

Kelda Finance (No.2) Limited

Condensed Interim Financial Statements

Registered number 08072102

For the six months ended 30 September 2020



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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 2020 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 2020 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 investments.

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 for the group, and how these are mitigated, are discussed in the Kelda Eurobond Co Limited Annual Report and Financial Statements for the year ended 31 March 2020 (which do not form part of these condensed interim financial statements).

Condensed Statement of Profit and Loss Account

for the six month period ended 30 September 2020

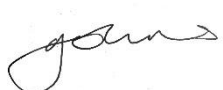
| | <i>Note</i> | Unaudited six month period ended 30 September 2020 £'000 | Unaudited six month period ended 30 September 2019 £'000 |
|--|-------------|---|---|
| Income from shares in group undertakings | | 18,290 | 34,835 |
| Interest receivable and similar income | | 4,325 | 4,680 |
| Interest payable and similar charges | | (12,255) | (13,102) |
| | | <hr/> | <hr/> |
| Profit before taxation | | 10,360 | 26,413 |
| Taxation | 2 | 1,507 | 873 |
| | | <hr/> | <hr/> |
| Profit for period | | 11,867 | 27,286 |
| | | <hr/> <hr/> | <hr/> <hr/> |

Condensed Statement of Financial Position

as at 30 September 2020

| | Note | Unaudited at 30 September 2020 £'000 | Audited at 31 March 2020 £'000 |
|---|------|--|--------------------------------------|
| Fixed assets | | | |
| Investments | 3 | 778,461 | 778,461 |
| Current assets | | | |
| Debtors (including £191,124,000 (31 March 2020: £191,124,000) due after more than one year) | 4 | 195,408 | 197,962 |
| Cash at bank and in hand | | 18,754 | 25,504 |
| Creditors: amounts falling due within one year | 5 | (85,030) | (4,256) |
| Net current assets | | 129,132 | 219,210 |
| Total assets less current liabilities | | 907,593 | 997,671 |
| Creditors: amounts falling due after more than one year | 6 | (378,171) | (457,200) |
| Net assets | | 529,422 | 540,471 |
| Capital and reserves | | | |
| Profit and loss account | | 529,422 | 540,471 |
| Total shareholders' funds | | 529,422 | 540,471 |

The condensed interim financial statements, that are unaudited, were approved by the Board of Directors on 25 November 2020 and signed on its behalf by:



C Johns
Director

Condensed Statement of Changes in Equity

for the six month period ended 30 September 2020

| | Note | Called up Share capital £'000 | Profit and loss account £'000 | Total shareholders' funds £'000 |
|---|------|-------------------------------------|-------------------------------------|--|
| Balance at 1 April 2020 | | - | 540,471 | 540,471 |
| Profit for the six month period | | - | 11,867 | 11,867 |
| Total comprehensive income for the six month period | | - | 11,867 | 11,867 |
| Dividends | 8 | - | (22,916) | (22,916) |
| Total distributions | | - | (22,916) | (22,916) |
| Balance at 30 September 2020 | | - | 529,422 | 529,422 |

| | 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 | 8 | - | (29,635) | (29,635) |
| Total distributions | | - | (29,635) | (29,635) |
| Balance at 30 September 2019 | | - | 518,455 | 518,455 |

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

1 Basis of preparation and accounting

The financial information for the six month period ended 30 September 2020 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 2020 and the equivalent period in 2019 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 2020. 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:

| | Unaudited six month period ended 30 September 2020 | Unaudited six month period ended 30 September 2019 |
|--------------------------------------|---|--|
| | £'000 | £'000 |
| <i>Current tax</i> | | |
| Total current tax credit | 1,507 | 873 |
| Tax on profit on ordinary activities | 1,507 | 873 |

3 Investments

| | Subsidiary undertakings £'000 |
|--|--|
| Cost | |
| At 31 March 2020 and 30 September 2020 | 778,461 |
| Net book value | |
| At 31 March 2020 and 30 September 2020 | 778,461 |

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

3 Investments *(continued)*

The company has the following investments in subsidiaries whose registered office, unless otherwise stated, is Western House, Halifax Road, Bradford, BD6 2SZ.

| | Country of Incorporation | Nature of business | Class of shares held | Ownership | |
|--|-----------------------------|--------------------------|-------------------------|-------------------|---------------|
| | | | | September 2020 | March 2020 |
| Yorkshire Water Services Holdings Limited | England & Wales | Holding company | Ordinary | 100% | 100% |
| Kelda Finance (No.3) Plc | England & Wales | Finance company | Ordinary | 100% | 100% |
| * Yorkshire Water Services Limited | England & Wales | Water services | Ordinary | 100% | 100% |
| * Yorkshire Water Services Finance Limited | England & Wales | Finance company | Ordinary | 100% | 100% |
| * Yorkshire Water Finance Plc | England & Wales | Finance company | Ordinary | 100% | 100% |
| * Southern Pennines Rural Regeneration Company Limited ¹ | England & Wales | Regeneration projects | Limited by guarantee | 100% | 100% |

* Indirect holding

¹ Registered office address: Canal & Visitors Centre Butler's Wharf, New Road, Hebden Bridge, England, HX7 8AF.

4 Debtors

| | Unaudited at 30 September 2020 £'000 | Audited at 31 March 2020 £'000 |
|---|--|--------------------------------------|
| Debtors falling due within one year: | | |
| Amounts owed by group undertakings | 4,284 | 6,838 |
| Debtors falling due in more than one year: | | |
| Amounts owed by group undertakings | 191,124 | 191,124 |
| Debtors | 195,408 | 197,962 |

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)*

5 Creditors: amounts falling due within one year

| | Unaudited at 30 September 2020 £'000 | Audited at 31 March 2020 £'000 |
|------------------------------------|---|--------------------------------------|
| Amounts owed to group undertakings | - | 72 |
| Accrued interest | 5,674 | 4,184 |
| Bank loans | 79,356 | - |
| | <hr/> 85,030 <hr/> | <hr/> 4,256 <hr/> |

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

6 Creditors: amounts falling due after more than one year

| | Unaudited at 30 September 2020 £'000 | Audited at 31 March 2020 £'000 |
|------------|---|--------------------------------------|
| Bank loans | 378,171 | 457,200 |
| | <hr/> 378,171 <hr/> | <hr/> 457,200 <hr/> |

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

7 Analysis of net debt

| | Unaudited at 30 September 2020 £'000 | Audited at 31 March 2020 £'000 |
|-----------------------------------|---|--------------------------------------|
| Cash and cash equivalents: | | |
| Cash at bank and in hand | (18,754) | (25,504) |
| | (18,754) | (25,504) |
| Short term borrowings: | | |
| Bank loans | 79,356 | - |
| | 79,356 | - |
| Long term borrowings: | | |
| Bank loans | 378,171 | 457,200 |
| | 378,171 | 457,200 |
| Total net debt | 438,773 | 431,696 |

8 Dividends paid

| | Unaudited six month period ended 30 September 2020 £'000 | Unaudited six month period ended 30 September 2019 £'000 |
|----------------|---|--|
| Dividends paid | 22,916 | 29,635 |
| | 22,916 | 29,635 |

