

# WESSEX WATER SERVICES FINANCE PLC

Unaudited accounts for the six months to  
31 December 2020

Registered in England No. 03704265



## **Directors' Report**

The Directors present their unaudited interim accounts for the six months to 31 December 2020.

### **Principal Activities**

The sole activity of the Company is 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.

In June 2020 the Company drew the remaining £50m on the bond issued in September 2019.

In January 2021 the Company issued a new £300 million bond with a 15 Year term and a fixed rate of interest of 1.25%, paid annually on the anniversary of the bond.

### **Profit**

There was no profit in the six-month period (2019 - nil).

### **Directors**

The Directors of the Company during the period and subsequently were;

C F Skellett

M T Watts

### **Ultimate Parent Company**

The smallest group into which the financial statements of the Company are consolidated is headed by Wessex Water Ltd, a company incorporated in England whose registered address is Wessex Water Operations Centre, Claverton Down, Bath, BA2 7WW.

The pre-penultimate, penultimate and ultimate holding companies are YTL Corporation Berhad, Yeoh Tiong Lay & Sons Holdings Sdn Bhd (both registered in Malaysia) and Yeoh Tiong Lay & Sons Family Holdings Ltd registered in Jersey.

The largest group in which the results of the Company are consolidated is that headed by YTL Corporation Berhad incorporated in Malaysia. The consolidated financial statements of these groups are available to the public and can be obtained from Menara YTL, 205 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia.

By order of the board.

R Jefferson  
Group General Counsel  
27 January 2021

## **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 IAS 34 "Interim Financial Reporting" as adopted by the European Union;
- include a fair review of the information required by DTR 4.2.7R, being an indication of the important events during the first six months and description of the principal risks and uncertainties for the remaining six 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.

By order of the board

Mark Watts, Director

**Income Statement and Statement of Other Comprehensive Income**

|   | <i>Note</i> | <b>Half-year<br/>to 31.12.20<br/>(unaudited)<br/>£000</b> | Half-year<br>to 31.12.19<br>(unaudited)<br>£000 | Year to<br>30.06.20<br>(audited)<br>£000 |
|---|-------------|---|---|--|
| Revenue   | 2           | <b>39,770</b>   | 40,383  | 80,681                                   |
| Operating cost  | 2           | <b>(39,770)</b>   | (40,383)  | (80,681)                                 |
| <b>Profit before tax and after tax and total comprehensive income</b> |             | <b>-</b>  | -   | -  |

## Statement of Financial Position

|   | <i>Note</i> | <b>31.12.20</b><br><b>(unaudited)</b><br><b>£000</b> | 31.12.19<br>(unaudited)<br>£000 | 30.06.20<br>(audited)<br>£000 |
|---|-------------|--|---------------------------------|-------------------------------|
| <b>Non-current assets</b>                   |             |  |                                 |                               |
| Other financial assets                      | 3           | 1,608,094  | 1,841,411                       | 1,899,707                     |
| <b>Current assets</b>                       |             |  |                                 |                               |
| Other financial assets                      | 3           | 300,424  | -                               | -                             |
| Trade and other receivables                 | 4           | 22,095   | 21,785                          | 34,388                        |
| Cash and cash equivalents                   |             | 13   | 13                              | 13                            |
|   |             | <u>322,532</u>                                       | <u>21,798</u>                   | <u>34,401</u>                 |
| <b>Total assets</b>                         |             | <u><u>1,930,626</u></u>                              | <u><u>1,863,209</u></u>         | <u><u>1,934,108</u></u>       |
| <b>Current liabilities</b>                  |             |  |                                 |                               |
| Trade and other payables                    | 5           | (22,095)   | (21,785)                        | (34,388)                      |
| Other interest-bearing loans and borrowings | 6           | (300,424)  | -                               | -                             |
| <b>Non-current liabilities</b>              |             |  |                                 |                               |
| Other interest-bearing loans and borrowings | 6           | (1,608,094)  | (1,841,411)                     | (1,899,707)                   |
| <b>Total liabilities</b>                    |             | <u><u>(1,930,613)</u></u>                            | <u><u>(1,863,196)</u></u>       | <u><u>(1,934,095)</u></u>     |
| <b>Net assets</b>                           |             | <u><u>13</u></u>                                     | <u><u>13</u></u>                | <u><u>13</u></u>              |
| <b>Equity</b>                               |             |  |                                 |                               |
| Share capital                               |             | 13   | 13                              | 13                            |
| Retained earnings                           |             | -  | -                               | -                             |
| <b>Total equity</b>                         |             | <u><u>13</u></u>                                     | <u><u>13</u></u>                | <u><u>13</u></u>              |

The interim financial statements were approved by the board of directors on 27 January 2021 and signed on its behalf by

Mark Watts, Director

## Statement of Changes in Equity

|   | <i>Note</i> | <b>Share<br/>capital<br/>£000</b> | <b>Retained<br/>earnings<br/>£000</b> | <b>Total<br/>equity<br/>£000</b> |
|---|-------------|-----------------------------------|---------------------------------------|----------------------------------|
| Balance at 1 July 2019                                |             | 13                                | -                                     | 13                               |
| Effect of change in accounting policy                 |             | -                                 | -                                     | -                                |
|   |             | <hr/>                             | <hr/>                                 | <hr/>                            |
| Balance at 1 July 2019                                |             | 13                                | -                                     | 13                               |
| Total comprehensive income for the period             |             | -                                 | -                                     | -                                |
| Transactions with owners, recorded directly in equity |             | -                                 | -                                     | -                                |
|   |             | <hr/>                             | <hr/>                                 | <hr/>                            |
| <b>Balance at 31 December 2019</b>                    |             | <b>13</b>                         | <b>-</b>                              | <b>13</b>                        |
|   |             | <hr/> <hr/>                       | <hr/> <hr/>                           | <hr/> <hr/>                      |
| Balance at 1 July 2020                                |             | 13                                | -                                     | 13                               |
|   |             | <hr/>                             | <hr/>                                 | <hr/>                            |
| Total comprehensive income for the period             |             | -                                 | -                                     | -                                |
| Transactions with owners, recorded directly in equity |             | -                                 | -                                     | -                                |
|   |             | <hr/>                             | <hr/>                                 | <hr/>                            |
| <b>Balance at 31 December 2020</b>                    |             | <b>13</b>                         | <b>-</b>                              | <b>13</b>                        |
|   |             | <hr/> <hr/>                       | <hr/> <hr/>                           | <hr/> <hr/>                      |

## Statement of Cash Flows

|  | Half-year<br>to 31.12.20<br>(unaudited)<br>£000 | Half-year<br>to 31.12.19<br>(unaudited)<br>£000 | Year to<br>30.06.20<br>(audited)<br>£000 |
|--|---|---|--|
| <b>Cash flows from operating activities</b>        |   |   |  |
| Profit for the period                              | -   | -   | -  |
| <i>Adjustments for:</i>                            |   |   |  |
| Financial income                                   | <b>(39,770)</b>                                 | (40,383)  | (80,681)                                 |
| Financial expense                                  | <b>39,770</b>                                   | 40,383  | 80,681                                   |
|  | -   | -   | -  |
| <b>Working Capital Adjustments</b>                 |   |   |  |
| Decrease/(increase) in trade and other receivables | <b>12,293</b>                                   | 9,555   | (3,048)                                  |
| (Decrease)/increase in trade and other payables    | <b>(12,293)</b>                                 | (9,555)   | 3,048                                    |
| Interest paid                                      | <b>(43,252)</b>                                 | (38,118)  | (56,874)                                 |
| Interest received                                  | <b>43,252</b>                                   | 38,118  | 56,874                                   |
| Issuance of debt                                   | -   | (198,312)                                       | (247,669)                                |
| Proceeds from issue of Bonds                       | -   | 198,312   | 247,669                                  |
| <b>Net cash flows from operating activities</b>    | -   | -   | -  |
| <b>Net cash flows used in investing activities</b> | -   | -   | -  |
| <b>Net cash flows from financing activities</b>    | -   | -   | -  |
| Increase/(decrease) in cash and cash equivalents   | -   | -   | -  |
| Opening cash and cash equivalents                  | <b>13</b>                                       | 13  | 13                                       |
| <b>Closing cash and cash equivalents</b>           | <b>13</b>                                       | 13  | 13                                       |

## Notes to the Interim Results

### 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 Directors have considered the financial position of the Company and have concluded that they will be able to meet their liabilities as they fall due for the foreseeable future. For these purposes the foreseeable future is taken to mean a period of at least 12 months from the date of approval of these accounts.

The interim report was approved by the Directors on 27 January 2021. 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 European Union. It should be read in conjunction with the audited 2020 Annual Report and Financial Statements, which are available at Companies House.

The accounting policies, presentation and methods of computation are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and are consistent with those applied in the audited financial statement of the Company for the year ended 30 June Any estimates and judgements used in preparing these accounts are consistent with those used in the preparation of the financial statements for 30 June 2020.

### 2. Revenue and Operating Cost

|   | <b>31.12.20</b> | 31.12.19 | 30.06.20 |
|---|-----------------|----------|----------|
|   | <b>£000</b>     | £000     | £000     |
| <i>Finance Income</i>                             |                 |          |          |
| Interest receivable from immediate parent company | <b>39,770</b>   | 40,383   | 80,681   |
| Total Revenue                                     | <b>39,770</b>   | 40,383   | 80,681   |
| <i>Finance expense</i>                            |                 |          |          |
| Interest payable on bonds                         | <b>(39,770)</b> | (40,383) | (80,681) |
| Total Operating Cost                              | <b>(39,770)</b> | (40,383) | (80,681) |
| Net interest payable                              | <b>-</b>        | -        | -        |



## Notes to the Interim Results *(continued)*

### 3. Other financial assets

|  | <b>31.12.20</b><br><b>£000</b> | 31.12.19<br>£000 | 30.06.20<br>£000 |
|--|--------------------------------|------------------|------------------|
| <b>Current</b>                                       |                                |                  |                  |
| Inter-company loans repayable in less than 12 months | <b>300,424</b>                 | -                | -                |
| <b>Non-current</b>                                   |                                |                  |                  |
| Inter-company loans repayable in more than 12 months | <b>1,608,094</b>               | 1,841,411        | 1,899,707        |

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

|                     | <b>31.12.20</b><br><b>£000</b> | 31.12.19<br>£000 | 30.06.20<br>£000 |
|---------------------|--------------------------------|------------------|------------------|
| Interest receivable | <b>22,095</b>                  | 21,785           | 34,388           |

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

|                  | <b>31.12.20</b><br><b>£000</b> | 31.12.19<br>£000 | 30.06.20<br>£000 |
|------------------|--------------------------------|------------------|------------------|
| <b>Current</b>   |                                |                  |                  |
| Interest payable | <b>22,095</b>                  | 21,785           | 34,388           |

### 6. Other interest-bearing loans and borrowings

|                                | <b>31.12.20</b><br><b>£000</b> | 31.12.19<br>£000 | 30.06.20<br>£000 |
|--------------------------------|--------------------------------|------------------|------------------|
| <b>Current liabilities</b>     |                                |                  |                  |
| Listed bonds                   | <b>300,424</b>                 | -                | -                |
| <b>Non-current liabilities</b> |                                |                  |                  |
| Listed bonds                   | <b>1,608,094</b>               | 1,841,411        | 1,899,707        |

Note 6 is continued on the following page.

## Notes to the Interim Results *(continued)*

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

#### *Terms and debt repayment schedule*

|                   | Currency | Nominal<br>interest<br>rate | Year of<br>maturity | Maturity<br>value<br>31.12.20<br>£000 | Carrying<br>amount<br>31.12.20<br>£000 | Maturity<br>value<br>31.12.19<br>£000 | Carrying<br>amount<br>31.12.19<br>£000 | Maturity<br>value<br>30.06.20<br>£000 | Carrying<br>amount<br>30.06.20<br>£000 |
|-------------------|----------|-----------------------------|---------------------|---------------------------------------|--|---------------------------------------|--|---------------------------------------|--|
| Fixed Rate Bond   | Sterling | 5.375%                      | 2028                | 200,000                               | 198,889                                | 200,000                               | 198,766                                | 200,000                               | 198,827                                |
| Fixed Rate Bond   | Sterling | 5.750%                      | 2033                | 350,000                               | 346,612                                | 350,000                               | 346,430                                | 350,000                               | 346,518                                |
| Fixed Rate Bond   | Sterling | 4.000%                      | 2021                | 300,000                               | 300,424                                | 300,000                               | 301,092                                | 300,000                               | 300,758                                |
| Fixed Rate Bond   | Sterling | 1.500%                      | 2029                | 250,000                               | 247,624                                | 200,000                               | 198,353                                | 250,000                               | 247,669                                |
| Index Linked Bond | Sterling | 3.520%                      | 2023                | 50,000                                | 83,660                                 | 50,000                                | 81,759                                 | 50,000                                | 82,738                                 |
| Index Linked Bond | Sterling | 2.186%                      | 2039                | 50,000                                | 68,773                                 | 50,000                                | 67,992                                 | 50,000                                | 68,371                                 |
| Index Linked Bond | Sterling | 1.750%                      | 2046                | 75,000                                | 112,526                                | 75,000                                | 109,969                                | 75,000                                | 111,286                                |
| Index Linked Bond | Sterling | 1.750%                      | 2051                | 75,000                                | 112,526                                | 75,000                                | 109,969                                | 75,000                                | 111,286                                |
| Index Linked Bond | Sterling | 1.369%                      | 2057                | 75,000                                | 112,526                                | 75,000                                | 109,969                                | 75,000                                | 111,286                                |
| Index Linked Bond | Sterling | 1.374%                      | 2057                | 75,000                                | 112,525                                | 75,000                                | 109,969                                | 75,000                                | 111,286                                |
| Index Linked Bond | Sterling | 1.489%                      | 2058                | 50,000                                | 70,811                                 | 50,000                                | 69,048                                 | 50,000                                | 69,894                                 |
| Index Linked Bond | Sterling | 1.495%                      | 2058                | 50,000                                | 70,811                                 | 50,000                                | 69,048                                 | 50,000                                | 69,894                                 |
| Index Linked Bond | Sterling | 1.499%                      | 2058                | 50,000                                | 70,811                                 | 50,000                                | 69,048                                 | 50,000                                | 69,894                                 |
|                   |          |                             |                     | <b>1,650,000</b>                      | <b>1,908,518</b>                       | <b>1,600,000</b>                      | <b>1,841,411</b>                       | <b>1,650,000</b>                      | <b>1,899,707</b>                       |

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

## Notes to the Interim Results (continued)

### 7. Principle Risks

#### Market risk

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

#### Interest rate risk

|                          | <b>31.12.20</b>  | 31.12.19  | 30.06.20  |
|--------------------------|------------------|-----------|-----------|
|                          | <b>£000</b>      | £000      | £000      |
| Fixed rate instruments   | <b>1,093,549</b> | 1,044,641 | 1,093,772 |
| Index linked instruments | <b>814,969</b>   | 796,770   | 805,935   |
|                          | <b>1,908,518</b> | 1,841,411 | 1,899,707 |

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

#### 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.

|                  | <b>31.12.20</b> | 31.12.19 | 30.06.20 |
|------------------|-----------------|----------|----------|
|                  | <b>£000</b>     | £000     | £000     |
| Interest expense | <b>(8,150)</b>  | (7,968)  | (8,059)  |
| Interest income  | <b>8,150</b>    | 7,968    | 8,059    |
| Net assets       | -               | -        | -        |

### 8. Related party transactions

There has been no material change during the six months ended 31 December 2020 in transactions with related parties from that disclosed in the Company's annual report and accounts for the year ended 30 June 2020.

### 9. Post balance sheet events

In January 2021 the Company issued a £300 million bond with a 15 Year term and a fixed rate of interest of 1.25%, paid annually on the anniversary of the bond.