

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

**INTERIM CONDENSED FINANCIAL STATEMENTS**

For the six months ended 30 September 2020

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## Interim condensed profit and loss account

For the six months ended 30 September

	2020	2019
	Unaudited	
	£m	£m
<b>Turnover</b>	<b>111.5</b>	124.8
Operating expenses	<b>(57.6)</b>	(54.8)
<b>Operating profit</b>	<b>53.9</b>	70.0
Profit/(loss) on disposal of fixed assets	<b>0.1</b>	(0.1)
<b>Profit before interest and taxation</b>	<b>54.0</b>	69.9
Interest payable and similar charges	<b>(19.5)</b>	(20.0)
Net finance income relating to pensions and other post-retirement benefits	<b>0.8</b>	-
<b>Profit before tax</b>	<b>35.3</b>	49.9
Tax on profit	<b>(5.9)</b>	(8.6)
<b>Profit for the financial period</b>	<b>29.4</b>	41.3

## Interim condensed statement of comprehensive income

For the six months ended 30 September

	2020	2019
	Unaudited	
	£m	£m
<b>Profit for the period</b>	<b>29.4</b>	41.3
<b>Other comprehensive loss:</b>		
<i>Other comprehensive loss to be reclassified to profit or loss in subsequent periods:</i>		
Loss arising on cash flow hedges during the year	(2.7)	-
Reclassification adjustments for losses on cash flow hedges included in profit or loss (finance costs)	(0.3)	(0.4)
Income tax effect	0.6	0.1
<b>Other comprehensive loss for the period, net of tax</b>	<b>(2.4)</b>	(0.3)
<b>Total comprehensive income for the period, net of tax attributable to equity holder of the parent</b>	<b>27.0</b>	41.0

## Interim condensed statement of changes in equity

For the six months ended 30 September 2020

	Share capital £m	Share premium £m	Capital contribution £m	Hedging reserve £m	Retained earnings £m	Total equity £m
At 1 April 2020	291.7	23.2	5.1	0.5	518.3	838.8
Profit for the period	-	-	-	-	29.4	29.4
Other comprehensive loss	-	-	-	(2.4)	-	(2.4)
<b>Total comprehensive (loss)/income for the period</b>	-	-	-	<b>(2.4)</b>	<b>29.4</b>	<b>27.0</b>
<b>At 30 September 2020</b>	<b>291.7</b>	<b>23.2</b>	<b>5.1</b>	<b>(1.9)</b>	<b>547.7</b>	<b>865.8</b>

## Interim condensed statement of changes in equity

For the six months ended 30 September 2019

	Share capital £m	Share premium £m	Capital contribution £m	Hedging reserve £m	Retained earnings £m	Total equity £m
At 1 April 2019	291.7	23.2	5.1	4.8	423.1	747.9
Profit for the period	-	-	-	-	41.3	41.3
Other comprehensive loss	-	-	-	(0.3)	-	(0.3)
<b>Total comprehensive (loss)/income for the period</b>	-	-	-	<b>(0.3)</b>	<b>41.3</b>	<b>41.0</b>
Equity dividends paid	-	-	-	-	(9.3)	(9.3)
<b>At 30 September 2019</b>	<b>291.7</b>	<b>23.2</b>	<b>5.1</b>	<b>4.5</b>	<b>455.1</b>	<b>779.6</b>

## Interim condensed balance sheet

As at

		30 September 2020	31 March 2020
		Unaudited	
	Note	£m	£m
<b>Non-current assets</b>			
Tangible fixed assets	3	2,068.5	2,017.8
Right-of-use asset		1.4	1.4
Intangible assets		4.9	4.3
Trade and other receivables		0.2	0.1
		<b>2,075.0</b>	<b>2,023.6</b>
<b>Current assets</b>			
Stocks		2.5	2.4
Trade and other receivables		43.7	45.9
Derivative financial instruments		-	0.4
Cash at bank and in hand		1.8	0.5
		<b>48.0</b>	<b>49.2</b>
<b>Creditors</b>			
Amounts falling due within one year		(246.2)	(216.2)
Derivative financial instruments		-	(4.9)
Lease liabilities		(0.1)	(0.1)
		<b>(198.3)</b>	<b>(172.0)</b>
<b>Net current liabilities</b>		<b>(198.3)</b>	<b>(172.0)</b>
<b>Total assets less current liabilities</b>		<b>1,876.7</b>	<b>1,851.6</b>
<b>Creditors</b>			
Amounts falling due after more than one year		(907.7)	(898.9)
Lease liabilities		(1.3)	(1.3)
<b>Provisions for liabilities</b>			
Deferred tax		(159.2)	(155.3)
Reimbursement agreement re WPUPS		(150.8)	(149.4)
Other		(9.3)	(9.2)
<b>Pension</b>			
Asset		217.4	201.3
<b>Net assets</b>		<b>865.8</b>	<b>838.8</b>
<b>Capital and reserves</b>			
Called-up share capital		291.7	291.7
Share premium account		23.2	23.2
Capital redemption reserve		5.1	5.1
Hedging reserve		(1.9)	0.5
Profit and loss account		547.7	518.3
<b>Equity shareholder's funds</b>		<b>865.8</b>	<b>838.8</b>

The financial statements on pages 1 to 6 were approved and authorised for issue by the Board of Directors on 21 December 2020 and were signed on its behalf by:



IR Williams  
Finance Director

## Interim condensed cash flow statement

For the six months ended 30 September

	2020	2019
	Unaudited	
	£m	£m
<b>Operating activities</b>		
Profit for the period	29.4	41.3
Adjustments to reconcile profit for the period to net cash flow from operating activities:		
Tax expense	5.9	8.6
Finance costs	19.5	20.0
Interest receivable	(0.8)	-
Depreciation of tangible fixed assets	19.4	18.4
Amortisation of customer contributions	(3.5)	(3.3)
Amortisation of intangible assets	0.4	0.3
Gain on disposal of tangible fixed assets	(0.1)	-
Difference between pension contributions paid and amounts recognised in the profit and loss account	(13.9)	(14.8)
Increase in provisions	0.1	0.1
Working capital adjustments:		
Increase in inventories	(0.1)	(1.9)
Decrease in trade and other receivables	1.1	11.9
Increase/(decrease) in trade and other payables	8.6	(2.4)
Customers' contributions received*	16.5	11.6
Interest paid	(7.7)	(0.8)
Income taxes paid	(4.3)	(6.6)
<b>Net cash from operating activities</b>	<b>70.5</b>	<b>82.4</b>
<b>Investing activities</b>		
Purchase of tangible fixed assets	(68.2)	(62.4)
Proceeds from sale of tangible fixed assets	-	0.2
Purchase of intangible assets	(1.0)	(0.1)
<b>Net cash used in investing activities</b>	<b>(69.2)</b>	<b>(62.3)</b>
<b>Financing activities</b>		
Dividends paid	-	(9.3)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(9.3)</b>
<b>Net increase in cash at bank and in hand</b>	<b>1.3</b>	<b>10.8</b>
<b>Cash at bank and in hand at beginning of period</b>	<b>0.5</b>	<b>4.6</b>
<b>Cash at bank and in hand at end of period</b>	<b>1.8</b>	<b>15.4</b>

\*Contributions received from customers towards the cost of capital projects have been reclassified from investing to operating because the underlying nature of the cash inflow is from the business' ongoing regular activities.

## Notes to the interim condensed financial statements

For the six months ended 30 September 2020

### 1. General information

The interim condensed financial statements of Western Power Distribution (South Wales) plc ("the Company") for the six months ended 30 September 2020 were authorised for issue by the Board of Directors on 21 December 2020. The Company is a public limited company incorporated and registered 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 2020.

#### *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 2020	10.7	2,745.8	41.5	21.5	2,819.5
Additions	5.2	64.8	2.3	0.6	72.9
Disposals and retirements	-	(7.1)	(0.7)	(6.6)	(14.4)
At 30 September 2020	15.9	2,803.5	43.1	15.5	2,878.0
<b>Depreciation</b>					
At 1 April 2020	0.2	772.7	19.5	9.3	801.7
Charge for the period	0.1	18.4	2.6	1.1	22.2
Disposals and retirements	-	(7.1)	(0.7)	(6.6)	(14.4)
At 30 September 2020	0.3	784.0	21.4	3.8	809.5
<b>Net book value</b>					
At 30 September 2020	15.6	2,019.5	21.7	11.7	2,068.5
At 1 April 2020	10.5	1,973.1	22.0	12.2	2,017.8