

# **AFFINITY WATER EAST LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

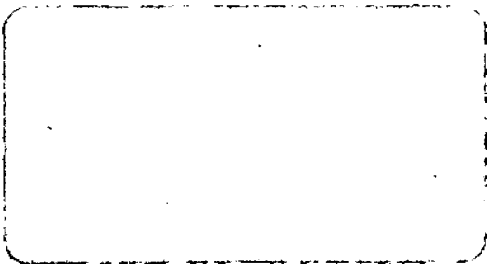
(Registered Number 02663338)



# Affinity Water East Limited

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# Affinity Water East Limited

## Directors' report for the year ended 31 March 2020

### Introduction

The directors present their report and the audited statutory financial statements for the year ended 31 March 2020.

### 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 £65,000,000 loan to Affinity Water Capital Funds Limited.

### Dividends

The directors have declared and paid the following dividends during the year ended 31 March 2020:

Ordinary dividends:	<b>£000</b>
Interim paid in June 2019	1,628
Interim paid in December 2019	1,668
	<hr/> <hr/> <b>3,296</b>

This compares to interim dividends of £3,204,000 declared and paid in the year ended 31 March 2019.

The directors do not recommend a final dividend (2019: 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 (appointed 14 November 2019 and resigned 8 April 2020)  
Tim Monod (resigned 6 November 2019)

At the time of approving these financial statements, no Company Secretary had been appointed to replace Colin Caldwell.

### Events after the reporting period

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

# Affinity Water East Limited

## Directors' report for the year ended 31 March 2020 (continued)

### 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 (2019: £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 East Limited

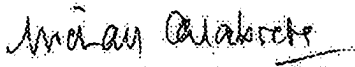
## Directors' report for the year ended 31 March 2020 (continued)

### Independent auditor

PricewaterhouseCoopers LLP

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.

By order of the Board



Michael Calabrese  
Director  
24 June 2020

# **Affinity Water East Limited**

## **Independent auditor's report to the members of Affinity Water East Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

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

- give a true and fair view of the state of the company's affairs as at 31 March 2020 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 2020; 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**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

# **Affinity Water East Limited**

## **Independent auditor's report to the members of Affinity Water East 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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2020 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, 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 East Limited**

### **Independent auditor's report to the members of Affinity Water East 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.

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](http://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.

#### **Other required reporting**

##### **Companies Act 2006 exception reporting**

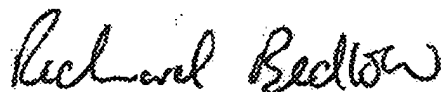
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received 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  
24 June 2020



# Affinity Water East Limited

## Income statement for the year ended 31 March 2020 (Registered Number 02663338)

	Note	2020 £000	2019 £000
<b>Operating result</b>	4	-	-
Finance income	6	4,173	4,075
Finance costs	6	(44)	(44)
<b>Profit before income tax</b>		<b>4,129</b>	<b>4,031</b>
Income tax expense	7	(793)	(774)
<b>Profit for the financial year</b>		<b>3,336</b>	<b>3,257</b>

The notes on pages 10 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 East Limited

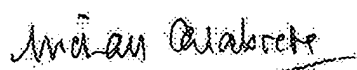
## Statement of financial position as at 31 March 2020

(Registered Number 02663338)

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Amounts owed by group undertaking falling due after more than one year	9	<u>65,000</u>	65,000
<b>Current assets</b>			
Amounts owed by group undertaking falling due within one year	9	<u>2,527</u>	2,481
<b>Creditors – amounts falling due within one year</b>	10	<u>(1,386)</u>	(1,380)
<b>Net current assets</b>		<u>1,141</u>	1,101
<b>Total assets less current liabilities</b>		<b>66,141</b>	66,101
<b>Creditors – amounts falling due after more than one year</b>	11	<u>(446)</u>	(446)
<b>Net assets</b>		<u><b>65,695</b></u>	<u>65,655</u>
<b>Equity</b>			
Called-up share capital	12	728	728
Capital redemption reserve		1,500	1,500
Retained earnings		63,467	63,427
<b>Total shareholders' funds</b>		<u><b>65,695</b></u>	<u>65,655</u>

The notes on pages 10 to 19 are an integral part of these financial statements.

The financial statements on pages 7 to 19 were authorised for issue by the Board of directors on 24 June 2020 and were signed on its behalf by:



Michael Calabrese  
Director

## Affinity Water East Limited

### Statement of changes in equity for the year ended 31 March 2020 (Registered Number 02663338)

	Called-up share capital £000	Capital redemption reserve £000	Retained earnings £000	Total £000
Balance as at 1 April 2018	728	1,500	63,374	65,602
Profit for the year	-	-	3,257	3,257
Total comprehensive income for the year	-	-	3,257	3,257
Dividends	-	-	(3,204)	(3,204)
Total transactions with owners, recognised directly in equity	-	-	(3,204)	(3,204)
Balance as at 31 March 2019	728	1,500	63,427	65,655
<b>Balance as at 1 April 2019</b>	<b>728</b>	<b>1,500</b>	<b>63,427</b>	<b>65,655</b>
<b>Profit for the year</b>	<b>-</b>	<b>-</b>	<b>3,336</b>	<b>3,336</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>3,336</b>	<b>3,336</b>
<b>Dividends</b>	<b>-</b>	<b>-</b>	<b>(3,296)</b>	<b>(3,296)</b>
<b>Total transactions with owners, recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>(3,296)</b>	<b>(3,296)</b>
<b>Balance as at 31 March 2020</b>	<b>728</b>	<b>1,500</b>	<b>63,467</b>	<b>65,695</b>

The notes on pages 10 to 19 are an integral part of these financial statements.

# **Affinity Water East Limited**

## **Notes to the financial statements for the year ended 31 March 2020**

### **1. General information**

Prior to the sale of all trade, assets and liabilities of Affinity Water East Limited (the 'company') to Affinity Water Limited on 27 July 2012, the company supplied water to an estimated population of 157,000 in an area of 352 square kilometres in north-east Essex.

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. 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 East Limited have been prepared in accordance with 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 East Limited

## Notes to the financial statements for the year ended 31 March 2020 (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.

## **Affinity Water East Limited**

### **Notes to the financial statements for the year ended 31 March 2020 (continued)**

#### **2. Summary of significant accounting policies (continued)**

##### **2.3 Changes in accounting policy and disclosures**

The following new standard became applicable for the current reporting period:

- IFRS 16: 'Leases' ('IFRS 16');

The impact of the adoption of this standard and the new accounting policies are disclosed below.

##### **IFRS 16: 'Leases'**

IFRS 16 addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17: 'Leases', and related interpretations. The standard is effective for the annual period beginning on 1 April 2019. Given the nature of the entity, the new standard has not had an impact on the company.

##### **2.4 Standards and interpretations which are not yet effective**

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.

##### **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.

# Affinity Water East Limited

## Notes to the financial statements for the year ended 31 March 2020 (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.7 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

#### 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.

### 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 £67,527,000 (2019: £67,481,000) with no impairment losses recognised in the year ended 31 March 2020 (2019: nil) (refer to note 9). Management conclude that the national health pandemic will not have a significant impact on Affinity Water Capital Funds Limited's ability to repay the debt at the reporting date.

## Affinity Water East Limited

### Notes to the financial statements for the year ended 31 March 2020 (continued)

#### 4. Operating result

	2020	2019
	£000	£000
Operating 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 £5,500 (2019: £5,200), 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.

#### 5. Employees and directors

##### Employees

The company had no employees in the current year (2019: 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 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 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 2020, 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 costs

##### Finance income

	2020	2019
	£000	£000
Interest income on loan to parent company	4,173	4,075

##### Finance costs

	2020	2019
	£000	£000
Preference dividends	(44)	(44)



# Affinity Water East Limited

## Notes to the financial statements for the year ended 31 March 2020 (continued)

### 6. Finance income and costs (continued)

#### Net finance income

	2020 £000	2019 £000
Finance income	4,173	4,075
Finance costs	(44)	(44)
<b>Net finance income</b>	<b>4,129</b>	<b>4,031</b>

The interest income on loan to parent company relates to the £65,000,000 loan to Affinity Water Capital Funds Limited (see note 9).

### 7. Income tax expense

#### Tax expense included in the income statement

	2020 £000	2019 £000
<b>Current tax:</b>		
UK corporation tax on profit for the year	793	774
<b>Tax on profit on ordinary activities</b>	<b>793</b>	<b>774</b>

The tax expense for the year ended 31 March 2020 was higher (2019: higher) than the standard rate of corporation tax in the UK for the year ended 31 March 2020 of 19% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
Profit before tax	4,129	4,031
Profit before tax multiplied by the standard rate of tax in the UK of 19% (2019: 19%)	785	766
Effects of:		
Permanent differences	8	8
<b>Tax expense</b>	<b>793</b>	<b>774</b>

The tax rate for the current year (19%) is the same as for the prior year (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.

## Affinity Water East Limited

### Notes to the financial statements for the year ended 31 March 2020 (continued)

#### 8. Dividends

	2020 £000	2019 £000
Ordinary:		
Paid: First interim of 138.741p per share in June 2019 (June 2018: 134.308p)	1,628	1,576
Paid: Second interim of 142.126p per share in December 2019 (December 2018: 138.741p)	1,668	1,628
	<u>3,296</u>	<u>3,204</u>

#### 9. Amounts owed by group undertaking

Amounts falling due within one year	2020 £000	2019 £000
Amount owed by group undertaking	<u>2,527</u>	<u>2,481</u>
Amounts falling due after more than one year	2020 £000	2019 £000
Amount owed by group undertaking	<u>65,000</u>	<u>65,000</u>

The amount owed by group undertaking relates to interest receivable on the £65,000,000 loan to Affinity Water Capital Funds Limited, the company's immediate parent. This loan carried an interest rate of 6.42% (2019: 6.27%) at 31 March 2020.

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

	2020 £000	2019 £000
Corporation tax	<u>1,386</u>	<u>1,380</u>

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

	2020 £000	2019 £000
Preference shares	<u>446</u>	<u>446</u>

Preference shares relate to 4,456,116 (2019: 4,456,116) shares of 10p each. The preference shareholders are entitled to a fixed cumulative 10% of the nominal value, payable half yearly on 1 November and 15 July.

## Affinity Water East Limited

### Notes to the financial statements for the year ended 31 March 2020 (continued)

#### 12. Called-up share capital

	2020 £000	2019 £000
<b>Allotted, called-up and fully paid share capital</b>		
1,088,860 (2019: 1,088,860) ordinary shares of 25p each	272	272
84,770 (2019: 84,770) ordinary non voting shares of 25p each	21	21
4,346,109 (2019: 4,346,109) deferred shares of 10p each	435	435
	<u>728</u>	<u>728</u>

#### Rights to dividends

Deferred shares have no entitlement to dividends.

#### 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 and deferred 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.

## Affinity Water East Limited

### Notes to the financial statements for the year ended 31 March 2020 (continued)

#### 13. Related party transactions

Income	Nature of Relationship	In respect of	2020		2019	
			Value	Balance	Value	Balance
			£000	£000	£000	£000
Affinity Water Capital Funds Limited	Parent company	Financing	4,173	67,527*	4,075	67,481*

\*includes the principal amount outstanding of £65,000,000.

Expenses	Nature of Relationship	In respect of	2020		2019	
			Value	Balance	Value	Balance
			£000	£000	£000	£000
Affinity Water Capital Funds Limited	Parent company	Financing and dividends	3,289	-	3,199	-

#### 14. Events after the end of the reporting period

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

## Affinity Water East Limited

### Notes to the financial statements for the year ended 31 March 2020 (continued)

#### 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 2020 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 (during the period and up to 20 November 2019 Allianz Infrastructure Luxembourg I Sarl)
- DIF Management Holding BV
- DIF Management UK Limited
- HICL Infrastructure plc
- InfraRed Capital Partners (Management) LLP<sup>1</sup>

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 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 is InfraRed Capital Partners Limited, a leading international investment manager focused on infrastructure and real estate.

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<sup>1</sup> Sun Life Financial Inc has exchanged contracts to acquire an 80% interest in the InfraRed business from InfraRed Capital Partners (Management) LLP. Following completion, which is subject to regulatory consents and other customary closing conditions and which is expected to occur in Summer 2020, Sun Life Financial Inc will become an ultimate controller.