

HASTINGS WATER (UK) LIMITED

Annual Report and Financial Statements

for the year ended 31 March 2021

HASTINGS WATER (UK) LIMITED

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HASTINGS WATER (UK) LIMITED

Company Information

Directors	R Drew A N Le Gal
Company secretary	N Truillet
Registered number	04866247
Registered office	Rocfort Road Snodland Kent ME6 5AH
Independent auditors	Deloitte LLP, Statutory Auditor Hill House 1 Little New Street London United Kingdom EC4A 3TR
Bankers	HSBC Bank Plc 60 Queen Victoria Street London EC4N 4TR

HASTINGS WATER (UK) LIMITED

Strategic Report for the year ended 31 March 2021

Introduction

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

Business review

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

The audited financial statements for the year ended 31 March 2021 are set out on pages 9 to 19. The profit on ordinary activities, after taxation, for the year was £5.6 million (2020: £2.1 million). The primary reason for the increase in profit is the higher dividends the company received in the year from its subsidiary. This has been offset by a decrease in net interest receivable on loans to and from other group companies.

The company expects the general level of activity to remain constant in the forthcoming year.

Principal risks and uncertainties

The directors consider that liquidity risk is the principal risk facing the company. As the principal financial assets and liabilities of the company are due from or to other companies within the HDF (UK) Holdings Limited (HDF) group, this is managed at group level.

The exit of the UK from European Union has been included in our risk analysis. The impact of climate change and exit of the UK from European Union are covered at a group level.

Management has also considered the impact of Covid-19 and part of the company's considerations has been the impact on its indirect subsidiary company, South East Water Limited, and any potential threat to the dividends paid by that company. South East Water Limited implemented contingency plans which was constantly kept under review and have maintained services throughout the period. Dividends paid during the year are detailed in directors' report. The company's loan arrangements with its co-subsiary, Hastings Water (Luxembourg) S.A.R.L., are not expected to be altered by the change in EU membership.

Financial key performance indicators

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

KPI	Measure	2021	2020
Dividend received	£ million	5.5	1.3
Dividend paid	£ million	5.6	2.2

The dividend policy for the HDF Group is set by the HDF Group's Board. The aim of the policy is to fund the group's payments of interest and expenses and to provide liquidity to the parent company.

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

N Truillet
Secretary
Date: 6 August 2021

HASTINGS WATER (UK) LIMITED

Directors' Report for the year ended 31 March 2021

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

Results and Dividends

The profit for the year, after taxation, amounted to £5.6 million (2020: £2.1 million). The audited financial statements for the year ended 31 March 2021 are set out on pages 9 to 19. Dividends of £5.6 million (2020: £2.2 million) were paid during the year. Financial risks relating to dividends have been assessed in the strategic report.

Going Concern

The directors have concluded that the company has sufficient resources to meet its liabilities as they fall due, accordingly the financial statements have been prepared on a going concern basis. Further details are provided in note 1 to the financial statements. In reaching their decision, the directors have considered the impact of Covid-19 on the future performance of the company and its subsidiaries.

Directors

The directors who served during the year and to the date of this report were:

R Drew

M Szczepaniak (resigned 19 June 2021)

A N Le Gal (appointed 19 June 2021)

Qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings

brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third

party indemnity provision remains in force as at the date of approving the Directors' report.

Auditor

Due to the completion of ten years by Deloitte LLP as the statutory auditor for the Company and the rest of the HDF Group, it was intended, as required by UK law, that a tender process for the appointment of statutory auditor be undertaken during 2020. However, due to the Covid-19 pandemic, the HDF Group sought and obtained permission from the Financial Reporting Council to extend the appointment of Deloitte LLP as statutory auditor for a further year.

Deloitte LLP have agreed to act in the capacity of auditor for the group for a further year.

The process for the new appointment of statutory auditor for the HDF Group has now begun with the appointment planned to be made in the middle of the financial year ending 31 March 2022.

Disclosure of information to auditor

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

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

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

Act 2006.

HASTINGS WATER (UK) LIMITED

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

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

N Truillet

Secretary

Date: 6 August 2021

**Directors' Responsibilities Statement
for the year ended 31 March 2021**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HASTINGS WATER (UK) LIMITED

Independent Auditors' Report to the Members of HASTINGS WATER (UK) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Hastings Water (UK) Limited (the 'company'):

- 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, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the UK Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and correspondence with HMRC.

HASTINGS WATER (UK) LIMITED

Independent Auditors' Report to the Members of HASTINGS WATER (UK) LIMITED

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in [the strategic report or] directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Helen BurrIDGE (Senior statutory auditor)

For and on behalf of

Deloitte LLP, Statutory Auditor

London
United Kingdom
6 August 2021

HASTINGS WATER (UK) LIMITED

Statement of Comprehensive Income for the year ended 31 March 2021

	Note	2021 £000	2020 £000
Income from shares in group undertakings	4	5,450	1,300
Interest received and similar income	5	5,104	5,554
Interest payable and similar expenses	6	(4,930)	(4,774)
Profit before tax		5,624	2,080
Tax on profit	7	-	-
Profit for the financial year		5,624	2,080

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 12 to 19 form part of these financial statements.

Statement of Financial Position
As at 31 March 2021

	Note	2021 £000	2020 £000
Fixed assets			
Investments	9	227,475	227,475
		<u>227,475</u>	<u>227,475</u>
Current assets			
Cash at bank and in hand	10	56	51
		<u>56</u>	<u>51</u>
Creditors: amounts falling due within one year	11	(172)	(191)
		<u>(116)</u>	<u>(140)</u>
Net current liabilities			
		<u>227,359</u>	<u>227,335</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	12	(109,900)	(109,900)
		<u>117,459</u>	<u>117,435</u>
Net assets			
Capital and reserves			
Called up share capital	13	94,721	94,721
Profit and loss account	14	22,738	22,714
		<u>117,459</u>	<u>117,435</u>

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

R Drew

Director

Date: 6 August 2021

The notes on pages 12 to 19 form part of these financial statements.

HASTINGS WATER (UK) LIMITED

Statement of Changes in Equity for the year ended 31 March 2021

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 April 2020	94,721	22,714	117,435
Comprehensive income for the year			
Profit for the year	-	5,624	5,624
Dividends (see note: 8)	-	(5,600)	(5,600)
At 31 March 2021	94,721	22,738	117,459

The notes on pages 12 to 19 form part of these financial statements.

Statement of Changes in Equity for the year ended 31 March 2020

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 April 2019	94,721	22,784	117,505
Comprehensive income for the year			
Profit for the year	-	2,080	2,080
Dividends (see note: 8)	-	(2,150)	(2,150)
At 31 March 2020	94,721	22,714	117,435

The notes on pages 12 to 19 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

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

1.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

1.3 Going concern

The directors have formed a judgement that, at the time of approving the financial statements there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The company has net current liabilities and has, therefore, obtained confirmation from its parent company, HDF, that they will continue to provide financial support for a period of at least twelve months from the date of approval of the balance sheet.

The company is financed by interest and dividends received from its subsidiary company, South East Water (Holdings) Limited. The directors have assessed the going concern review that has been completed for the wider HDF group and for the regulated business of the main trading entity, South East Water Limited. That assessment considered updated financial projections related to the impact of Covid-19 and reviewed appropriate downside scenarios, taking into account the potential impacts as a result of an extended pandemic and its expected macro-economic effects, as well as the impact on water consumption and cash collections. The directors are satisfied that South East Water Limited has the resources and finance facilities to meet its obligations as they fall due.

In view of the above and the nature of the business as a holding company without external expenses, the impact of Covid-19 on the company is not expected to be significant. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

1.4 Interest income

Interest income is recognised in profit or loss using the effective interest method.

1.5 Finance costs

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

1. Accounting policies (continued)

1.6 Taxation

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

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

1.7 Investments

Investments in subsidiaries

Investments are recognised at historical cost. Where the directors are of the opinion that there has been impairment in the value of investments, the carrying amount of such investments is written down to the recoverable amount.

Interest bearing loans to subsidiaries

Financial instruments are recognised on the statement of financial position when the group becomes party to the contractual provisions of the instrument. The group determines the classification of its financial liabilities at initial recognition.

A provision for twelve month expected credit loss is recognised in the income statement to establish a loss allowance on initial recognition.

1.8 Debtors

Debtors are measured at transaction price, less any impairment. Impairments are calculated in accordance with the methodology stated below.

Impairment

At each reporting date an assessment is carried out to determine whether there is any indication that short term trade and other receivables may be impaired. If there is an indication of impairment, the recoverable amount of the asset or respective cash-generating unit is compared to the carrying amount. Where the recoverable amount is less than the carrying amount, the asset value is reduced to the recoverable amount with an impairment loss recognised as an operating cost in the income statement in the year in which the respective assessment takes place.

1.9 Cash and cash equivalents

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

1.10 Creditors

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

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

1. Accounting policies (continued)

1.11 Financial instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

Interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Interest costs are expensed in the income statement as incurred.

1.12 Dividends

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

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

Key judgements

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

Key sources of estimation uncertainty

Estimates are required to be made by management when preparing the financial statements. These estimates affect the value of assets and liabilities at the balance sheet date. The estimates and underlying assumptions are reviewed on an ongoing basis with any revisions to accounting estimates recognised in the period in which the estimate is revised and future periods where the revision affects both current and future periods. The actual results may differ from those arrived at based on management's estimates. The directors consider that there are no material key sources of estimation uncertainty which has a significant effect on the company's financial statements.

HASTINGS WATER (UK) LIMITED

Notes to the Financial Statements for the year ended 31 March 2021

3. Operating costs

The fees for the audit of the financial statements of the company were borne by HDF (UK) Holdings Limited, Parent company.

There were no employees of the company during the current or prior year. No remuneration was paid to directors during the current or prior year in respect of services to the company.

4. Income from investments

	2021 £000	2020 £000
Income from investments in group companies	5,450	1,300
	<u>5,450</u>	<u>1,300</u>

5. Interest receivable

	2021 £000	2020 £000
Interest receivable from group companies	5,104	5,553
Other interest receivable	-	1
	<u>5,104</u>	<u>5,554</u>

6. Interest payable and similar expenses

	2021 £000	2020 £000
Loans from group undertakings	4,930	4,774
	<u>4,930</u>	<u>4,774</u>

HASTINGS WATER (UK) LIMITED

Notes to the Financial Statements for the year ended 31 March 2021

7. Taxation

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £000	2020 £000
Profit on ordinary activities before tax	<u>5,624</u>	<u>2,080</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	1,069	395
Effects of:		
Dividends from UK companies	(1,036)	(247)
Group relief	(33)	(148)
	<u>-</u>	<u>-</u>
Total tax charge for the year	-	-

Factors that may affect future tax charges

For the year ended 31 March 2021, a UK corporation tax rate of 19% has been used as enacted under section 6(2) of the Finance Act 2020. The current rate of 19% is further extended by the Finance (No. 2) Bill, March 2021 to remain applicable for all the subsequent financial years to 31 March 2023. From 1 April 2023, the corporation tax rate increases to 25% (with nil expected tax impact on the company) as announced in the March 2021 National Budget and passed by Finance (No. 2) Bill, March 2021.

8. Dividends

	2021 £000	2020 £000
First interim dividend of 1.06p per ordinary share (2020: 0.42p)	1,000	400
Second interim dividend of 1.27p per ordinary share (2020: 0.42p)	1,200	400
Third interim dividend of 1.48p per ordinary share (2020: 1.16p)	1,400	1,100
Final dividend of 2.11p per ordinary share (2020: 0.26p)	2,000	250
	<u>5,600</u>	<u>2,150</u>

HASTINGS WATER (UK) LIMITED

Notes to the Financial Statements for the year ended 31 March 2021

9. Fixed asset investments

	Investments in subsidiary companies £000	Loans to subsidiaries £000	Total £000
Cost or valuation			
At 1 April 2020	145,408	82,067	227,475
At 31 March 2021	<u>145,408</u>	<u>82,067</u>	<u>227,475</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Principal activity	Class of shares	Holding
South East Water (Holdings) Limited	Rocfort Road, Snodland, Kent, ME6 5AH	Holding Company	Ordinary Shares	100 %
South East Water Limited	Rocfort Road, Snodland, Kent, ME6 5AH	Supply and distribution of water	Ordinary Shares	100 %
South East Water (Finance) Limited	P O Box 309GT, Ugland House, South Church Street, George town, Grand Cayman, Cayman Islands.	Raising external finance and lending it to group companies	Ordinary Shares	100 %

10. Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	56	51
	<u>56</u>	<u>51</u>

11. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Amounts owed to group undertakings	172	191
	<u>172</u>	<u>191</u>

HASTINGS WATER (UK) LIMITED

Notes to the Financial Statements for the year ended 31 March 2021

12. Creditors: Amounts falling due after more than one year

	2021 £000	2020 £000
Amounts owed to group undertakings	109,900	109,900
	<u>109,900</u>	<u>109,900</u>

At 31 March 2021 amounts owed to group undertakings due after one year comprise of two loans due to Hastings Water (Luxembourg) S.a.r.l. which are unsecured. A £55.5 million loan falling due for repayment on 7 July 2022, bearing interest at LIBOR plus 6% and a £54.4 million loan falling due for repayment on 20 December 2023, bearing interest at LIBOR plus 2.55%.

The interest rate benchmark LIBOR will lose representativeness at the end of 2021. The group's floating rate debt will instead be benchmarked to the Sterling Overnight Index Average (SONIA) administered by the Bank of England.

The group has a number of financial instruments which interest rates are linked to LIBOR. A review is currently being undertaken to assess the impact of the new rate on the affected financial instruments and the implications for the loan documentation of these specific loans.

13. Share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
94,720,807 (2020: 94,720,807) Ordinary Shares shares of £1.00 each	<u>94,721</u>	<u>94,721</u>

14. Reserves

Profit and loss account

Retained earnings represent cumulative profits and losses, net of dividends paid and other adjustments. The balance of retained earnings includes £21.6 million (2020: £21.6 million) that is not available for distribution as it relates to the gain arising on the restructuring and refinancing of the group in July 2004.

15. Related party transactions

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

16. Post balance sheet events

There are no post balance sheet events to report.

HASTINGS WATER (UK) LIMITED

Notes to the Financial Statements for the year ended 31 March 2021

17. Controlling party

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

The immediate parent company is HDF (UK) Holdings Limited.

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

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.