

Kelda Finance (No.2) Limited

Condensed Interim Financial Statements

Registered number 8072102

For the six months ended 30 September 2018

Contents

Information to accompany the condensed interim financial statements	3
Condensed Statement of Profit and Loss Account	4
Condensed Statement of Financial Position	5
Condensed Statement of Changes in Equity	6
Notes to the condensed interim financial statements	7

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 2018 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 2018 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 financial statements of Kelda Eurobond Co Limited.

Condensed Statement of Profit and Loss Account
for the 6 month period ended 30 September 2018

	Unaudited 6 month period ended 30 September 2018	Unaudited 6 month period ended 30 September 2017
	£'000	£'000
Income from shares in group undertakings	32,818	44,758
Interest receivable and similar income	4,479	2,810
Interest payable and similar charges	(11,746)	(9,996)
Profit on ordinary activities before taxation	25,551	37,572
Tax on profit on ordinary activities	1,381	-
Profit for the six month period	26,932	37,572

Condensed Statement of Financial Position
as at 30 September 2018

		Unaudited at 30 September 2018 £'000	Audited at 31 March 2018 £'000
Fixed assets			
Investments		778,461	778,461
<hr/>			
Current assets			
Debtors (including £191,124,000 (31 March 2018: £191,124,000 due after more than one year))	3	196,934	198,159
Cash at bank and in hand	6	2,225	1,157
<hr/>			
		199,159	199,316
Creditors: amounts falling due within one year	4	(4,522)	(4,385)
<hr/>			
Net current assets		194,637	194,931
<hr/>			
Total assets less current liabilities		973,098	973,392
<hr/>			
Creditors: amounts falling due after more than one year	5	(452,954)	(452,562)
<hr/>			
Net assets		520,144	520,830
<hr/> <hr/>			
Capital and reserves			
Called up share capital		-	-
Profit and loss account		520,144	520,830
<hr/>			
Total shareholders' funds		520,144	520,830
<hr/> <hr/>			

Condensed Statement of Changes in Equity
for the 6 month period ended 30 September 2018

	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 six 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

	Note	Called up Share capital £'000	Profit and loss account £'000	Total Shareholders' funds £'000
Balance at 1 April 2017			518,037	518,037
Profit for the six month period		-	37,572	37,572
Total comprehensive income for the 6 month period		-	37,572	37,572
Dividends	7	-	(36,558)	(36,558)
Total distributions to owners		-	(36,558)	(36,558)
Balance at 30 September 2017		-	519,051	519,051

Notes to the condensed interim financial statements

1 Basis of preparation and accounting

The financial information for the six month period ended 30 September 2018 has been prepared in accordance with FRS 104 'Interim Financial Reporting' and the Companies Act 2006. The financial information for the half year ended 30 September 2018 and the equivalent period in 2017 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 2018. 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.

IFRS 9- financial instruments has been adopted for the first time, which replaces IAS 39: Recognition and measurement. There is no material impact on the financial statements. 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

Tax relating to continuing operations:

	Unaudited 6 month period ended 30 September 2018 £'000	Unaudited 6 month period ended 30 September 2017 £'000
<i>Current tax</i>		
Total current tax credit	1,381	-
	1,381	-
Tax on profit on ordinary activities	1,381	-

3 Debtors

	Unaudited at 30 September 2018 £'000	Audited at 31 March 2018 £'000
Debtors falling due within one year:		
Amounts owed by group companies	5,810	7,035
Debtors falling due in more than one year:		
Amounts owed by group undertakings	191,124	191,124
Debtors	196,934	198,159

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 6 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 failing due within one year

	Unaudited at 30 September 2018	Audited at 31 March 2018
	£'000	£'000
Amounts owed to group undertakings	1,469	1,422
Other creditors	3,053	2,963
	4,522	4,385
	4,522	4,385

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

	Unaudited at 30 September 2018	Unaudited 31 March 2018
	£'000	£'000
Bank loans and overdrafts	255,454	255,062
Amounts owed to group undertakings	197,500	197,500
	452,954	452,562
	452,954	452,562

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

	Unaudited at 30 September 2018	Audited at 31 March 2018
	£'000	£'000
Cash and cash equivalents:		
Cash at bank and in hand	2,225	1,157
	2,225	1,157
Long term borrowings:		
Bank loans and overdrafts	(255,454)	(255,062)
Amounts owed to group undertakings	(197,500)	(197,500)
	(452,954)	(452,562)
Total net debt	(450,729)	(451,405)

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

7 Dividends paid

	Unaudited 6 month period ended 30 September 2018 £'000	Unaudited 6 month period ended 30 September 2017 £'000
Dividends paid	27,618	36,558
	27,618	36,558