

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

For the six months ended 30 September 2019

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 Holdings Ltd and its subsidiaries and are not presented in full Companies Act format.

FRS 101 / FRS 104

This 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

Contents

	Page
Consolidated income statement	4
Consolidated statement of other comprehensive income	5
Consolidated statement of financial position	6
Summarised statement of changes in equity	7
Consolidated statement of cash flows	8
Notes to the consolidated interim financial information	9

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

Greensands Holdings Limited

Consolidated income statement
For the six months to 30 September 2019

	Period to 30 Sep 2019 Unaudited	Period to 30 Sep 2018 Unaudited
	£m	£m
Continuing operations		
Revenue	439.9	440.1
Other operating income	1.4	0.5
Operating costs:		
- before depreciation and amortisation	(190.1)	(172.4)
- depreciation and amortisation	(135.1)	(132.3)
Total operating costs	<u>(325.2)</u>	<u>(304.7)</u>
Operating profit before interest and taxation	<u>116.1</u>	<u>135.9</u>
Other income	0.1	0.1
Profit on disposal of fixed assets	0.4	0.2
Net finance costs	(183.7)	(167.3)
Fair value (losses)/gains on derivative financial instruments	(123.9)	17.6
Net finance costs (including (losses)/gains on derivative financial instruments)	<u>(307.6)</u>	<u>(149.7)</u>
Loss before taxation	<u>(191.0)</u>	<u>(13.5)</u>
Tax credit/(charge)	17.4	(9.3)
Loss after taxation from continuing operations	<u><u>(173.6)</u></u>	<u><u>(22.8)</u></u>

Greensands Holdings Limited

Consolidated statement of other comprehensive income
For the six months to 30 September 2019

	Period to 30 Sep 2019 Unaudited	Period to 30 Sep 2018 Unaudited
	£m	£m
Loss for the period	(173.6)	(22.8)
Items that cannot be reclassified to profit or loss		
Actuarial (losses)/gain on retirement benefit obligation	(2.4)	9.9
Deferred tax asset movement relating to retirement benefit obligation	0.4	(1.7)
	<u>(2.0)</u>	<u>8.2</u>
Total comprehensive loss for the period	<u><u>(175.6)</u></u>	<u><u>(14.6)</u></u>

Greensands Holdings Limited

	As at 30 Sep 2019 Unaudited	As at 31 Mar 2019 Audited
	£m	£m
Consolidated statement of financial position		
As at 30 September 2019		
Non-current assets		
Goodwill	85.1	85.1
Intangible assets	39.9	45.6
Property, plant and equipment	6,401.3	6,228.1
Investments	0.1	0.1
Derivative financial instruments	90.8	46.2
	<u>6,617.2</u>	<u>6,405.1</u>
Current assets		
Inventories	5.2	4.7
Trade and other receivables	238.4	227.7
Cash and cash equivalents	82.2	514.8
	<u>325.8</u>	<u>747.2</u>
Total assets	<u>6,943.0</u>	<u>7,152.3</u>
Current liabilities		
Trade and other payables	(273.4)	(367.0)
Borrowings	(299.6)	(747.5)
Regulatory settlement liability	(3.0)	(3.0)
Provisions for liabilities	(1.2)	(1.2)
	<u>(577.2)</u>	<u>(1,118.7)</u>
Non-current liabilities		
Borrowings	(5,571.9)	(5,204.4)
Derivative financial instruments	(1,597.4)	(1,429.0)
Deferred tax	(275.2)	(292.3)
Retirement benefit obligations	(174.7)	(186.7)
Regulatory settlement liability	(135.5)	(135.5)
Provisions for liabilities	(5.3)	(5.4)
Other non-current liabilities	(28.5)	(27.4)
	<u>(7,788.5)</u>	<u>(7,280.7)</u>
Total liabilities	<u>(8,365.7)</u>	<u>(8,399.4)</u>
Total net liabilities	<u>(1,422.7)</u>	<u>(1,247.1)</u>
Equity		
Called up share capital	926.4	926.4
Non-distributable reserve	52.6	53.8
Retained earnings	(2,401.7)	(2,227.3)
Shareholder's deficit	<u>(1,422.7)</u>	<u>(1,247.1)</u>

Greensands Holdings Limited

Summarised statement of changes in equity

For the six months ended 30 September 2019

	Called up share capital	Non-distributable reserve	Retained earnings	Total
	£m	£m	£m	£m
Balance at 1 April 2019	926.4	53.8	(2,227.3)	(1,247.1)
Profit/(loss) for the period	-	0.7	(174.3)	(173.6)
Other comprehensive loss for the period	-	-	(2.0)	(2.0)
Total comprehensive profit/(loss) for the period	-	0.7	(176.3)	(175.6)
Reserves transfer	-	(1.9)	1.9	-
Balance at 30 September 2019	926.4	52.6	(2,401.7)	(1,422.7)

Summarised statement of changes in equity

For the six months ended 30 September 2018

	Called up share capital	Non-distributable reserve	Retained earnings	Total
	£m	Restated* £m	Restated* £m	Restated* £m
Balance at 1 April 2018	926.3	46.7	(1,746.8)	(773.8)
Profit/(loss) for the period	-	6.3	(29.1)	(22.8)
Other comprehensive income for the period	-	-	8.2	8.2
Total comprehensive profit/(loss) for the period	-	6.3	(20.9)	(14.6)
Reserves transfer	-	(0.7)	0.7	-
Balance at 30 September 2018	926.3	52.3	(1,767.0)	(788.4)

*The prior year has been restated for the transition to IFRS 15 'Revenue from contracts with customers'. The restatements relate to the group's main operating company, Southern Water Services Ltd (SWS). Further details are contained within SWS' interim financial statements, which can be found on their website www.southernwater.co.uk.

Greensands Holdings Limited

Consolidated statement of cash flows
For the six months to 30 September 2019

	Note	Period to 30 Sep 2019 Unaudited	Period to 30 Sep 2018 Unaudited
		£m	£m
Net cash from operating activities	1	209.2	242.5
Investing activities			
Purchase of property, plant and equipment		(255.4)	(174.8)
Purchase of Intangibles assets		(9.0)	(15.2)
Receipt of grants and contributions		2.7	0.8
Proceeds on disposal of property, plant and equipment		0.2	-
Proceeds from disposal of business		-	2.5
Net cash used in investing activities		<u>(261.5)</u>	<u>(186.7)</u>
Financing activities			
Interest received		6.9	0.5
Interest paid		(181.7)	(143.6)
Repayment of borrowings		(554.8)	-
Proceeds of new loans		350.0	-
Finance lease payments		(0.7)	(0.3)
Net cash used in financing activities		<u>(380.3)</u>	<u>(143.4)</u>
Net decrease in cash and cash equivalents		(432.6)	(87.6)
Cash and cash equivalents at the beginning of the period		514.8	287.3
Cash and cash equivalents at end of the period	2	<u><u>82.2</u></u>	<u><u>199.7</u></u>

Greensands Holdings Limited

Notes to the interim financial information

**1 Reconciliation of operating profit to cash flow
For the six months to 30 September 2019**

	Period to 30 Sep 2019 Unaudited	Period to 30 Sep 2018 Unaudited
	£m	£m
Operating profit before interest and taxation	116.1	135.9
Depreciation of property, plant and equipment	125.6	123.2
Amortisation of Intangible assets	9.5	9.1
Amortisation of grants and contributions	(1.4)	(0.5)
Difference between pension charge and cash contributions	(16.5)	1.1
Fair value of sewer adoptions	(0.7)	(6.3)
Operating cash flows before movements in working capital	<u>232.6</u>	<u>262.5</u>
Increase in inventory	(0.5)	(0.2)
Increase in receivables	(26.7)	(19.4)
Increase/(decrease) in payables	3.8	(0.3)
Decrease in environmental provisions	-	(0.1)
Total net cash inflow from operating activities	<u>209.2</u>	<u>242.5</u>

2 Analysis of consolidated net debt

For the six months to 30 September 2019

	At 1 April 2019	Cash flows	Other non-cash	Movement on derivatives	At 30 Sep 2019
	£m	£m	£m	£m	£m
Cash	514.8	(432.6)	-	-	82.2
Borrowings:					
Current	(747.5)	450.7	(2.8)	-	(299.6)
Non-current	(5,204.4)	(245.2)	(122.3)	-	(5,571.9)
Financial derivatives:					
Net	(1,382.8)	-	-	(123.9)	(1,506.7)
Net Debt	<u>(6,819.9)</u>	<u>(227.1)</u>	<u>(125.1)</u>	<u>(123.9)</u>	<u>(7,296.0)</u>

For the six months to 30 September 2018

	At 1 April 2018	Cash flows	Other non-cash	Movement on derivatives	At 30 Sep 2018
	£m	£m	£m	£m	£m
Cash	287.3	(87.6)	-	-	199.7
Borrowings:					
Current	(299.5)	-	(2.3)	-	(301.8)
Non-current	(4,995.0)	0.3	(81.5)	-	(5,076.2)
Financial derivatives:					
Net	(1,288.0)	-	-	17.6	(1,270.4)
Net Debt	<u>(6,295.2)</u>	<u>(87.3)</u>	<u>(83.8)</u>	<u>17.6</u>	<u>(6,448.7)</u>