

**Kelda Finance (No.2) Limited**

Condensed Interim Financial Statements

Registered number 8072102

For the six months ended 30 September 2019

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## **Information to accompany the condensed interim financial statements**

The results for Kelda Finance (No.2) Limited (the 'Company') for the six month period ended 30 September 2019 are presented in this report.

### **Principal activities and business review**

The principal activity of the company during the period continued to be that of raising finance for use in the business of the Kelda Holdings Limited group.

### **Financial performance and outlook**

During the six months ended 30 September 2019 the company continued to focus on delivering excellent internal services and performed in line with management expectations.

It is anticipated that the company will continue to follow the same model for the foreseeable future, a view which is supported by the balance sheet strength being underpinned by the performance of its bonds.

### **Principal activities and business review**

The risks which the company are exposed to include interest rate, credit, liquidity and market risk in relation to financial instruments. The principal risks and uncertainties of the group, and how these are mitigated, are disclosed in the annual financial statements of Kelda Eurobond Co Limited.

**Condensed Statement of Profit and Loss Account**  
*for the six month period ended 30 September 2019*

	<i>Note</i>	<b>Unaudited six month period ended 30 September 2019 £'000</b>	Unaudited six month period ended 30 September 2018 £'000
Income from shares in group undertakings		<b>34,835</b>	32,818
Interest receivable and similar income		<b>4,680</b>	4,479
Interest payable and similar charges		<b>(13,102)</b>	(11,746)
<b>Profit on ordinary activities before taxation</b>		<b>26,413</b>	25,551
<b>Tax credit on profit on ordinary activities</b>	2	<b>873</b>	1,381
<b>Profit for the six month period</b>		<b>27,286</b>	26,932

## Condensed Statement of Financial Position

as at 30 September 2019

	<i>Note</i>	<b>Unaudited at 30 September 2019 £'000</b>	Audited at 31 March 2019 £'000
<b>Fixed assets</b>			
Investments		<b>778,461</b>	778,461
<b>Current assets</b>			
Debtors (including £191,124,000 (31 March 2019: £191,124,000 due after more than one year)	3	<b>196,471</b>	198,485
Cash at bank and in hand		<b>2,206</b>	1,873
<b>Creditors:</b> amounts falling due within one year	4	<b>198,677 (202,443)</b>	200,358 (202,168)
<b>Net current liabilities</b>		<b>(3,766)</b>	(1,810)
<b>Total assets less current liabilities</b>		<b>774,695</b>	776,651
<b>Creditors:</b> amounts falling due after more than one year	5	<b>(256,240)</b>	(255,847)
<b>Net assets</b>		<b>518,455</b>	520,804
<b>Capital and reserves</b>			
Profit and loss account		<b>518,455</b>	520,804
<b>Total shareholders' funds</b>		<b>518,455</b>	520,804

**Condensed Statement of Changes in Equity**  
*for the 6 month period ended 30 September 2019*

	Note	Called up Share capital £'000	Profit and loss account £'000	Total Shareholders' funds £'000
Balance at 1 April 2019		-	520,804	520,804
Profit for the six month period		-	27,286	27,286
Total comprehensive income for the six month period		-	27,286	27,286
Dividends	7	-	(29,635)	(29,635)
Total distributions to owners		-	(29,635)	(29,635)
<b>Balance at 30 September 2019</b>		<b>-</b>	<b>518,455</b>	<b>518,455</b>

	Note	Called up Share capital £'000	Profit and loss account £'000	Total Shareholders' funds £'000
Balance at 1 April 2018			520,830	520,830
Profit for the six month period		-	26,932	26,932
Total comprehensive income for the 6 month period		-	26,932	26,932
Dividends	7	-	(27,618)	(27,618)
Total distributions to owners		-	(27,618)	(27,618)
Balance at 30 September 2018		-	520,144	520,144

## Notes to the condensed interim financial statements

### 1 Basis of preparation and accounting

The financial information for the six month period ended 30 September 2019 has been prepared in accordance with FRS 104 'Interim Financial Reporting' and the Companies Act 2006. The financial information for the six months ended 30 September 2019 and the equivalent period in 2018 has not been audited and does not constitute statutory accounts.

The accounting policies, methods of computation and presentation in these accounts are consistent with those that were applied in the annual financial statements of Kelda Finance (No.2) Limited for the year ended 31 March 2019. The auditor's report on those accounts was unqualified. The company's financial statements are prepared under the historical cost convention in compliance with Financial Reporting Standard 101 Reduced Disclosure Framework.

### 2 Taxation

#### Tax relating to continuing operations:

	<b>Unaudited six month period ended 30 September 2019 £'000</b>	Unaudited six month period ended 30 September 2018 £'000
<i>Current tax</i>		
Total current tax credit	<b>873</b>	1,381
	<hr/>	<hr/>
Tax on profit on ordinary activities	<b>873</b>	1,381
	<hr/> <hr/>	<hr/> <hr/>

There is a tax credit in the year £873,000 (2018: £1,381,000). The intercompany interest in the profit and loss is non-deductible for tax.

### 3 Debtors

	<b>Unaudited at 30 September 2019 £'000</b>	Audited at 31 March 2019 £'000
<b>Debtors falling due within one year:</b>		
Amounts owed by group companies	<b>5,347</b>	7,361
<b>Debtors falling due in more than one year:</b>		
Amounts owed by group undertakings	<b>191,124</b>	191,124
	<hr/>	<hr/>
<b>Debtors</b>	<b>196,471</b>	198,485
	<hr/> <hr/>	<hr/> <hr/>

The amounts owed by group undertakings due within one year are unsecured, interest free, have no contractual repayments date and are repayable on demand. Amounts owed by other group undertakings include £191,124,000 lent to Kelda Eurobond Co Limited at an interest rate of six month LIBOR plus 3.97% margin and are repayable in two instalments in May 2024 and May 2027.

**Notes to the condensed interim financial statements** *(continued)*

**4 Creditors: amounts falling due within one year**

	<b>Unaudited at 30 September 2019</b>	Audited at 31 March 2019
	<b>£'000</b>	<b>£'000</b>
Amounts owed to group undertakings	<b>199,298</b>	198,922
Other creditors	<b>3,145</b>	3,246
	<b>202,443</b>	202,168
	<b>202,443</b>	202,168

The amounts owed to group undertakings are unsecured, interest free, have no contractual repayment date, and are repayable on demand.

**5 Creditors: amounts falling due after more than one year**

	<b>Unaudited at 30 September 2019</b>	Unaudited 31 March 2019
	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	<b>256,240</b>	255,847
	<b>256,240</b>	255,847
	<b>256,240</b>	255,847

Included in bank loans and overdrafts are amounts that carry interest at LIBOR plus 3.87% and are repayable in two instalments in May 2024 and May 2027.

**6 Analysis of net debt**

	<b>Unaudited at 30 September 2019</b>	Audited at 31 March 2019
	<b>£'000</b>	<b>£'000</b>
<b>Cash and cash equivalents:</b>		
Cash at bank and in hand	<b>2,206</b>	1,873
	<b>2,206</b>	1,873
<b>Long term borrowings:</b>		
Bank loans and overdrafts	<b>(256,240)</b>	(255,847)
	<b>(256,240)</b>	(255,847)
<b>Total net debt</b>	<b>(254,034)</b>	(253,974)



**Notes to the condensed interim financial statements** *(continued)*

**7 Dividends paid**

	<b>Unaudited six month period ended 30 September 2019 £'000</b>	Unaudited six month period ended 30 September 2018 £'000
Dividends paid	<b>29,635</b>	27,618
	<b><u>29,635</u></b>	<u>27,618</u>