

Severn Trent Overseas Holdings Limited

Annual report and financial statements for the year ended 31 March 2019

Company number: 02455508



Severn Trent Overseas Holdings Limited

Annual report and financial statements for the year ended 31 March 2019

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Severn Trent Overseas Holdings Limited

Company information

Company number	02455508
Directors	J A Jackson B Kennedy R C McPheely
Secretary	A A Campbell (resigned on 22 February 2019) G Eagle (appointed on 22 February 2019)
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 Overseas Holdings Limited

Strategic report

Business review and principal activities

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

The principal activity of the Company is to act as a holding company for certain subsidiaries of the Severn Trent Group.

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 or prospects in the next year.

Results and dividends

The Company's profit for the financial year after taxation was £2,911,000 (2018: £1,053,000). The Directors do not recommend the payment of a dividend.

Principal risks and uncertainties

Treasury management

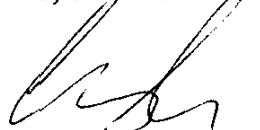
The Severn Trent Group manages its treasury operations on a group basis. Financial risk management is performed by Severn Trent's Group Treasury department. This includes assessment and mitigation of price risk, credit risk, liquidity risk and interest rate cash flow risk. The group's treasury management 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

As at 31 March 2019, the Company has net current assets of £529,000 (2018: £1,617,000) and net assets of £49,727,000 (2018: £46,816,000) therefore the financial position of the Company is satisfactory.

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 financial statements.

By order of the Board



G Eagle
Company Secretary
4 December 2019

Severn Trent Overseas Holdings Limited

Directors' report

The Directors present their annual report and the financial statements of the Company for the year ended 31 March 2019.

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.

Post balance sheet events

There have been no significant post balance sheet events.

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. 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).

Severn Trent Overseas Holdings 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.

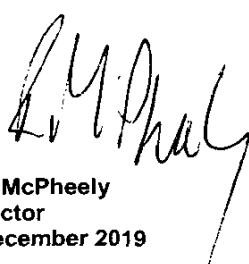
Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by and signed on behalf of the Board



R C McPheely
Director
4 December 2019

Severn Trent Overseas Holdings Limited

Income statement

For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Dividend income		2,092	–
Profit before interest, tax and exceptional items		2,092	–
Exceptional items	3	–	586
Profit before interest and tax		2,092	586
Finance income	6	3,033	2,392
Finance costs	7	(2,018)	(1,814)
Net finance income		1,015	578
Profit on ordinary activities before taxation		3,107	1,164
Taxation on profit on ordinary activities	8	(196)	(111)
Profit for the year		2,911	1,053

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 Overseas Holdings Limited

Balance sheet

At 31 March 2019

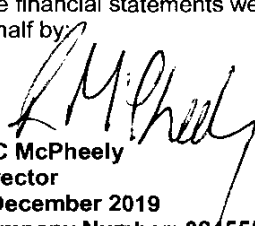
	Note	2019 £'000	2018 £'000
Non-current assets			
Trade and other receivables	10	133,471	156,298
		133,471	156,298
Current assets			
Trade and other receivables	10	860	985
Cash and cash equivalents		19	2,041
		879	3,026
Current liabilities			
Trade and other payables	11	(43)	(1,221)
Current tax payable		(307)	(188)
		(350)	(1,409)
Net current assets		529	1,617
Non-current liabilities			
Borrowings	12	(84,273)	(111,099)
Net assets		49,727	46,816
Equity			
Called up share capital	13	62,602	62,602
Retained earnings		(12,875)	(15,786)
Total equity		49,727	46,816

For the year ended 31 March 2019, 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 financial statements 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 financial statements.

The financial statements were approved by the Board of Directors on 4 December 2019. They were signed on its behalf by


R C McPheely
 Director
 4 December 2019
 Company Number: 02455508

Severn Trent Overseas Holdings Limited

Statement of changes in equity

For the year ended 31 March 2019

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 April 2017	62,602	(16,839)	45,763
Total comprehensive income for the year	–	1,053	1,053
At 31 March 2018	62,602	(15,786)	46,816
Total comprehensive income for the year	–	2,911	2,911
At 31 March 2019	62,602	(12,875)	49,727

Severn Trent Overseas Holdings 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 principal accounting policies, which have been applied consistently in the current and preceding year are set out below.

Severn Trent Overseas Holdings 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

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 financial statements.

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 16.

i) Changes in accounting policies – IFRS 9 and IFRS 15

In the current financial year the Company has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers'. There is no material impact on the financial statements from the adoption of these new accounting standards.

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. Dividend income from investments is recognised when the Group's rights to receive payment have been established.

d) Exceptional items

Exceptional items are income or expenditure, which individually or, if of a similar type, in aggregate should, in the opinion of the Directors, be disclosed by virtue of their size or nature if the financial statements are to give a true and fair view.

e) 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.

Severn Trent Overseas Holdings Limited

Notes to the financial statements (continued)

1. Accounting policies (continued)

f) Foreign currency

Foreign currency transactions arising during the year are translated into sterling at the rate of exchange ruling on the date of the transaction. All profits and losses on exchange arising during the year are dealt with through the income statement.

2. Critical accounting judgements and sources of estimation uncertainty

In the process of applying the Company's accounting policies, no critical accounting judgements or estimates were made.

3. Exceptional items

	2019 £'000	2018 £'000
Exceptional income on disposal of subsidiary	–	586

The exceptional income on disposal of subsidiary of £586,000 in the prior year relates to amounts recharged during the period that were due to Severn Trent Overseas Holdings Limited following the disposal of the water purification business on 3 July 2015.

4. Employee numbers

The average number of employees (including Executive Directors) during the year was nil (2018: nil).

5. Directors' remuneration

The Directors received no emoluments for their services to the Company. The emoluments of the Directors are paid by other companies within the Severn Trent Group.

6. Finance income

	2019 £'000	2018 £'000
Interest income earned on:		
- amounts due from other fellow group undertakings	2,935	2,392
Exchange gain on foreign currency loans	98	–
	3,033	2,392

7. Finance costs

	2019 £'000	2018 £'000
Interest expense charged on:		
- amounts payable to other fellow group undertakings	1,006	882
- amounts payable to immediate parent undertaking	1,012	829
Exchange loss on foreign currency loans	–	103
	2,018	1,814

Severn Trent Overseas Holdings Limited

Notes to the financial statements (continued)

8. Taxation

a) Analysis of tax charge in the year

	2019 £'000	2018 £'000
Current tax		
Current year at 19% (2018: 19%)	196	111

b) Factors affecting the tax charge in the year

The tax assessed for the current year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

The differences are explained below:

	2019 £'000	2018 £'000
Profit on ordinary activities before taxation	3,107	1,164
Tax at the standard rate of corporation tax in the UK 19% (2018: 19%)	590	221
Non-taxable income	(394)	(110)
Total tax charge for the year	196	111

9. Investments

During the current year, the Company disposed of its investment in Severn Trent Holdings SA. At the date of disposal, the investment had a carrying value of nil.

10. Trade and other receivables

	2019 £'000	2018 £'000
Current assets		
Amounts receivable from other fellow group undertakings	829	985
Other amounts receivable	31	–
	860	985
Non-current assets		
Amounts receivable from other fellow group undertakings under loan agreements	133,471	156,298

The Company has a facility of £46,000,000 available to Severn Trent Holdings Limited. The loan is unsecured with interest payable at LIBOR + 1.025% and matures on 31 January 2021.

The Company has a facility of £120,000,000 available to Severn Trent Investment Holdings Limited. The loan is unsecured with interest payable at LIBOR + 1.025% and matures on 10 October 2021.

Severn Trent Overseas Holdings Limited

Notes to the financial statements (continued)

11. Trade and other payables

	2019 £'000	2018 £'000
Current liabilities		
Amounts owed to other fellow group undertakings	10	1,166
Amounts owed to immediate parent undertaking	33	29
Other payables	—	26
	43	1,221

12. Borrowings

	2019 £'000	2018 £'000
Non-current		
Loans due to other fellow group undertakings	29,813	56,639
Loans due to immediate parent undertaking	54,460	54,460
	84,273	111,099

The Company has a facility of £35,000,000 available from Severn Trent Plc. The loan is unsecured with interest payable at LIBOR + 1.025% and matures on 31 January 2021.

The Company has a facility of £54,600,000 available from Severn Trent Carsington Limited. The loan is unsecured with interest payable at LIBOR + 1.025% and matures on 21 March 2021.

13. Share capital

	2019 £'000	2018 £'000
Total issued and fully paid share capital		
62,602,100 ordinary shares of £1 each	62,602	62,602

14. 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 2019 the Company's maximum exposure under these arrangements was £19,000 (2018: £2,041,000).

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

16. 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. The registered office of the ultimate parent is Severn Trent Centre, 2 St John's Street, Coventry, United Kingdom, CV1 2LZ.