

AFFINITY WATER SOUTHEAST LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(Registered Number 02724316)



Affinity Water Southeast Limited

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Affinity Water Southeast Limited

Directors' report for the year ended 31 March 2021

Introduction

The directors present their report and the audited statutory financial statements for the year ended 31 March 2021.

The company has not presented a Strategic Report in these financial statements for the year ended 31 March 2021. This report has been prepared in accordance with the special provisions relating to small companies with part 15 of the Companies Act 2006, including exemption from preparing a strategic report.

Future developments

It is anticipated the company will continue to manage the business and its financial resources to maximise returns to the company's shareholders for the foreseeable future. The company will earn interest charged against the £66,200,000 loan to Affinity Water Capital Funds Limited.

Going concern

The directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. This is based on assessment of the principal risks of the company and consideration of the company's budgeted cash flows, long term forecasts and related assumptions.

Dividends

The directors have declared and paid the following dividends during the year ended 31 March 2021:

Ordinary dividends:	£000
Interim paid in June 2020	1,356
Interim paid in December 2020	1,022
	2,378

This compares to interim dividends of £2,679,000 declared and paid in the year ended 31 March 2020.

The directors do not recommend a final dividend (2020: £nil).

Directors

The directors of the company, who were in office during the year and up to the date of signing the financial statements were as follows:

Michael Calabrese
Stuart Ledger

Company Secretary

Colin Caldwell (resigned 8 April 2020)
Tommaso Panico (appointed 1 April 2021, resigned 14 June 2021)

No Company Secretary had been appointed to replace Colin Caldwell in the period from 8 April 2020 to 1 April 2021. At the time of approving these financial statements, no Company Secretary had been appointed to replace Tommaso Panico.

Affinity Water Southeast Limited

Directors' report for the year ended 31 March 2021 (continued)

Events after the reporting period

There were no significant events that took place after the reporting period.

Directors' qualifying third party indemnity provisions

The company has not granted any indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in Section 234 of the Companies Act 2006.

Political contributions

No political contributions were made during the year (2020: £nil), in accordance with the company's policy of not making political contributions.

Statement of directors' responsibilities

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 Financial Reporting Standard 101 "Reduced Disclosure Framework" ('FRS 101'), 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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that.

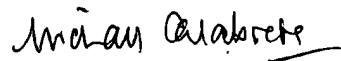
Affinity Water Southeast Limited

Directors' report for the year ended 31 March 2021 (continued)

Independent auditor

The auditor, PricewaterhouseCoopers LLP, has indicated its willingness to continue in office and a resolution concerning its re-appointment will be proposed by the Board.

On behalf of the Board



Michael Calabrese
Director
28 June 2021

Affinity Water Southeast Limited

Independent auditors' report to the members of Affinity Water Southeast Limited

Report on the audit of the financial statements

Opinion

In our opinion, Affinity Water Southeast Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 March 2021; the Income statement, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Affinity Water Southeast Limited

Independent auditors' report to the members of Affinity Water Southeast Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Affinity Water Southeast Limited

Independent auditors' report to the members of Affinity Water Southeast Limited (continued)

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to taxation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- challenging assumptions and judgements made by management in their accounting estimates;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- reviewing correspondence with and reports to relevant authorities.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Affinity Water Southeast Limited

Independent auditors' report to the members of Affinity Water Southeast Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Richard Bedlow (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
28 June 2021

Affinity Water Southeast Limited

Income statement for the year ended 31 March 2021 (Registered Number 02724316)

	Note	2021 £000	2020 £000
Operating (loss) / result	4	(6)	-
Finance income	6	2,542	3,363
Finance costs	6	(14)	(14)
Profit before income tax		2,522	3,349
Income tax expense	7	(482)	(639)
Profit for the financial year		2,040	2,710

The notes on pages 11 to 19 are an integral part of these financial statements.

Finance income, finance costs, and tax charges thereon are the only continuing business of the company.

The company has no other comprehensive income in either the current year or prior year other than the results above, therefore a statement of comprehensive income has not been presented.

Affinity Water Southeast Limited

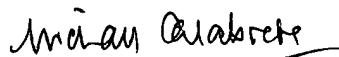
Statement of financial position as at 31 March 2021

(Registered Number 02724316)

	Note	2021 £000	2020 £000
Current assets			
Trade and other receivables	9	67,806	68,197
Creditors – amounts falling due within one year	10	(1,032)	(1,085)
Net current assets		574	912
Total assets less current liabilities		66,774	67,112
Creditors – amounts falling due after more than one year	11	(100)	(100)
Net assets		66,674	67,012
Equity			
Called up share capital	12	146	146
Share premium account		214	214
Capital redemption reserve		2,500	2,500
Retained earnings		63,814	64,152
Total shareholders' funds		66,674	67,012

The notes on pages 11 to 19 are an integral part of these financial statements.

The financial statements on pages 8 to 19 were approved by the Board of directors on 28 June 2021 and were signed on its behalf by:



Michael Calabrese
Director

Affinity Water Southeast Limited

Statement of changes in equity for the year ended 31 March 2021

(Registered Number 02724316)

	Called up share capital and share premium £000	Capital redemption reserve £000	Retained earnings £000	Total £000
Balance as at 1 April 2019	360	2,500	64,121	66,981
Profit for the financial year	-	-	2,710	2,710
Total comprehensive income for the year	-	-	2,710	2,710
Dividends	-	-	(2,679)	(2,679)
Total transactions with owners, recognised directly in equity	-	-	(2,679)	(2,679)
Balance as at 31 March 2020	360	2,500	64,152	67,012
Balance as at 1 April 2020	360	2,500	64,152	67,012
Profit for the financial year	-	-	2,040	2,040
Total comprehensive income for the year	-	-	2,040	2,040
Dividends	-	-	(2,378)	(2,378)
Total transactions with owners, recognised directly in equity	-	-	(2,378)	(2,378)
Balance as at 31 March 2021	360	2,500	63,814	66,674

The notes on pages 11 to 19 are an integral part of these financial statements.

Affinity Water Southeast Limited

Notes to the financial statements for the year ended 31 March 2021

1. General information

Prior to the sale of all trade, assets and liabilities of Affinity Water Southeast Limited (the 'company') to Affinity Water Limited on 27 July 2012, the company supplied water to an estimated population of 160,000 in an area of 420 square kilometres in the south east of England.

Since the sale, the company's strategy is to manage its financial resources to maximise returns to the company's shareholders for the long term.

The company is a private company limited by shares and is incorporated and domiciled in England, United Kingdom. The address of its registered office is Tamblin Way, Hatfield, Hertfordshire, AL10 9EZ.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The company meets the definition of a qualifying entity under Financial Reporting Standard 100: 'Application of financial reporting requirements' ('FRS 100') issued by the Financial Reporting Council ('FRC'). The financial statements of Affinity Water Southeast Limited have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101').

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Affinity Water Southeast Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- 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 International Accounting Standards ('IAS') 1: 'Presentation of financial statements' comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1
- The following paragraphs of IAS 1: 'Presentation of financial statements':
 - 10(d) (statement of cash flows),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 40A-D (requirements for a third statement of financial position),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures)
- IAS 7: 'Statement of cash flows'
- 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.

The group financial statements of Daiwater Investment Limited, the company's ultimate holding and controlling company in the United Kingdom, will be publicly available and may be obtained as set out in note 15.

2.2 Going concern

The directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. This is based on assessment of the principal risks of the company and consideration of the company's budgeted cash flows, long term forecasts and related assumptions.

2.3 Changes in accounting policy and disclosures

There were no changes in accounting policy for the current reporting period.

2.4 New standards, amendments and interpretations not yet adopted

There are no new standards and interpretations, which are not yet effective and have not been early adopted by the company, that will have a material effect on future years.

Affinity Water Southeast Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

2. Summary of significant accounting policies (continued)

2.5 Receivables

The receivables from related parties are initially recognised at fair value. The company holds the receivables with the objective of collecting the contractual cash flows and the receivables are therefore subsequently measured at amortised cost using the effective interest method, less any expected credit losses.

The company applies the IFRS 9: 'Financial Instruments' simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. At each reporting date the company takes into consideration any significant economic changes that may impact its credit loss model and future credit losses.

2.6 Payables

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

2.7 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.8 Dividend distributions

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the year in which the dividends are approved by the company's shareholders.

2.9 Current income tax

The current income tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's current tax expense is calculated using tax rates that have been enacted or substantively enacted by the date of the statement of financial position.

Affinity Water Southeast Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of amounts owed by group undertaking

Determining whether the amounts owed by Affinity Water Capital Funds Limited, the company's immediate parent, are impaired required consideration of factors including Affinity Water Limited's, Affinity Water Capital Funds Limited's principal trading indirect subsidiary, ability to generate positive cash flows from its operating activities going forward and its credit rating.

The carrying amount of the amounts owed by group undertaking at the date of the statement of financial position was £67,806,000 (2020: £68,197,000) with no impairment losses recognised in the year ended 31 March 2021 (2020: £nil) (refer to note 9).

Management conclude that the global health pandemic has not had a significant impact on Affinity Water Capital Funds Limited's ability to repay the debt during the financial year and at the reporting date.

4. Operating (loss) / result

	2021	2020
	£000	£000
Operating (loss) / result is stated after charging:		
Audit fees payable to the company's auditor	-	-

The auditor's remuneration for audit services in the year amounted to £5,775 (2020: £5,500), with such costs being borne by Affinity Water Limited, a fellow group undertaking. The auditor received no other remuneration for services provided to the company in either the current or prior year.

Affinity Water Southeast Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

5. Employees and directors

Employees

The company had no employees in the current year (2020: nil).

Directors

No remuneration or pension contributions were directly paid to directors for services to the company. The remuneration for Michael Calabrese and Stuart Ledger during the current year and prior year was paid by Affinity Water Limited, which made no recharge to the company.

Stuart Ledger was a director of Affinity Water Limited and a number of fellow subsidiaries of the Daiwater Investment Limited group during the current year and prior year. It has not been possible to make an accurate apportionment of his remuneration in respect of each of the subsidiaries. Accordingly, there is no detail shown in respect of the remuneration of Stuart Ledger. His total remuneration is included in the aggregate of directors' remuneration disclosed in the annual report and financial statements of Affinity Water Limited for the year ended 31 March 2021 on its website: affinitywater.co.uk/library, with no recharge made to the company.

Michael Calabrese is remunerated as an employee through Affinity Water Limited with no recharge made to the company.

6. Finance income and finance costs

	2021	2020
	£000	£000
Finance income		
Interest income on loan to parent company	2,542	3,363
Finance costs		
	2021	2020
	£000	£000
Preference dividends	(14)	(14)
Net finance income		
	2021	2020
	£000	£000
Finance income	2,542	3,363
Finance costs	(14)	(14)
Net finance income	2,528	3,349

The interest income on loan to parent company relates to the £66,200,000 loan to Affinity Water Capital Funds Limited (see note 9).

Affinity Water Southeast Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

7. Income tax expense

Tax expense included in the income statement

	2021 £000	2020 £000
Current tax:		
UK corporation tax on profit for the year	482	639
Tax on profit	482	639

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

	2021 £000	2020 £000
Profit before tax	2,522	3,349
Profit before tax multiplied by the standard rate of tax in the UK of 19% (2020: 19%)	479	636
Effects of:		
Permanent differences	3	3
Total tax expense	482	639

The tax rate for the current year is 19% (2020: 19%).

In the Spring Budget 2020, the Government announced that from 1 April 2020 the Corporation Tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020.

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

8. Dividends

	2021 £000	2020 £000
Ordinary:		
Paid: First interim of 463.739p per share in June 2020 (June 2019: 452.693p)	1,356	1,323
Paid: Second interim of 349.647p per share in December 2020 (December 2019: 463.739p)	1,022	1,356
	2,378	2,679

Affinity Water Southeast Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

9. Trade and other receivables

	2021 £000	2020 £000
Amounts falling due after more than one year		
Amount owed by group undertaking	66,200	66,200
Amounts falling due within one year		
Amount owed by group undertaking	1,606	1,997

The amount owed by group undertaking relates to interest receivable on the £66,200,000 loan to Affinity Water Capital Funds Limited, the company's immediate parent. This loan carried an interest rate of 3.84% (2020: 5.08%) at 31 March 2021.

Following a Board resolution in May 2019, an extension of the expiry of the loan from 31 March 2020 to 31 March 2025 was approved.

10. Creditors – amounts falling due within one year

	2021 £000	2020 £000
Corporation tax	1,032	1,085
	<u>1,032</u>	<u>1,085</u>

11. Creditors – amounts falling due after more than one year

	2021 £000	2020 £000
Preference shares	100	100

Preference shares relate to 200,247 (2020: 200,247) 14% non-redeemable preference shares of 50p each. The preference shareholders are entitled to a fixed cumulative 14% of the nominal value, payable half yearly on 1 April and 1 October.

Affinity Water Southeast Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

12. Called up share capital

	2021 £000	2020 £000
Allotted, called up and fully paid share capital		
218,670 (2020: 218,670) ordinary shares of 50p each	109	109
73,700 (2020: 73,700) ordinary non voting shares of 50p each	37	37
	146	146

Priority and amounts receivable on a sale or winding up

In the event of liquidation or a repayment only of the capital, the surplus assets after the payment of liabilities of the company shall be applied in the following priority:

- Firstly, to the preference shareholders for any arrears, deficiencies or accruals of dividends (refer to note 11).
- Secondly, to the holders of the ordinary and ordinary non-voting shares one million times the paid up capital.
- Thirdly, to the holders of the preference shares, the capital paid on such shares that shall not otherwise be entitled to share in surplus assets.

The balance shall be distributed amongst the holders of the ordinary shares and the ordinary non-voting shares according to the amount paid up thereon.

Voting rights

Non-voting ordinary shareholders have the right to receive notice of but not to attend or to vote at any general meeting unless the meeting involves a variation in any rights attached to such shares.

Ordinary shareholders have the right to receive notice of, attend and vote at all general meetings.

13. Related party transactions

Income	Nature of Relationship	In respect of	2021		2020	
			Value	Balance	Value	Balance
			£000	£000	£000	£000
Affinity Water Capital Funds Limited	Parent company	Financing	2,542	67,806*	3,363	68,197*

*includes the principal amount outstanding of £66,200,000.

Expenses	Nature of Relationship	In respect of	2021		2020	
			Value	Balance	Value	Balance
			£000	£000	£000	£000
Affinity Water Capital Funds Limited	Parent company	Financing and dividends	2,330	-	2,624	-

Affinity Water Southeast Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

14. Events after the end of the reporting period

There were no significant events that took place after the reporting period.

15. Ultimate parent company and controlling party

The immediate parent undertaking of the company is Affinity Water Capital Funds Limited, a company registered in England and Wales.

Affinity Water Capital Funds Limited is wholly owned by Daiwater Investment Limited, a company registered in England and Wales. Daiwater Investment Limited is the parent undertaking of the smallest and largest group to consolidate the statutory financial statements of the company.

Copies of the group financial statements of Daiwater Investment Limited for the year ended 31 March 2021 may be obtained from the Company Secretary, Tamblin Way, Hatfield, Hertfordshire, AL10 9EZ.

The directors consider that Affinity Water Acquisitions (Investments) Limited was the ultimate holding and controlling company in the United Kingdom during the year. The directors consider the following entities to be the company's ultimate controllers, as they are in a position to exercise material influence over the company's policies and affairs:

- Allianz Infrastructure Holding I Pte. Limited (up until 20 November 2019; Allianz Infrastructure Luxembourg I S.à r.l.)
- DIF Management Holding BV
- DIF Management UK Limited
- HICL Infrastructure plc
- Sun Life Financial Inc (up until 1 July 2020; InfraRed Capital Partners (Management) LLP).

Allianz Capital Partners is the Allianz Group's in-house investment manager for alternative equity investments. The investment focus is on infrastructure and renewables as well as private equity funds. Allianz Capital Partners' investment strategy is targeted to generate attractive, long-term and stable returns while diversifying the overall investment portfolio for the Allianz Group insurance companies.

DIF is an independent and specialist fund management company, which invests in infrastructure assets that generate long-term stable cash flows, including public-private partnerships, regulated infrastructure assets and renewable energy projects in Europe, North America and Australia.

HICL Infrastructure plc is a long-term investor in infrastructure assets which are predominantly operational and yielding steady returns. HICL Infrastructure plc has a portfolio of infrastructure investments which are positioned at the lower end of the risk spectrum, in three target market segments: public-private partnerships, regulated assets and demand-based assets. The Investment Adviser to HICL Infrastructure plc is InfraRed Capital Partners Limited, a leading international investment manager focused on infrastructure and real estate.