

South East Water (Finance) Limited

**Directors' report and financial statements
for the period ended 31 March 2020**

South East Water (Finance) Limited

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South East Water (Finance) Limited

Company Information

Directors	A Farmer R Drew M Szczepaniak
Company secretary	N Truillet
Registered number	MC-136473
Registered office	P O Box 309GT Ugland House South Church Street Georgetown Grand Cayman Cayman Islands
Independent auditors	Deloitte LLP, Statutory Auditor Hill House 1 Little New Street London United Kingdom EC4A 3TR
Bankers	HSBC Bank plc 60 Queen Victoria Street London EC4N 4TR

South East Water (Finance) Limited

Directors' report for the year ended 31 March 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

Principal activity

The company is a private company limited by shares. The company is domiciled and incorporated in the Cayman Islands. The company raises external finance on behalf of the group of companies headed by HDF (UK) Holdings Limited and lends monies to companies within that group. During the year the company received interest on loans made to other group undertakings and paid interest on loans raised from external sources.

Business review

The audited financial statements for the year ended 31 March 2020 are set out on pages 10 to 19. The profit after taxation for the year was £29,000 (2019: £45,000). During the current and prior year no dividends were paid.

The directors consider the performance of the business to be satisfactory and that this is expected to continue in the future.

The company has taken advantage of the exemption provided under s.414B(b) of the UK Companies Act not to provide a Strategic report.

On 30 September 2019 the Group has repaid £200 million of its long term funding. The matured bond was originally issued at a fixed interest rate and swapped to an index linked rate via a derivative transaction. The total amount repaid on both the original loan and the derivative on 30 September was £311 million.

Going Concern

In preparing the financial statements the directors have considered the impact of Covid-19. They have concluded they have sufficient resources to meet liabilities as they fall due, accordingly the accounts have been prepared on a going concern basis (see note: 1).

Directors

The directors who served during the year were:

P Butler (resigned 31 July 2020)
A Farmer
R Drew (appointed 9 January 2020)
M Szczepaniak
S Jordan (resigned 9 January 2020)

Principal risks and uncertainties

The company's financial instruments comprise fixed and variable rate borrowings and loans and other amounts owed to and owed by other group undertakings.

Derivative activity is undertaken by the company on behalf of the group headed by HDF, as determined by the Board of the company. The Board considers the overall risk profile of the group and enters into derivatives to mitigate or hedge any risks identified, as appropriate. No derivatives are undertaken for trading purposes or to benefit for speculative purposes.

The company's treasury operations are managed within parameters defined by the Board and its parent undertakings. It is the company's policy to minimise liquidity risk within an acceptable range of interest rates. The company does not use foreign currency financial instruments.

The main risks arising from the company's financial instruments are interest rate, cash flow and credit risk:

Interest rate and cash flow risk

The company has raised finance through listed and unlisted fixed rate and variable rate loans. The finance raised has been on-lent to its parent company, £166 million at a fixed rate and £230 million at a floating rate linked to inflation, with the interest being charged on the floating rate loans at an interest rate of 0.01% higher than the

South East Water (Finance) Limited

Directors' report (continued) for the year ended 31 March 2020

associated external loans.

The company is not exposed to short-term interest rate risk as its operating costs and interest charges are met by the interest earned on the loans to its parent company. It is the view of the company that long-term fluctuations in the interest rates will be within the parameters that are considered acceptable by the company to meet its future liabilities.

Credit risk

The company's financial assets comprise long-term loans owed by group undertakings which represent the company's maximum exposure to credit risk in relation to financial assets.

The exit of the UK from the European Union has been included in HDF group risk analysis. Management has considered the impact of Covid-19 and part of the company's considerations has been the impact of these actions on its parent company, South East Water Limited and any potential threat to the interest received from that company. Throughout the year South East Water Limited have been making contingency plans to ensure minimal impact on its customer service or its ability to pay interest.

It is, therefore the view of management that this action will have no material effect on the operations of the company.

Qualifying third party indemnity provisions

The group has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the UK Companies Act. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

Auditor

This is the tenth year since Deloitte LLP were appointed as statutory auditor for the HDF group.

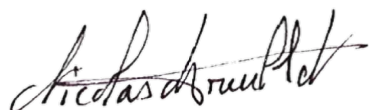
Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be 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 s418 of the UK Companies Act.

This report was approved by the board and signed on its behalf.



N Truillet

Secretary

Date: 23 September 2020

South East Water (Finance) Limited

Directors' responsibilities statement for the year ended 31 March 2020

The directors are responsible for preparing the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to enable them to ensure that the financial statements comply with the UK Companies Act. 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.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial positions and profit or loss on the company;
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy.

South East Water (Finance) Limited

Independent auditors' report to the members of South East Water (Finance) Limited

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of South East Water (Finance) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit 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 UK Companies Act.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 15.

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).

2. 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 as applied to listed entities, 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.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was the recoverability of receivables from group undertakings.
Materiality	The materiality that we used in the current year was £3.2m which was determined on the basis of 0.7% of total borrowings.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	There have been no significant changes to our audit approach.

South East Water (Finance) Limited

Independent auditors' report to the members of South East Water (Finance) Limited

4. Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Recoverability of receivables from group undertakings

Key audit matter description Receivables from group undertakings are stated in the balance sheet at £464.0m (2019: £769.6m).

There is judgement involved in determining the recoverability of these receivables from group undertakings based on the financial position and future prospects of the South East Water Limited group. This takes into consideration a range of factors such as the trading performance of the group, the ability of the group to secure future financing and the group's ability to respond to changing demands of the regulated market. We have therefore also identified a fraud risk in relation to this key audit matter.

For further details please see note 7 to the financial statements.

How the scope of our audit responded to the key audit matter

In response to this matter, we have performed the following procedures:

- challenged the directors' judgements regarding the appropriateness of the carrying value through obtaining a copy of the latest audited financial information of South East Water Limited and considering our understanding of the future trading performance of the South East Water Limited group in order to assess the ability of the South East Water group to continue as a going concern and therefore be able to repay these amounts; and
- reviewed the historical accuracy of South East Water Limited group's management's forecasts by comparing the actual results to forecasts.

Key observations

Based on the work performed we concluded that receivables from group undertakings are appropriately stated.

South East Water (Finance) Limited

Independent auditors' report to the members of South East Water (Finance) Limited

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£3.2m (2019: £3.4m)
Basis for determining materiality	0.7% of borrowings (2019: 0.7% of borrowings)
Rationale for the benchmark applied	The primary purpose of the company is to raise funding from external sources and provide funding to South East Water Limited. We have therefore used total borrowings as the benchmark.

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2020 audit (2019: 70%). In determining performance materiality, we considered the following factors:

- our consideration of the company's control environment; and
- the history of a low number of corrected and uncorrected misstatements identified in previous periods.

6.3. Error reporting threshold

We agreed with the Board of Directors that we would report to the Board all audit differences in excess of £0.2m (2019: £0.2m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Board on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

8. Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

9. 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.

10. 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. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

11. Opinions on other matters prescribed by the UK Companies Act

In our opinion, based on the work undertaken in the course of the audit:
the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
the directors' report has 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 directors' report.

12. Matters on which we are required to report by exception

12.1. Adequacy of explanations received and accounting records

Under the UK Companies Act we are required to report to you if, in our opinion:
we have not received all the information and explanations we require for our audit; or
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.

We have nothing to report in respect of these matters.

12.2. Directors' remuneration

Under the UK Companies Act we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

13. Use of our report

This report is made solely to the company's members, as a body, in accordance with Disclosure Transparency Rules (DTR 4.1). 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.

South East Water (Finance) Limited

Independent auditors' report to the members of South East Water (Finance) Limited



Helen Burridge (Senior statutory auditor)

For and on behalf of

Deloitte LLP, Statutory Auditor

London
United Kingdom
23 September 2020

South East Water (Finance) Limited

Statement of comprehensive income for the year ended 31 March 2020

	Note	2020 £000	2019 £000
Operating costs	3	(22)	(4)
Operating loss		(22)	(4)
Interest receivable and similar income	4	32,345	38,977
Interest payable and expenses	5	(32,287)	(38,917)
Profit before tax		36	56
Tax on profit	6	(7)	(11)
Profit for the financial year		29	45

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 13 to 19 form part of these financial statements.

South East Water (Finance) Limited
Registered number:MC-136473

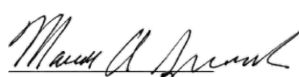
Statement of financial position
as at 31 March 2020

	Note	2020 £000	2019 £000
Non current assets			
Debtors falling due after more than one year	7	460,310	452,918
		460,310	452,918
Current assets			
Debtors: amounts falling due within one year	7	4,064	317,293
Cash at bank and in hand	8	-	197
		4,064	317,490
Current liabilities			
Creditors: amounts falling due within one year	9,10	(2,585)	(316,040)
Net current assets		1,479	1,450
Non current liabilities			
Creditors: amounts falling due after more than one year	10	(460,638)	(453,246)
Net assets		1,151	1,122
Capital and reserves			
Profit and loss account	12	1,151	1,122
		1,151	1,122

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



A Farmer
 Director
 Date: 23 September 2020



M Szczepaniak
 Director

The notes on pages 13 to 19 form part of these financial statements.

South East Water (Finance) Limited

Statement of changes in equity for the year ended 31 March 2020

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 April 2019	-	1,122	1,122
Profit for the year	-	29	29
At 31 March 2020	-	1,151	1,151

The notes on pages 13 to 19 form part of these financial statements.

Statement of changes in equity for the year ended 31 March 2019

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 April 2018	-	1,077	1,077
Profit for the year	-	45	45
At 31 March 2019	-	1,122	1,122

The notes on pages 13 to 19 form part of these financial statements.

South East Water (Finance) Limited

Notes to the financial statements for the year ended 31 March 2020

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the UK Companies Act.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

1.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

1.3 Going concern

In assessing the going concern position of the company we have assessed the recoverability of the intercompany debtors by taking into account the going concern review that has been completed by the directors of the wider South East Water Limited group. That assessment considered updated financial projections related to the impact of Covid-19 and assessing appropriate downside scenarios, taking into account the potential impacts as a result of an extended pandemic and expected macro-economic impacts as well as impact on water consumption and cash collections. Having considered that analysis, the directors are satisfied that South East Water has the resources and finance facilities to meet its obligations as they fall due. Given the nature of the business as a financing company without significant operating expenses the impact of Covid-19 on the entity is not expected to be significant. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

1.4 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

1.5 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

South East Water (Finance) Limited

Notes to the financial statements for the year ended 31 March 2020

1. Accounting policies (continued)

1.6 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

1.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.9 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

Key judgements

The preparation of financial statements requires the application of judgements by management which may affect the balances of assets and liabilities at the balance sheet date and income and expenditure for the year. The directors consider that there are no judgements which had a significant effect on the company's financial statements.

Key sources of estimation uncertainty

Estimates are required to be made by management when preparing the financial statements. These estimates affect the value of assets and liabilities at the balance sheet date. The estimates and underlying assumptions are reviewed on an ongoing basis with any revisions to accounting estimates recognised in the period in which the estimate is revised and future periods where the revision affects both current and future periods. The actual results may differ from those arrived at based on management's estimates.

The directors consider the recoverability of the intercompany receivables to be the key source of estimation uncertainty and having assessed this at the year end, debtor recoverability relies almost wholly on the fact that SEWL continues as a going concern (see note 1). The interest risk in this area this year has increased given the economic backdrop due to Covid-19, but having performed inquiries as part of the going concern assessment the directors are comfortable with South East Water Limited financial status and hence the recoverability of intercompany receivables in South East Water (Finance) Limited.

South East Water (Finance) Limited

Notes to the financial statements for the year ended 31 March 2020

3. Operating costs

The fees for the audit of the financial statements of the company amounted to £1,700 (2019: £1,700) and were paid by the company's parent company. The costs incurred by the company relates to legal and professional fees.

The company had no employees during the year (2019: none). No directors received any remuneration for the services as directors of the company during the year (2019: £nil).

	2020 £000	2019 £000
Legal and professional	22	4
	<u>22</u>	<u>4</u>

4. Interest receivable and similar income

	2020 £000	2019 £000
Interest receivable from group companies	21,321	25,684
Indexation on listed bonds	7,392	7,671
Fair value movement on interest rate swap	2,713	4,668
Financing guarantee and other fees	894	937
Interest on short term deposits	25	17
	<u>32,345</u>	<u>38,977</u>

5. Interest payable and similar expenses

	2020 £000	2019 £000
Interest on listed debt	18,411	22,843
Index linked loan interest	2,877	2,799
Indexation on listed bonds	4,378	4,564
Indexation on index linked loans	3,014	3,107
Fair value movement on interest rate swap	2,713	4,667
Financing guarantee and other fees	894	937
	<u>32,287</u>	<u>38,917</u>

South East Water (Finance) Limited**Notes to the financial statements
for the year ended 31 March 2020****6. Taxation**

	2020	2019
	£000	£000
Corporation tax		
Current tax on profits for the year	7	11
	<hr/>	<hr/>
	7	11
	<hr/>	<hr/>
Total current tax	7	11
	<hr/>	<hr/>

Factors affecting tax charge for the year

There were no additional factors affecting the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 19% (2019: 19 %).

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

For the year ended 31 March 2020 a UK corporation tax rate of 19% has been used as enacted by the March 2020 Budget. The enactment of the future corporation tax rate at 17% (effective 1 April 2020) by the September 2016 Finance Act has been reversed by the March 2020 Budget, which has maintained the current corporation tax rate at 19%.

South East Water (Finance) Limited

**Notes to the financial statements
for the year ended 31 March 2020**

7. Debtors

	2020	2019
	£000	£000
Due after more than one year		
Amounts owed by group undertakings	460,310	452,918
	460,310	452,918

	2020	2019
	£000	£000
Due within one year		
Trade debtors	1	6
Amounts owed by group undertakings	3,687	316,731
Prepayments and accrued income	376	556
	4,064	317,293

8. Cash and cash equivalents

	2020	2019
	£000	£000
Cash at bank and in hand	-	197
	-	197

9. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Other loans	-	308,836
Amounts owed to group undertakings	7	11
Accruals and deferred income	2,578	7,193
	2,585	316,040

Amounts due to group undertakings are mainly in respect of group relief and is payable on demand.

South East Water (Finance) Limited

Notes to the financial statements for the year ended 31 March 2020

10. Loans

Analysis of the maturity of loans is given below:

	2020 £000	2019 £000
Amounts falling due within one year		
Listed loans	-	308,836
	<hr/>	<hr/>
	-	308,836
	<hr/>	<hr/>
Amounts falling due after more than 5 years		
Listed debt	340,986	336,608
Index linked loans	119,652	116,638
	<hr/>	<hr/>
	460,638	453,246
	<hr/>	<hr/>
	460,638	762,082
	<hr/>	<hr/>

The effective terms of the listed and index linked loans are:

- £166 million at fixed effective rate of 5.5834%, falling due for repayment on 29 March 2029.
- £130 million at a variable rate linked to inflation as measured by the Retail Price Index, falling due for repayment on 3 June 2041.
- £100 million at a variable rate linked to inflation as measured by the Retail Price Index, falling due for repayment on 1 December 2037.

Indexation on the index linked loan as at 31 March 2020 are:

- £45 million indexation on £130 million loan as at 31 March 2020.
- £20 million indexation on £100 million loan as at 31 March 2020.

The debt is secured against the assets of the company, against the assets of its immediate parent company, South East Water Limited (as far as allowed by the Water Industry Act 1991 and South East Water Limited's licence) and against the assets of South East Water Limited's immediate parent company, South East Water (Holdings) Limited.

South East Water (Finance) Limited is in a cross guarantee arrangement with South East Water Limited.

Issue costs for this debt have been recharged to South East Water Limited.

11. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
100 (2019: 100) Ordinary Shares shares of £1.00 each	100	100
	<hr/>	<hr/>

South East Water (Finance) Limited

Notes to the financial statements for the year ended 31 March 2020

12. Reserves

Profit and loss account

Retained earnings represent cumulative profits and losses, net of dividends paid and other adjustments.

13. Related party transactions

As a wholly-owned subsidiary of HDF Holdings (UK) Limited at the balance sheet date, the company has taken advantage of the exemption under FRS 101 not to provide information on related party transactions with other wholly-owned companies within the HDF group.

14. Post balance sheet events

There are no material post balance sheet events.

15. Controlling party

Utilities of Australia Pty Limited as Trustee for the Utilities Trust of Australia ("UTA"), RBS Pensions Trustees Limited as Trustee for The Royal Bank of Scotland Group Pension Fund – Group Fund Section ("RBSPF"), Régime de Rentes du Mouvement Desjardins ("RRMD"), Desjardins Financial Security Life Assurance Company ("DFSL") and Certas Home and Auto Insurance Company ("Certas") are the company's joint ultimate holding companies. UTA is resident in Australia. RBSPF is resident in the United Kingdom, RRMD, DFSL and Certas are resident in Canada. It is the directors' belief that there is no single ultimate controlling party and that the joint ultimate holding companies control the company jointly.

The immediate parent company is South East Water Limited.

The smallest group of companies into which results of the Company are consolidated is that headed by South East Water Limited, a company which is incorporated in Great Britain and registered in England and Wales. The largest group of companies into which results of the Company are consolidated is that headed by HDF (UK) Holdings Limited, a company which is incorporated in Great Britain and registered in England and Wales. The financial statements of South East Water Limited and HDF (UK) Holdings Limited may be obtained from the registered address of both companies at Company Secretary, Rocfort Road, Snodland, Kent ME6 5AH.