

**WESTERN POWER DISTRIBUTION (SOUTH WALES) plc**

**INTERIM CONDENSED FINANCIAL STATEMENTS**

For the six months ended 30 September 2017

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## Interim condensed profit and loss account

For the six months ended 30 September

	2017	2016
	Unaudited	
	£m	£m
<b>Turnover</b>	<b>122.9</b>	126.0
Operating expenses	(58.0)	(55.7)
<b>Operating profit</b>	<b>64.9</b>	70.3
Profit on sale of fixed assets	-	0.1
<b>Profit before interest and taxation</b>	<b>64.9</b>	70.4
Interest payable and similar charges	(19.1)	(17.9)
Net finance expense relating to pensions and other post-retirement benefits	(0.6)	(1.2)
<b>Profit before taxation</b>	<b>45.2</b>	51.3
Tax	(7.9)	(9.7)
<b>Profit for the financial period</b>	<b>37.3</b>	41.6

## Interim condensed statement of comprehensive income

For the six months ended 30 September

	2017	2016
	Unaudited	
	£m	£m
<b>Profit for the period</b>	<b>37.3</b>	41.6
<b>Other comprehensive loss:</b>		
<i>Other comprehensive loss to be reclassified to profit or loss in subsequent periods:</i>		
Reclassification adjustments for losses on cash flow hedges included in profit or loss (finance costs)	(0.4)	(0.4)
Income tax effect	0.1	0.1
<b>Other comprehensive loss for the period, net of tax</b>	<b>(0.3)</b>	(0.3)
<b>Total comprehensive income for the period, net of tax attributable to equity holders of the parent</b>	<b>37.0</b>	41.3

**Interim condensed statement of changes in equity**

For the six months ended 30 September 2017

	Share capital £m	Share premium £m	Capital contribution £m	Hedging reserve £m	Retained earnings £m	Total equity £m
At 1 April 2017	291.7	23.2	5.1	5.9	300.5	626.4
Profit for the period	-	-	-	-	37.3	37.3
Other comprehensive loss	-	-	-	(0.3)	-	(0.3)
<b>Total comprehensive (loss)/income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.3)</b>	<b>37.3</b>	<b>37.0</b>
<b>At 30 September 2017</b>	<b>291.7</b>	<b>23.2</b>	<b>5.1</b>	<b>5.6</b>	<b>337.8</b>	<b>663.4</b>

**Interim condensed statement of changes in equity**

For the six months ended 30 September 2016

	Share capital £m	Share premium £m	Capital contribution £m	Hedging reserve £m	Retained earnings £m	Total equity £m
At 1 April 2016	251.7	23.2	5.1	6.4	235.3	521.7
Profit for the period	-	-	-	-	41.6	41.6
Other comprehensive loss	-	-	-	(0.3)	-	(0.3)
<b>Total comprehensive (loss)/income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.3)</b>	<b>41.6</b>	<b>41.3</b>
<b>At 30 September 2016</b>	<b>251.7</b>	<b>23.2</b>	<b>5.1</b>	<b>6.1</b>	<b>276.9</b>	<b>563.0</b>

## Interim condensed balance sheet

As at

		30 September 2017	31 March 2017
		Unaudited	Unaudited
	Note	£m	£m
<b>Fixed assets</b>			
Tangible assets	2	1,761.7	1,702.3
Intangible assets		1.2	1.3
		<b>1,762.9</b>	<b>1,703.6</b>
<b>Current assets</b>			
Stocks		1.4	1.3
Debtors			
Amounts falling due within one year		78.8	65.6
Amounts falling due after more than one year		0.1	0.1
Cash at bank		19.6	19.5
		<b>99.9</b>	<b>86.5</b>
<b>Creditors</b>			
Amounts falling due within one year		(82.1)	(76.3)
<b>Net current assets</b>		<b>17.8</b>	<b>10.2</b>
<b>Total assets less current liabilities</b>		<b>1,780.7</b>	<b>1,713.8</b>
<b>Creditors</b>			
Amounts falling due after more than one year		(965.8)	(945.8)
<b>Provisions for liabilities and charges</b>			
Deferred tax		(90.7)	(87.9)
Reimbursement agreement re WPUPS		(77.7)	(76.9)
Other		(7.9)	(7.8)
<b>Pension</b>			
Asset		79.7	78.9
Liability		(54.9)	(47.9)
<b>Net assets</b>		<b>663.4</b>	<b>626.4</b>
<b>Capital and reserves</b>			
Called-up share capital		291.7	291.7
Share premium account		23.2	23.2
Capital redemption reserves		5.1	5.1
Hedging reserve		5.6	5.9
Profit and loss account		337.8	300.5
<b>Equity shareholders' funds</b>		<b>663.4</b>	<b>626.4</b>

The financial statements on pages 1 to 6 were approved by the Board of Directors on 11 December 2017 and were signed on its behalf by:

DCS Oosthuizen  
Finance Director

## Interim condensed cash flow statement

For the six months ended 30 September

	2017	2016
	Unaudited	
	£m	£m
<b>Operating activities</b>		
Profit for the period	37.3	41.6
Adjustments to reconcile profit for the period to net cash flow from operating activities:		
Tax expense	7.9	9.7
Finance costs	19.7	19.1
Depreciation of property, plant and equipment	16.3	16.1
Amortisation of customer contributions	(3.6)	(3.3)
Amortisation of intangible assets	0.1	0.1
Loss/(gain) on disposal of property, plant and equipment	0.1	(0.1)
Difference between pension contributions paid and amounts recognised in the income statement	6.4	(17.5)
Increase/(decrease) in provisions	0.1	(0.6)
Working capital adjustments:		
Increase in inventories	(0.1)	(0.2)
Decrease in trade and other receivables	0.4	0.8
(Decrease)/increase in trade and other payables	(4.7)	5.3
Interest paid	-	(0.2)
Income taxes refunded	0.2	-
<b>Net cash from operating activities</b>	<b>80.1</b>	<b>70.8</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(77.0)	(74.7)
Customers' contributions received	15.2	13.6
Proceeds from sale of property, plant and equipment	0.1	0.1
<b>Net cash used in investing activities</b>	<b>(61.7)</b>	<b>(61.0)</b>
<b>Financing activities</b>		
Movement in balances with Group undertakings	(18.3)	(41.2)
<b>Net cash used in financing activities</b>	<b>(18.3)</b>	<b>(41.2)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>0.1</b>	<b>(31.4)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>19.5</b>	<b>32.2</b>
<b>Cash and cash equivalents at end of period</b>	<b>19.6</b>	<b>0.8</b>

## Notes to the financial statements

For the six months ended 30 September 2017

### 1. General information

The interim condensed financial statements of Western Power Distribution (South Wales) plc ("the Company") for the six months ended 30 September 2017 were authorised for issue by the Board of Directors on 11 December 2017. The Company is a public limited company incorporated and domiciled in England and Wales.

### 2. Significant accounting policies

#### *Basis of preparation*

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements as at and for the year ended 31 March 2017.

#### *Going concern*

The directors have prepared the financial statements on a going concern basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future due to the strength of its balance sheet.

### 3. Tangible fixed assets

	Leasehold improvements £m	Distribution network £m	Fixtures & equipment £m	Vehicles & mobile plant £m	Total £m
<b>Cost</b>					
At 1 April 2017	0.2	2,347.2	32.4	16.6	2,396.4
Additions	0.5	73.5	3.1	1.2	78.3
Disposals and retirements	-	-	(0.4)	(1.3)	(1.7)
At 30 September 2017	0.7	2,420.7	35.1	16.5	2,473.0
<b>Depreciation</b>					
At 1 April 2017	-	673.1	14.5	6.5	694.1
Charge for the period	-	15.3	2.4	1.0	18.7
Disposals and retirements	-	-	(0.4)	(1.1)	(1.5)
At 30 September 2017	-	688.4	16.5	6.4	711.3
<b>Net book value</b>					
At 30 September 2017	0.7	1,732.3	18.6	10.1	1,761.7
At 1 April 2017	0.2	1,674.1	17.9	10.1	1,702.3