

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

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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 2019**

	<b>Period to 30 Sep 2019 Unaudited</b>	<b>Period to 30 Sep 2018 Unaudited</b>
	<b>£m</b>	<b>£m</b>
Continuing operations		
Revenue	439.9	440.1
Other operating income	1.4	0.5
Operating costs:		
- before depreciation and amortisation	(189.9)	(172.4)
- depreciation and amortisation	<u>(135.1)</u>	<u>(132.3)</u>
Total operating costs	<u>(325.0)</u>	<u>(304.7)</u>
<b>Operating profit before interest and taxation</b>	<b><u>116.3</u></b>	<b><u>135.9</u></b>
Other income	0.1	0.1
Profit on disposal of fixed assets	0.4	0.2
Net finance costs	(182.8)	(166.1)
Fair value (losses)/gains on derivative financial instruments	<u>(123.9)</u>	<u>17.6</u>
Net finance costs (including (losses)/gains on derivative financial instruments)	<u>(306.7)</u>	<u>(148.5)</u>
<b>Loss before taxation</b>	<b><u>(189.9)</u></b>	<b><u>(12.3)</u></b>
Tax credit/(charge)	17.2	(9.5)
<b>Loss after taxation from continuing operations</b>	<b><u>(172.7)</u></b>	<b><u>(21.8)</u></b>

**Greensands Senior Finance Limited**

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

	<b>Period to 30 Sep 2019 Unaudited</b>	<b>Period to 30 Sep 2018 Unaudited</b>
	<b>£m</b>	<b>£m</b>
<b>Loss for the period</b>	(172.7)	(21.8)
<b>Items that cannot be reclassified to profit or loss</b>		
Actuarial (loss)/gain on retirement benefit obligation	(2.4)	9.9
Deferred tax asset movement relating to retirement benefit obligation	<u>0.4</u>	<u>(1.7)</u>
	(2.0)	8.2
<b>Total comprehensive loss for the period</b>	<b><u>(174.7)</u></b>	<b><u>(13.6)</u></b>

**Greensands Senior Finance Limited**

**Consolidated statement of financial position**

**As at 30 September 2019**

	<b>As at 30 Sep 2019 Unaudited</b>	<b>As at 31 Mar 2019 Audited</b>
	<b>£m</b>	<b>£m</b>
<b>Non-current assets</b>		
Goodwill	85.1	85.1
Intangible assets	39.9	45.6
Property, plant and equipment	6,401.3	6,228.2
Other non-current assets	29.0	0.4
Investments	0.1	0.1
Derivative financial instruments	90.8	46.2
	<u>6,646.2</u>	<u>6,405.6</u>
<b>Current assets</b>		
Inventories	5.2	4.7
Trade and other receivables	445.2	434.6
Cash and cash equivalents	78.4	514.1
	<u>528.8</u>	<u>953.4</u>
<b>Total assets</b>	<u>7,175.0</u>	<u>7,359.0</u>
<b>Current liabilities</b>		
Trade and other payables	(309.0)	(373.5)
Borrowings	(302.0)	(499.9)
Regulatory settlement liability	(3.0)	(3.0)
Provisions for liabilities	(1.2)	(1.2)
	<u>(615.2)</u>	<u>(877.6)</u>
<b>Non-current liabilities</b>		
Borrowings	(6,528.5)	(6,411.9)
Derivative financial instruments	(1,597.4)	(1,429.0)
Deferred tax	54.9	38.2
Retirement benefit obligations	(174.7)	(186.7)
Regulatory settlement liability	(135.5)	(135.5)
Provisions for liabilities	(5.3)	(9.6)
Other non-current liabilities	(28.5)	(27.4)
	<u>(8,415.0)</u>	<u>(8,161.9)</u>
<b>Total liabilities</b>	<u>(9,030.2)</u>	<u>(9,039.5)</u>
<b>Total net liabilities</b>	<u><b>(1,855.2)</b></u>	<u><b>(1,680.5)</b></u>
<b>Equity</b>		
Called up share capital	1.0	1.0
Non-distributable reserve	52.6	53.8
Retained earnings	(1,908.8)	(1,735.3)
<b>Shareholders' deficit</b>	<u><b>(1,855.2)</b></u>	<u><b>(1,680.5)</b></u>

**Greensands Senior Finance 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
<b>Balance at 1 April 2019</b>	<b>1.0</b>	<b>53.8</b>	<b>(1,735.3)</b>	<b>(1,680.5)</b>
Profit/(loss) for the period	-	0.7	(173.4)	(172.7)
Other comprehensive loss for the period	-	-	(2.0)	(2.0)
<b>Total comprehensive profit/(loss) for the period</b>	<b>-</b>	<b>0.7</b>	<b>(175.4)</b>	<b>(174.7)</b>
Reserves transfer	-	(1.9)	1.9	-
<b>Balance at 30 September 2019</b>	<b>1.0</b>	<b>52.6</b>	<b>(1,908.8)</b>	<b>(1,855.2)</b>

**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
<b>Balance at 1 April 2018</b>	<b>1.0</b>	<b>46.7</b>	<b>(1,288.5)</b>	<b>(1,240.8)</b>
Profit/(loss) for the period	-	6.3	(28.1)	(21.8)
Other comprehensive income for the period	-	-	8.2	8.2
<b>Total comprehensive profit/(loss) for the period</b>	<b>-</b>	<b>6.3</b>	<b>(19.9)</b>	<b>(13.6)</b>
Reserves transfer	-	(0.7)	0.7	-
<b>Balance at 30 September 2018</b>	<b>1.0</b>	<b>52.3</b>	<b>(1,307.6)</b>	<b>(1,254.4)</b>

\*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](http://www.southernwater.co.uk).

**Greensands Senior Finance 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
<b>Cash generated from operations</b>	<b>1</b>	180.8	242.5
<b>Investing activities</b>			
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	-
Movement on loan to subsidiary		-	(15.3)
Proceeds from disposal of business		-	2.5
<b>Net cash used in investing activities</b>		<b><u>(261.5)</u></b>	<b><u>(202.0)</u></b>
<b>Financing activities</b>			
Interest received		6.9	0.5
Interest paid		(156.4)	(128.3)
Repayment of borrowings		(304.8)	-
Proceeds of new loans		100.0	-
Finance lease payments		(0.7)	(0.3)
<b>Net cash used in financing activities</b>		<b><u>(355.0)</u></b>	<b><u>(128.1)</u></b>
Net decrease in cash and cash equivalents		(435.7)	(87.6)
Cash and cash equivalents at the beginning of the period		514.1	286.6
<b>Cash and cash equivalents at end of the period</b>	<b>2</b>	<b><u><u>78.4</u></u></b>	<b><u><u>199.0</u></u></b>



**Greensands Senior Finance Limited**

**Notes to the interim financial information**

**1 Cash generated from operations**

**For the six months to 30 September 2019**

	<b>Period to 30 Sep 2019 Unaudited</b>	<b>Period to 30 Sep 2018 Unaudited</b>
	<b>£m</b>	<b>£m</b>
Operating profit before interest and taxation	116.3	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>232.8</u>	<u>262.5</u>
Increase in Inventory	(0.5)	(0.2)
Increase in receivables	(26.6)	(19.4)
Decrease in payables	(24.9)	(0.3)
Decrease in environmental provisions	-	(0.1)
<b>Total net cash inflow from operating activities</b>	<b><u><u>180.8</u></u></b>	<b><u><u>242.5</u></u></b>

**2 Analysis of Consolidated Net Debt**

**For the six months to 30 September 2019**

	<b>At 1 April 2019</b>	<b>Cash flows</b>	<b>Other non-cash</b>	<b>Derivatives non-cash</b>	<b>At 30 Sep 2019</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Cash	514.1	(435.7)	-	-	78.4
Borrowings:					
Current	(499.9)	200.7	(2.8)	-	(302.0)
Non-current	(6,411.9)	4.9	(121.5)	-	(6,528.5)
Financial derivatives:					
Net	(1,382.8)	-	-	(123.9)	(1,506.7)
<b>Net Debt</b>	<b><u><u>(7,780.5)</u></u></b>	<b><u><u>(230.1)</u></u></b>	<b><u><u>(124.3)</u></u></b>	<b><u><u>(123.9)</u></u></b>	<b><u><u>(8,258.8)</u></u></b>

**For the six months to 30 September 2018**

	<b>At 1 April 2018</b>	<b>Cash flows</b>	<b>Other non-cash</b>	<b>Derivatives non-cash</b>	<b>At 30 Sep 2018</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Cash	286.6	(87.6)	-	-	199.0
Borrowings:					
Current	(301.9)	-	(1.2)	-	(303.0)
Non-current	(5,955.0)	0.3	(81.4)	-	(6,036.2)
Financial derivatives:					
Net	(1,288.0)	-	-	17.6	(1,270.4)
<b>Net Debt</b>	<b><u><u>(7,258.3)</u></u></b>	<b><u><u>(87.3)</u></u></b>	<b><u><u>(82.6)</u></u></b>	<b><u><u>17.6</u></u></b>	<b><u><u>(7,410.6)</u></u></b>