

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

**Condensed Interim Financial Statements**

Registered number 08072102

For the six months ended 30 September 2017

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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 2017 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 2017 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 risks and uncertainties**

The risks to which the company is exposed include interest rate, credit, liquidity and market risk in relation to financial instruments. The principal risks and uncertainties of the group are disclosed in the financial statements of Kelda Holdings Limited for the year ended 31 March 2017.

***Condensed Profit and Loss Account***  
*for the 6 month period ended 30 September 2017*

	<b>Unaudited 6 month period ended 30 September 2017</b>	<b>Unaudited 6 month period ended 30 September 2016</b>
	<b>£'000</b>	<b>£'000</b>
Income from shares in group undertakings	<b>44,758</b>	94,758
Interest receivable and similar income	<b>2,810</b>	1
Interest payable and similar charges	<b>(9,996)</b>	(6,960)
	<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	<b>37,572</b>	87,799
Tax on profit on ordinary activities	2 -	-
	<hr/>	<hr/>
<b>Profit for the six month period</b>	<b>37,572</b>	87,799
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**Condensed Balance Sheet**  
*as at 30 September 2017*

	<i>Note</i>	<b>Unaudited at 30 September 2017 £'000</b>	Audited at 31 March 2017 £'000
<b>Fixed assets</b>			
Investments		<b>778,461</b>	778,461
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<b>Current assets</b>			
Debtors (including £191,124,000 (31 March 2017: £nil) due after more than one year)	3	<b>195,359</b>	1,426
Cash at bank and in hand		<b>1,732</b>	858
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		<b>197,091</b>	2,284
<b>Creditors:</b> amounts falling due within one year	5	<b>(1,578)</b>	(1,550)
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<b>Net current assets</b>		<b>195,513</b>	734
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<b>Total assets less current liabilities</b>		<b>973,974</b>	779,195
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<b>Creditors:</b> amounts falling due after more than one year	6	<b>(454,923)</b>	(261,158)
<hr/>			
<b>Net assets</b>		<b>519,051</b>	518,037
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<b>Capital and reserves</b>			
Called up share capital		-	-
Profit and loss account		<b>519,051</b>	518,037
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<b>Total shareholders' funds</b>		<b>519,051</b>	518,037
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**Condensed Statement of Changes in Equity**  
*for the 6 month period ended 30 September 2017*

	<i>Note</i>	<b>Called up Share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total Shareholders' funds £'000</b>
Balance at 1 April 2017		-	518,037	518,037
Profit for the six month period		-	37,572	37,572
Total comprehensive income for the six month period		-	37,572	37,572
Dividends	7	-	(36,558)	(36,558)
Total distributions to owners		-	(36,558)	(36,558)
<b>Balance at 30 September 2017</b>		<b>-</b>	<b>519,051</b>	<b>519,051</b>

	<i>Note</i>	<b>Called up Share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total Shareholders' funds £'000</b>
Balance at 1 April 2016		-	517,455	517,455
Profit for the six month period		-	87,799	87,799
Total comprehensive income for the six month period		-	87,799	87,999
Dividends	7	-	(86,558)	(86,558)
Total distributions to owners		-	(86,558)	(86,558)
<b>Balance at 30 September 2016</b>		<b>-</b>	<b>518,696</b>	<b>518,696</b>

**Notes to the condensed interim financial statements**  
*for the 6 month period ended 30 September 2017*

**1 Basis of preparation and accounting**

The financial information for the six month period ended 30 September 2017 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 2017 and the equivalent period in 2016 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 2017. 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.

No new standards, amendments or interpretations which will have a material impact on the financial statements have been adopted in the period. The principal risks and uncertainties as disclosed in the year end accounts are considered to be consistent with those that are still applicable now.

**2 Taxation**

There is no tax charge in the year (2016: £nil). Dividends receivable by the company are not subject to tax. Furthermore, the tax loss that arises as a result of the company's net interest costs will be surrendered to other group companies for no payment.

**3 Debtors**

	<b>Unaudited at 30 September 2017</b>	Audited at 31 March 2017
	<b>£'000</b>	£'000
<b>Debtors falling due within one year:</b>		
Amounts owed by group companies	<b>4,235</b>	1,426
<b>Debtors falling due in more than one year:</b>		
Amounts owed by group undertakings	<b>191,124</b>	-
<b>Debtors</b>	<b>195,359</b>	1,426

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 group undertakings due after more than one year carry interest at LIBOR plus 3.97% and are repayable in two instalments in May 2024 and May 2027.

**Notes to the condensed interim financial statements (continued)**  
*for the 6 month period ended 30 September 2017*

**4 Analysis of net debt**

	<b>Unaudited at 30 September 2017</b>	Audited at 31 March 2017
	<b>£'000</b>	£'000
<b>Cash and cash equivalents:</b>		
Cash at bank and in hand	1,732	858
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	<b>1,732</b>	858
	<hr/>	<hr/>
<b>Long term borrowings:</b>		
Bank loans and overdrafts	(254,669)	(63,658)
Amounts owed to group undertakings	(197,500)	(197,500)
Other creditors	(2,754)	-
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	<b>(454,923)</b>	(261,158)
	<hr/>	<hr/>
<b>Total net debt</b>	<b>(453,191)</b>	(260,300)
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**5 Creditors: amounts falling due within one year**

	<b>Unaudited at 30 September 2017</b>	Audited at 31 March 2017
	<b>£'000</b>	£'000
Amounts owed to group undertakings	1,469	1,430
Other creditors	109	120
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	<b>1,578</b>	1,550
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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**

	<b>Unaudited at 30 September 2017</b>	Audited at 31 March 2017
	<b>£'000</b>	£'000
Bank loans and overdrafts	254,669	63,658
Amounts owed to group undertakings	197,500	197,500
Other creditors	2,754	-
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	<b>454,923</b>	261,158
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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.



**Notes to the condensed interim financial statements (continued)**  
*for the 6 month period ended 30 September 2017*

**7 Dividends paid**

	<b>Unaudited 6 month period ended 30 September 2017 £'000</b>	Unaudited 6 month period ended 30 September 2016 £'000
Dividends paid	<u>36,558</u>	<u>86,558</u>
<b>Total dividends</b>	<u><u>36,558</u></u>	<u><u>86,558</u></u>