

WESSEX WATER SERVICES FINANCE PLC

Interim financial information and report for the six months to
31 December 2024

Registered in England No. 03704265



Business Review

The Directors present their interim financial statements for the six months to 31 December 2024.

Principal Activities

The sole activity of the Company to issue bonds, the proceeds of which are lent to the immediate parent company Wessex Water Services Ltd (WWSL). The bonds are admitted to the Official List of the UK Listing Authority and to the London Stock Exchange. The bond proceeds are lent to WWSL on the same terms as the bonds themselves. WWSL guarantees the bonds, hence protecting the company from any risk.

The carrying and fair values of the bonds are disclosed in note 7, along with a description of the risks associated with the financial instruments

There were no new bond issues during the period.

Results

There was no profit in the six-month period (2023 - nil).

Statement of Directors' Responsibilities in Respect of the Interim Financial Statements

The Directors confirm that, to the best of their knowledge the interim financial statements:

- have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the UK;
- give a true and fair view of the assets, liabilities, financial position and profit or loss of the company;
- include a fair review of the information required by DTR 4.2.7R, being an indication of the important events during the period and descriptions of the principal risks and uncertainties for the remaining months of the year;
- include a fair review of the information required by DTR 4.2.8R, disclosure of related party transactions and changes therein. The Directors are responsible for preparing the interim financial statements in accordance with applicable United Kingdom law and regulations.

The Directors of Wessex Water Services Finance PLC are listed on page 3 of the Company's 2024 Financial Statements

By order of the board

Colin Skellett
Director
17 March 2025

Income Statement and Statement of Other Comprehensive Income

| | <i>Note</i> | Half-year to 31.12.24 (unaudited) £000 | Half-year to 31.12.23 (unaudited) £000 | Year to 30.06.24 (audited) £000 |
|--|-------------|---|---|--|
| Interest Income | 2 | 64,310 | 90,224 | 165,474 |
| Interest expense | 2 | (64,310) | (90,224) | (165,474) |
| Profit before and after tax, and total comprehensive income | | <u>-</u> | <u>-</u> | <u>-</u> |

Statement of Financial Position

| | <i>Note</i> | 31.12.24 (unaudited) £000 | 31.12.23 (unaudited) £000 | 30.06.24 (audited) £000 |
|---|-------------|--|---------------------------------|-------------------------------|
| Non-current assets | | | | |
| Other financial assets | 3 | <u>2,536,468</u> | <u>2,479,862</u> | <u>2,513,923</u> |
| | | 2,536,468 | 2,479,862 | 2,513,923 |
| Current assets | | | | |
| Trade and other receivables | 4 | 26,501 | 26,028 | 44,945 |
| Other financial assets | 3 | - | - | - |
| Cash and cash equivalents | | <u>13</u> | <u>13</u> | <u>13</u> |
| | | 26,514 | 26,041 | 44,958 |
| Total assets | | <u>2,562,982</u> | <u>2,505,903</u> | <u>2,558,881</u> |
| Current liabilities | | | | |
| Trade and other payables | 5 | (26,501) | (26,028) | (44,945) |
| Other interest-bearing loans and borrowings | 6 | <u>-</u> | <u>-</u> | <u>-</u> |
| | | (26,501) | (26,028) | (44,945) |
| Non-current liabilities | | | | |
| Other interest-bearing loans and borrowings | 6 | (2,536,468) | <u>(2,479,862)</u> | <u>(2,513,923)</u> |
| | | (2,536,468) | (2,479,862) | (2,513,923) |
| Total liabilities | | <u>(2,562,969)</u> | <u>(2,505,890)</u> | <u>(2,558,868)</u> |
| Net assets | | <u>13</u> | <u>13</u> | <u>13</u> |
| Equity | | | | |
| Share capital | | 13 | 13 | 13 |
| Retained earnings | | <u>-</u> | <u>-</u> | <u>-</u> |
| Total equity | | <u>13</u> | <u>13</u> | <u>13</u> |

The interim financial statements were approved by the board of directors on 17 March 2025 and signed on its behalf by

Colin Skellett
Director

Statement of Changes in Equity

| | <i>Note</i> | Share capital £000 | Retained earnings £000 | Total equity £000 |
|---|-------------|-----------------------------------|---------------------------------------|----------------------------------|
| Balance at 1 July 2023 | | <u>13</u> | <u>-</u> | <u>13</u> |
| Total comprehensive income for the period | | - | - | - |
| Transactions with owners, recorded directly in equity | | - | - | - |
| Balance at 31 December 2023 | | <u>13</u> | <u>-</u> | <u>13</u> |
| Balance at 1 July 2024 | | <u>13</u> | <u>-</u> | <u>13</u> |
| Total comprehensive income for the period | | - | - | - |
| Transactions with owners, recorded directly in equity | | - | - | - |
| Balance at 31 December 2024 | | <u>13</u> | <u>-</u> | <u>13</u> |

Statement of Cash Flows

| | Half-year to 31.12.24 (unaudited) £000 | Half-year to 31.12.23 (unaudited) £000 | Year to 30.06.24 (audited) £000 |
|---|---|---|--|
| Cash flows from operating activities | | | |
| Profit for the period | - | - | - |
| <i>Adjustments for:</i> | | | |
| Interest income | (64,310) | (90,224) | (165,474) |
| Interest expense | 64,310 | 90,224 | 165,474 |
| | - | - | - |
| Working Capital Adjustments | | | |
| Decrease/(increase) in trade and other receivables | 18,444 | 5,708 | (13,209) |
| Increase/(decrease) in trade and other payables | (18,444) | (5,708) | 13,209 |
| Interest paid | (60,209) | (43,791) | (65,027) |
| Interest received | 60,209 | 43,791 | 65,027 |
| Proceeds from issue of Bonds | - | 198,215 | 198,203 |
| Issuance of debt | - | (198,215) | (198,203) |
| Repayment of Bonds | - | (90,524) | (90,524) |
| Proceeds from repayment of debt | - | 90,524 | 90,524 |
| Net cash used in operating activities | - | - | - |
| Net cash used in investing activities | - | - | - |
| Net cash from financing activities | - | - | - |
| Increase/(decrease) in cash and cash equivalents | - | - | - |
| Cash and cash equivalents at 1 July | 13 | 13 | 13 |
| Cash and cash equivalents at 31 December (30 June) | 13 | 13 | 13 |

Notes to the Interim Financial Statements

1. Basis of preparation

Wessex Water Services Finance PLC (the Company) is a public company limited by shares which is incorporated, domiciled and registered in England and the UK. The registered number is 03704265 and the registered address is Wessex Water Operations Centre, Claverton Down, Bath, BA2 7WW.

The interim report was approved by the Directors on 17 March 2025. It has been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Services Authority and with IAS 34 "Interim Financial Reporting" as adopted by the UK. It should be read in conjunction with the June 2024 Annual Report and Financial Statements, which are available at Companies House.

The latest statutory financial statements have been reported on by the Company's auditor for the year ended 30 June 2024 and have been delivered to the Registrar of Companies. The report of the auditor was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The accounting policies, presentation and methods of computation are prepared in accordance with UK adopted International Financial Reporting Standards (IFRSs) as adopted by the UK and are consistent with those applied in the audited financial statement of the Company for the year ended 30 June 2024. Any estimates and judgements used in preparing these accounts are consistent with those used in the preparation of the financial statements for 30 June 2024.

Going Concern

The directors believe, after due and careful enquiry, that the company has sufficient resources for its present requirements and, therefore, consider it appropriate to adopt the going concern basis in preparing the interim financial statements to 31 December 2024. In forming this assessment, the directors have considered the following information:

- The company's business activities, together with the factors likely to affect its future development, performance and position.
- The financial position of the company, its forecast monthly cash flows for the period to June 2026, liquidity position and borrowing facilities including reasonable downside sensitivities to the cash flows to check the company can operate within its current facilities.
- The company's requirement to repay scheduled loan maturities. The next scheduled requirement is to repay a loan of £200 million in 2028.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the interim financial statements.

2. Revenue and Operating Cost

| | 31.12.24 | 31.12.23 | 30.06.24 |
|---|-----------------|-------------|-------------|
| | £000 | £000 | £000 |
| <i>Finance Income</i> | | | |
| Interest receivable from immediate parent company | 64,310 | 90,224 | 165,474 |
| | <hr/> | <hr/> | <hr/> |
| Total Revenue | 64,310 | 90,224 | 165,474 |
| | <hr/> | <hr/> | <hr/> |
| <i>Finance expense</i> | | | |
| Interest payable on listed bonds | (64,310) | (90,224) | (165,474) |
| | <hr/> | <hr/> | <hr/> |
| Total Operating Cost | (64,310) | (90,224) | (165,474) |
| | <hr/> | <hr/> | <hr/> |
| Net interest payable | - | - | - |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

Notes to the Interim Financial Statements (continued)

3. Other financial assets

| | 31.12.24 | 31.12.23 | 30.06.24 |
|--|------------------|-----------|-----------|
| | £000 | £000 | £000 |
| Current | | | |
| Inter-company loans repayable in less than 12 months | - | - | - |
| Non-current | | | |
| Inter-company loans repayable in more than 12 months | 2,536,468 | 2,479,862 | 2,513,923 |

Intercompany Loans consist of bonds lent to the immediate parent with the same terms as bonds issued by the Company. See Note 6 for details of bonds issued by the Company.

4. Trade and other receivables

| | 31.12.24 | 31.12.23 | 30.06.24 |
|----------------------------------|-----------------|----------|----------|
| | £000 | £000 | £000 |
| Intercompany Interest receivable | 26,436 | 25,958 | 44,945 |
| Prepayments | 65 | 70 | - |
| | 26,501 | 26,028 | 44,945 |

Amounts included in interest receivable above are due from the immediate parent and reflect the terms of the external borrowings included in note 6.

5. Trade and other payables

| | 31.12.24 | 31.12.23 | 30.06.24 |
|------------------|-----------------|----------|----------|
| | £000 | £000 | £000 |
| Current | | | |
| Accrued expenses | 26,501 | 26,028 | 44,945 |

6. Other interest-bearing loans and borrowings

| | 31.12.24 | 31.12.23 | 30.06.24 |
|--------------------------------|------------------|-----------|-----------|
| | £000 | £000 | £000 |
| current liabilities | | | |
| Listed bonds | - | - | - |
| Non-current liabilities | | | |
| Listed bonds | 2,536,468 | 2,479,862 | 2,513,923 |

Notes to the Interim Financial Statements *(continued)*

6. Other Interest-bearing loans and borrowings *(continued)*

Terms and debt repayment schedule

| | Currency | Nominal interest rate | Year of maturity | Face value 31.12.24 £000 | Carrying amount 31.12.24 £000 | Face value 31.12.23 £000 | Carrying amount 31.12.23 £000 | Face value 30.06.24 £000 | Carrying amount 30.06.24 £000 |
|-------------------|----------|-----------------------------|---------------------|-----------------------------------|--|-----------------------------------|--|-----------------------------------|--|
| Fixed Rate Bond | Sterling | 5.375% | 2028 | 200,000 | 199,449 | 200,000 | 199,298 | 200,000 | 199,372 |
| Fixed Rate Bond | Sterling | 1.500% | 2029 | 250,000 | 248,664 | 250,000 | 248,395 | 250,000 | 248,529 |
| Fixed Rate Bond | Sterling | 5.125% | 2032 | 300,000 | 297,266 | 300,000 | 296,917 | 300,000 | 297,091 |
| Fixed Rate Bond | Sterling | 5.750% | 2033 | 350,000 | 347,444 | 350,000 | 347,217 | 350,000 | 347,329 |
| Fixed Rate Bond | Sterling | 6.500% | 2033 | 35,000 | 34,784 | 35,000 | 34,766 | 35,000 | 34,775 |
| Fixed Rate Bond | Sterling | 6.500% | 2035 | 35,000 | 34,726 | 35,000 | 34,709 | 35,000 | 34,717 |
| Fixed Rate Bond | Sterling | 1.250% | 2036 | 300,000 | 296,006 | 300,000 | 295,672 | 300,000 | 295,839 |
| Fixed Rate Bond | Sterling | 6.500% | 2038 | 65,000 | 64,194 | 65,000 | 64,159 | 65,000 | 64,176 |
| Fixed Rate Bond | Sterling | 6.500% | 2043 | 65,000 | 64,594 | 65,000 | 64,582 | 65,000 | 64,589 |
| Index Linked Bond | Sterling | 2.186% | 2039 | 50,000 | 90,901 | 50,000 | 88,502 | 50,000 | 89,584 |
| Index Linked Bond | Sterling | 1.750% | 2046 | 75,000 | 145,551 | 75,000 | 137,384 | 75,000 | 141,871 |
| Index Linked Bond | Sterling | 1.750% | 2051 | 75,000 | 145,551 | 75,000 | 137,384 | 75,000 | 141,871 |
| Index Linked Bond | Sterling | 1.369% | 2057 | 75,000 | 145,551 | 75,000 | 137,384 | 75,000 | 141,871 |
| Index Linked Bond | Sterling | 1.374% | 2057 | 75,000 | 145,552 | 75,000 | 137,383 | 75,000 | 141,871 |
| Index Linked Bond | Sterling | 1.489% | 2058 | 50,000 | 92,078 | 50,000 | 85,370 | 50,000 | 90,146 |
| Index Linked Bond | Sterling | 1.495% | 2058 | 50,000 | 92,078 | 50,000 | 85,370 | 50,000 | 90,146 |
| Index Linked Bond | Sterling | 1.499% | 2058 | 50,000 | 92,079 | 50,000 | 85,370 | 50,000 | 90,146 |
| | | | | 2,100,000 | 2,536,468 | 2,100,000 | 2,479,862 | 2,100,000 | 2,513,923 |

The Index-linked bonds accrue annually in line with the Retail Prices Index each year. Face value is the agreed contractual repayment value at the inception of the loan.

Notes to the Interim Financial Statements (continued)

7. Financial instruments

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

| | Carrying amount 31.12.24 (unaudited) £000 | Fair value 31.12.24 (unaudited) £000 | Level 1 31.12.24 (unaudited) £000 |
|---|---|---|--|
| Financial liabilities | | | |
| <i>Interest-bearing loans and borrowings:</i> | | | |
| Fixed rate borrowings | 1,587,127 | 1,425,807 | 1,425,807 |
| Indexed-linked borrowings | 949,341 | 1,076,097 | 1,076,097 |
| Total financial liabilities | 2,536,468 | 2,501,903 | 2,501,903 |

| | Carrying amount 30.06.24 (audited) £000 | Fair value 30.06.24 (audited) £000 | Level 1 30.06.24 (audited) £000 |
|---|---|---|--|
| Financial liabilities | | | |
| <i>Interest-bearing loans and borrowings:</i> | | | |
| Fixed rate borrowings | 1,586,417 | 1,444,129 | 1,444,129 |
| Indexed-linked borrowings | 927,506 | 934,777 | 934,777 |
| Total financial liabilities | 2,513,923 | 2,378,906 | 2,378,906 |

The management assessed that the fair values of cash approximates to its carrying amount largely due to the short-term nature of the instrument.

8. Principle Risks

Market risk

There is no exposure to equity or foreign currency risk, the interest rate risk is shown below.

Interest rate risk

| | 31.12.24 £000 | 31.12.23 £000 | 30.06.24 £000 |
|--------------------------|------------------|------------------|------------------|
| Fixed rate instruments | 1,587,127 | 1,585,715 | 1,586,417 |
| Index linked instruments | 949,341 | 884,147 | 927,506 |
| | 2,536,468 | 2,479,862 | 2,513,923 |

The Company policy is to keep an appropriate mix of fixed rate and index-linked financial instruments.

Notes to the Interim Financial Statements (continued)

9. Principle Risks (continued)

Sensitivity

There are no floating rate instruments where the interest charge is subject to changes in the interest rate.

Interest rate sensitivity

All bonds are either fixed rate or index-linked so movements in general interest rates does not have an effect on the Company.

Inflation sensitivity

Index-linked bonds are sensitive to movements in the inflation rate. A 1% increase in the inflation rate would have the following effects.

| | 31.12.24 £000 | 31.12.23 £000 | 30.06.24 £000 |
|------------------|------------------|------------------|------------------|
| Interest expense | (9,493) | (8,941) | (9,275) |
| Interest income | 9,493 | 8,941 | 9,275 |
| Net assets | - | - | - |

10. Related party transactions

There has been no material change during the six months ended 31 December 2024 in transactions with related parties from that disclosed in the Company's annual report and accounts for the year ended 30 June 2024.

11. Subsequent events

There were no subsequent events requiring disclosure in these interim financial statements.