

Interim Consolidated Accounts (un-audited) for Greensands UK Ltd

For the six months ended 30 September 2016

Important notice

This report should not be relied on as a guide to future performance, and should not be relied on in deciding whether to undertake investment in the company. It should be noted that the information in this report has not been reviewed by the company's auditors.

Format and basis of consolidation

The abridged accounts contained within this report represent the consolidation of Greensands UK Ltd and its subsidiaries and are not presented in full Companies Act format.

Prior year restatement

Prior period figures in the summarised financial statements have been restated, principally reflecting the restatement of the groups main operating company Southern Water Services Limited (SWS). In SWS the prior year numbers were restated to present the figures on a consistent basis with the SWS annual report for the year ended 31 March 2016 and the requirements of the related accounting standards together with the requirements of FRS 101 (Financial Reporting Standard 101).

FRS 101 / FRS 104

These interim financial information presents non-statutory information on the group. The full presentational requirements of FRS 101 or FRS 104 (Interim Financial Reporting) have not been applied and therefore the information is not fully compliant with FRS 101 or FRS 104.

Please note that these Interim Accounts have not been reviewed by the company's auditors

Interim Accounts

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Please note that these Interim Accounts have not been reviewed by the company's auditors

Greensands UK Limited**Consolidated income statement****For the six months to 30 September 2016**

	Period to 30 Sep 2016 Unaudited £m	Restated Period to 30 Sep 2015 Unaudited £m
Continued operations		
Revenue	409.2	400.7
Other operating income	1.5	1.4
Operating costs:		
- before depreciation and amortisation	(155.3)	(147.5)
- depreciation and amortisation	(126.2)	(126.4)
Total operating costs	<u>(281.5)</u>	<u>(273.9)</u>
Operating profit before interest and taxation	<u>129.2</u>	<u>128.2</u>
Profit on disposal of fixed assets	0.3	0.1
Net finance costs	(215.2)	(167.2)
Fair value (losses)/gains on derivative financial instruments	(380.5)	60.4
Net finance costs (including (losses)/gains on derivative financial instruments)	<u>(595.7)</u>	<u>(106.8)</u>
(Loss)/profit before taxation	<u>(466.2)</u>	<u>21.5</u>
Tax credit/(charge)	66.5	(16.0)
(Loss)/profit after taxation from continuing operations	<u>(399.7)</u>	<u>5.5</u>
Dividends	-	-
(Loss)/profit for the period	<u><u>(399.7)</u></u>	<u><u>5.5</u></u>

Greensands UK Limited

Consolidated statement of other comprehensive income
For the six months to 30 September 2016

	Period to 30 Sep 2016 Unaudited £m	Restated Period to 30 Sep 2015 Unaudited £m
(Loss)/profit for the period	(399.7)	5.5
Items that cannot be reclassified to profit or loss:		
Actuarial loss on retirement benefit obligation	(131.7)	(3.3)
Deferred tax asset movement relating to retirement benefit obligation	23.7	0.7
Deferred tax asset movement due to rate change relating to pension deficit	10.6	-
	<u>(97.4)</u>	<u>(2.6)</u>
Total comprehensive (loss)/profit for the period	<u><u>(497.1)</u></u>	<u><u>2.9</u></u>

Greensands UK Limited**Consolidated statement of financial position****As at 30 September 2016****Non-current assets**

Property, plant and equipment and intangibles
Other non-current assets
Investments
Deferred tax asset
Derivative financial instruments

Current assets

Inventories
Trade and other receivables
Cash and cash equivalents

Total assets**Current liabilities**

Borrowings
Trade and other payables

Non-current liabilities

Borrowings
Derivative financial instruments
Deferred tax liabilities
Retirement benefit obligations
Provisions for liabilities
Other non-current liabilities

Total liabilities**Total net liabilities****Equity****Capital and reserves:**

Called up share capital
Retained earnings

Total shareholder's equity

	As at 30 Sep 2016 Unaudited £m	As at 31 Mar 2016 Unaudited £m
	5,943.3	5,933.9
	78.1	78.1
	0.1	0.1
	20.4	-
	18.5	12.4
	<u>6,060.4</u>	<u>6,024.5</u>
	2.9	2.4
	345.8	343.6
	364.1	38.1
	<u>712.8</u>	<u>384.1</u>
	<u>6,773.2</u>	<u>6,408.6</u>
	(8.6)	(48.9)
	(249.6)	(202.1)
	<u>(258.2)</u>	<u>(251.0)</u>
	(6,131.2)	(5,720.0)
	(1,322.7)	(936.2)
	-	(80.5)
	(236.6)	(102.3)
	(0.5)	(0.5)
	(46.6)	(43.6)
	<u>(7,737.6)</u>	<u>(6,883.1)</u>
	<u>(7,995.8)</u>	<u>(7,134.1)</u>
	<u>(1,222.6)</u>	<u>(725.5)</u>
	1.0	1.0
	(1,223.6)	(726.5)
	<u>(1,222.6)</u>	<u>(725.5)</u>

Greensands UK Limited

Summarised statement of changes in equity

For the six months ended 30 September 2016

	Called up share capital £m	Retained earnings £m	Total £m
Balance at 1 April 2016	1.0	(726.5)	(725.5)
Loss for the period	-	(399.7)	(399.7)
Other comprehensive loss for the period	-	(97.4)	(97.4)
Balance at 30 September 2016	1.0	(1,223.6)	(1,222.6)

Summarised statement of changes in equity

For the six months ended 30 September 2015

	Called up share capital £m	Restated Retained earnings £m	Total £m
Balance at 1 April 2015	1.0	(726.0)	(725.0)
Profit for the period	-	5.5	5.5
Other comprehensive loss for the period	-	(2.6)	(2.6)
Balance at 30 September 2015	1.0	(723.1)	(722.1)

Greensands UK Limited

Consolidated statement of cash flows
For the six months to 30 September 2016

	Note	Period to 30 Sep 2016 Unaudited £m	Restated Period to 30 Sep 2015 Unaudited £m
Net cash from operating activities	1	249.5	238.3
Investing activities			
Purchase of property, plant and equipment		(122.4)	(120.9)
Purchase of Intangibles		-	(3.4)
Receipt of grants and contributions		1.0	0.8
Net cash used in investing activities		<u>(121.4)</u>	<u>(123.5)</u>
Financing activities			
Interest received		0.1	1.1
Interest paid		(41.8)	(79.7)
Repayment of loans		(50.0)	(264.5)
New loans granted		290.0	260.1
Issue costs of new loans		(0.3)	(3.5)
Finance lease payments		(0.1)	-
Net cash received/(used) in financing activities		<u>197.9</u>	<u>(86.5)</u>
Net increase in cash and cash equivalents		326.0	28.3
Cash and cash equivalents at the beginning of the period		38.1	230.1
Cash and cash equivalents at end of the period	2	<u>364.1</u>	<u>258.4</u>

Greensands UK Limited

Notes to the interim financial information

**1 Reconciliation of operating profit to cash flow
For the six months to 30 September 2016**

	Period to 30 Sep 2016 Unaudited £m	Restated Period to 30 Sep 2015 Unaudited £m
Operating profit on ordinary activities before interest and taxation	129.2	128.2
Depreciation of property, plant and equipment	121.4	122.0
Amortisation of Intangibles	4.8	4.4
Amortisation of grants and contributions	(1.5)	(1.4)
Operating cash flows before movements in working capital	<u>253.9</u>	<u>253.2</u>
Gain on sale of property, plant and equipment	0.1	-
Increase in Inventory	(0.5)	(0.1)
Increase in receivables	(9.8)	(6.2)
Increase/(decrease) in payables	5.8	(8.6)
Total net cash inflow from operating activities	<u>249.5</u>	<u>238.3</u>

2 Analysis of Consolidated Net Debt

For the six months to 30 September 2016

	At 1 April 2016 £m	Cash flows £m	Other non-cash £m	Movement on derivatives £m	At 30 Sep 2016 £m
Cash	38.1	326.0	-	-	364.1
Borrowings:					
External	(3,874.2)	(239.6)	(10.0)	-	(4,123.8)
Group undertakings	(1,894.9)	-	(121.1)	-	(2,016.0)
Financial derivatives:					
External	(923.8)	-	-	(380.5)	(1,304.2)
Group undertakings	-	-	-	-	-
Net Debt	<u>(6,654.8)</u>	<u>86.4</u>	<u>(131.1)</u>	<u>(380.5)</u>	<u>(7,079.9)</u>

For the six months to 30 September 2015

	At 1 April 2015 £m	Cash flows £m	Other non-cash £m	Movement on derivatives £m	Restated At 30 Sep 2015 £m
Cash	230.1	28.2	-	-	258.3
Borrowings:					
External	(3,860.2)	4.5	(15.4)	-	(3,871.1)
Group undertakings	(2,096.4)	3.5	(34.6)	-	(2,127.5)
Financial derivatives:					
External	(872.9)	-	-	73.6	(799.3)
Group undertakings	-	-	-	-	-
Net Debt	<u>(6,599.4)</u>	<u>36.2</u>	<u>(50.0)</u>	<u>73.6</u>	<u>(6,539.6)</u>