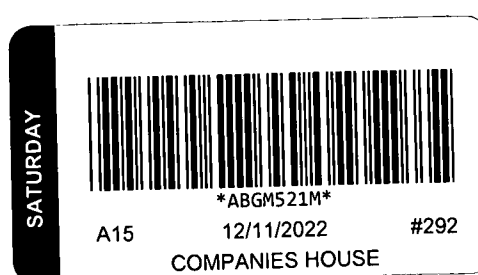


Reiver Holdings Limited

Registered No: 04872994

Annual Report and Financial Statements

for the year ended 31 March 2022



Annual Report and Financial Statements

for the year ended 31 March 2022

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Company information

Registered No: 04872994

Directors

M Porter

R Somerville (appointed: 8 October 2021)

Company Secretary

R Somerville (appointed: 8 October 2021)

Auditor

Deloitte LLP

Statutory Auditor

1 City Square

Leeds

LS1 2AL

United Kingdom

Banker

Barclays Bank Plc

PO Box 299

Birmingham

B1 3PF

Registered Office

Northumbria House

Abbey Road

Pity Me

Durham

DH1 5FJ

Strategic report

The Directors of Reiver Holdings Limited (RHL or the Company) are pleased to present their Strategic Report for the year ended 31 March 2022.

Principal activity and review of the business

RHL is incorporated and domiciled in the UK. The Company's principal activity during the year continued to be to act as a holding company for Reiver Finance Limited (RFL), a special purpose financing vehicle in respect of the securitisation of revenue receivable from the Environment Agency (EA) under the Water Resources Operating Agreement (WROA) relating to Kielder Reservoir. The Company's immediate parent company is Northumbrian Water Limited (NWL).

Results and dividends

The result for the year, after taxation, amounted to £nil (2021: £nil). The financial position remains in line with the Directors' expectations. The Directors do not recommend the payment of a final dividend (2021: £nil) and no dividend has been paid since the balance sheet date. The Directors do not consider the setting of KPIs to be relevant to the Company's operations as a holding company.

Risks arising from the Company's financial instruments

The main risk arising from the Company's financial instruments is interest rate risk.

The Company's financing strategy is developed in accordance with the treasury policies of Northumbrian Water Group Limited (NWGL), whose board reviews and agrees policies for managing each of these risks. These are summarised below and the treasury activities of the Company are conducted in accordance with these policies.

Interest rate risk

The Company receives interest on its bank deposits at floating rates of interest. The interest rate risk is not deemed significant enough to undertake any hedging activity. On the basis of the Company's analysis, it is estimated that a 1% rise in interest rates would not have a material effect.

Liquidity risk

The Company is responsible for cash management and has no significant cash outflows.

Foreign currency risk

NWGL's policy is that any foreign currency exposure in excess of £100,000 sterling equivalent of a transactional nature, or £3,000,000 sterling equivalent of a translation nature, should be covered immediately on recognition. At 31 March 2022, the Company had no currency exposures (2021: nil) and does not anticipate any foreign currency exposures in the future.

Strategic report (continued)

Events after the balance sheet date

There have been no events subsequent to the year end and to the date of signing this report.

Approved by the Board and signed on its behalf



M Porter
Director
12 October 2022

Directors' report

The Directors are pleased to present the Annual Report and audited Financial Statements for the year ended 31 March 2022.

Directors

The Directors who served during the year and up to the date of signing, except as otherwise noted below, were:

- M Porter
- R Somerville
- M Parker

M Parker resigned as a Director and Company Secretary on 8 October 2021. R Somerville was appointed as a Director and Company Secretary on 8 October 2021.

Results and dividends

Information on results and dividends is contained in the Strategic report.

Going concern

The Directors confirm that in their opinion, the Company has sufficient resources to continue in operational existence for the foreseeable future. In arriving at this decision, the Directors have taken account of the positive net assets of the Company and the future expected cash flows.

Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Future developments

The Directors have no plans to expand the existing operations of the Company.

Treasury operations

The Company's board is responsible for the financing strategy of the Company, which is determined within treasury policies set by NWGL. The aim of this strategy is to assess the ongoing capital requirement of the Company and to raise funding on a timely basis, taking advantage of any favourable market opportunities.

The Treasury department of NWGL carries out treasury operations on behalf of the Company. Surplus funds are invested based upon forecast requirements, in accordance with the treasury policy. On occasion, derivatives are used as part of this process, but the treasury policies prohibit their use for speculation.

Directors' report (continued)

Financial instruments

The Company's policy in relation to the use of financial instruments is set out in the Strategic report.

Political donations

There have been no political donations during the current or prior years.

Events after the balance sheet date

Information on events after the balance sheet date is included in the Strategic report.

Directors' declaration

As required under Section 418 of the Companies Act 2006, as far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware and they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Indemnification of Directors

Directors and Officers liability insurance was in place for the year ended 31 March 2022. On 21 March 2017 NWGL entered into a deed of indemnity to grant the Directors of NWGL and its subsidiaries further protection against liability to third parties, subject to the conditions set out in the Companies Act 2006, and this remains in place.

Auditor

The Company had expressed its intention to undertake a selection process to appoint an auditor for the year ending 31 March 2022. However, in order to allow and enable an effective and competitive tender process to take place, the Group decided to appoint Deloitte LLP as the Company's auditor for the year ended 31 March 2022 and to carry out a selection process for the following year.

Following a competitive tender process, Deloitte LLP were re-appointed as the Company's auditor for the year ended 31 March 2023.

Approved by the Board and signed on its behalf



M Porter
Director
12 October 2022

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable United Kingdom law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make 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 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.

Independent auditor's report to the member of Reiver Holdings Limited

Opinion

In our opinion the Financial Statements of Reiver Holdings Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its result 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 Companies Act 2006.

We have audited the Financial Statements of the Company which comprise:

- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 10.

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.

Independent auditor's report to the member of Reiver Holdings Limited (continued)

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 the Directors

As explained more fully in the Director's 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 Financial Reporting Council'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 and internal audit about their own identification and assessment of the risks of irregularities.

Independent auditor's report to the member of Reiver Holdings Limited (continued)

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

- have a direct effect on the determination of material amounts and disclosures in the Financial Statements. These included the 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 and relevant internal specialists namely tax and IT 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 the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the Financial Statements;
- enquiring of management, the audit committee and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- reading minutes of meetings of those charged with governance.

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 the Directors report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic report and the 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 the 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.

Independent auditor's report
to the member of Reiver Holdings Limited (continued)

Use of our report

This report is made solely to the Company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.



David M Johnson FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
12 October 2022

Balance sheet

as at 31 March 2022

(Registered No: 04872994)

	Notes	2022 £	2021 £
Non-current assets			
Financial investments	5	1	1
		<u>1</u>	<u>1</u>
Current assets			
Cash at bank and in hand		12,426	12,426
		<u>12,426</u>	<u>12,426</u>
Total assets		<u>12,427</u>	<u>12,427</u>
Current liabilities			
Trade and other payables	6	(1)	(1)
		<u>(1)</u>	<u>(1)</u>
Total liabilities		<u>(1)</u>	<u>(1)</u>
Net assets		<u>12,426</u>	<u>12,426</u>
Capital and reserves			
Share capital	7	10,000	10,000
Profit and loss account		<u>2,426</u>	<u>2,426</u>
Equity attributable to the shareholder of the Company		<u>12,426</u>	<u>12,426</u>

The Company had no profit or loss for the year ended 31 March 2022 or the year ended 31 March 2021. Accordingly, a separate statement of comprehensive income has not been presented.

Approved by the Board of Directors on 11 October 2022 and signed on its behalf



M Porter

Statement of changes in equity

for the year ended 31 March 2022

	<i>Share capital</i>	<i>Retained earnings</i>	<i>Total</i>
	£	£	£
At 1 April 2020	10,000	2,426	12,426
Result for the year and total comprehensive result	-	-	-
At 31 March 2021	10,000	2,426	12,426
Result for the year and total comprehensive result	-	-	-
At 31 March 2022	10,000	2,426	12,426

Notes to the Financial Statements

for the year ended 31 March 2022

1. Accounting policies

General information

RHL is a company incorporated in the United Kingdom under the Companies Act 2006. The Company is a private company limited by shares and is registered in England and Wales.

The address of the Company's registered office is shown on page 3. The nature of the Company's operations and its principal activities are set out in the Strategic report on pages 4-5.

These Financial Statements are presented in sterling to the nearest £1.

Consolidation

The Company is a wholly owned subsidiary, whose ultimate parent undertaking is NWGL, a company which produces publicly available consolidated Financial Statements in which the Company is included. Consequently, the Company is exempt under the terms of section 400 of the Companies Act 2006 from preparing consolidated Financial Statements. These Financial Statements therefore present information about the Company as an individual undertaking and not about its group.

Basis of accounting

The Company is a qualifying entity for the reduced disclosure framework under FRS 101. These Financial Statements have been prepared in accordance with FRS 101, incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and the amendments to company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 prior to their mandatory effective date of accounting periods beginning on or after 1 January 2016.

The Financial Statements have been prepared under the historical cost convention.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash flow statement, standards not yet effective, related party transactions, financial instruments and capital management.

The principal accounting policies adopted are set out below.

Accounting standards

There were no new accounting standards adopted in the period.

Going concern

The Directors confirm that in their opinion, the Company has sufficient resources to continue in operational existence for the foreseeable future. In arriving at this decision, the Directors have taken account of the positive net assets of the Company and the future expected cash flows.

Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Notes to the Financial Statements

for the year ended 31 March 2022

1. Accounting policies (continued)

Net Finance Charges

Any finance income or cost relates to interest receivable or charges payable on bank deposits and is taken directly to the statement of comprehensive income.

Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income 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 liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Fixed asset investments

Fixed asset investments are shown at cost less any provision for impairment in value.

Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the accounting policies, the Company is required to make certain judgements, estimates and assumptions that it believes are reasonable based on the information available. The Directors consider that there are no significant judgements or estimates applied at the balance sheet date, which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2. Auditor's remuneration

Auditor's remuneration of £2,806 (2021: £2,100) for the audit of the annual Financial Statements was borne by RFL, and is not repayable.

3. Staff costs

There were no employees during the year (2021: nil). The Directors did not receive any remuneration in respect of their services to the Company.

The Directors of the Company who served throughout the year were remunerated by NWL and NWGL, and, as their services to RHL were incidental to the services provided to NWL and NWGL, received no remuneration in respect of qualifying services to RHL.

Notes to the Financial Statements

for the year ended 31 March 2022

4. Taxation

There is no tax charge as the Company had no taxable income in the current or prior period.

In the UK Government's September 2022 'mini-budget', it was announced that the increase in the corporation tax rate to 25% would not now occur and, instead, the rate would be held at 19%.

Under arrangements with RFL, the Company receives a contribution to fund its tax liabilities.

5. Financial investments

£

At 1 April 2021 and 31 March 2022

1

The Company owns 100% of the £1 Ordinary share capital of RFL, a company incorporated and operating in England and Wales, whose principal activity is to act as a sole special purpose financing vehicle in respect of the securitisation of revenue receivable from the EA under the WROA relating to Kielder Reservoir.

RFL has the same registered office as the Company.

6. Trade and other payables

	<u>2022</u>	<u>2021</u>
	£	£
Amounts owed to other group companies	<u>1</u>	<u>1</u>

The above amount represents £1 of unpaid share capital owed to the Company's subsidiary undertaking, RFL.

7. Share capital

	<u>2022</u>	<u>2021</u>
	£	£
<i>Authorised</i>		
10,000 Ordinary shares of £1 each (2021: 10,000)	<u>10,000</u>	<u>10,000</u>
<i>Allotted, called up and fully paid</i>		
10,000 Ordinary shares of £1 each (2021: 10,000)	<u>10,000</u>	<u>10,000</u>

Notes to the Financial Statements

for the year ended 31 March 2022

8. Contingent liability

As part of the securitisation of revenue receivable from the EA under the WROA, there is a charge over the Company's cash and investment in RFL totalling £12,426 (2021: £12,426).

9. Related parties

The Company is an indirectly wholly owned subsidiary of NWGL, whose publicly available consolidated Financial Statements include the Company. Accordingly, the Company is exempt under the terms of FRS 101 from disclosing transactions with other members of the group headed by NWGL.

10. Parent undertaking and controlling party

The Company's immediate parent undertaking is NWL, which is incorporated in England and Wales.

NWGL is, in the Directors' opinion, the Company's ultimate parent undertaking and controlling party. NWGL is incorporated in England and Wales.

The parent undertaking of both the largest and smallest group of undertakings for which group Financial Statements are drawn up, and of which the reporting company is a member, is NWGL. Copies of NWGL's group Financial Statements are available on the website at: www.nwg.co.uk and from its registered office at Northumbria House, Abbey Road, Pity Me, Durham, DH1 5FJ.