

WESSEX WATER SERVICES FINANCE PLC

Unaudited accounts for the six months to
31 December 2019

Registered in England No. 03704265



Directors' Report

The Directors present their unaudited interim accounts for the six months to 31 December 2019.

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 September 2019 the Company issued a £200 million bond with a 10 Year term and a fixed rate of interest of 1.50%, paid annually on the anniversary of the bond.

Profit

There was no profit in the six-month period (2018 - 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 Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia.

By order of the board.



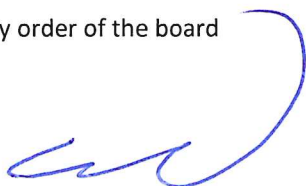
R Jefferson
Group General Counsel
24 January 2020

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>	Half-year to 31.12.19 (unaudited) £000	Half-year to 31.12.18 (unaudited) £000	Year to 30.06.19 (audited) £000
Revenue	2	40,383	53,043	82,455
Operating cost	2	(40,383)	(53,043)	(82,455)
Profit before tax and after tax and total comprehensive income		-	-	-

Balance Sheet

	<i>Note</i>	31.12.19 (unaudited) £000	31.12.18 (unaudited) £000	30.06.19 (audited) £000
Non-current assets				
Other financial assets	3	1,841,411	1,619,751	1,631,279
Current assets				
Trade and other receivables	4	21,785	20,777	31,340
Cash and cash equivalents		13	13	13
		<u>21,798</u>	<u>20,790</u>	<u>31,353</u>
Total assets		<u><u>1,863,209</u></u>	<u><u>1,640,541</u></u>	<u><u>1,662,632</u></u>
Current liabilities				
Trade and other payables	5	(21,785)	(20,777)	(31,340)
Non-current liabilities				
Other interest-bearing loans and borrowings	6	(1,841,411)	(1,619,751)	(1,631,279)
Total liabilities		<u><u>(1,863,196)</u></u>	<u><u>(1,640,528)</u></u>	<u><u>(1,662,619)</u></u>
Net assets		<u><u>13</u></u>	<u><u>13</u></u>	<u><u>13</u></u>
Equity				
Share capital		13	13	13
Retained earnings		-	-	-
Total equity		<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 24 January 2020 and signed on its behalf by



Mark Watts, Director

Statement of Changes in Equity

	<i>Note</i>	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 July 2018		13	-	13
Effect of change in accounting policy		-	-	-
Balance at 1 July 2018		13	-	13
Total comprehensive income for the period		-	-	-
Transactions with owners, recorded directly in equity		-	-	-
Balance at 31 December 2018		13	-	13
Balance at 1 July 2019		13	-	13
Total comprehensive income for the period		-	-	-
Transactions with owners, recorded directly in equity		-	-	-
Balance at 31 December 2019		13	-	13

Cash Flow Statement

	Half-year to 31.12.19 (unaudited) £000	Half-year to 31.12.18 (unaudited) £000	Year to 30.06.19 (audited) £000
Cash flows from operating activities			
Profit for the period	-	-	-
<i>Adjustments for:</i>			
Financial income	(40,383)	(53,043)	(82,455)
Financial expense	40,383	53,043	82,455
	-	-	-
Working Capital Adjustments			
Decrease/(increase) in trade and other receivables	9,555	10,428	(135)
(Decrease)/increase in trade and other payables	(9,555)	(10,428)	135
Interest paid	(38,118)	(49,540)	(56,851)
Interest received	38,118	49,540	56,851
Net cash flows from operating activities	-	-	-
Loans to related parties	(198,312)	-	-
Net cash flows used in investing activities	(198,312)	-	-
Cash flows from financing activities			
Proceeds from borrowings	198,312	-	-
Net cash flows from financing activities	198,312	-	-
Increase/(decrease) in cash and cash equivalents	-	-	-
Opening cash and cash equivalents	13	13	13
Closing cash and cash equivalents	13	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 24 January 2020. 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 2019 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 2019 apart from the adoption of IFRS 16 'Leases'. Adoption of this standard is in line with expectations set out in the June 2019 financial statements. Any estimates and judgements used in preparing these accounts are consistent with those used in the preparation of the financial statements for 30 June 2019.

Adoption of new IFRSs during the period

The Company adopted IFRS 16 on 1 July 2019 but as the Company has no leases either contractual or implied there has been no impact on the earnings, expenses, assets or liabilities of the Company.

2. Revenue and Operating Cost

	31.12.19	31.12.18	30.06.19
	£000	£000	£000
<i>Finance Income</i>			
Interest receivable from immediate parent company	40,383	53,043	82,455
Total Revenue	40,383	53,043	82,455
<i>Finance expense</i>			
Interest payable on bonds	(40,383)	(53,043)	(82,455)
Total Operating Cost	(40,383)	(53,043)	(82,455)
Net interest payable	-	-	-

Notes to the Interim Results (continued)

3. Other financial assets

	31.12.19	31.12.18	30.06.19
	£000	£000	£000
Non-current			
Inter-company loans repayable in more than 12 months	1,841,411	1,619,751	1,631,279

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

	31.12.19	31.12.18	30.06.19
	£000	£000	£000
Interest receivable	21,785	20,777	31,340

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

	31.12.19	31.12.18	30.06.19
	£000	£000	£000
Current			
Interest payable	21,785	20,777	31,340

6. Other interest-bearing loans and borrowings

	31.12.19	31.12.18	30.06.19
	£000	£000	£000
Non-current liabilities			
Listed bonds	1,841,411	1,619,751	1,631,279

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 interest rate	Year of maturity	Maturity value 31.12.19 £000	Carrying amount 31.12.19 £000	Maturity value 31.12.18 £000	Carrying amount 31.12.18 £000	Maturity value 30.06.19 £000	Carrying amount 30.06.19 £000
Fixed Rate Bond	Sterling	5.375%	2028	200,000	198,766	200,000	198,650	200,000	198,705
Fixed Rate Bond	Sterling	5.750%	2033	350,000	346,430	350,000	346,259	350,000	346,345
Fixed Rate Bond	Sterling	4.000%	2021	300,000	301,092	300,000	301,761	300,000	301,426
Fixed Rate Bond	Sterling	1.500%	2029	200,000	198,353	-	-	-	-
Index Linked Bond	Sterling	3.520%	2023	50,000	81,759	50,000	79,188	50,000	80,492
Index Linked Bond	Sterling	2.186%	2039	50,000	67,992	50,000	66,367	50,000	66,606
Index Linked Bond	Sterling	1.750%	2046	75,000	109,969	75,000	106,511	75,000	108,264
Index Linked Bond	Sterling	1.750%	2051	75,000	109,969	75,000	106,511	75,000	108,264
Index Linked Bond	Sterling	1.369%	2057	75,000	109,969	75,000	106,512	75,000	108,264
Index Linked Bond	Sterling	1.374%	2057	75,000	109,969	75,000	106,512	75,000	108,265
Index Linked Bond	Sterling	1.489%	2058	50,000	69,048	50,000	67,160	50,000	68,216
Index Linked Bond	Sterling	1.495%	2058	50,000	69,048	50,000	67,160	50,000	68,216
Index Linked Bond	Sterling	1.499%	2058	50,000	69,047	50,000	67,160	50,000	68,216
				1,600,000	1,841,411	1,400,000	1,619,751	1,400,000	1,631,279

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 or foreign currency risk, the interest rate risk is shown below.

Interest rate risk

	31.12.19 £000	31.12.18 £000	30.06.19 £000
Fixed rate instruments	1,044,641	846,670	846,476
Index linked instruments	796,770	773,081	784,803
	<u>1,841,411</u>	<u>1,619,751</u>	<u>1,631,279</u>

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.

	31.12.19 £000	31.12.18 £000	30.06.19 £000
Interest expense	(7,968)	(7,731)	(7,848)
Interest income	7,968	7,731	7,848
Net assets	<u>-</u>	<u>-</u>	<u>-</u>

8. Related party transactions

There has been no material change during the six months ended 31 December 2019 in transactions with related parties from that disclosed in the Company's annual report and accounts for the year ended 30 June 2019.