

## **Thames Water Investments Limited**

Annual report and financial statements  
For the year ended 31 March 2021

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## **Directors and advisors**

### **Directors**

D Hughes  
M Bamford

### **Company Secretary and registered office**

D Hughes  
S Billett  
Clearwater Court  
Vastern Road  
Reading  
Berkshire  
RG1 8DB

## Strategic Report

The Directors presents their Strategic Report for Thames Water Investments Limited ("the Company") for the year ended 31 March 2021.

### Business review

The principal activity of the Company is to acquire non-specialised operational property from Thames Water Utilities Limited ("TWUL") to lease to third parties and other companies within the Kemble Water Holdings Limited group of companies ("the Group") and to hold for the generation of non-regulated rental income. This remains unchanged from the prior year.

### Key performance indicators

The Directors have determined that the result before tax and the net assets or liabilities are the most appropriate key performance indicators for an understanding of the development, performance and position of the Company. For the year ended 31 March 2021 the Company made a loss before tax of £6,015,103 (2020: £209,101). The loss in the year was due to an impairment expense of £6,150,462 being recognised against intercompany loans receivable from Kemble Water Finance Limited.

As at 31 March 2021 the Company had net assets of £13,905,130 (2020: £19,945,952). The Directors have reviewed the recoverability of loans due from group undertakings and determined that a provision of £6,150,462 (2020: £nil) is required to appropriately reflect the recoverable values.

This performance is in line with expectations and the Directors have no concerns regarding the performance or position of the Company.

### Principal risks and uncertainties

The Company's operations specifically expose it to a variety of financial risks that include credit and liquidity risk as follows:

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's intercompany receivable balance. Credit control policies and procedures are in place to minimise the risk of bad debt arising from the intercompany receivable including, where appropriate, a review of the credit ratings of the counterparty intercompany entity and any letter of support they may receive from the Group.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due and arises principally from the Company's intercompany payable balance. The Company has received a letter of support from its ultimate parent company, Kemble Water Holdings Limited, confirming that it will provide support as necessary to enable it to meet its liabilities as they fall due for a period of 12 months from the signing of these financial statements. The Directors are satisfied to place reliance on this support based on a review of the Group's budget and business plan, which includes consideration of the impact and uncertainty created by the COVID 19 pandemic as well considering that all borrowings are to other intercompany entities.

The Group's treasury operations are managed centrally by a specialist team, which operates with the delegated authority of, and under policies approved by, the Board of Directors of the Company's ultimate parent company, Kemble Water Holdings Limited. The operation of the treasury function is governed by specific policies and procedures that set out specific guidelines for the management of interest rate risk and foreign exchange risk and the use of financial instruments. The treasury policies and procedures are incorporated within the financial control procedures of the Group.

(iii) Reliance on one main customer

The Company's revenue source is generated from a single customer: Watersite. Watersite provide the Company with two revenue streams; income from an annual license fee and income from the income rights sales. There is a signed agreement with Watersite which runs for 50 years and given the length of this agreement and the credit control policies and procedures in place the Directors are satisfied that this does not present a significant risk to the future income of the Company.

## Strategic Report (continued)

### Principal risks and uncertainties (continued)

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. The principal risks of the Group are disclosed in the consolidated financial statements of the ultimate controlling parent Kemble Water Holdings Limited. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's annual report which does not form part of this report. The Group's annual report is available from the address shown in note 12.

### Future outlook

The Company continues to review and acquire further non-specialised operational property from Thames Water Utilities Limited to lease to third parties and other companies within the Group and to hold for the generation of non-regulated rental income.

Management have assessed the impact of the ongoing COVID-19 pandemic to the financial position of the Company and have concluded that at present it is not expected to affect the Company's ability to continue as a going concern for a period of at least 12 months from the signing of these financial statements. The developing and uncertain situation in respect of the COVID-19 pandemic continues to be closely monitored.

### s172 reporting

The Directors of the Company must act in accordance with the duties contained in s172(1) of the Companies Act 2006 as follows:

"A Director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the Company's employees;
- (c) the need to foster the Company's business relationships with suppliers, customers and others;
- (d) the impact of the Company's operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between members of the company."

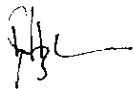
On appointment, as part of their induction of becoming a Director, each Director is briefed on their duties and the availability of professional advice from either the Company Secretary or, if they consider it necessary, from an independent adviser. The Directors of the Company have access to the resources provided to the Directors of the Group's main trading company, Thames Water Utilities Limited.

During the year, the Company has continued to act as a property management company within the Kemble Water Holdings Limited group. Day-to-day running of the Company is managed by the Company's management team, consisting of employees from the Group's main trading company, Thames Water Utilities Limited. With the exception of the approval of the Company's annual report and financial statements, no significant decisions requiring the approval of The Board of Directors have been made during the year. The Company did not have any employees during the year, or as at the date of this report. The Company's stakeholders are considered to be its customers, suppliers and other companies within the Kemble Water Holdings group with whom intercompany loan relationships exists. Stakeholder engagement occurs periodically throughout the year, both formally and informally.

*The Board of Directors of the Company consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006. The Board of Directors of Kemble Water Holdings Limited manage the Group and further details of how they have carried out their duties is disclosed in the financial statements of the ultimate controlling party Kemble Water Holdings Limited. The Group's annual report is available from the address shown in note 12.*

## **Strategic Report (continued)**

This Strategic Report was approved by the Board on 5 July 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'DH', followed by a horizontal line extending to the right.

**David Hughes**  
Director  
Clearwater Court  
Vastern Road  
Reading  
Berkshire  
RG1 8DB

## Directors' Report

The Directors presents their annual report and the audited financial statements of Thames Water Investments Limited for the year ended 31 March 2021. The Directors consider that the annual report and financial statements, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's performance and strategy.

The registered number of the Company is 02567126 (England & Wales).

### Directors

The Directors who held office during the year ended 31 March 2021 and to the date of this report were:

D Hughes  
M Bamford

During the year under review, the Directors did not have significant contracts with the Company or any other body corporate other than their contracts of service (2020: none).

### Future outlook

The future outlook of the Company is discussed in the Strategic Report.

### Dividends

The Company paid no dividends during the year (2020: £nil). The Directors do not recommend the payment of a final dividend (2020: £nil).

### Financial risk management

During the period, the Company has had access to the Chief Executive Officer and the Executive Team of Thames Water Utilities Limited, who also manage the wider Kemble Water Holdings Group on a day-to-day basis on behalf of the Directors of individual group companies. They receive regular reports from all areas of the business. This enables prompt identification of financial and other risks so that appropriate actions can be taken in the relevant group companies.

The Company's operations expose it to a variety of financial risks which are described in the Strategic Report, on pages 3 to 5.

### Going Concern

The Directors have considered the financial position of the Company and have concluded that it has sufficient resources for its present requirements and is able to meet its liabilities as they fall due for the foreseeable future. This is based upon a review of the Company's cash and committed borrowing facilities available. For these purposes the foreseeable future is taken to mean a period of at least twelve months from the date of approval of these financial statements. On this basis, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

Management have assessed the impact of the ongoing COVID-19 pandemic to the financial position of the Company and have concluded that at present it is not expected to affect the Company's ability to continue as a going concern for a period of at least 12 months from the signing of these financial statements. However, in light of the current situation, the Directors have sought a letter of support from the Company's ultimate parent company, Kemble Water Holdings to support the going concern basis. The developing and uncertain situation in respect of the COVID-19 pandemic continues to be closely monitored.

### Research and development

The Company undertakes no research and development activity, this remains unchanged from the prior year.

## Directors' Report (continued)

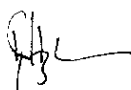
### Political and charitable donations

No political or charitable donations were made by the Company during the year (2020: £nil).

### Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors (which extend to the performance of any duties as Director of any associated company) and these remain in force at the date of this report.

Approved by the Board of Directors on 5 July 2021 and signed on its behalf by:



**David Hughes**  
Director

Clearwater Court  
Vastern Road  
Reading  
Berkshire  
RG1 8DB

## Statement of Directors' responsibilities in respect of the annual report and the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

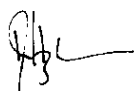
Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 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.

Approved by the Board 5 July 2021 and signed on its behalf by:



**David Hughes**  
Director  
Clearwater Court  
Vastern Road  
Reading  
Berkshire  
RG1 8DB

## Income statement

For the year ended 31 March

	Note	2021 £	2020 £
Revenue	1	47,855	47,136
Administrative expenses	2	(6,198,317)	(47,136)
<b>Operating loss</b>		<b>(6,150,462)</b>	-
Finance income	4	135,359	209,101
<b>(Loss)/profit before income tax</b>		<b>(6,015,103)</b>	209,101
Income tax expense	5	(25,719)	(37,302)
<b>(Loss)/profit for the year</b>		<b>(6,040,822)</b>	171,799

All amounts relate to continuing operations.

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

## Statement of financial position

As at 31 March

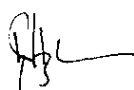
	Note	2021 £	2020 £
<b>Non-current assets</b>			
Deferred tax	6	15,323	18,687
Trade and other receivables	7	12,984,310	18,999,412
		<b>12,999,633</b>	<b>19,018,099</b>
<b>Current assets</b>			
Cash and cash equivalents		1,849,852	1,932,150
		<b>1,849,852</b>	<b>1,932,150</b>
<b>Trade and other payables – amounts falling due within one year</b>	8	<b>(22,355)</b>	<b>(82,297)</b>
<b>Net current assets</b>		<b>1,827,497</b>	<b>1,849,853</b>
<b>Total assets less current liabilities</b>		<b>14,827,130</b>	<b>20,867,952</b>
Trade and other payables – amounts falling due after more than one year	8	(922,000)	(922,000)
<b>Net assets</b>		<b>13,905,130</b>	<b>19,945,952</b>
<b>Equity</b>			
Called up share capital	9	100	100
Retained earnings		13,905,030	19,945,852
<b>Total shareholders' funds</b>		<b>13,905,130</b>	<b>19,945,952</b>

For the year ending 31 March 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements were approved by the Board on 5 July 2021 and signed on its behalf by:



**David Hughes**  
Director

Registered number: 02567126 (England & Wales)

## Statement of changes in equity

For the year ended 31 March

	Called up share capital £	Retained earnings £	Total shareholders' funds £
<b>At 1 April 2019</b>	100	19,774,053	<b>19,774,153</b>
Profit for the year	-	171,799	<b>171,799</b>
<b>At 31 March 2020</b>	100	19,945,852	<b>19,945,952</b>
Loss for the year	-	(6,040,822)	<b>(6,040,822)</b>
<b>At 31 March 2021</b>	100	13,905,030	<b>13,905,130</b>

## Accounting policies

The following accounting policies have been adopted in the preparation of these financial statements. They have been applied consistently in dealing with items which are considered material, unless otherwise stated:

### General information

Thames Water Investments Limited (the "Company") is a private limited company incorporated in England & Wales and domiciled in the United Kingdom under the Companies Act 2006. The trading address and address of the registered office is Clearwater Court, Vastern Road, Reading, RG1 8DB.

The principal activity of the Company is to acquire non-specialised operational property from Thames Water Utilities Limited ("TWUL") to lease to third parties and other companies within the Kemble Water Holdings Limited group of companies ("the Group") and to hold for the generation of non-regulated rental income. This remains unchanged from the prior year.

### Basis of Preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006 and on a going concern basis.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the European Union ("EU adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

As permitted by FRS 101, the Company has taken advantage of the following exemptions:

- IFRS 7 *Financial Instruments: Disclosures*
- Paragraphs 91 to 99 of IFRS 13 *Fair value measurement* (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1 *Presentation of financial statements* comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1 (reconciliations between the carrying amount at the beginning and end of the period),
- The following paragraphs of IAS 1 *Presentation of financial statements*:
  - 10(d) (statement of cash flows)
  - 16 (statement of compliance with all IFRS)
  - 38B-D (additional comparative information),
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures)
- IAS 7 *Statement of cash flows*
- Paragraph 30 and 31 of IAS 8 *Accounting policies, changes in accounting estimates and errors* (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24 *Related party disclosures* (key management compensation)
- The requirements in IAS 24 *Related party disclosures* to disclose related party transactions entered into between two or more members of a group.

## Accounting policies (continued)

### Basis of Preparation (continued)

The Company's ultimate parent undertaking, Kemble Water Holdings Limited ("KWH") includes the Company in its consolidated financial statements. The address of the registered office of KWH is Clearwater Court, Vastern Road, Reading, Berkshire, RG1 8DB. The consolidated financial statements of KWH are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU adopted IFRSs") and are available to the public and may be obtained from The Company Secretary's Office at this address.

### Going Concern

The Directors have considered the financial position of the Company and have concluded that it has sufficient resources for its present requirements and is able to meet its liabilities as they fall due for the foreseeable future. This is based upon a review of the Company's cash and committed borrowing facilities available. For these purposes the foreseeable future is taken to mean a period of at least twelve months from the date of approval of these financial statements. On this basis, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

Management have assessed the impact of the ongoing COVID-19 pandemic to the financial position of the Company and have concluded that at present it is not expected to affect the Company's ability to continue as a going concern for a period of at least 12 months from the signing of these financial statements. The developing and uncertain situation in respect of the COVID-19 pandemic continues to be closely monitored.

### New standards and amendments

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2021 that have had a material impact on the company's financial statements.

### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable from the annual licence fee received from Watersite, net of valued added taxes. The company recognises revenue when performance obligations have been satisfied and for the company this is when for the income rights, the right of use of the assets have transferred to the customer and the customer has control of these. For the license income the performance obligation is satisfied over time as the Company provides site access and contract management services. Where revenue is generated from income rights sales 50% of the revenue is clawed back by Thames Water Utilities Limited, this is recognised as an expense within administrative expenses.

### IBOR reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as the London Interbank Offer Rate ("LIBOR") and other interbank offered rates ("IBORs") has become a priority for global regulators. There is currently uncertainty around the timing and precise nature of these changes in some of the various jurisdictions affected, although the UK FCA has announced the timetable for the cessation of all LIBORs.

We cannot rely on GBP LIBOR being published after the end of 2021 and the industry-led Working Group on Sterling Risk-Free Reference Rates is supporting the transition from GBP LIBOR to SONIA (Sterling Overnight Index Average). There are key differences between GBP LIBOR and SONIA. GBP LIBOR is a 'term rate', which means that it is published for a borrowing period (such as 3 months), and it is 'forward-looking', because it is published at the beginning of the borrowing period. SONIA is a 'backward-looking' rate; it is based on overnight rates from actual transactions, and it is published at the end of the overnight borrowing period. Furthermore, GBP LIBOR includes a credit spread over the risk-free rate, which SONIA does not explicitly incorporate. To transition existing contracts and agreements that reference GBP LIBOR to SONIA, adjustments for term differences and credit differences might need to be applied to SONIA, to enable the two benchmark rates to be economically equivalent on transition.

Industry working groups have published documentation regarding methodologies for calculating adjustments between GBP LIBOR and SONIA.

The Company has established a project to oversee the GBP LIBOR transition plan. This transition project will include changes to systems, processes, risk and valuation models, as well as managing related tax and accounting implications. The Company currently anticipates that the areas of greatest change will be amendments to the contractual terms of GBP LIBOR-referenced floating-rate debt and swaps, both for external and intercompany contracts, which it plans to implement prior to the end of 2021.

## Accounting policies (continued)

### IBOR reform (continued)

The International Accounting Standards Board ("IASB") has issued amendments to IFRS 9, IAS 39 and IFRS 7 in September 2019 that provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform. As at 31 March 2021, the Company had no designated hedge relationship and hedge accounting was not applied.

In addition to the IBOR reform, there are a number of other amendments and annual improvement project recommendations that are not yet effective but which have been endorsed by the EU. These are not anticipated to have a material impact on the financial statements of the Company.

### Interest income

Interest income is recognised using the effective interest method.

### Non-derivative financial instruments

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables.

#### Trade and other receivables

Trade and other receivables are largely comprised of amounts owed by group undertakings and interest on amounts owed by group undertakings. Interest bearing loans issued to other group companies are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. They are subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. The amortisation is included within finance income in the income statement and is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

#### Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and demand deposits and other short-term highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Such investments are normally those with less than three months maturity from the date of acquisition and include cash and bank balances and investments in liquid funds.

### Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### Impairment of amounts owed by group undertakings

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. There is an annual impairment review for intercompany receivables which assesses the ability of the entity to pay them based on a range of factors including, their net assets position and risk affected forecasts of future cash flows of the underlying investment.

### Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in the statement of comprehensive income.

### Current income tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous periods.

## Accounting policies (continued)

### Current income tax (continued)

Taxable profit differs from the profit on ordinary activities before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods. This includes the effect of tax allowances and further excludes items that are never taxable or deductible.

### Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax is measured on a non-discounted basis using tax rates enacted or substantively enacted at the balance sheet date and that are expected to apply in the period when the deferred tax asset is realised or the deferred tax liability is settled.

*Deferred tax liabilities are generally recognised for all taxable temporary difference and deferred tax assets are recognised only to the extent that it is probable that sufficient future taxable profits will be available against which deductible temporary differences can be utilised.*

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

## Critical accounting estimates and judgements

In the process of applying the Company's accounting policies, the Company is required to make certain judgements, estimates and assumptions that it believes are reasonable based on available information. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from these estimates.

### Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date used in preparing these financial statements are as follows:

#### *Impairment of receivables, including intercompany loan receivables*

The Company makes an estimate of the recoverable value of trade and other receivables, including intercompany loan receivables. When assessing the impairment of trade and other receivables, management considers factors such as their net assets position and risk affected forecasts of future cash flows of the underlying investment. See note 7 for the net carrying value of the receivables and, where applicable, any associated impairment provision.

### Critical judgements in applying the entity's accounting policies

Management have not made any critical judgements in applying the entity's accounting policies.

## Notes to the financial statements

### 1. Revenue

	2021 £	2020 £
Annual license fee income	47,855	47,136
<b>Total</b>	<b>47,855</b>	<b>47,136</b>

Revenue is made up of:

- An annual license fee received from Watersite in relation to maintenance charges for property management fees. This is accounted for under IFRS 15 and as at 31 March 2021 there were no contract assets or liabilities recognised in relation to this revenue stream (2020: none).

The Company has applied the practical expedient given in paragraph 121(b) of IFRS 15, not to disclose the transaction price allocated to wholly or partly unsatisfied contracts.

### 2. Administrative expenses

	2021 £	2020 £
Property management fees	47,855	47,136
Impairment of intercompany receivables	6,150,462	-
<b>Total</b>	<b>6,198,317</b>	<b>47,136</b>

The auditors', PricewaterhouseCoopers LLP, remuneration was borne by Thames Water Limited in the preceding financial year. The total amount payable relating to the Company was £nil (2020: £8,000) due to the entity qualifying for audit exception under the Companies Act 2006 section 479A-479C. No other fees were payable to PricewaterhouseCoopers LLP in respect of this Company during the year (2020: £nil).

### 3. Employees and Directors

#### Employees

The Company had no employees during the year (2020: none).

#### Directors

The current Directors received no remuneration in respect of their services to the Company, as none were qualifying services, in both the current and preceding financial year. There were no retirement benefits accruing in either the current or preceding financial year. Directors remuneration costs are borne by other members of the Kemble Water Group of Companies and no recharge is made to Thames Water Investments Limited for their services.

### 4. Finance income

	2021 £	2020 £
Interest income on amounts owed by group undertakings	135,359	209,101
<b>Total</b>	<b>135,359</b>	<b>209,101</b>

Interest income on amounts owed by group undertakings relates to a loan to Kemble Water Finance Limited which has been charged at an average rate of six month LIBOR (sterling) plus 0.5% (2020: six month LIBOR (sterling) plus 0.5%).

## Notes to the financial statements (continued)

### 5. Tax on (loss)/profit

	2021 £	2020 £
<i>Current tax:</i>		
Amounts payable in respect of group relief	22,355	35,627
Adjustment in respect of previous period	-	(28)
Total current tax	22,355	35,599
<i>Deferred tax:</i>		
Origination and reversal of temporary differences	3,364	1,703
<b>Tax on (loss)/profit</b>	<b>25,719</b>	<b>37,302</b>

The tax charge for the year ended 31 March 2021 is higher (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
(Loss)/profit on ordinary activities before taxation	(6,015,103)	209,101
Current tax at 19% (2020: 19%)	(1,142,870)	39,729
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1,168,589	-
Adjustment in respect of corporation tax rate changes	-	(2,399)
Adjustment in respect of prior period	-	(28)
<b>Total tax charge</b>	<b>25,719</b>	<b>37,302</b>

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

The deferred tax asset of £15,323 (2020: £18,687) at 31 March 2021 has been calculated at 19%.

### 6. Deferred tax

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

	2021 £	2020 £
<i>Deferred tax:</i>		
Asset at 1 April	18,687	20,390
Movement in the year	(3,364)	(1,703)
<b>Total</b>	<b>15,323</b>	<b>18,687</b>

## Notes to the financial statements (continued)

### 7. Trade and other receivables

	2021 £	2020 £
<i>Amounts owed by group undertakings:</i>		
Kemble Water Finance Limited	15,000,000	15,000,000
<i>Interest receivable on amounts owed by group undertakings:</i>		
Kemble Water Finance Limited	4,134,772	3,999,412
<i>Impairment of amounts owed by group undertakings:</i>		
Kemble Water Finance Limited	(6,150,462)	-
<b>Total</b>	<b>12,984,310</b>	<b>18,999,412</b>
Disclosed within non-current assets	12,984,310	18,999,412

The amounts owed by group undertakings is a loan to Kemble Water Finance Limited of £15,000,000 (2020: £15,000,000), which is unsecured, repayable on demand and bears interest at the Sterling 6 Monthly LIBOR rate plus 0.5% (2020: Sterling 6 Monthly LIBOR rate plus 0.5%). While the loans are repayable on demand, the Directors do not anticipate that the loan will be recalled within 12 months and therefore have been classified as a non-current asset.

### 8. Trade and other payables

	2021 £	2020 £
Amounts owed to group undertakings	922,000	925,927
Group relief payable	22,355	78,370
<b>Total</b>	<b>942,355</b>	<b>1,004,297</b>
Amounts falling due after more than one year	922,000	922,000
Amounts falling due within one year	22,355	82,297
	2021 £	2020 £
Amounts owed to group undertakings:		
Thames Water Limited	922,000	922,000
Kennet Properties Limited	-	3,927
<b>Total</b>	<b>922,000</b>	<b>925,927</b>

Amounts owed to group undertakings consist of non-interest bearing, unsecured from other Group companies, which are repayable on demand. While the loans are repayable on demand, the Directors do not anticipate any repayment within 12 months and letters of comfort have been obtained from the counterparty to confirm that no repayment will be sought for at least 12 months from the date of signing of the financial statements.

## Notes to the financial statements (continued)

### 9. Called up share capital

	2021 £	2020 £
<i>Allotted, called up and fully paid:</i>		
100 (2020: 100) ordinary shares of £1 each	100	100

The Company has one class of ordinary share which carries no right to fixed income. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

### 10. Guarantees and capital commitments

At 31 March 2021, the Company has a guarantee with its immediate parent Thames Water Limited, where the parent has guaranteed overdrafts and loans as part of a net overdraft facility available across the parent company and certain other subsidiaries. The bank takes an overall view of the cash position of these companies, where any overdraft existing in a company is netted off against the positive cash balances in other companies within the net overdraft facility. At 31 March 2021 the Company had no capital commitments (2020: none).

### 11. Related parties

As the Company is a wholly owned subsidiary of Kemble Water Holdings Limited, the Company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with other wholly owned subsidiaries which form part of the group. The consolidated financial statements of Kemble Water Holdings Limited, within which this Company is included, can be obtained from the address in note 12.

### 12. Ultimate parent company and parent company of larger group

The immediate parent company of Thames Water Investments Limited is Thames Water Limited, a company incorporated in the United Kingdom, which owns 100% of the issued share capital of the Company.

Kemble Water Finance Limited, a company incorporated in the United Kingdom, is the smallest group to consolidate these financial statements.

The Directors consider the ultimate parent company and controlling party to be Kemble Water Holdings Limited, a company incorporated in the United Kingdom and largest group to consolidate these financial statements. The address of the registered office of both Kemble Water Finance Limited and Kemble Water Holdings Limited is Clearwater Court, Vastern Road, Reading, Berkshire, RG1 8DB. Copies of the accounts for both entities may be obtained from The Company Secretary's Office at this address.