

WESSEX WATER SERVICES FINANCE PLC

Interim financial information and report for the six months to
31 December 2022

Registered in England No. 03704265



Business Review

The Directors present their interim financial statements for the six months to 31 December 2022.

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.

There were no new bond issues during the period.

Results

There was no profit in the six-month period (2021 - 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 2022 Financial Statements

By order of the board



Colin Skellett
Director
09 February 2023

Income Statement and Statement of Other Comprehensive Income

	<i>Note</i>	Half-year to 31.12.22 (unaudited) £000	Half-year to 31.12.21 (unaudited) £000	Year to 30.06.22 (audited) £000
Revenue	2	62,591	36,759	86,738
Operating cost	2	(62,591)	(36,759)	(86,738)
Profit before tax and after tax and total comprehensive income		-	-	-

Statement of Financial Position

	<i>Note</i>	31.12.22 (unaudited) £000	31.12.21 (unaudited) £000	30.06.22 (audited) £000
Non-current assets				
Other financial assets	3	1,974,551	1,916,362	1,939,588
Current assets				
Trade and other receivables	4	22,786	22,469	27,215
Other financial assets	3	-	-	-
Cash and cash equivalents		13	13	13
		<u>22,799</u>	<u>22,482</u>	<u>27,228</u>
Total assets		<u>1,997,350</u>	<u>1,938,844</u>	<u>1,966,816</u>
Current liabilities				
Trade and other payables	5	(22,786)	(22,469)	(27,215)
Other interest-bearing loans and borrowings	6	-	-	-
Non-current liabilities				
Other interest-bearing loans and borrowings	6	(1,974,551)	(1,916,362)	(1,939,588)
Total liabilities		<u>(1,997,337)</u>	<u>(1,938,831)</u>	<u>(1,966,803)</u>
Net assets		<u>13</u>	<u>13</u>	<u>13</u>
Equity				
Share capital		13	13	13
Retained earnings		-	-	-
Total equity		<u>13</u>	<u>13</u>	<u>13</u>

The interim financial statements were approved by the board of directors on 09 February 2023 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 2021		<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 2021		<u>13</u>	<u>-</u>	<u>13</u>
Balance at 1 July 2022		<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 2022		<u>13</u>	<u>-</u>	<u>13</u>

Statement of Cash Flows

	Half-year to 31.12.22 (unaudited) £000	Half-year to 31.12.21 (unaudited) £000	Year to 30.06.22 (audited) £000
Cash flows from operating activities			
Profit for the period	-	-	-
<i>Adjustments for:</i>			
Financial income	(62,591)	(36,759)	(86,738)
Financial expense	62,591	36,759	86,738
	-	-	-
Decrease in trade and other receivables	4,429	13,694	8,948
(Decrease) in trade and other payables	(4,429)	(13,694)	(8,948)
Interest paid	(32,056)	(43,383)	(65,390)
Interest received	32,056	43,383	65,390
Repayment of Bonds	-	(300,000)	(299,978)
Proceeds from repayment of debt	-	300,000	299,978
Net cash flows from operating activities	-	-	-
Net cash flows used in investing activities	-	-	-
Net cash flows from financing activities	-	-	-
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 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 09 February 2023. 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 2021 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 2022 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 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 2022. Any estimates and judgements used in preparing these accounts are consistent with those used in the preparation of the financial statements for 30 June 2022.

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 2022. 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 2024, 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 £50 million by 30 July 2023.

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

	31.12.22 £000	31.12.21 £000	30.06.22 £000
<i>Finance Income</i>			
Interest receivable from immediate parent company	62,591	36,759	86,738
Total Revenue	62,591	36,759	86,738
<i>Finance expense</i>			
Interest payable on bonds	(62,591)	(36,759)	(86,738)
Total Operating Cost	(62,591)	(36,759)	(86,738)
Net interest payable	-	-	-

Notes to the Interim Financial Statements (continued)

3. Other financial assets

	31.12.22	31.12.21	30.06.22
	£000	£000	£000
Current			
Inter-company loans repayable in less than 12 months	-	-	-
Non-current			
Inter-company loans repayable in more than 12 months	1,974,551	1,916,362	1,939,588

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

	31.12.22	31.12.21	30.06.22
	£000	£000	£000
Interest receivable	22,786	22,469	27,215

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

	31.12.22	31.12.21	30.06.22
	£000	£000	£000
Current			
Interest payable	22,786	22,469	27,215

6. Other interest-bearing loans and borrowings

	31.12.22	31.12.21	30.06.22
	£000	£000	£000
Current liabilities			
Listed bonds	-	-	-
Non-current liabilities			
Listed bonds	1,974,551	1,916,362	1,939,588

Note 6 is continued on the following page.

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	Maturity value 31.12.22 £000	Carrying amount 31.12.22 £000	Maturity value 31.12.21 £000	Carrying amount 31.12.21 £000	Maturity value 30.06.22 £000	Carrying amount 30.06.22 £000
Fixed Rate Bond	Sterling	5.375%	2028	200,000	199,154	200,000	199,018	200,000	199,085
Fixed Rate Bond	Sterling	5.750%	2033	350,000	347,003	350,000	346,801	350,000	346,901
Fixed Rate Bond	Sterling	1.500%	2029	250,000	248,131	250,000	247,872	250,000	248,001
Fixed Rate Bond	Sterling	1.250%	2036	300,000	295,343	300,000	295,018	300,000	295,179
Index Linked Bond	Sterling	3.520%	2023	50,000	90,025	50,000	84,474	50,000	87,030
Index Linked Bond	Sterling	2.186%	2039	50,000	81,277	50,000	72,132	50,000	75,650
Index Linked Bond	Sterling	1.750%	2046	75,000	121,087	75,000	113,620	75,000	117,058
Index Linked Bond	Sterling	1.750%	2051	75,000	121,087	75,000	113,620	75,000	117,058
Index Linked Bond	Sterling	1.369%	2057	75,000	121,087	75,000	113,620	75,000	117,058
Index Linked Bond	Sterling	1.374%	2057	75,000	121,087	75,000	113,620	75,000	117,058
Index Linked Bond	Sterling	1.489%	2058	50,000	76,423	50,000	72,189	50,000	73,170
Index Linked Bond	Sterling	1.495%	2058	50,000	76,423	50,000	72,189	50,000	73,170
Index Linked Bond	Sterling	1.499%	2058	50,000	76,423	50,000	72,189	50,000	73,170
				1,650,000	1,974,551	1,650,000	1,916,362	1,650,000	1,939,588

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 Financial Statements (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

	31.12.22 £000	31.12.21 £000	30.06.22 £000
Fixed rate instruments	1,089,631	1,088,709	1,089,166
Index linked instruments	884,920	827,653	850,422
	<u>1,974,551</u>	<u>1,916,362</u>	<u>1,939,588</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 flowing effects.

	31.12.22 £000	31.12.21 £000	30.06.22 £000
Interest expense	(8,849)	(8,277)	(8,504)
Interest income	8,849	8,277	8,504
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 2022 in transactions with related parties from that disclosed in the Company's annual report and accounts for the year ended 30 June 2022.

9. Post balance sheet events

There have been no events between the balance sheet date and the date on which the interim results were approved by the Board, which would require adjustment to the interim results or any additional disclosures.