

WESTERN POWER DISTRIBUTION (SOUTH WEST) plc

INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

Contents

	Page
Interim condensed profit and loss account	1
Interim condensed statement of comprehensive income	2
Interim condensed statement of changes in equity	3
Interim condensed balance sheet	4
Interim condensed cash flow statement	5
Notes to the financial statements	6

Interim condensed profit and loss account

For the six months ended 30 September

	2017	2016
	Unaudited	
	£m	£m
Turnover	165.4	171.0
Operating expenses	(67.1)	(62.3)
Operating profit	98.3	108.7
(Loss)/income from fixed asset investments	(3.2)	4.1
Profit on sale of fixed assets	-	0.3
Profit before interest and taxation	95.1	113.1
Interest receivable and similar income	1.5	1.7
Interest payable and similar charges	(24.3)	(21.8)
Net finance expense relating to pensions and other post-retirement benefits	(1.0)	(1.8)
Profit before taxation	71.3	91.2
Tax	(12.0)	(16.2)
Profit for the financial period	59.3	75.0

Interim condensed statement of comprehensive income

For the six months ended 30 September

	2017	2016
	Unaudited	
	£m	£m
Profit for the period	59.3	75.0
Other comprehensive loss:		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Profits arising on cash flow hedges during the period	3.5	-
Reclassification adjustments for gains/(losses) on cash flow hedges included in profit or loss (finance costs)	-	(0.1)
Income tax effect	(0.7)	-
Other comprehensive income/(loss) for the period, net of tax	2.8	(0.1)
Total comprehensive income for the period, net of tax attributable to equity holders of the parent	62.1	74.9

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	438.2	4.1	6.2	0.9	403.9	853.3
Profit for the period	-	-	-	-	59.3	59.3
Other comprehensive income	-	-	-	2.8	-	2.8
Total comprehensive income for the period	-	-	-	2.8	59.3	62.1
Equity dividends paid	-	-	-	-	-	-
At 30 September 2017	438.2	4.1	6.2	3.7	463.2	915.4

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	363.2	4.1	6.2	1.0	285.4	659.9
Profit for the period	-	-	-	-	75.0	75.0
Other comprehensive loss	-	-	-	(0.1)	-	(0.1)
Total comprehensive (loss)/income for the period	-	-	-	(0.1)	75.0	74.9
Equity dividends paid	-	-	-	-	(24.4)	(24.4)
At 30 September 2016	363.2	4.1	6.2	0.9	336.0	710.4

Interim condensed balance sheet

As at

		30 September 2017	31 March 2017
		Unaudited	Unaudited
	Note	£m	£m
Fixed assets			
Tangible assets	2	2,491.3	2,399.0
Intangible assets		14.1	7.3
Investments		39.5	42.4
		2,544.9	2,448.7
Current assets			
Stocks		8.1	8.0
Derivative financial instruments		3.5	-
Debtors		98.5	86.4
Cash at bank		25.4	21.6
		135.5	116.0
Creditors			
Amounts falling due within one year		(329.1)	(307.5)
Net current liabilities		(193.6)	(191.5)
Total assets less current liabilities		2,351.3	2,257.2
Creditors			
Amounts falling due after more than one year		(1,239.0)	(1,217.8)
Provisions for liabilities and charges			
Deferred tax		(111.0)	(108.9)
Other		(11.0)	(13.2)
Pension liability		(74.9)	(64.0)
Net assets		915.4	853.3
Capital and reserves			
Called-up share capital		438.2	438.2
Share premium account		4.1	4.1
Capital redemption reserves		6.2	6.2
Hedging reserve		3.7	0.9
Profit and loss account		463.2	403.9
Equity shareholders' funds		915.4	853.3

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
Operating activities		
Profit for the period	59.3	75.0
Adjustments to reconcile profit for the period to net cash flow from operating activities:		
Tax expense	12.0	16.2
Finance costs	25.3	23.6
Finance revenue	(1.5)	(5.8)
Depreciation of property, plant and equipment	23.1	22.1
Amortisation of customer contributions	(4.3)	(3.7)
Amortisation of intangible assets	0.6	1.1
Gain on disposal of property, plant and equipment	-	(0.3)
Difference between pension contributions paid and amounts recognised in the income statement	9.9	(27.5)
(Decrease)/increase in provisions	(2.2)	0.7
Foreign exchange loss/(gain) on fixed asset investment	2.9	(4.0)
Working capital adjustments:		
Increase in inventories	(0.1)	(0.3)
Increase in trade and other receivables	(14.1)	(7.4)
(Decrease)/increase in trade and other payables	(4.3)	11.9
Interest paid	(2.7)	(3.5)
Interest received	1.5	5.8
Income taxes paid	-	(7.5)
Net cash from operating activities	105.4	96.4
Investing activities		
Purchase of property, plant and equipment	(115.8)	(118.2)
Customers' contributions received	19.0	15.0
Proceeds from sale of property, plant and equipment	0.2	0.4
Purchase of intangible assets	(7.4)	(4.2)
Net cash used in investing activities	(104.0)	(107.0)
Financing activities		
Net (decrease)/increase in short-term borrowings	(40.0)	50.0
Movement in balances with Group undertakings	43.4	(20.3)
Dividends paid	-	(24.4)
Net cash from financing activities	3.4	5.3
Net increase/(decrease) in cash and cash equivalents	4.8	(5.3)
Cash and cash equivalents at beginning of period	(3.8)	8.6
Cash and cash equivalents at end of period	1.0	3.3

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 West) 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

	Non network land & buildings £m	Distribution network £m	Fixtures & equipment £m	Vehicles & mobile plant £m	Total £m
Cost					
At 1 April 2017	8.3	3,200.2	50.7	34.6	3,293.8
Additions	-	117.9	1.3	1.3	120.5
Disposals and retirements	-	-	(1.4)	(1.6)	(3.0)
At 30 September 2017	8.3	3,318.1	50.6	34.3	3,411.3
Depreciation					
At 1 April 2017	1.2	855.4	22.8	15.4	894.8
Charge for the period	0.1	21.6	4.7	1.6	28.0
Disposals and retirements	-	-	(1.4)	(1.4)	(2.8)
At 30 September 2017	1.3	877.0	26.1	15.6	920.0
Net book value					
At 30 September 2017	7.0	2,441.1	24.5	18.7	2,491.3
At 1 April 2017	7.1	2,344.8	27.9	19.2	2,399.0