

**SOUTH EAST WATER (HOLDINGS) LIMITED**

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

# **SOUTH EAST WATER (HOLDINGS) LIMITED**

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## **SOUTH EAST WATER (HOLDINGS) LIMITED**

### **Company Information**

<b>Directors</b>	R Drew M Szezepaniak
<b>Company secretary</b>	N Truillet
<b>Registered number</b>	04771490
<b>Registered office</b>	Rocfort Road Snodland Kent ME6 5AH
<b>Independent auditors</b>	Deloitte LLP, Statutory Auditor Hill House 1 Little New Street London United Kingdom EC4A 3TR
<b>Bankers</b>	HSBC Bank plc 60 Queen Victoria Street London EC4N 4TR

## **SOUTH EAST WATER (HOLDINGS) LIMITED**

### **Strategic report for the year ended 31 March 2020**

#### **Introduction**

The company is a wholly-owned subsidiary of Hastings Water (UK) Limited. This Strategic report covers a review of the business and a description of the principal risks and uncertainties facing the company.

#### **Business review**

The company is a private company limited by shares. The company is domiciled and incorporated in England and Wales. The company's principal activity during the year and for the foreseeable future is that of an intermediate holding company. Its subsidiaries are South East Water Limited and South East Water (Finance) Limited.

The audited financial statements for the year ended 31 March 2020 are set out on pages 10 to 20. The profit after taxation for the year was £2.9 million (2019: £19.2 million). The primary reason for the decrease in profit was due to a decrease in dividends received from its subsidiary. The directors consider the performance of the business to be satisfactory.

Dividends of £1.3 million (2019: £18.5 million) were paid during the year.

The company repaid £54.0 million of its £190.0 million loan to its subsidiary South East Water Limited in September 2019. This loan repayment was funded by issuing further ordinary share capital to its parent company Hastings Water (UK) Limited.

The directors expect the general level of activity to remain constant in the forthcoming year.

#### **Principal risks and uncertainties**

The directors consider that liquidity risk is the principal risk facing the company. The company is financed by dividends paid by its subsidiary, South East Water Limited. The dividends are set at a level to ensure that interest payments are covered.

The exit of the UK from the European Union has been included in our HDF group risk analysis. Management has also considered the impact of Covid-19 and part of the company's considerations has been the impact of these actions on its subsidiary company, South East Water Limited, and any potential threat to the dividends received from that company. Throughout the year South East Water Limited have been making contingency plans for this evolving issue to ensure the consequences of the various exit scenarios has minimal impact on its customer service or its ability to pay dividends. Dividends paid during the year are detailed in directors report.

#### **Financial key performance indicators**

Our key financial performance indicators ("KPI") are dividends received and paid during the year, which are as follows:

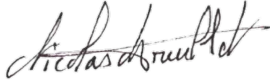
<b>KPI</b>	<b>Measure</b>	<b>2020</b>	<b>2019</b>
Dividend received	£ million	11.0	28.0
Dividend paid	£ million	1.3	18.5

Dividend policy for the HDF (UK) Holdings Limited Group is set by the HDF Group's Board. The aim of the policy is to fund the group's payments of interest and expenses and to provide liquidity to the parent company.

**SOUTH EAST WATER (HOLDINGS) LIMITED**

**Strategic report (continued)  
for the year ended 31 March 2020**

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

A handwritten signature in black ink, appearing to read 'N Truillet', written in a cursive style.

**N Truillet**  
Secretary  
Date: 23 September 2020

## **SOUTH EAST WATER (HOLDINGS) 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.

### **Results and Dividends**

The results for the year and dividends, after taxation, amounted to £2.9 million (2019: £19.2 million).

Dividends of £1.3 million (2019: £18.5 million) were paid during the year.

Financial risks relating to dividends been assessed in the strategic report.

### **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 and to the date of this report were:

R Drew (appointed 27 December 2019)

S Jordan (appointed 3 August 2018, resigned 27 December 2019)

M Szezepaniak (appointed 4 March 2019)

### **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 Companies Act 2006. 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 group. As required by UK law, a tender process for the financial year commencing 1 April 2020 has commenced for the HDF group subsidiary company, South East Water Limited. By extension, the new appointed auditor will also act as the statutory auditor for this company. However this process has been postponed due to the current situation caused by the Covid-19 pandemic. The group has sought and obtained permission from the Financial Reporting Council to extend the appointment of Deloitte LLP as statutory auditor for a further year to allow time for the tender process to be conducted after the lockdown period has ceased. Deloitte LLP have agreed to act in the capacity of auditor for the group for a further year.

### **Disclosure of information to auditor**

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

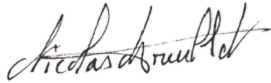
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**SOUTH EAST WATER (HOLDINGS) LIMITED**

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

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

A handwritten signature in black ink, appearing to read 'N Truillet', written over a faint horizontal line.

N Truillet  
Secretary  
Date: 23 September 2020

## **SOUTH EAST WATER (HOLDINGS) LIMITED**

### **Directors' responsibilities statement for the year ended 31 March 2020**

The directors are responsible for preparing the Strategic report, 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; 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 to 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.



## **SOUTH EAST WATER (HOLDINGS) LIMITED**

### **Independent auditors' report to the members of SOUTH EAST WATER (HOLDINGS) LIMITED**

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

##### **Opinion**

In our opinion the financial statements of South East Water (Holdings) 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 2006.

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).

##### **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**

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.

##### **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.

## **SOUTH EAST WATER (HOLDINGS) LIMITED**

### **Independent auditors' report to the members of SOUTH EAST WATER (HOLDINGS) LIMITED**

#### **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.

#### **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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 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.

**SOUTH EAST WATER (HOLDINGS) LIMITED**

**Independent auditors' report to the members of SOUTH EAST WATER (HOLDINGS) LIMITED**

  
Helen Burridge (Senior statutory auditor)

For and on behalf of

**Deloitte LLP, Statutory Auditor**

London  
United Kingdom  
23 September 2020

# **SOUTH EAST WATER (HOLDINGS) LIMITED**

## **Statement of comprehensive income for the year ended 31 March 2020**

	<b>Note</b>	<b>2020 £000</b>	<b>2019 £000</b>
Income from shares in group undertakings		<b>11,000</b>	28,000
Interest receivable and similar income	4	-	1
Interest payable and expenses	5	<b>(10,023)</b>	(10,885)
<b>Profit before tax</b>		<b>977</b>	17,116
Tax on profit	6	<b>1,904</b>	2,068
<b>Profit for the financial year</b>		<b>2,881</b>	19,184

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


The notes on pages 13 to 20 form part of these financial statements.

**SOUTH EAST WATER (HOLDINGS) LIMITED**  
**Registered number:04771490**

**Statement of financial position**  
**as at 31 March 2020**

	<b>Note</b>	<b>2020 £000</b>	<b>2019 £000</b>
<b>Non current assets</b>			
Investments	8	361,421	361,421
		<u>361,421</u>	<u>361,421</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	9	8,147	6,610
Cash at bank and in hand	10	88	43
		<u>8,235</u>	<u>6,653</u>
<b>Total assets less current liabilities</b>		<u>369,656</u>	<u>368,074</u>
<b>Non current liabilities</b>			
Creditors: amounts falling due after more than one year	11	(218,166)	(272,165)
<b>Net assets</b>		<u>151,490</u>	<u>95,909</u>
<b>Capital and reserves</b>			
Called up share capital	12	145,408	91,408
Profit and Loss Account	13	6,082	4,501
		<u>151,490</u>	<u>95,909</u>

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



**M Szezepaniak**  
 Director  
 Date: 23 September 2020

The notes on pages 13 to 20 form part of these financial statements.

## SOUTH EAST WATER (HOLDINGS) 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	91,408	4,501	95,909
<b>Comprehensive income for the year</b>			
Profit for the year	-	2,881	2,881
Dividends: Equity capital See note: 7	-	(1,300)	(1,300)
Shares issued during the year See note: 12	54,000	-	54,000
<b>At 31 March 2020</b>	<b>145,408</b>	<b>6,082</b>	<b>151,490</b>

The notes on pages 13 to 20 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	91,408	3,767	95,175
<b>Comprehensive income for the year</b>			
Profit for the year	-	19,184	19,184
Dividends: Equity capital See Note: 7	-	(18,450)	(18,450)
<b>At 31 March 2019</b>	<b>91,408</b>	<b>4,501</b>	<b>95,909</b>

The notes on pages 13 to 20 form part of these financial statements.

## **SOUTH EAST WATER (HOLDINGS) 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 Companies Act 2006.

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 HDF group and of the regulated business of the main trading entity, South East Water Limited. 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 holding company without external 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 (HOLDINGS) 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 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

##### **1.8 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.

##### **1.9 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.

##### **1.10 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.



## **SOUTH EAST WATER (HOLDINGS) LIMITED**

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

#### **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 has 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 that there are no material key sources of estimation uncertainty which has a significant effect on the company's financial statements.

#### **3. Income from investments**

	<b>2020 £000</b>	<b>2019 £000</b>
Income from investments in group companies	<b>11,000</b>	28,000
	<b>11,000</b>	28,000

#### **4. Interest receivable and similar income**

	<b>2020 £000</b>	<b>2019 £000</b>
Other interest receivable	-	1
	-	1

#### **5. Interest payable and similar expenses**

	<b>2020 £000</b>	<b>2019 £000</b>
Loans from group undertakings	<b>10,023</b>	10,885
	<b>10,023</b>	10,885

## SOUTH EAST WATER (HOLDINGS) LIMITED

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

#### 6. Taxation

	2020 £000	2019 £000
<b>Corporation tax</b>		
Current tax on profits for the year	(1,904)	(2,068)
	<u>(1,904)</u>	<u>(2,068)</u>
<b>Total current tax</b>	<u><u>(1,904)</u></u>	<u><u>(2,068)</u></u>

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) 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 tax	<u>977</u>	<u>17,116</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	186	3,252
<b>Effects of:</b>		
Dividends from UK companies - exempt	(2,090)	(5,320)
<b>Total tax credit for the year</b>	<u><u>(1,904)</u></u>	<u><u>(2,068)</u></u>

The tax credit is in respect of receipts at the statutory rate of corporation tax for group relief surrendered.

#### 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 (HOLDINGS) LIMITED**

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

#### **7. Dividends**

	<b>2020 £000</b>	<b>2019 £000</b>
First interim dividend of 0.109p per ordinary share (2019: 5.25p)	<b>100</b>	4,800
Second interim dividend of 0.069p per ordinary share (2019: 5.09p)	<b>100</b>	4,650
Third interim dividend of 0.516p per ordinary share (2019: 4.87p)	<b>750</b>	4,450
Final interim dividend of 0.241p per ordinary share (2019: 4.98p)	<b>350</b>	4,550
	<b>1,300</b>	18,450

#### **8. Investments**

	<b>Investments in subsidiary companies £000</b>
<b>Cost or valuation</b>	
At 1 April 2019	<b>361,421</b>
At 31 March 2020	<b>361,421</b>

## **SOUTH EAST WATER (HOLDINGS) LIMITED**

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

#### **8. Investments (continued)**

##### **Subsidiary undertakings**

The following were subsidiary undertakings of the company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
South East Water Limited	Rocfort Raod, Snodland, Kent, ME6 5AH	Supply and distribution of water	Ordinary Shares	100%
South East Water (Finance) Limited	PO Box 309GT, Ugland House, South Church Street, George town, Grand Cayman, Cayman Islands	Raising finance and lending to group companies	Ordinary Shares	100%

South East Water Limited is a wholly-owned subsidiary of the company, which owns 100% of the voting rights, and is incorporated in Great Britain and registered in England and Wales. Its registered address is Rocfort Road, Snodland, Kent ME6 5AH.

South East Water (Finance) Limited is wholly-owned by South East Water Limited, which owns 100% of the voting rights, and is incorporated and registered in the Cayman Islands. Its registered address is PO Box 309GT, Ugland House, South Church Street, Georgetown, Grand Cayman, Cayman Islands.

## SOUTH EAST WATER (HOLDINGS) LIMITED

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

#### 9. Debtors

	2020 £000	2019 £000
Amounts owed by group undertakings	8,147	6,610
	<u>8,147</u>	<u>6,610</u>

#### 10. Cash and cash equivalents

	2020 £000	2019 £000
Cash at bank and in hand	88	43
	<u>88</u>	<u>43</u>

#### 11. Creditors: Amounts falling due after more than one year

	2020 £000	2019 £000
Amount owed to group undertakings	218,166	272,165
	<u>218,166</u>	<u>272,165</u>

The above balance comprises the following loans:

£82,152,000 (2019: £82,152,000) due to the company's parent company, Hastings Water (UK) Limited, bearing interest at the rate of LIBOR plus 6% and due for repayment on 27 July 2053.  
£136,013,000 (2019: £190,013,000) due to the company's subsidiary, South East Water Limited, bearing interest at the rate of LIBOR plus 2% and due for repayment on 27 July 2034.

Both loans are unsecured and each may be redeemed earlier at the option of the company only.

#### 12. Share capital

	2020 £000	2019 £000
<b>Allotted, called up and fully paid</b>		
145,407,527 (2019 - 91,407,527) Ordinary Shares shares of £1.00 each	<u>145,408</u>	<u>91,408</u>

In september 2019, company has issued 54,000,000 ordinary shares at £1 per share.

## **SOUTH EAST WATER (HOLDINGS) LIMITED**

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

#### **13. Reserves**

##### **Profit and loss account**

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

#### **14. Related party transactions**

As a wholly-owned subsidiary of HDF (UK) Holdings 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.

#### **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 Hastings Water (UK) Limited.

The smallest and largest group of companies into which results of the company are consolidated is that headed by HDF, a company which is incorporated in Great Britain and registered in England and Wales. The financial statements of HDF may be obtained from the company's registered office at Company Secretary, Rocfort Road, Snodland, Kent ME6 5AH.