

Kelda Finance (No.2) Limited

Condensed Interim Financial Statements

Registered number 08072102

For the six month period ended 30 September 2021



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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 2021 are presented in this report.

Principal activities and business review

The principal activity of the company during the period and in the foreseeable future is that of raising finance for use in the business of the Kelda Holdings Limited group (Kelda group).

In May 2021, the company raised new debt totalling £77.0m. This was in the form of £48.1m 5.75% fixed rate notes (listed on The International Stock Exchange) and a £28.9m floating rate loan (6m LIBOR + 4.50%). Both have a tenor of seven years. The company used the funds raised to repay £80.0m bridging debt entered into in February 2020 and which was due in August 2021.

Financial performance and outlook

During the six month period ended 30 September 2021 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 2021 (which do not form part of these condensed interim financial statements).

Responsibility statement

This condensed set of interim financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss for the period. The directors confirm that the condensed interim financial statements have been prepared in accordance with FRS 104 'Interim Financial Reporting' issued by the Financial Reporting Council, and that the interim management report includes a fair review of the information required by Disclosure Guidance and Transparency Rules (DTR) 4.2.7. As the company does not issue listed shares, DTR 4.2.8 in respect of related party transactions has not been applied.

Condensed Statement of Profit and Loss Account

for the six month period ended 30 September 2021

	Note	Unaudited six month period ended 30 September 2021 £'000	Unaudited six month period ended 30 September 2020 £'000
Income from shares in group undertakings		19,193	18,290
Interest receivable and similar income		3,736	4,325
Interest payable and similar charges		(11,127)	(12,255)
		<hr/>	<hr/>
Profit before taxation		11,802	10,360
Taxation	2	1,404	1,507
		<hr/>	<hr/>
Profit for period		13,206	11,867
		<hr/> <hr/>	<hr/> <hr/>

Condensed Balance Sheet

as at 30 September 2021

	Note	Unaudited at 30 September 2021 £'000	Audited at 31 March 2021 £'000
Fixed assets			
Investments	3	778,461	778,461
Non-current debtors	4	191,124	191,124
		<hr/> 969,585	<hr/> 969,585
Current assets			
Current debtors	4	4,005	5,829
Cash and cash equivalents		2,852	8,989
		<hr/> 6,857	<hr/> 14,818
Creditors: amounts falling due within one year	5	(5,671)	(85,336)
		<hr/> 1,186	<hr/> (70,518)
Net current assets/(liabilities)		<hr/> 1,186	<hr/> (70,518)
Total assets less current liabilities		<hr/> 970,771	<hr/> 899,067
Creditors: amounts falling due after more than one year	6	(453,809)	(378,718)
		<hr/> 516,962	<hr/> 520,349
Net assets		<hr/> 516,962	<hr/> 520,349
Capital and reserves			
Profit and loss account		516,962	520,349
		<hr/> 516,962	<hr/> 520,349
Total shareholders' funds		<hr/> 516,962	<hr/> 520,349

The condensed interim financial statements, that are unaudited, were approved by the Board of Directors on 26 November 2021 and signed on its behalf by:



C Johns
Director

Notes to the condensed interim financial statements

	Note	Called up Share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 1 April 2021		-	520,349	520,349
Profit for the six month period		-	13,206	13,206
Total comprehensive income for the six month period		-	13,206	13,206
Dividends	8	-	(16,593)	(16,593)
Total distributions		-	(16,593)	(16,593)
Balance at 30 September 2021		-	516,962	516,962

	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

Notes to the condensed interim financial statements

1 Basis of preparation and accounting

The financial information for the six month period ended 30 September 2021 has been prepared in accordance with FRS 104 'Interim Financial Reporting' and the Companies Act 2006. The financial information for the six month period ended 30 September 2021 and the equivalent period in 2020 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 2021. 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 2021 £'000	Unaudited six month period ended 30 September 2020 £'000
Taxation	1,404	1,507

3 Investments

	Subsidiary undertakings £'000
Cost	
At 31 March 2021 and 30 September 2021	778,461
Net book value	
At 31 March 2021 and 30 September 2021	778,461

Notes to the condensed interim financial statements

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 2021	March 2021
Yorkshire Water Services Holdings Limited	England & Wales	Holding company	Ordinary	100%	100%
Kelda Finance (No.3) Plc	England & Wales	Dormant	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 2021 £'000	Audited at 31 March 2021 £'000
Current debtors - amounts owed by group undertakings	4,005	5,829
Non-current debtors - amounts owed by group undertakings	191,124	191,124

Non-current debtors includes a loan of £191,124,000 owed by Kelda Eurobond Co Limited at an interest rate of six month LIBOR plus 3.97% margin. The loan is unsecured and repayable on demand. The directors do not expect the loan to be repaid within the next 12 months. Current debtors includes £1,404,000 (31 March 2021: £3,127,000) owed by Yorkshire Water Services Limited for group taxation relief and £2,601,000 (31 March 2021: £2,702,000) due from Kelda Eurobond Co Limited for accrued loan interest receivable. These amounts are unsecured, interest free and are repayable on demand.

Notes to the condensed interim financial statements

5 Creditors: amounts falling due within one year

	Unaudited at 30 September 2021 £'000	Audited at 31 March 2021 £'000
Amounts owed to group undertakings	-	2
Accrued interest	5,671	5,521
Accruals	-	71
Secured bank loans	-	79,742
	<hr/> 5,671 <hr/>	<hr/> 85,336 <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 2021 £'000	Audited at 31 March 2021 £'000
Secured bank loans	453,809 <hr/>	378,718 <hr/>

Notes to the condensed interim financial statements

7 Analysis of net debt

	Unaudited at 30 September 2021 £'000	Audited at 31 March 2021 £'000
Cash and cash equivalents	(2,852)	(8,989)
Short term borrowings:		
Secured bank loans	-	79,742
	-	79,742
Long term borrowings:		
Secured bank loans	453,809	378,718
	453,809	378,718
Total net debt	450,957	449,471

8 Dividends paid

	Unaudited six month period ended 30 September 2021 £'000	Unaudited six month period ended 30 September 2020 £'000
Dividends paid	16,593	22,916

