

Severn Trent Services International Limited

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

Company number: 02387816



Severn Trent Services International Limited

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

Contents

Company information	1
Strategic report	2
Directors' report	3
Income statement	5
Balance sheet	6
Statement of changes in equity	7
Notes of the financial statements	8

Severn Trent Services International Limited

Company information

Company number	02387816
Directors	J A Jackson R C McPheely
Secretary	G Eagle
Registered office	Severn Trent Centre 2 St John's Street Coventry CV1 2LZ
Banker	Barclays Bank PLC 1 Churchill Place London E14 5HP
Solicitor	Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2EG

Severn Trent Services International Limited

Strategic report

Business review and principal activities

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

The Company does not trade. Its principal activity is to receive finance income from amounts due from other companies in the Severn Trent Group.

Severn Trent Plc manages its operations on a divisional basis and the Company's Directors do not believe that further key performance indicators for the Company are necessary to enhance the understanding of the development, performance or position of the business. The performance of the Business Services segment, which includes this company, is discussed in Severn Trent Plc's Annual Report and Financial Statements (which does not form part of this report).

Results and dividends

The Company's profit for the financial year after taxation was £186,000 (2019: £48,000).

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

Principal risks and uncertainties

Treasury management

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

Financial position and going concern

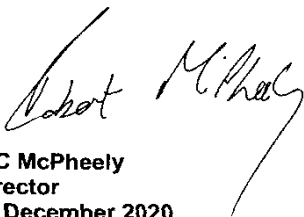
The Directors have considered the Company's financial position at the balance sheet date and its prospects for the period to 12 months from the date of this report.

As at 31 March 2020, the Company had net assets of £3,415,000 (2019: £3,229,000) and net current assets of £191,000 (2019: £3,000).

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

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

By order of the Board



R C McPheely
Director
10 December 2020

Severn Trent Services International Limited

Directors' report

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

Matters included in the Strategic report

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

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

Directors

The Directors who served during the year and to the date of this report are shown on page 1.

Directors' indemnities

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

Environment

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

Post balance sheet events

There have been no significant post balance sheet events.

Severn Trent Services International Limited

Directors' report (continued)

Directors' responsibilities statement

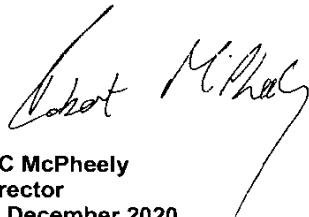
The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



R C McPhee
Director
10 December 2020

Severn Trent Services International Limited

Income statement

For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Operating income	3	30	—
Profit before interest and tax		30	—
Finance income	6	62	58
Profit on ordinary activities before taxation		92	58
Current tax	7	96	(5)
Deferred tax	7	(2)	(5)
Taxation on profit on ordinary activities	7	94	(10)
Profit for the financial year		186	48

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

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

Severn Trent Services International Limited

Balance sheet

At 31 March 2020

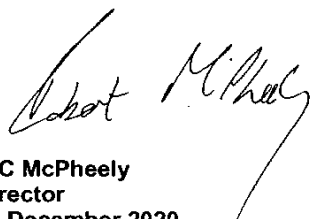
	Note	2020 £'000	2019 £'000
Non-current assets			
Deferred tax	8	24	26
Trade and other receivables	9	3,200	3,200
		3,224	3,226
Current assets			
Trade and other receivables	9	21	166
Cash and cash equivalents		204	142
		225	308
Current liabilities			
Trade and other payables	10	(15)	(72)
Current tax payable		(19)	(233)
		(34)	(305)
Net current assets		191	3
Net assets		3,415	3,229
Equity			
Called up share capital	11	10,000	10,000
Retained earnings		(6,585)	(6,771)
Total equity		3,415	3,229

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

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

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

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



R C McPheely
Director
10 December 2020
Company Number: 02387816

Severn Trent Services International Limited

Statement of changes in equity

For the year ended 31 March 2020

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 April 2018	10,000	(6,819)	3,181
Total comprehensive income for the year	–	48	48
At 1 April 2019	10,000	(6,771)	3,229
Total comprehensive income for the year	–	186	186
At 31 March 2020	10,000	(6,585)	3,415

Severn Trent Services International Limited

Notes to the financial statements

1. Accounting policies

a) Accounting convention

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

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

b) Basis of preparation

(i) General

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

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

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

Where required, equivalent disclosures are given in the Group financial statements of Severn Trent Plc which are available to the public and can be obtained as set out in note 14.

(ii) Changes in accounting policies – IFRS 16

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

c) Finance and similar income

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

d) Taxation

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

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

A deferred tax asset is only recognised to the extent it is probable that sufficient taxable profits will be available in the future to utilise it.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

Severn Trent Services International Limited

Notes to the financial statements (continued)

2. Critical accounting judgments and sources of estimation uncertainty

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

3. Operating income

	2020	2019
	£'000	£'000
Other operating income	30	—

4. Employee numbers

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

5. Directors' remuneration

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

6. Finance income

	2020	2019
	£'000	£'000
Interest income earned on:		
- amounts due from group undertakings	62	58

Severn Trent Services International Limited

Notes to the financial statements (continued)

7. Taxation

a) Analysis of tax (credit)/charge in the year

	2020 £'000	2019 £'000
Current tax		
UK corporation tax – current year at 19% (2019: 19%)	12	5
Overseas tax – prior year	(108)	–
Total current tax (credit)/charge	(96)	5
Deferred tax		
Origination and reversal of temporary differences - current year	5	5
Impact of rate change	(3)	–
Total deferred tax charge	2	5
	(94)	10

b) Factors affecting the tax (credit)/charge in the year

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

The differences are explained below:

	2020 £'000	2019 £'000
Profit on ordinary activities before taxation	92	58
Tax at the standard rate of corporation tax in the UK 19% (2019: 19%)	17	11
Current year impact of rate change	–	(1)
Overseas taxation – prior year adjustment	(108)	–
Deferred tax arising on change of rate	(3)	–
Total tax charge for the year	(94)	10

Deferred tax is provided at the rate that is expected to apply when the asset or liability is expected to be settled. On 11 March 2020, the UK Government announced that it would reverse the previously planned reduction in the corporation tax rate that was due to take effect from 1 April 2020. This change was substantively enacted on 17 March 2020 and we have therefore remeasured our deferred tax assets and liabilities at 31 March 2020 at the new rate of 19%. This resulted in a deferred tax credit in the income statement of £3,000.

8. Deferred tax

An analysis of the movement in the deferred tax asset recognised by the Company is set out below:

	Accelerated tax depreciation £'000
At 1 April 2018	31
Charge to income	(5)
At 1 April 2019	26
Charge to income	(5)
Credit to income arising from rate change	3
At 31 March 2020	24

Severn Trent Services International Limited

Notes to the financial statements (continued)

9. Trade and other receivables

	2020 £'000	2019 £'000
Current assets		
Trade receivables	–	213
Doubtful debt provision	–	(69)
Net trade receivables	–	144
Amounts receivable from group undertakings	21	22
	21	166
Non-current assets		
Amounts receivable from group undertakings under loan agreements	3,200	3,200
	3,221	3,366

The Company has a facility of £5,000,000 available to Severn Trent Investment Holdings Limited. The loan is unsecured with interest payable at 6m LIBOR + 1.025% and matures on 21 May 2021.

10. Trade and other payables

	2020 £'000	2019 £'000
Current liabilities		
Other payables	10	10
Accruals	5	62
	15	72

11. Share capital

	2020 £'000	2019 £'000
Total issued and fully paid		
10,000,000 ordinary shares of £1 each	10,000	10,000

Severn Trent Services International Limited

Notes to the financial statements (continued)

12. 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 other's balances only to the extent that their credit balances can be offset against overdrawn balances of other Severn Trent Group companies.

At 31 March 2020 the Company's maximum exposure under these arrangements was £204,000 (2019: £142,000).

13. Related party transactions

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

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

14. Ultimate parent undertaking

The immediate parent undertaking is Severn Trent (W&S) 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.