

A5 Retirement benefits continued

Movements in the fair value of the schemes' assets were as follows:

Group	2017 £m	2016 £m
At the start of the year	3,245.6	3,133.7
Interest income on schemes' assets	109.4	96.3
The return on plan assets, excluding amounts included in interest	555.5	56.0
Member contributions	5.2	5.8
Benefits paid	(114.3)	(102.4)
Administrative expenses	(2.7)	(2.7)
Company contributions	64.3	58.9
At the end of the year	3,863.0	3,245.6

The group's actual return on the schemes' assets was a gain of £664.9 million (2016: £152.3 million), principally due to gains on derivatives hedging the schemes' liabilities.

Movements in the present value of the defined benefit obligations are as follows:

Group	2017 £m	2016 £m
At the start of the year	(2,970.4)	(3,054.5)
Interest cost on schemes' obligations	(99.2)	(93.2)
Actuarial (losses)/gains arising from changes in financial assumptions	(721.4)	98.1
Actuarial gains/(losses) arising from changes in demographic assumptions	52.7	(46.6)
Actuarial gains arising from experience	36.5	52.6
Curtailments/settlements	(3.1)	(1.1)
Member contributions	(5.2)	(5.8)
Benefits paid	114.3	102.4
Current service cost	(19.7)	(22.3)
At the end of the year	(3,615.5)	(2,970.4)

A contingent liability exists in relation to the equalisation of Guaranteed Minimum Pension (GMP), which is expected to have a widespread impact for defined benefit schemes operating in the UK. The UK Government intends to implement legislation which could result in an increase in the value of GMP for males. This would increase the defined benefit obligation of the schemes. At this stage, until the Government has further developed its proposals, it is not possible to quantify the impact of this change.

A6 Related party transactions

Group

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The related party trading transactions with the group's joint ventures during the period and amounts outstanding at the period end date were as follows:

	2017 £m	2016 £m
Sales of services	404.3	1.2
Purchases of goods and services	0.7	0.7
Costs recharged at nil margin under transitional service agreements	18.5	–
Interest income and fees recognised on loans to related parties	2.6	–
Amounts owed by related parties	163.5	2.9
Amounts owed to related parties	12.1	–

Sales of services to related parties during the year mainly represent non-household wholesale charges and were on the group's normal trading terms.

Notes to the financial statements – appendices

A6 Related party transactions continued

At 31 March 2017, amounts owed by joint ventures, as recorded within trade and other receivables in the statement of financial position, were £163.5 million (2016: £2.9 million), comprising £41.5 million of trade balances, which are unsecured and will be settled in accordance with normal credit terms, and £122.0 million relating to loans. Included within these loans receivable were the following amounts owed by Water Plus:

- › £100.0 million outstanding on a £100.0 million revolving credit facility provided by United Utilities Water Limited, which is guaranteed by United Utilities PLC, with a maturity date of 30 September 2019, bearing a floating interest rate of LIBOR plus a credit margin;
- › £9.0 million receivable being the fair value of amounts owed in relation to a £12.5 million unsecured loan note held by United Utilities PLC, with a maturity date of 28 March 2027. This is an interest-free shareholder loan with a total amount outstanding at 31 March 2017 of £12.5 million, comprising the £9.0 million receivable held at fair value, and £3.5 million recorded as an equity contribution to Water Plus recognised within interests in joint ventures; and
- › £9.7 million outstanding on a £19.6 million unsecured amortising loan note held by United Utilities PLC, with a final maturity date of 30 November 2017, bearing a floating interest rate of LIBOR plus a credit margin. Repayments received on this loan note represent part of the proceeds received on disposal of the group's non-household retail business (see note 9).

A further £3.3 million of non-current receivables was owed by other related parties at 31 March 2017 (2016: £2.5 million).

No expense or allowance has been recognised for bad and doubtful receivables in respect of amounts owed by related parties (2016: £nil).

During the year, United Utilities PLC provided guarantees in support of Water Plus in respect of certain amounts owed to wholesalers. The aggregate limit of these guarantees was £42.5 million, of which £24.0 million related to guarantees to United Utilities Water Limited.

At 31 March 2017, amounts owed to joint ventures were £12.1 million (2016: £nil). The amounts outstanding are unsecured and will be settled in accordance with normal credit terms (2016: £nil).

Details of transactions with key management are disclosed in note 2.

Company

The parent company receives dividend income and pays and receives interest to and from subsidiary undertakings in the normal course of business. Total dividend income received during the year amounted to £263.1 million (2016: £258.7 million) and total net interest payable during the year was £27.7 million (2016: £27.9 million). Amounts outstanding at 31 March 2017 and 31 March 2016 between the parent company and subsidiary undertakings are provided in notes 15, 17 and 21.

At 31 March 2017 and 31 March 2016, no related party receivables and payables were secured and no guarantees were issued in respect thereof. Balances will be settled in accordance with normal credit terms. No allowance for doubtful receivables has been made for amounts owed by subsidiary undertakings as at 31 March 2017 and 31 March 2016.