

Interim Financial Statements

Profit and Loss

	Note	6 months to 30-Sep 2019 (Unaudited) £000	6 months to 30-Sep 2018 (Unaudited) £000	Year to 31-Mar 2019 (Audited) £000
Revenue		34,330	33,296	66,832
Operating Costs		(23,270)	(23,921)	(48,362)
Other Operating Income		51	26	1,630
Operating Profit		11,111	9,400	20,100
Finance Costs		(5,379)	(5,102)	(11,021)
Finance Income		41	271	659
Profit Before Tax		5,773	4,569	9,738
Income Tax Expense	2	(1,276)	(849)	(2,249)
Profit for the period		4,497	3,720	7,489

Statement of Changes in Equity

	Called up Share Capital £000	Profit and Loss Account £000	Total Equity £000
Balance at 1 April 2019	51,489	83,741	135,230
Total Comprehensive income for the year			
Profit for the period		4,497	4,497
Other Comprehensive Income *		2,010	2,010
Total Comprehensive income for the year		6,507	6,507
Transactions with owner recorded directly in equity			
Dividends		(3,350)	(3,350)
Balance at 30 September 2019	51,489	86,898	138,387

* Other comprehensive income relates to actuarial gain on pension scheme offset by movement on deferred tax relating to net pension asset.

Balance Sheet

	Note	6 months to 30-Sep 2019 (Unaudited) £000	6 months to 30-Sep 2018 Restated* (Unaudited) £000	Year to 31-Mar 2019 (Audited) £000
Non-Current Assets				
Property, plant and equipment		323,352	303,867	312,330
Intangible Assets		3,615	3,832	4,482
Pension Scheme Assets		19,277	19,391	16,624
		346,244	327,091	333,436
Current Assets				
Inventory		422	839	417
Debtors		39,980	32,026	20,247
Cash and Cash equivalents		24,376	16,077	18,251
		64,778	48,942	38,915
Creditors: amounts falling due within one year		(55,751)	(51,619)	(30,780)
Net Current Assets		9,027	(2,677)	8,135
Total Assets Less Current Liabilities		355,271	324,413	341,571
Non-Current Liabilities		(179,413)	(189,056)	(169,667)
Unfunded Pension Obligation		(1,150)	(1,021)	(1,095)
Deferred Tax Liabilities		(36,320)	(35,378)	(35,578)
Net Assets		138,388	98,959	135,230
Capital and Reserves				
Called up share capital		51,489	15,489	51,489
Profit and Loss account		86,899	83,469	83,741
Total Shareholder Funds		138,388	98,959	135,230

* See note 1 on restatement

Cashflow

	Note	6 months to 30-Sep 2019	6 months to 30-Sep 2018	Year to 31-Mar 2019
		(Unaudited) £000	(Unaudited) £000	(Audited) £000
Cash flows from operating activities				
Profit for the year		4,497	3,720	7,489
Adjustments for				
Depreciation of tangible fixed assets		4,899	4,643	9,161
Amortisation of intangible fixed assets		179	188	360
Interest receivable and similar income		(41)	(271)	(659)
Interest payable and similar charges		5,366	4,831	11,021
Profit on sale of assets on disposal		(51)	(26)	(380)
Taxation		1,276	849	2,249
		11,628	10,214	21,752
Increase in trade debtors		(18,484)	(19,173)	(2,978)
(Increase)/decrease in inventory		(5)	(94)	328
Increase in trade and other creditors		22,275	21,039	2,229
Increase in provisions and employee benefits		21	288	715
Decrease/(increase) in amounts due from fellow subsidiaries		2,626	(233)	(2,494)
		6,433	1,827	(2,200)
Interest paid		(2,559)	(2,602)	(5,273)
Tax paid		(1,077)	(368)	(588)
Net Cash from operating activities		18,923	12,792	21,179
Cash flows from investing activities				
Proceeds from disposal of tangible fixed assets		1,363	52	408
Proceeds from disposal of customer list		0	0	0
Interest received		13	20	54
Acquisition of tangible fixed assets		(15,243)	(11,346)	(24,828)
Acquisition of intangible fixed assets		(80)	(32)	(497)
Net cash from investing activities		(13,947)	(11,306)	(24,863)
Cashflows from financing activities				
Proceeds from the issue of share capital		0	0	36,000
Net proceeds / (repayment) from loan		4,500	(500)	(27,000)
Dividends paid		(3,350)	(1,800)	(3,684)
Net Cash from financing activities		1,150	(2,300)	5,316
Net increase/(decrease) in cash and cash equivalents		6,125	(815)	1,632

Notes to the accounts

1. Basis of Accounting

Sutton and East Surrey Water plc (the 'Company') is a private Company incorporated and domiciled in Redhill in the UK and is limited by shares.

The accounting policies, presentation and methods of computation are consistent with those applied in the preparation of the audited financial statements of Sutton and East Surrey Water plc for the year ended 31 March 2019 which were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). These condensed financial statements should be read in conjunction with the Annual Performance Report for the year ended 31 March 2019.

Restatement

The balance sheet at 31 March 2018 and 30 September 2018 has been restated. There is no change to the net assets and retained earnings as a result of the following presentational restatement:

The pension asset and the defined benefit liability were in prior years shown as a net balance within current assets on the balance sheet. In these financial statements comparative information has been restated to present a pensions asset and a defined benefit liability within non-current assets and non-current liabilities respectively.

New Accounting Standards

The following accounting standards have been adopted for the half year 30 September 2019;

IFRS 16 "leases" became effective from 1 Jan 2019, IFRS 16 replaces IAS 17 and details the recognition and measurement of lease arrangements in order to represent the associated transactions so that users of financial statements can assess the amount, timing and certainty of cashflows as a result of leases. IFRS 16 has been adopted on a modified retrospective approach and therefore no restatement of the prior year has been included in the interim financial statements. The adoption of IFRS 16 has resulted in an increase in fixed assets of £155,462, an increase in liabilities of £150,340 on the balance sheet on 1st April 2019, and an increase in the P&L charge of £9,337 to 30 September 2019.

2. Taxation

	Note	6 months to 30-Sep 2019 (Unaudited) £000	6 months to 30-Sep 2018 (Unaudited) £000	Year to 31-Mar 2019 (Audited) £000
UK corporation tax				
Current tax on income for the year		1,002	474	1,360
Total Current tax		1,002	474	1,360
Deferred tax				
Origination and reversal of timing differences		261	381	1,097
Pension Scheme		13	(6)	(97)
Adjustments in respect of previous years		0	0	(111)
Total Deferred tax		274	375	889
Tax on profit on ordinary activities		1,276	849	2,249

	Note	6 months to 30-Sep 2019 (Unaudited) £000	6 months to 30-Sep 2018 (Unaudited) £000	Year to 31-Mar 2019 (Audited) £000
Profit for the year		4,495	3,720	7,489
Total tax (credit)/expense		1,276	849	2,249
Profit on ordinary activities before tax		5,771	4,569	9,738
Current tax at 19%		1,096	868	1,850
Effect of				
Preference dividends paid		0	103	76
Non-deductible expenses		1	1	57
Profit on disposal of fixed assets		(5)	0	(310)
Pension adjustment		(60)	(4)	72
Other		249	0	40
Capital allowances for the year exceeding depreciation		(280)	(494)	(811)
Capitalised expenditure allowable on accounts basis		0	0	(204)
Adjustments to tax charge in respect of previous years		0	0	590
Change in tax on deferred tax balances		274	375	889
Total current tax		1,276	849	2,249

3. Post balance sheet events

There are no events to report after the balance sheet date.

4. Related Parties

The only material disclosable trading transactions between the Company and related parties, was a contribution of £41,711 to Water UK for annual subscription costs covering 1 April 2019 to 31 March 2020.

5. Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company's parent company is SESW Holding Company Limited, whose registered office is 66-74 London Road, Redhill, Surrey, RH1 1LJ. The ultimate parent company and the largest group in which the results of the Company are consolidated is Sumisho Osaka Gas Limited whose consolidated accounts are available at Vintners Place, 68 Upper Thames Street, London, EC4V 3BJ.

The Company is also consolidated within East Surrey Holdings Group; the consolidated financial statements are prepared in accordance with IFRS and are available to the public at 66-74 London Road, Redhill, Surrey, RH1 1LJ.