

# **Severn Trent Financing and Investments Limited**

## **Annual report and financial statements for the year ended 31 March 2015**

Company number 06312635

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# **Severn Trent Financing and Investments Limited**

## **Annual report and financial statements for the year ended 31 March 2015**

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

# **Severn Trent Financing and Investments Limited**

## **Company information**

<b>Company number</b>	06312635
<b>Directors</b>	M J Dovey J A Jackson (appointed 1 October 2014) R C McPheely
<b>Secretary</b>	A Campbell
<b>Registered office</b>	Severn Trent Centre 2 St John's Street Coventry CV1 2LZ
<b>Bankers</b>	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 Financial Statements (which does not form part of this report).

### 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. When existing loans reach maturity the appropriate funding will be established as required to ensure such obligations can be met. 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  
15 September 2015

# **Severn Trent Financing and Investments Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements of the company for the year ended 31 March 2015

### **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

J A Jackson was appointed as a director on 1 October 2014

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 Financial Statements (which does not form part of this report).

### **Results and dividends**

The company's profit for the financial year after taxation was £2,571,000 (2014 profit £2,051,000). The directors do not recommend the payment of a dividend.

### **Post balance sheet events**

There have been no significant post balance sheet events.

# 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  
15 September 2015

## Severn Trent Financing and Investments Limited

### Profit and loss account For the year ended 31 March 2015

	Notes	2015 £'000	2014 £'000
Interest receivable	5	3,254	2,664
<b>Profit on ordinary activities before tax</b>		<b>3,254</b>	<b>2,664</b>
Taxation on profit on ordinary activities	6	(683)	(613)
<b>Profit for the financial year</b>		<b>2,571</b>	<b>2,051</b>

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 2015

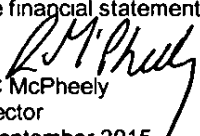
	Notes	2015 £'000	2014 £'000
<b>Current assets</b>			
Debtors	7	190,968	188,401
Cash at bank and in hand		148	74
		<b>191,116</b>	<b>188,475</b>
Creditors amounts falling due within one year	8	(806)	(736)
<b>Net current assets</b>		<b>190,310</b>	<b>187,739</b>
<b>Total assets less current liabilities</b>		<b>190,310</b>	<b>187,739</b>
<b>Net assets</b>		<b>190,310</b>	<b>187,739</b>
<b>Capital and reserves</b>			
Called up share capital	9	173,068	173,068
Profit and loss account		17,242	14,671
<b>Total shareholder's funds</b>		<b>190,310</b>	<b>187,739</b>

For the year ended 31 March 2015, 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 15 September 2015. They were signed on its behalf by

  
R C McPheely  
Director  
15 September 2015  
Company Number 06312635



## Severn Trent Financing and Investments Limited

### Statement of changes in equity For the year ended 31 March 2015

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 April 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
Profit and total comprehensive income for the period	-	2,571	2,571
At 31 March 2015	173,068	17,242	190,310

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

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

The company is a wholly owned subsidiary of Severn Trent Plc and is included in the consolidated financial statements 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 (Financial Statements 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 financial statements of Severn Trent Plc. The group financial statements 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 (2014 nil)

### 4. Directors' remuneration

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

### 5. Net interest receivable

	2015 £'000	2014 £'000
Interest receivable on		
- Amounts due from group undertakings	3,254	2,664

# Severn Trent Financing and Investments Limited

## Notes to the financial statements

### 6. Taxation

#### a) Analysis of tax charge in the year

	2015 £'000	2014 £'000
<b>Current tax</b>		
UK corporation tax at 21% (2014 23%)		
- current year	683	613

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 23% to 21% with effect from 1 April 2014.

The Finance Act 2013 was enacted in 2013 and implemented a reduction in the corporation tax rate from 21% to 20% with effect from 1 April 2015.

On 8 July 2015 the Government announced that the main rate of Corporation Tax would reduce to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020. The reductions are expected to be substantively enacted in Autumn 2015.

#### b) Factors affecting the tax charge in the year

The tax assessed for the year is equal to (2014 equal to) the standard rate of corporation tax in the UK of 21% (2014 23%).

### 7. Debtors

#### Amounts falling due within one year

	2015 £'000	2014 £'000
Amounts owed by group undertakings	190,968	188,401

# Severn Trent Financing and Investments Limited

## Notes to the financial statements

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

	2015 £'000	2014 £'000
Amounts owed to parent and fellow subsidiary undertakings	-	736
Corporation tax payable	806	-
	806	736

### 9. Share capital

	2015 £'000	2014 £'000
<b>Total issued and fully paid</b>		
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 2015 the company's maximum liability under these arrangements was £148,000 (2014: £74,000).

### 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.