

Severn Trent Financing and Investments Limited

Report and financial statements

for the year ended 31 March 2014

Company number 06312635



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Severn Trent Financing and Investments Limited

Report and financial statements

for the year ended 31 March 2014

Contents	Page
Company information	1
Strategic report	2
Directors' report	3
Profit and loss account	5
Balance sheet	6
Statement of changes in equity	7
Notes to the financial statements	8

Severn Trent Financing and Investments Limited

Company information

Company number	06312635
Directors	M J Dovey (Appointed 10 March 2014) R C McPheely G P Tyler (Resigned 10 March 2014)
Secretary	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

Severn Trent Financing and Investments Limited

Strategic report

Business review and principal activities

The company is a wholly owned subsidiary of Severn Trent Plc

The company does not trade

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

The company does not trade and the 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.

Principal risks and uncertainties

Treasury management

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

The company has implemented policies to manage credit risk relating to trade debtors.

Going concern and financial position

The directors have considered the financial position and future prospects of the company. The company participates in the group's pooled banking arrangements and receives funding from the Severn Trent group in the form of intra-group loans. 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 Campbell
Company Secretary

26 September 2014

Severn Trent Financing and Investments Limited

Directors' report

The directors present their report and the audited financial statements of the company for the year ended 31 March 2014

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
- Principal risks and uncertainties

Directors

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

G P Tyler resigned as a director on 10 March 2014 and M J Dovey was appointed as a director on the same date

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' 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.

Environment

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

Results and dividends

The company's profit for the financial year after taxation was £2,051,000 (2013: £3,007,000). The directors do not recommend the payment of a dividend.

Post balance sheet events

There have been no significant post balance sheet events.

Accounting policies

The directors have adopted the new UK GAAP accounting framework which will be mandatory for periods beginning on or after 1 January 2015. Therefore these financial statements are prepared under FRS 100 'Application of Financial Reporting Requirements' and FRS 101 'Reduced Disclosure Framework'.

Severn Trent Financing and Investments Limited

Directors' report

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 judgements 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

By order of the board



A Campbell
Company Secretary
26 September 2014

Severn Trent Financing and Investments Limited

Profit and loss account For the year ended 31 March 2014

	Notes	2014 £'000	2013 £'000
Interest receivable	5	2,664	3,956
Profit on ordinary activities before tax		2,664	3,956
Taxation on profit on ordinary activities	6	(613)	(949)
Profit for the financial year		2,051	3,007

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

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

Severn Trent Financing and Investments Limited

Balance sheet As at 31 March 2014

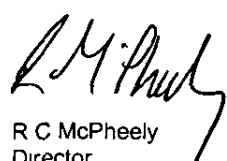
	Notes	2014 £'000	2013 £'000
Current assets			
Debtors	7	188,401	184,304
Cash at bank and in hand		74	1,835
		188,475	186,139
Creditors amounts falling due within one year	8	(736)	(451)
Net current assets		187,739	185,688
Total assets less current liabilities		187,739	185,688
Net assets		187,739	185,688
Capital and reserves			
Called up share capital	9	173,068	173,068
Profit and loss account		14,671	12,620
Total shareholder's funds		187,739	185,688

For the year ended 31 March 2014, the company was entitled to exemption from audit under section 479A of the Companies Act 2006 (the "Act") relating to subsidiary companies

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

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

The financial statements were approved by the board of directors on 26 September 2014. They were signed on its behalf by



R C McPheely
Director

26 September 2014
Company Number 06312635

Severn Trent Financing and Investments Limited

Statement of changes in equity For the year ended 31 March 2014

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 April 2012	173,068	9,613	182,681
Profit and total comprehensive income for the period	–	3,007	3,007
At 31 March 2013	173,068	12,620	185,688
Profit and total comprehensive income for the period	–	2,051	2,051
At 31 March 2014	173,068	14,671	187,739

Severn Trent Financing and Investments Limited

Notes to the financial statements

1. Accounting policies

a) Accounting convention

The financial statements have been prepared on the going concern basis (see Directors' 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 has elected to adopt early the new accounting framework issued by the Financial Reporting Council. The company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements'. Accordingly, in the year ended 31 March 2013, the company adopted FRS 101 'Reduced Disclosure Framework' and ceased to apply all UK Accounting Standards issued prior to FRS 100. Therefore the recognition and measurement requirements of EU-adopted IFRS have been applied, with amendments where necessary in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) as these are Companies Act 2006 accounts

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

Where required, equivalent disclosures are given in the group 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 12

c) Interest receivable

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

d) Taxation

Current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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 income 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 Financing and Investments Limited

Notes to the financial statements

2 Significant accounting judgements and key sources of estimation uncertainty

In the process of applying the company's accounting policies, no significant judgements or key accounting estimates were required

3 Employee information

The average monthly number of employees (including executive directors) during the year was nil (2013 nil)

4. Directors' remuneration

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

5 Net interest

	2014 £'000	2013 £'000
Interest receivable on		
- Amounts due from group undertakings	2,664	3,956

6. Taxation

a) Analysis of tax charge in the year

	2014 £'000	2013 £'000
Current tax		
UK corporation tax at 23% (2013 24%)		
- current year	613	949

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 24% to 23% with effect from 1 April 2013.

The Finance Act 2013 was enacted during the year and implemented a reduction in the corporation tax rate from 23% to 21% with effect from 1 April 2014 and then to 20% with effect from 1 April 2015. Deferred tax assets and liabilities have been calculated at 20%.

b) Factors affecting the tax charge in the year

The tax assessed for the year is equal to (2013 equal to) the standard rate of corporation tax in the UK of 23% (2013 24%).

Severn Trent Financing and Investments Limited

Notes to the financial statements

7. Debtors

Amounts falling due within one year

	2014 £'000	2013 £'000
Amounts owed by group undertakings	188,401	184,299
Other debtors	-	5
	188,401	184,304

8. Creditors' amounts falling due within one year

	2014 £'000	2013 £'000
Amounts owed to parent and fellow subsidiary undertakings	736	-
Corporation tax payable	-	451
	736	451

9. Share capital

	2014 £'000	2013 £'000
Total issued and fully paid		
173,068,255 ordinary shares of £1 each	173,068	173,068

10. Contingent liabilities

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

At 31 March 2014 the company's maximum liability under these arrangements was £74,000 (2013: £1,835,000).

11. 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 companies which are consolidated into the Severn Trent Plc group.

12. Ultimate parent undertaking

The immediate parent undertaking is Severn Trent Carsington Limited.

The ultimate parent undertaking and controlling party is Severn Trent Plc, which is the parent undertaking and controlling party of the smallest and largest group to consolidate these financial statements. Copies of the Severn Trent Plc consolidated financial statements can be obtained from Severn Trent Plc's registrars at Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.