers of its holding companies and fellow subsidiaries. Following shareholder approval, the company has also provided an indemnity for its directors and the company secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. An indemnity has also been provided for the directors and company secretaries of the company's holding companies and fellow subsidiaries.

#### **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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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;
- 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.

**SOUTHERN WATER (NR) HOLDINGS LIMITED**

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

**STATEMENT OF PROVISION OF INFORMATION TO AUDITOR**

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

**INDEPENDENT AUDITOR**

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by:



J Statton  
**Company Secretary**  
16 December 2022



# SOUTHERN WATER (NR) HOLDINGS LIMITED

## INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £m	2021 £m
<b>Continuing operations</b>			
Finance income		-	-
<b>Result before taxation</b>	4	-	-
Tax on result		-	-
<b>Result for the financial year</b>		-	-

There were no other comprehensive income or expenses for the years ending 31 March 2021 and 31 March 2022, accordingly no separate statement of other comprehensive income is presented.

# SOUTHERN WATER (NR) HOLDINGS LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Notes	2022 £m	2021 £m
<b>Non-current assets</b>			
Investments	5	176.0	176.0
<b>Current assets</b>			
Trade and other receivables	6	0.1	0.1
<b>Total assets</b>		<u>176.1</u>	<u>176.1</u>
<b>Net current assets</b>		<u>0.1</u>	<u>0.1</u>
<b>Total assets less current liabilities</b>		<u>176.1</u>	<u>176.1</u>
<b>Non-current liabilities</b>			
Borrowings: amounts falling due after one year	7	(176.1)	(176.1)
<b>Total liabilities</b>		<u>(176.1)</u>	<u>(176.1)</u>
<b>Net assets</b>		<u>-</u>	<u>-</u>
<b>Equity</b>			
Called up share capital	8	-	-
Retained earnings		-	-
<b>Total equity</b>		<u>-</u>	<u>-</u>

The financial statements of Southern Water (NR) Holdings Limited (Registered No: 04772485) were approved by the Board and authorised for issue on 16 December 2022.

Signed on behalf of the Board of Directors:



J Statton  
Director  
16 December 2022

# SOUTHERN WATER (NR) HOLDINGS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital £m	Retained Earnings £m	Total £m
<b>Balance at 1 April 2020</b>	-	-	-
Result for the financial year	-	-	-
<b>Balance at 31 March 2021</b>	-	-	-
Result for the financial year	-	-	-
<b>Balance at 31 March 2022</b>	-	-	-

## **SOUTHERN WATER (NR) HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

#### **1 Accounting policies**

##### **Basis of preparation**

Southern Water (NR) 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. The address of the Company's registered office is shown on page 1 and the principal activity of the company is disclosed in the directors' report on page 3.

The company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council (FRC). Accordingly, these financial statements were prepared in accordance with 'FRS 101 Reduced Disclosure Framework' incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015. The principal accounting policies adopted are set out below and have been applied consistently throughout the current and preceding year.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a statement of cash flows, financial instruments, fair value measurement, standards not yet effective, presentation of a statement of financial position as at the beginning of the preceding period following a retrospective accounting policy application or restatement, capital management, related party transactions and impairment of assets. Where required, equivalent disclosures are given in the group financial statements of Greensands Holdings Limited.

The financial statements have been prepared on a going concern basis under the historical cost convention and are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The financial statements contain information about Southern Water (NR) Holdings Limited as an individual company and do not contain consolidated financial information as the parent of subsidiary companies. The company is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of the ultimate holding company, Greensands Holdings Limited. The group financial statements of Greensands Holdings Limited are available to the public and can be obtained from the Southern Water website [www.southernwater.co.uk/greensands-ownership-of-southern-water](http://www.southernwater.co.uk/greensands-ownership-of-southern-water) or from its registered office; Southern House, Yeoman Road, Worthing, BN13 3NX.

##### **Adoption of new and revised accounting and financial reporting standards**

There have been no new or revised accounting standards adopted in the current year that had a significant or material impact on the financial statements.

## **SOUTHERN WATER (NR) HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

#### **1 Accounting policies (continued)**

##### **Going concern**

The company acts as a holding company for other companies within the group and as such does not currently undertake any trade. In addition, it presently does not hold any external financial obligations outside of the group. Therefore, there are limited future cash commitments anticipated and the company's current liquidity position is deemed sufficient.

On the basis of the above, the directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, and continue to adopt the going concern basis in preparing the financial statements.

##### **Related party disclosure**

The company has taken advantage of the exemption under FRS 101 paragraph 8(j) from the requirements of IAS 24, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Greensands Holdings Limited, whose financial statements are publicly available from the address in note 9.

##### **Investments, dividends and other investment income**

Investments held as non-current assets are stated at cost, less provision, if appropriate, for any impairment in value other than a temporary impairment in value. The carrying values of non-current asset investments are reviewed for impairment in years if events or changes in circumstances indicate the carrying value may not be recoverable. Interest income is accrued on a daily basis. Dividends and other investment income is accounted for when it becomes receivable.

##### **Financial instruments**

The company has adopted IFRS 9 'Financial Instruments' from 1 April 2018.

IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting. There was no material impact resulting from the application of this standard for the reasons that follow. The financial assets and liabilities held by the company were previously held at amortised cost, as described below, and there has been no change to their accounting treatment. The company has always conducted an annual impairment review of its financial assets and taken into consideration future expected cash flows. The company does not currently hedge account.

Financial assets and financial liabilities are recognised in the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

## SOUTHERN WATER (NR) HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

#### 1 Accounting policies (continued)

##### Financial assets

##### (i) Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

##### (ii) Impairment of financial assets

All debt type financial assets which are not measured at FVTPL are assessed for impairment at each reporting date using a forward looking approach by identifying expected credit losses ('ECL's). ECLs are defined as the difference between the contractual cash flows that are due in accordance with the contract and the cash flows that the company expected to receive, discounted at the original effective interest rate.

Based on that analysis at the end of the reporting period, the impairment on the company's assets are considered to be immaterial and no allowance has been recognised in financial statements.

##### (iii) Derecognition of financial assets

The company derecognises a financial asset 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 of the asset to another entity. On derecognition of a financial asset the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

##### Financial liabilities

##### (i) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

##### (ii) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities 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, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

##### (iii) Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

## **SOUTHERN WATER (NR) HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

#### **2 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, which are described in note 1 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

##### **Critical judgements in applying the company's accounting policies**

There are no critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies on the amounts recognised in the financial statements

##### **Key sources of estimation uncertainty**

The following are the key sources of estimation uncertainty at the reporting period end that may have a risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

###### **(i) Impairment**

Investments and loans and other receivables are assessed for impairment in accordance with IFRS 9. Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred or are expected to occur after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

An impairment review requires management to make estimates regarding the future cash flows of the asset under review. The Directors take into account current and expected regulated returns and these are subject to ongoing review and negotiation. An impairment has not been recognised during the year.

Regulatory returns are sensitive to the actual performance of Southern Water Services Limited, the only operating company in the group.

###### **(ii) Recoverability of intercompany receivables**

The directors have assessed the recoverability of the intercompany receivables and have not judged there to be any impairment required to the carrying values disclosed.

#### **3 Employee information**

The company had no employees (2021: None).

The services of the directors are deemed to be wholly attributable to their services to Southern Water Services Limited.

Accordingly no details in respect of the emoluments paid to the directors are included here as they are fully disclosed in the financial statements of Southern Water Services Limited.

#### **4 Result before taxation**

In 2022 and 2021 audit fees of £1,000 in relation to auditing of the financial statements were borne by Southern Water Services Limited and not recharged to the company.

# SOUTHERN WATER (NR) HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

### 5 Investments

**Shares in subsidiary undertakings  
£m**

**At cost:**

At 1 April 2021 and 31 March 2022

176.0

#### Subsidiary undertakings

Company	Class of share capital	No shares issued at £1 each	% shares held	Activity	Country of incorporation	Registered office
Southern Water (NR) Limited	Ordinary	175,000,002	100%	Holding company	UK	Atria One, 144 Morrison Street, Edinburgh, United Kingdom, EH3 8EX.

The directors are satisfied that the book value of investments is supported by their underlying net assets.

By virtue of the company's ownership of Southern Water (NR) Limited it also has the following indirect holdings in subsidiary undertakings of the below companies.

Company (Country of incorporation)	Registered Office	Activity
Southern Water Limited (UK)	Southern House, Yeoman Road, Worthing	Holding company
Bowsprit Holdings Limited (UK)	Southern House, Yeoman Road, Worthing	Dormant
Bowsprit Property Development Limited (UK)	Southern House, Yeoman Road, Worthing	To hold property rights
Monk Rawling Limited (UK)	Southern House, Yeoman Road, Worthing	Dormant
Southern Water Industries Limited (UK)	Southern House, Yeoman Road, Worthing	Dormant
Eco Clear Limited (UK)	Southern House, Yeoman Road, Worthing	Dormant

All of the above subsidiary companies are wholly owned by ordinary shares.

### 6 Trade and other receivables

**2022  
£m**                      **2021  
£m**

Amounts due from group undertakings

0.1

0.1

All amounts due from group undertakings are unsecured, interest free and repayable on demand.

All entities are wholly owned within group.



## SOUTHERN WATER (NR) HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (continued)

#### 7 Borrowings: amounts falling due after one year

	2022 £m	2021 £m
Amounts owed to group undertakings	<u>176.1</u>	<u>176.1</u>

All amounts owed to group undertakings due after one year are unsecured, interest free and repayable on demand to Southern Water Limited. Southern Water Limited have confirmed that this balance will not be called upon for 12 months from the date of these financial statements.

All entities are wholly owned within group.

#### 8 Called up share capital

	2022 £	2021 £
<b>Authorised:</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid:</b>		
1 ordinary share (2021: 1) of £1	<u>1</u>	<u>1</u>

The company has one class of ordinary shares which carry no right to fixed income.

#### 9 Ultimate parent and controlling party

The immediate parent company is Southern Water Investments Limited.

Greensands Holdings Limited (Registered Number: Jersey 98700) is the parent undertaking of the smallest and largest and only group to consolidate these financial statements. Greensands Holdings Limited was incorporated in Jersey and its registered office address is 44 Esplanade, St Helier, Jersey, United Kingdom, JE4 9WG. Copies of the consolidated financial statements may be obtained from the Company Secretary of Greensands Holdings Limited, at Southern House, Yeoman Road, Worthing, BN13 3NX.

Up until 8 September 2021, Greensands Holdings Limited was itself owned and controlled by a consortium of investors and had no ultimate parent and controlling party. On 8 September 2021, under an agreement reached with the Greensands Holdings Limited existing shareholders, Macquarie Asset Management (through a Macquarie group company, Mscif Wight Bidco Limited) acquired a 62.24% majority stake in Greensands Holdings Limited investing over £1 billion of equity to recapitalise and implement a more sustainable financing strategy for the group. Mscif Wight Bidco Limited is the intermediate holding company and Macquarie Asset Management is the ultimate parent and controlling party.

The company has taken advantage of the exemption under FRS 101 'Reduced Disclosure Framework' in not disclosing details of transactions with other companies which are 100% wholly owned. Equivalent disclosures are given in the group financial statements of Greensands Holdings Limited

#### 10 Events after the statement of financial position date

There were no significant events after the statement of financial position date.

## **SOUTHERN WATER (NR) HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHERN WATER (NR) HOLDINGS LIMITED**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of Southern Water (NR) Holdings Limited (the 'company):

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 10.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

##### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **SOUTHERN WATER (NR) HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHERN WATER (NR) HOLDINGS LIMITED (CONTINUED)**

#### **Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

## **SOUTHERN WATER (NR) HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHERN WATER (NR) HOLDINGS LIMITED (CONTINUED)**

#### **Report on other legal and regulatory requirements**

##### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

##### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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. We have nothing to report in respect of these matters.

##### **Use of our report**

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.

*Delyth Jones*

Delyth Jones FCA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP, Statutory Auditor  
Cardiff, United Kingdom  
16 December 2022