

Registered number: **SC190621**

STIRLING WATER SEAFIELD FINANCE PLC
STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

WEDNESDAY



AD26TJIX

A08

01/05/2024

#76

COMPANIES HOUSE

COMPANY INFORMATION

DIRECTORS

John Patrick Abraham
Caroline Garrett
Tracy Jayne Knipe
Anthony Thomas McKenna
Mark Andrew Wilson

COMPANY SECRETARY

Caroline Garrett

REGISTRATION NUMBER

SC190621

REGISTERED OFFICE

13 Queens Road
Aberdeen
Scotland
AB15 4YL

INDEPENDENT AUDITOR

MHA
2 London Wall Place
Barbican
London
EC2Y 5AU

CONTENTS

	PAGE
Strategic Report	1 - 3
Directors' Report	4 - 6
Directors' responsibilities statement	7
Independent auditor's report	8 - 13
Statement of Comprehensive Income	14
Statement of Financial Position	15
Statement of Changes in Equity	16
Statement of Cash Flows	17
Notes to the financial statements	18 - 28

STIRLING WATER SEAFIELD FINANCE PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

INTRODUCTION

The Directors present their Strategic Report for the year ended 31 December 2023.

The principal activity of Stirling Water Seafield Finance Plc (the "Company") is to raise funds to enable other UK&I group companies to upgrade and operate waste water treatment facilities and provide services relating to the treatment and disposal of sewage sludge in relation to the Almond Valley, Seafield and Esk ("AVSE") catchment areas.

The Company is registered and domiciled in the United Kingdom.

The Company is part of the Veolia Group (the "Group"), which is defined as all companies under the control of the ultimate parent company, Veolia Environnement S.A, headquartered in Paris. The Company is also a member of the "UK&I group", a division of the Group, based in the UK and Ireland and involved in the provision of waste, water and energy services and directly or indirectly under the ownership of Veolia UK Limited ("VUK").

BUSINESS REVIEW

The Company continued its core business activities during the year and anticipates that it will continue to do so for the foreseeable future.

The result from ordinary activities after taxation for the year ended 31 December 2023 was £nil (2022: £nil).

The Statement of Financial Position as at 31 December 2023 shows equity shareholders' funds amounting to £50k (2022: £50k).

SECTION 172 (1) Statement

The Directors have ensured compliance with their duties under s.172(1) of the Companies Act 2006 in relation to the Company and its various stakeholders. These stakeholders include its indirect workforce, main customer and suppliers, local community, credit providers, bond holders and relevant regulatory authorities.

The Group is committed to taking an active role in the fight against climate change. In July 2023, the Veolia UK&I group updated its Carbon Reduction Plan which together with its Net Zero Strategy commits to achieve Net Zero GHG emissions by 2050. The Directors have ensured that the strategy, values and policies of the UK&I group have been adopted by the Company, as well as the Group's purpose of ecological transformation.

Engagement with the Company's stakeholders has informed the way in which the Directors have discharged their duties and addressed the principal risks and uncertainties as detailed below. Where individual Directors are not directly involved in the processes described below, regular feedback and discussions are held in relevant management team and UK&I Executive Committee meetings. There were no matters brought to the attention of the Directors through the undertaken engagement that were considered to be of strategic importance, other than relating to those matters detailed in the principal decisions section below.

The main purpose of the Company is to raise funds to support the upgrade and operation of wastewater treatment facilities and associated treatment and disposal of sewage sludge in the AVSE catchment areas, for the Company's Group fellow subsidiary, Stirling Water Seafield Limited's ("SWSL") main customer, Scottish Water, and indirectly, therefore, the local community. These services are provided by the Operator of the contract, Veolia Water Outsourcing Limited, which is a fellow subsidiary, and has regular engagement with the Company's main customer, including through meetings and provision of financial and operational reports.

STIRLING WATER SEAFIELD FINANCE PLC

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

SECTION 172 (1) CONTINUED

There is also regular communication with the Company and SWSL's credit providers and their technical advisers on all areas of the contract including safety, contract performance against targets, compliance, asset maintenance, site audit results, forecast cash flows and financial ratios. Meetings are also held with the bond rating agency who annually provide a credit opinion on the bond.

The Company has no direct employees, however, the Directors recognise that the Company's long-term success is predicated on the commitment of the workforce of the Operator. Through the UK&I group, the Operator provides employees with relevant training using both in-house and external providers. Employees of the Operator are given access to Company and UK&I group information and updates via various channels including the intranet, webinars, Veolia TV, team meetings and focus groups. Feedback from the annual employee 'Voice of Resources' survey is disaggregated by business line and function and reviewed by the UK&I Executive Committee. Information is benchmarked internally as well as externally against peer companies. Action plans to address key themes are formalised and monitored throughout the year. The Operator also engages with trade union representatives on site and via regular Joint Trade Union Forum meetings.

The Supply Chain Team within the UK&I group are responsible for sourcing business critical goods and services as well as managing the associated supply chain risk in the UK and Ireland. National Category Managers oversee the categories critical to the day-to-day delivery of the UK&I group's business operations. These include operating equipment & supplies, subcontracting, mobile & motorised equipment and energy & chemicals.

Reduction in supply chain risk is achieved by ensuring that the UK&I group is not dependent on single suppliers. Over 7,000 active suppliers exist in the UK&I group supplier database. The Supply Chain Team assesses supplier risks depending on the goods and services supplied. Risk criteria includes: health and safety, quality, business continuity, environmental, financial and social risks.

The UK&I group is committed to the active improvement of the local environment, economy and communities, now and in the future. The UK&I group plays a part in all 17 SDGs (UN Sustainable Development Goals) at different levels and has a direct impact in 13 of them. The Supplier Charter outlines the expectations of companies who supply the UK&I group. The document demonstrates how the commitment to Corporate Responsibility ("CR") and Sustainability can extend beyond the UK&I group's operations, providing the guidance to ensure that organisations across the supply chain are aligned and compliant with the UK&I group's vision and values.

The UK&I group's IT strategy is based around the following four pillars: digitalisation of customer experience, improving IT experience for employees, moving to the Cloud and installation of a data-driven culture. It is underpinned by ensuring that both employees and customers have the right information to make informed decisions.

Due to the nature of the UK&I group activities there are liaison meetings involving representatives from Scottish Water, City of Edinburgh Council Environmental Health, Scottish Environment Protection Agency ("SEPA") and the UK&I group to discuss the environmental performance of the operations. Promotion of environmental and wastewater management is also achieved through inviting local schools and members of the local community to open days and tours of SWSL's facilities to promote the various recycling opportunities. Representatives of the Company, SWSL and the Operator, along with the main customer and local government, are also involved in directly supporting specific initiatives and competitions themed around the 'circular economy' in both local primary and secondary schools. Representatives of the Company, SWSL and the Operator, along with the main customer, deliver outreach activities, including an "educational trail walk" as appropriate. Stakeholder meetings are also held involving the above parties and representatives from a local community council, a local residents association, local councillors and Members of the Scottish Parliament/Members of Parliament to update the stakeholders on the performance of the site and to allow them to raise any questions and concerns.

As regards principal decisions during the year, no dividend was paid during the year (2022: £nil), in accordance with the Company's contractual requirements.

STIRLING WATER SEAFIELD FINANCE PLC

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

PRINCIPAL RISKS AND UNCERTAINTIES

In common with all businesses, the Company recognises certain risk factors that are both external and internal to the Company.

The following highlights some of the particular risks, but is not intended to be an extensive analysis of all risks affecting the business. Some risks may be unknown to the Company and other risks, currently regarded as immaterial, could turn out to be material. All of the identified risks have a potential to adversely impact the Company's business, revenue, profits, assets, liquidity and capital resources. The Company manages the majority of these risks by utilising the resources and processes developed and operated within the UK&I group as whole. The Company's principal risks are set out below.

FINANCIAL RISKS

Financial risk management

The Company finances its operations through bonds. The Group's central treasury department manages liquidity, interest rate and foreign exchange risk centrally within limits set by the Chief Financial Officer of the UK&I group.

- **Credit risk**

The key risk affecting the Company is the ability of SWSL to meet repayments as they fall due.

The Company manages its credit risk by assessing SWSL's budgeted cash flows and long-term forecasts, related assumptions and available debt facilities.

The risk of major financial loss would occur if SWSL's main customer, Scottish Water, a large well-established and stable public sector body, failed to honour its obligations under the contract. The likelihood of this is considered low and is considered to continue to be such in the current environment.

Given the above, the Directors consider the Company's exposure to credit risk to be acceptable.

- **Interest rate risk**

The Company is not exposed to interest rate risk as the interest rates on its guaranteed secured bonds and loans to SWSL are fixed.

- **Liquidity risk**

The Company is not exposed to significant liquidity risk as it performs limited operations. The liabilities it has to meet are in relation to the bonds in issue, which is predicated on SWSL meeting its obligations to the Company. This is mitigated to a large extent by the high level of predictability over contract revenues and the credit worthiness of the main customer, being a large public sector body. Therefore liquidity risk is considered to be minimal.

- **Foreign exchange risk**

The Company is not exposed to foreign currency risk as the Company operates in the UK and at each reporting date all financial assets and financial liabilities are denominated in pound sterling.

This report was approved by the board on 26 April 2024 and signed on its behalf.


Tracy Knipe (Apr 26, 2024 17:51 GMT+1)

Tracy Jayne Knipe
Director

Apr 26, 2024

STIRLING WATER SEAFIELD FINANCE PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors present their report and the audited financial statements for the year ended 31 December 2023.

As permitted, certain information regarding the Company, including a review and analysis of the development and performance of the Company's business during the year, the Company's policies for employee and shareholder engagement and a description of the principal risks and uncertainties facing the Company are contained within the Strategic report.

RESULTS AND DIVIDENDS

The result for the year, after taxation, amounted to £nil (2022: £nil).

There were no dividends paid in the year under review (2022: £nil).

DIRECTORS

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

John Patrick Abraham

Caroline Garrett

Tracy Jayne Knipe

Anthony Thomas McKenna (appointed 7 June 2023)

Mark Andrew Wilson

No Director has, or has had, a material interest, directly or indirectly, at any time during the year.

DIRECTORS' INDEMNITIES

The Directors are entitled to be indemnified by the Company to the extent permitted by law in respect of losses arising out of, or in connection with, the execution of their powers, duties and responsibilities. Veolia Environnement S.A., the Company's ultimate parent company, maintains Directors' and Officers' liability insurance for the Directors in respect of their duties as directors. Such qualifying third party indemnity provision was in place throughout the period and remains in force as at the date of approving the Directors' Report. Neither the indemnities nor the insurance provide cover in the event that the Director is proved to have acted fraudulently.

GOING CONCERN

The Company is responsible for raising finance for the upgrading and operating of wastewater treatment facilities in relation to the AVSE catchment areas. The contract between the Company's immediate parent company, SWSL and Scottish Water has an end date of 28 March 2029. Funding for this project was primarily obtained through the issue of fixed rate bonds by the Company which were subsequently lent to SWSL, and with fixed rate loans with fellow UK&I group companies. The Contract is managed on a day to day basis by the Operator, on an annual fixed fee basis. The Operator also manages the Mid-term capital expenditure ("MLC") programme on behalf of SWSL and the MLC spend is agreed in advance with representatives of the Company's bond holders.

The Company's ability to make repayments in respect of the bonds issued is solely dependent on SWSL's ability to make repayments to the Company on the associated loan which has a maturity date of 26 September 2026. The Directors have reviewed the cash flow model prepared by SWSL for the life of the contract with Scottish Water. This model is updated regularly and shared with the Company and the insurer of the bonds. The model supports the Directors' opinion that over the life of the contract the cash flows will be sufficient to allow SWSL to continue to make the loan repayments. In assessing both the solvency of SWSL and the Company and the ability to meet their liabilities as they fall due over a period of 12 months from the date of approval of these financial statements, the Directors considered SWSL's budgeted cash flows, long term forecasts, availability of debt facilities and the following key assumptions:

STIRLING WATER SEAFIELD FINANCE PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

GOING CONCERN (CONTINUED)

- The variability of wastewater treatment volumes and the impact that fluctuations have on the annual cycle's revenues. The Directors have a high level of confidence in the forecast revenues due to the maximum revenue cap having been met in most of the past 22 years of the contract.
- The customer credit concentration, with Scottish Water being the main customer. The Directors regard the credit risk to be low given that the customer is a public sector body.

The Company's financing is dependent upon the ability of the Company and its immediate parent to comply with a number of covenant tests required by the bond holders. The Directors have assessed compliance with the covenants based on the key assumptions above. In the event that the cash flows were to fall below those in the model's base case, the Directors are confident that SWSL would take mitigating action by deferring projects within the MLC programme.

Having taken these matters into consideration, the Directors consider that they have a reasonable basis to conclude that SWSL and therefore the Company will be able to meet their liabilities as they fall due for the foreseeable future and accordingly they continue to adopt the going concern basis of preparation in these financial statements.

FUTURE DEVELOPMENTS

The Company continued its core business to support the activities of specific group companies. No change to its core business activity is anticipated in the foreseeable future.

FINANCIAL INSTRUMENTS

Financial instruments give rise to foreign currency, interest rate, credit and liquidity risk. Information on how these risks arise is set out in the Strategic Report.

The Company has no exposure to foreign exchange risk as all of its financial assets and liabilities are denominated in pound sterling and has no exposure to interest rate risk as all of its borrowings are at fixed rates of interest.

It is, and has been throughout the period under review, the Company's policy that no trading in speculative derivative financial instruments shall be undertaken.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are a Director at the time when this Directors' report is approved has confirmed that:

- so far as that 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.

STIRLING WATER SEAFIELD FINANCE PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

AUDITOR

The auditor, MHA, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on 26 April 2024 and signed on its behalf.

Tracy Knipe
Tracy Knipe (Apr 26, 2024 17:51 GMT+1)

Tracy Jayne Knipe
Director

Apr 26, 2024

STIRLING WATER SEAFIELD FINANCE PLC

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable UK 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 UK adopted International Financial Reporting Standards ("UK adopted IFRS") in conformity with the Companies Act 2006, and those parts of the Companies Act 2006 applicable to companies reporting under UK adopted IFRS. 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 year.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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. 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.

In addition, the Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

STIRLING WATER SEAFIELD FINANCE PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STIRLING WATER SEAFIELD FINANCE PLC

For the purpose of this report, the terms "we" and "our" denote MHA in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of Stirling Water Seafield Finance Plc. For the purposes of the table on pages 9 to 10 that sets out the key audit matters and how our audit addressed the key audit matters, the terms "we" and "our" refer to MHA. The "Company" is defined as Stirling Water Seafield Finance Plc. The relevant legislation governing the Company is the United Kingdom Companies Act 2006 ("Companies Act 2006").

Opinion

We have audited the financial statements of Stirling Water Seafield Finance Plc for the year ended 31 December 2023. The financial statements that we have audited comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity;
- the Statement of Cash Flows; and
- Notes 1 to 16 of the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the company's financial statements is applicable law and UK adopted International Financial Reporting Standards ("UK adopted IFRS").

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of the Company's result for the year then ended;
- have been properly prepared in accordance with UK adopted IFRS; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Our opinion is consistent with our reporting to the Board of Directors.

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 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 FRC's Ethical Standard as applied to public interest entities with listed debt, and we have fulfilled our ethical responsibilities in accordance with those 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 basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- The consideration of inherent risks to the Company's operations and specifically its business model.
- The evaluation of the recovery of the loans to immediate parent undertakings which are used to repay the listed bond.
- Where additional resources may be required, the reasonableness and practicality of the assumptions made by the Directors when assessing the probability and likelihood of those resources becoming available.
- Liquidity considerations including examination of the Company's cash flow projections.
- Considering whether management's disclosures in the Annual Report and Accounts were 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.

STIRLING WATER SEAFIELD FINANCE PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STIRLING WATER SEAFIELD FINANCE PLC (continued)

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

Overview of our audit approach

Scope	Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.		
	2023	2022	
Materiality	£112k	£145k	0.5% (2022: 0.5%) of gross assets
Key audit matters			
Recurring	Valuation of loans to immediate parent undertaking		

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those matters which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of loans to immediate parent undertaking

Key audit matter description	At 31 December 2023 the Company reported loans to immediate parent undertaking of £22.5 million (2022: £29.1 million). The Company acts as a financing entity, borrowing funds from the market and lending on to an operating company within the Group. There is a risk that the intercompany balances receivable are not entirely recoverable and will not generate future cash flows that will allow for the servicing of the external listed bond.
How the scope of our audit responded to the key audit matter	In order to address the key audit matter in respect of the valuation of intercompany balances, we performed the following procedures: - We have obtained loan agreements for the main intercompany balances. - We have obtained counterparty confirmation of the balance at the year end and considered the balance post year end. - We have reviewed the nature of the balances and past history of recoverability. - We have obtained a forecast model for the counterparty to the balance and reviewed management's assumptions and conclusions. We have scrutinised the model, including checking mathematical accuracy, agreeing income and cost expectations to underlying contracts, agreeing debt repayments to agreements, and assessing reasonableness of other material inputs to the model. - We have observed controls related to counterparty reconciliations within the group, including preparation and sign off of business models. - Disclosure - We have reviewed and assessed the adequacy of disclosures for compliance with the accounting standards and regulatory considerations.

STIRLING WATER SEAFIELD FINANCE PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STIRLING WATER SEAFIELD FINANCE PLC (continued)

Key observations communicated to the Company's Audit Committee	No issues noted in relation to valuation of the loans to immediate parent undertakings, nor in relation to the future cash flows on the loans being realised. Disclosure was found to be adequate.
---	--

Our application of materiality

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Overall Materiality	£112,000 (2022: £145,000)
Basis of determining overall materiality	We determined materiality based on 0.5% (2022: 0.5%) of the Company's gross assets. We have considered the primary users of the financial statements to be shareholders, management and funders. We determined that the gross assets to be the key benchmark for setting materiality given the Company's objective of providing finance to other entities in the group through the raising of a listed bond.
Performance materiality	£79,000 (2022: £101,500)
Basis of determining overall performance materiality	We set performance materiality based on 70% (2022: 70%) of overall materiality. Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls and the level of misstatements arising in previous audits.
Error reporting threshold	We agreed to report any corrected or uncorrected adjustments exceeding £5,600 to the Board of Directors, as well as differences below this threshold that in our view warranted reporting on qualitative grounds. We also report to management on disclosure matters that we identified when assessing the overall presentation of the financial statements.

The control environment

We evaluated the design and implementation of those internal controls of the Company which are relevant to our audit, such as those relating to the financial reporting cycle.

Climate related risks

In planning our audit and gaining an understanding of the Group, we considered the potential impact of climate related risks on the business and its financial statements.

We have agreed with management's assessment that the Company is currently not impacted by key regulation and that climate related risks are not material to these financial statements.

STIRLING WATER SEAFIELD FINANCE PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STIRLING WATER SEAFIELD FINANCE PLC (continued)

Reporting on 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.

Strategic report and directors report

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 material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received by 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.

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

STIRLING WATER SEAFIELD FINANCE PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STIRLING WATER SEAFIELD FINANCE PLC (continued)

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.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Identifying and assessing potential risks arising from irregularities, including fraud

The extent of the procedures undertaken to identify and assess the risks of material misstatement in respect of irregularities, including fraud, included the following:

- We considered the nature of the industry and sector the control environment, business performance and the Company's own risk assessment that irregularities might occur as a result of fraud or error. From our sector experience and through discussion with the directors, we obtained an understanding of the legal and regulatory frameworks applicable to the Company focusing on laws and regulations that could reasonably be expected to have a direct material effect on the financial statements, such as provisions of the Companies Act 2006 and UK tax legislation.
- We enquired of the directors and management concerning the Company's policies and procedures relating to:
 - identifying, evaluating and complying with the laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they had any knowledge of actual or suspected fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. We determined that the principal risks were related management bias in accounting estimates.

Audit response to risks identified

In respect of the above procedures:

- we corroborated the results of our enquiries through our review of the minutes of the Company's board meetings.
- audit procedures performed by the engagement team in connection with the risks identified included:
 - reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations expected to have a direct impact on the financial statements.
 - testing journal entries, including a full review of all journals posted in the year;
 - evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias;
 - enquiry of management around actual and potential litigation and claims.
 - challenging the assumptions and judgements made by management in its significant accounting estimates in respect of impairment of intercompany loans; and
 - obtaining confirmations from third parties to confirm existence of the bond balance.
- we communicated relevant laws and regulations and potential fraud risks to all engagement team members, including experts, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

STIRLING WATER SEAFIELD FINANCE PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STIRLING WATER SEAFIELD FINANCE PLC (continued)

Other requirements

We were appointed by the Directors on 12 May 2021. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 4 years.

We did not provide any non-audit services which are prohibited by the FRC's Ethical Standard to the Company, and we remain independent of the company in conducting our audit.

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.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard (('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.



Andrew Moyser FCA FCCA

(Senior Statutory Auditor)

for and on behalf of MHA, Statutory Auditor

London, United Kingdom

26 April 2024

Apr 26, 2024

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

STIRLING WATER SEAFIELD FINANCE PLC

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £000	2022 £000
Continuing Operations			
Finance income	7	1,717	2,140
Finance costs	8	(1,717)	(2,140)
Result Before Tax From Continuing Operations		-	-
Income tax expense		-	-
Result and Total Comprehensive Income For The Year		-	-

STIRLING WATER SEAFIELD FINANCE PLC

REGISTRATION NUMBER: SC190621

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023

	Notes	2023 £000	2022 £000
Non-Current Assets			
Debtors: amounts falling due after more than one year	9	15,533	22,482
Current Assets			
Debtors: amounts falling due within one year	9	6,999	6,596
Total Assets		22,532	29,078
Current Liabilities			
Borrowings: amounts falling due within one year	10	(6,999)	(6,546)
Net Current Assets		-	50
Non-Current Liabilities			
Borrowings: amounts falling due after more than one year	10	(15,483)	(22,482)
Total Liabilities		(22,482)	(29,028)
Net Assets		50	50
Equity			
Share capital	12	50	50
Total Equity		50	50

The financial statements were approved and authorised by the board on 26 April 2024 and signed on its behalf.

Tracy Knipe
Tracy Knipe (Apr 26, 2024 17:51 GMT+1)

Tracy Jayne Knipe
Director

Apr 26, 2024

STIRLING WATER SEAFIELD FINANCE PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Share Capital £000
At 1 January 2022	50
Total comprehensive income	-
At 31 December 2022	50
Total comprehensive income	-
At 31 December 2023	50

STIRLING WATER SEAFIELD FINANCE PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023	2022
		£000	£000
Cash flows from operating activities	13	-	-
Net cash from operating activities (i)		-	-
Cash flows from investing activities			
Interest received		1,825	2,242
Repayments received on loan to immediate parent undertaking		6,437	6,020
Net cash flow from investing activities (ii)		8,262	8,262
Cash flows from financing activities			
Interest paid		(1,825)	(2,242)
Repayment made on loan from bond holders		(6,437)	(6,020)
Net cash flow from financing activities (iii)		(8,262)	(8,262)
Increase in cash and cash equivalents (i)+(ii)+(iii)		-	-
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		-	-

The notes on pages 18 – 28 form part of these financial statements.

**STIRLING WATER SEAFIELD FINANCE PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

1. GENERAL INFORMATION

Stirling Water Seafield Finance Plc is a public company limited by shares, incorporated in Scotland.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention in accordance with UK adopted IFRS in conformity with the Companies Act 2006, and those parts of the Company Act 2006 applicable to companies reporting under UK adopted IFRS.

The Company's financial statements are presented in pound sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The preparation of financial statements in compliance with UK adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

New standards, amendments to standards and interpretations:

The following standards are of mandatory application from 1 January 2024 and were not applied early by the Company:

- **Amendment to IAS1** - classification of liabilities as current and non-current with covenants.

The Company is assessing the potential impact of the first-time adoption of the standard but initial indications are that the impact will not be material.

2.2 Going concern

The Company is responsible for raising finance for the upgrading and operating of wastewater treatment facilities in relation to the AVSE catchment areas. The contract between the Company's immediate parent company, SWSL and Scottish Water has an end date of 28 March 2029. Funding for this project was primarily obtained through the issue of fixed rate bonds by the Company which were subsequently lent to SWSL, and with fixed rate loans with fellow UK&I group companies. The Contract is managed on a day to day basis by the Operator, on an annual fixed fee basis. The Operator also manages the MLC programme on behalf of SWSL and the MLC spend is agreed in advance with representatives of the Company's bond holders.

The Company's ability to make repayments in respect of the bonds issued is solely dependent on SWSL's ability to make repayments to the Company on the associated loan which has a maturity date of 26 September 2026. The Directors have reviewed the cash flow model prepared by SWSL for the life of the contract with Scottish Water. This model is updated regularly and shared with the Company and the insurer of the bonds. The model supports the Directors' opinion that over the life of the contract the cash flows will be sufficient to allow SWSL to continue to make the loan repayments. In assessing both the solvency of SWSL and the Company and the ability to meet their liabilities as they fall due over a period of 12 months from the date of approval of these financial statements, the Directors considered SWSL's budgeted cash flows, long term forecasts, availability of debt facilities and the following key assumptions;

- The variability of wastewater treatment volumes and the impact that fluctuations have on the annual cycle's revenues. The Directors have a high level of confidence in the forecast revenues due to the maximum revenue cap having been met in most of the past 22 years of the contract.
- The customer credit concentration, with Scottish Water being the main customer. The Directors regard the credit risk to be low given that the customer is a public sector body.

**STIRLING WATER SEAFIELD FINANCE PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Going concern (continued)

The Company's financing is dependent upon the ability of the Company and its immediate parent to comply with a number of covenant tests required by the bond holders. The Directors have assessed compliance with the covenants based on the key assumptions above. In the event that the cash flows were to fall below those in the model's base case, the Directors are confident that SWSL would take mitigating action by deferring projects within the MLC programme.

Having taken these matters into consideration, the Directors consider that they have a reasonable basis to conclude that SWSL and therefore the Company will be able to meet their liabilities as they fall due for the foreseeable future and accordingly they continue to adopt the going concern basis of preparation in these financial statements.

2.3 Ultimate controlling party

The Company is consolidated in the consolidated financial statements of its ultimate parent company and controlling entity, Veolia Environnement S.A. (incorporated in France). Copies of the consolidated financial statements of Veolia Environnement S.A. can be obtained from the registered office at 21 rue La Boétie, 75008 Paris, France.

2.4 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are derecognised when they are discharged or when the contractual terms expire. Financial assets and liabilities are initially measured at fair value. Loans receivable or payable on demand are classed as short-term and hence are not discounted.

The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company recognises its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

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.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand.

Financial assets subsequently measured at amortised cost

These comprise intercompany loans which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally to service the financial liabilities.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments (continued)

Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all financial assets subsequently measured at amortised cost. The Company calculates ECLs by assessing the expected life of the asset and the credit risk of the counterparty, taking into consideration the timing and scale of future cash flows. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the contractual rights to the cash flows from the financial asset in a transaction under which nearly all the rights and obligations inherent to ownership of the financial asset are transferred. Any interest created or retained by the Company in a financial asset is recognised separately as an asset or liability.

Financial liabilities

The Company classifies all of its financial at amortised costs.

Amortised cost

Financial liabilities at amortised cost including bank borrowings and bonds are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

Derecognition of financial liabilities

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

2.5 Finance income

Interest receivable consists of income from Group undertakings.

2.6 Finance costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

STIRLING WATER SEAFIELD FINANCE PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates

The following assumptions involving estimates have had the most significant effect on amounts recognised in the financial statements:

- **Impairment of intercompany loans**

The financial statements include loans to the immediate parent company, and these have been reviewed for indicators of impairment. Where impairment reviews are required, assumptions have been made, largely around the timing and scale of their future cash flows.

4. STAFF COSTS

The Company has no employees other than the Directors (see note 5).

5. DIRECTORS' REMUNERATION

The Directors are paid by, and perform services for, other companies within the Group alongside their services to this Company. Whilst not being paid by the Company, in 2023 the Directors' costs have been apportioned to the principal companies they serve within the UK&I group. Had the Directors' costs been recharged to all the companies those Directors serve, the Company would have incurred £22k (2022: £15k) of Directors emoluments, including £2k (2022: £1k) of pension contributions.

6. AUDITOR'S REMUNERATION

The auditor's remuneration has been borne by the Company's immediate parent undertaking. Total audit fees for the Company amounted to £16k (2022: £15k).

There were no non-audit fees charged in the current or prior period.

STIRLING WATER SEAFIELD FINANCE PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

7. FINANCE INCOME

	2023	2022
	£000	£000
Interest receivable from immediate parent undertaking	1,717	2,140

8. FINANCE COSTS

	2023	2022
	£000	£000
Finance charges	1,717	2,140

9. DEBTORS

	Notes	2023	2022
		£000	£000
Amounts falling due within one year			
Amounts due from immediate parent undertaking	14	-	50
Loans to immediate parent undertaking	14	6,999	6,546
		6,999	6,596
Amounts falling due after more than one year			
Amounts due from immediate parent undertaking	14	50	-
Loans to immediate parent undertaking	14	15,483	22,482
		15,533	22,482

The net proceeds of the bond issues have been lent to SWSL at an interest rate of 5.822% plus an agreed arrangement fee to cover the amortisation of bond issue costs and interest thereon. The loan is repayable on the same terms as the bonds, which, from September 2004, are being repaid in bi-annual instalments and will be repaid in full by September 2026.

STIRLING WATER SEAFIELD FINANCE PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

10. BORROWINGS

	2023	2022
	£000	£000
Bonds – guaranteed secured notes due 2026	22,482	29,028
Borrowings are repayable as follows:		
- Within one year	6,999	6,546
- In the second year	7,483	6,999
- In the third to fifth years inclusive	8,000	15,483
- After five years	-	-
Less: Amount due for settlement within 12 months (shown under current liabilities)	(6,999)	(6,546)
Amount due for settlement after 12 months	15,483	22,482

Guaranteed secured bonds with a total value of £102,900k were issued by the Company at an interest rate of 5.822% on 26 September 1999. The bonds are secured by a floating charge over the assets and undertakings of the Company, its immediate parent SWSL and SWSL's holding company, SWSHL. The guaranteed secured bonds are guaranteed by a financial guarantee insurance policy issued by Assured Guaranty UK Limited.

Since September 2004 the bonds are being repaid in bi-annual instalments, and will be repaid in full by September 2026.

STIRLING WATER SEAFIELD FINANCE PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

11. FINANCIAL INSTRUMENTS

Categories of financial instruments

All of the Company's financial assets at 31 December 2023 and 31 December 2022 are categorised as financial assets subsequently measured at amortised cost.

All of the Company's financial liabilities at 31 December 2023 and 31 December 2022 are categorised as borrowings and measured at amortised cost.

Fair value

The Company does not hold any financial instruments at fair value. However, set out below is a comparison of the carrying amounts and fair value of the Company's borrowings and loan receivable.

	31 December 2023		31 December 2022	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Financial liabilities				
Borrowings	22,482	22,849	29,028	29,629
Financial assets				
Loans to immediate parent undertaking	22,532	22,899	29,078	29,679

Apart from a minor element of £50k which does not relate to the core financing arrangements, the fair value of the loan receivable is equivalent to the fair value of the loan payable of £22,849k (2022: £29,629k).

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the year ended 31 December 2023 and 31 December 2022, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into or out of Level 3 fair value measurements.

For the purpose of the above disclosures, under the fair value hierarchy, the financial instrument is considered to be a Level 2 instrument. The fair value at 31 December 2023 of the borrowings and obligations under guaranteed secured bonds is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

STIRLING WATER SEAFIELD FINANCE PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

11. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date of which the Company can be required to pay. The tables include principal cash flows and interest.

	Weighted average effective interest rate	Timing of cash flows				Total
		Within one year	Between one and two years	Between two and five years	More than five years	
		£000	£000	£000	£000	£000
At 31 December 2023						
Guaranteed secured bonds	6.8	8,262	8,262	8,261	-	24,785
At 31 December 2022						
Guaranteed secured bonds	6.8	8,262	8,262	16,524	-	33,048

The following tables detail the Company's expected maturity for its financial assets. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets. The inclusion of information on financial assets is necessary to understand the Company's liquidity risk management as liquidity is managed on a net asset and liability basis.

	Weighted average effective interest rate	Timing of cash flows				Total
		Within one year	Between one and two years	Between two and five years	More than five years	
		£000	£000	£000	£000	£000
At 31 December 2023						
Immediate parent undertaking	6.8	8,262	8,262	8,311	-	24,835
At 31 December 2022						
Immediate parent undertaking	6.8	8,312	8,262	16,524	-	33,098

STIRLING WATER SEAFIELD FINANCE PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

11. FINANCIAL INSTRUMENTS (CONTINUED)

The changes in liabilities arising from financing activities are as follows:

	At 1 January 2023 £000	Cash flows £000	Interest £000	Transfer from non-current to current £000	At 31 December 2023 £000
Current interest-bearing loans and borrowings	6,546	(8,262)	-	8,716	6,999
Non-current interest-bearing loans and borrowings	22,482	-	1,717	(8,716)	15,483
Total interest-bearing loans and borrowings	29,028	(8,262)	1,717	-	22,482

	At 1 January 2022 £000	Cash flows £000	Interest £000	Transfer from non-current to current £000	At 31 December 2022 £000
Current interest-bearing loans and borrowings	6,122	(8,262)	-	8,686	6,546
Non-current interest-bearing loans and borrowings	29,028	-	2,140	(8,686)	22,482
Total interest-bearing loans and borrowings	35,150	(8,262)	2,140	-	29,028

Capital management

The Company's share capital was established following Incorporation in 1998. The nature of the Company's activities does not require active capital management.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity investments and derivative financial instruments.

The aspect requiring consideration is interest rate risk. However, the Company is not exposed to interest rate risk as the interest rates on its guaranteed secured bonds and loans to SWSL are fixed.

Credit Risk

The key risk affecting the Company is the ability of SWSL to meet repayments as they fall due. The Company manages its credit risk by assessing SWSL's budgeted cash flows and long-term forecasts, related assumptions and available debt facilities.

The risk of major financial loss would occur if SWSL's main customer, Scottish Water, a large well-established and stable public sector body, failed to honour its obligations under the contract. The likelihood of this is considered extremely low, and is considered to continue to be such in the current environment. For this reason no provision has been made in respect of future credit losses.

STIRLING WATER SEAFIELD FINANCE PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

12. SHARE CAPITAL

	2023	2022
	£000	£000
<i>Allotted, called-up and fully paid</i>		
50,000 ordinary shares of £1 each	50	50

The entire share capital of the Company has been pledged to M&G Trustee Company Limited as security.

13. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of the result for the year to net cash flows from operating activities:

	2023	2022
	£000	£000
Result for the year	-	-
Interest Receivable	(1,717)	(2,140)
Interest Payable	1,717	2,140
Net cash flows from operating activities	-	-

14. RELATED PARTY TRANSACTIONS

During the year the Company entered into transactions, in the ordinary course of business, with related parties. Transactions between related parties are made on an arm's length basis.

Transactions entered into and trading balances outstanding at 31 December 2023 with all related parties, are as follows:

Trading transactions

	2023	2022
	£000	£000
Interest receivable from immediate parent undertaking	1,717	2,140
	2023	2022
	£000	£000
Debtor due from immediate parent undertaking	50	50

STIRLING WATER SEAFIELD FINANCE PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

14. RELATED PARTY TRANSACTIONS (CONTINUED)

Loans to Immediate Parent undertaking	Due within one year £000	Due after one year and within five years £000	Due after five years £000	Total £000
As at 31 December 2023	6,999	15,483	-	22,482
As at 31 December 2022	6,546	22,482	-	29,028

15. POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

16. IMMEDIATE PARENT AND CONTROLLING PARTY

The immediate parent Company is Stirling Water Seafield Limited, a company incorporated in Scotland.

The ultimate parent company and controlling company is Veolia Environnement S.A., a company incorporated in France. Consolidated financial statements are prepared by Veolia Environnement S.A. Copies of the consolidated financial statements for Veolia Environnement S.A. are available from the registered office at 21 rue La Boétie, 75008 Paris, France.

Veolia Environnement S.A. is the smallest and largest group for which group financial statements, including Stirling Water Seafield Finance Plc, are prepared.