

**Interim Consolidated Accounts (un-audited) for Greensands Senior Finance 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 Senior Finance 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 Senior Finance Limited**

**Consolidated income statement**

**For the six months to 30 September 2016**

	<b>Period to 30 Sep 2016 Unaudited £m</b>	<b>Restated Period to 30 Sep 2015 Unaudited £m</b>
Continued operations		
Revenue	409.2	400.7
Other operating income	1.5	1.4
Operating costs:		
- before depreciation and amortisation	(155.4)	(147.5)
- depreciation and amortisation	(126.2)	(126.4)
Total operating costs	<u>(281.6)</u>	<u>(273.9)</u>
<b>Operating profit before interest and taxation</b>	<b><u>129.1</u></b>	<b><u>128.2</u></b>
Profit on disposal of fixed assets	0.3	0.1
Net finance costs	(214.0)	(165.9)
Fair value (losses)/gains on derivative financial instruments	<u>(380.5)</u>	<u>60.4</u>
Net finance costs (including (losses)/gains on derivative financial instruments)	<u>(594.5)</u>	<u>(105.5)</u>
<b>(Loss)/profit before taxation</b>	<b><u>(465.1)</u></b>	<b><u>22.8</u></b>
Tax credit/(charge)	66.5	(16.0)
<b>(Loss)/profit after taxation from continuing operations</b>	<b><u>(398.6)</u></b>	<b><u>6.8</u></b>
Dividends	-	-
<b>(Loss)/profit for the period</b>	<b><u><u>(398.6)</u></u></b>	<b><u><u>6.8</u></u></b>

Greensands Senior Finance 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
<b>(Loss)/profit for the period</b>	(398.6)	6.8
<b>Items that cannot be reclassified to profit or loss:</b>		
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>
<b>Total comprehensive (loss)/profit for the period</b>	<u><u>(496.0)</u></u>	<u><u>4.2</u></u>

**Greensands Senior Finance Limited**

**Consolidated statement of financial position**  
**As at 30 September 2016**

	<b>As at 30 Sep 2016 Unaudited £m</b>	<b>As at 31 Mar 2016 Unaudited £m</b>
<b>Non-current assets</b>		
Property, plant and equipment and intangibles	5,943.3	5,933.9
Other non-current assets	0.7	0.7
Investments	0.1	0.1
Deferred tax asset	20.4	-
Derivative financial instruments	18.5	12.4
	<u>5,983.0</u>	<u>5,947.1</u>
<b>Current assets</b>		
Inventories	2.9	2.4
Trade and other receivables	341.3	339.2
Cash and cash equivalents	363.4	37.5
	<u>707.6</u>	<u>379.1</u>
<b>Total assets</b>	<u><u>6,690.6</u></u>	<u><u>6,326.2</u></u>
<b>Current liabilities</b>		
Borrowings	(8.6)	(51.3)
Trade and other payables	(249.6)	(202.1)
	<u>(258.2)</u>	<u>(253.4)</u>
<b>Non-current liabilities</b>		
Borrowings	(6,093.1)	(5,680.8)
Derivative financial instruments	(1,322.7)	(936.2)
Deferred tax liabilities	-	(80.5)
Retirement benefit obligations	(236.6)	(102.3)
Provisions for liabilities	(0.5)	(0.5)
Other non-current liabilities	(46.6)	(43.6)
	<u>(7,699.5)</u>	<u>(6,843.9)</u>
<b>Total liabilities</b>	<u><u>(7,957.7)</u></u>	<u><u>(7,097.3)</u></u>
<b>Total net liabilities</b>	<u><u>(1,267.1)</u></u>	<u><u>(771.1)</u></u>
<b>Equity</b>		
<b>Capital and reserves:</b>		
Called up share capital	1.0	1.0
Retained earnings	(1,268.1)	(772.1)
<b>Total shareholder's equity</b>	<u><u>(1,267.1)</u></u>	<u><u>(771.1)</u></u>

**Greensands Senior Finance Limited**

**Summarised statement of changes in equity**

**For the six months ended 30 September 2016**

	<b>Called up share capital £m</b>	<b>Retained earnings £m</b>	<b>Total £m</b>
<b>Balance at 1 April 2016</b>	<b>1.0</b>	<b>(772.1)</b>	<b>(771.1)</b>
Loss for the period	-	(398.6)	(398.6)
Other comprehensive loss for the period	-	(97.4)	(97.4)
<b>Balance at 30 September 2016</b>	<b>1.0</b>	<b>(1,268.1)</b>	<b>(1,267.1)</b>

**Summarised statement of changes in equity**

**For the six months ended 30 September 2015**

	<b>Called up share capital £m</b>	<b>Restated Retained earnings £m</b>	<b>Total £m</b>
<b>Balance at 1 April 2015</b>	<b>1.0</b>	<b>(774.1)</b>	<b>(773.1)</b>
Profit for the period	-	6.8	6.8
Other comprehensive loss for the period	-	(2.6)	(2.6)
<b>Balance at 30 September 2015</b>	<b>1.0</b>	<b>(769.9)</b>	<b>(768.9)</b>

**Greensands Senior Finance 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
<b>Net cash from operating activities</b>	1	249.4	238.3
<b>Investing activities</b>			
Purchase of property, plant and equipment		(122.4)	(120.9)
Purchase of Intangibles		-	(3.4)
Receipt of grants and contributions		1.0	0.8
<b>Net cash used in investing activities</b>		<b>(121.4)</b>	<b>(123.5)</b>
<b>Financing activities</b>			
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)	-
<b>Net cash received/(used) in financing activities</b>		<b>197.9</b>	<b>(86.5)</b>
Net increase in cash and cash equivalents		325.9	28.3
Cash and cash equivalents at the beginning of the period		37.5	229.4
<b>Cash and cash equivalents at end of the period</b>	2	<b>363.4</b>	<b>257.7</b>



**Greensands Senior Finance 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	129.1	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>253.8</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)
<b>Total net cash inflow from operating activities</b>	<b><u>249.4</u></b>	<b><u>238.3</u></b>

**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	37.5	325.9	-	-	363.4
Borrowings:					
External	(3,480.0)	(239.6)	(8.5)	-	(3,728.1)
Group undertakings	(2,252.2)	-	(121.4)	-	(2,373.6)
Financial derivatives:					
External	(923.8)	-	-	(380.5)	(1,304.2)
Group undertakings	-	-	-	-	-
<b>Net Debt</b>	<b><u>(6,618.4)</u></b>	<b><u>86.3</u></b>	<b><u>(129.9)</u></b>	<b><u>(380.5)</u></b>	<b><u>(7,042.5)</u></b>

**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	229.4	28.2	-	-	257.6
Borrowings:					
External	(3,860.2)	4.5	(15.4)	-	(3,871.1)
Group undertakings	(2,061.8)	3.5	(38.5)	-	(2,096.8)
Financial derivatives:					
External	(869.4)	-	-	70.1	(799.3)
Group undertakings	(3.5)	-	-	3.5	-
<b>Net Debt</b>	<b><u>(6,565.5)</u></b>	<b><u>36.2</u></b>	<b><u>(53.9)</u></b>	<b><u>73.6</u></b>	<b><u>(6,509.6)</u></b>