

ESP Utilities Group Limited

Consolidated Interim Report

Period Ended

30 June 2018

Registered number 02612015

ESPUG Utilities Group Limited

Consolidated Interim Report
for period ended 30 June 2018

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Directors

N J Clark
T W Butler
V Spiers
S Williams
A Dellis
B Sottomayor
N Horler
S Schwengber

Secretary and registered office

Beach Secretaries Limited, Bluebird House, Mole Business Park, Leatherhead, KT22 7BA

Company number

2612105

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA

ESP Utilities Group Limited

Consolidated statement of comprehensive income for period ended 30 June 2018


	6 month period ended 30 June 2018 Unaudited £'000	6 month period ended 30 June 2017 Unaudited £'000	12 month period ended 31 December 2017 Audited £'000
Turnover	30,620	25,485	53,564
Cost of sales	(13,231)	(9,642)	(20,957)
Gross profit	17,389	15,843	32,607
Administrative expenses	(3,791)	(4,445)	(8,547)
Group operating profit	13,598	11,398	24,060
Other interest receivable and similar income	5	15	29
Interest payable and similar charges	(4,442)	(5,525)	(10,527)
Profit on ordinary activities before taxation	9,161	5,888	13,562
Taxation on profit on ordinary activities	(422)	(440)	1,156
Profit for the financial period and total comprehensive income for the period	8,739	5,448	14,718

ESP Utilities Group Limited

Consolidated balance sheet at 30 June 2018

	30 June 2018 Unaudited £'000	30 June 2018 Unaudited £'000	30 June 2017 Unaudited £'000	30 June 2017 Unaudited £'000	31 December 2017 Audited £'000	31 December 2017 Audited £'000
Fixed assets						
Tangible assets		262,536		240,207		251,508
		<u>262,536</u>		<u>240,207</u>		<u>251,508</u>
Current assets						
Debtors	12,408		10,698		12,175	
Cash at bank and in hand	8,795		5,726		7,793	
	<u>21,203</u>		<u>16,424</u>		<u>19,968</u>	
Creditors: amounts falling due within one year						
			163,341		26,260	
Net current liabilities		<u>(5,926)</u>		<u>(146,917)</u>		<u>(6,292)</u>
Total assets less current liabilities		<u>256,610</u>		<u>93,290</u>		<u>245,216</u>
Creditors: amounts falling due after more than one year						
		253,335		32,815		251,101
Provisions for liabilities		<u>9,018</u>		<u>10,193</u>		<u>8,597</u>
Net assets		<u>(5,743)</u>		<u>50,282</u>		<u>(14,482)</u>
Capital and reserves						
Called up share capital		156,426		14,721		156,426
Profit and loss account		(162,169)		35,561		(170,908)
		<u>(5,743)</u>		<u>50,282</u>		<u>(14,482)</u>
Equity attributable to owners of the parent company		<u>(5,743)</u>		<u>50,282</u>		<u>(14,482)</u>

The consolidated interim report was approved by the Board of Directors and authorised for issue on 19th September 2018 and were signed on its behalf by:



T W Butler
Director

ESP Utilities Group Limited

Consolidated statement of changes in equity for period ended 30 June 2018

	Share capital 30 June 2018 Unaudited £'000	Profit and loss account 30 June 2018 Unaudited £'000	Total equity 30 June 2018 Unaudited £'000	Share capital 30 June 2017 Unaudited £'000	Profit and loss account 30 June 2017 Unaudited £'000	Total Equity 30 June 2017 Unaudited £'000	Share capital 31 December 2017 Audited £'000	Profit and loss account 31 December 2017 Audited £'000	Total Equity 31 December 2017 Audited £'000
1 January	156,426	(170,908)	(14,482)	14,721	30,113	44,834	14,721	30,113	44,834
Comprehensive income for the period	-	8,739	8,739	-	5,448	5,448	-	14,718	14,718
Profit for the period	-	8,739	8,739	-	5,448	5,448	-	14,718	14,718
Total comprehensive income for the period	-	8,739	8,739	-	5,448	5,448	-	14,718	14,718
Contributions by and distributions to owners	-	-	-	-	-	-	141,705	(215,739)	(215,739)
Dividends	-	-	-	-	-	-	-	-	-
Share Issue	-	-	-	-	-	-	141,705	(215,739)	(74,034)
Total contributions by and distributions to owners	-	-	(5,743)	14,721	35,561	50,282	156,426	(170,908)	(14,482)
30 June	156,426	(162,169)	(5,743)	14,721	35,561	50,282	156,426	(170,908)	(14,482)

ESP Utilities Group Limited

Consolidated statement of cash flows for period ended 30 June 2018

	6 month ended 30 June 2018 Unaudited £'000	6 month ended 30 June 2017 Unaudited £'000	Year ended 31 December 2017 Audited £'000
Cash flows from operating activities			
Profit for the financial period	8,739	5,448	14,718
Adjustments for:			
Dividends paid	-	-	(215,739)
Depreciation and amortisation of fixed assets	4,737	3,425	7,634
Net interest payable/(receivable)	4,437	5,510	10,498
Taxation expense	422	440	(1,156)
(Increase)/Decrease in trade and other debtors	(234)	(1,526)	(1,855)
Increase/(decrease) in trade creditors	1,341	643	308
Loss on disposal of tangible assets	(13)	(21)	(77)
Cash from operations	19,429	13,919	(185,669)
Interest paid	(3,493)	(5,550)	(8,452)
Taxation paid	-	-	-
Net cash generated from operating activities	15,936	8,369	(194,121)
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets	40	-	29
Purchases of tangible fixed assets	(14,979)	(13,144)	(27,900)
Interest received	5	15	29
Net cash used in investing activities	(14,934)	(13,129)	(27,842)
Cash flows from financing activities			
Intercompany borrowings	-	6,000	7,196
Loan notes issued	-	-	224,000
Debt issue costs incurred	-	-	(5,926)
Net cash from financing activities	-	6,000	225,270
Net (decrease) / increase in cash and cash equivalents	1,002	1,240	3,307
Cash and cash equivalents at beginning of year	7,793	4,486	4,486
Cash and cash equivalents at end of period	8,795	5,726	7,793
Cash and cash equivalents comprise:			
Cash at bank and in hand	8,795	5,726	7,793
Bank overdrafts	-	-	-
	8,795	5,726	7,793

Non cash flow fixed asset additions of £812,733 (June 2017: £1,251,630; December 2017: £2,061,504) have been accrued in the year.

ESP Utilities Group Limited

Notes forming part of the consolidated interim report for period ended 30 June 2018

1 Financial Information

The interim financial information for the 6 months ended 30 June 2018 does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. It has been prepared using accounting policies and principles consistent with those applied in the preparation of the audited accounts of ESP Utilities Group Ltd for the period ended 31 December 2017.

The interim financial information has been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

2 Comparatives

The comparatives in the interim financial information are the figures included in the audited financial statements for ESP Utilities Group Ltd for the period ended 31 December 2017, together with the unaudited results for the six months ending 30 June 2017.

3 Analysis of Turnover

	6 month ended 30 June 2018 Unaudited £'000	6 month ended 30 June 2017 Unaudited £'000	12 month ended 31 December 2017 Audited £'000
Analysis by class of business:			
Gas transportation	12,663	11,727	24,028
Gas metering	6,572	4,731	10,693
Electricity distribution	11,385	9,027	18,843
	<u>30,620</u>	<u>25,485</u>	<u>53,564</u>

The Group's revenue is generated in the United Kingdom (excluding Northern Ireland).

4 Debtors

	Group 30 June 2018 Unaudited £'000	Group 30 June 2017 Unaudited £'000	Group 31 December 2017 Audited £'000
Trade debtors	6,060	4,221	5,502
Amounts owed by Group undertakings	-	-	1,196
Other debtors	39	28	207
Prepayments and accrued income	2,167	1,718	928
Deposits	4,142	4,731	4,342
	<u>12,408</u>	<u>10,698</u>	<u>12,175</u>

All debtors are due within one year.

ESP Utilities Group Limited

Notes forming part of the consolidated interim report for period ended 30 June 2018 (continued)

5 Creditors: amounts falling due within one year

Group	30 June 2018 Unaudited £'000	30 June 2017 Unaudited £'000	31 December 2017 Audited £'000
Trade creditors	17,935	14,765	16,154
Loans due to Group undertakings	2,195	128,635	2,182
Loan notes due to Group undertakings	-	13,055	-
Loan interest due	-	-	1,627
Taxation and social security	299	711	86
Other creditors	878	769	751
Accruals and deferred income	5,822	5,406	5,460
	27,129	163,341	26,260

Loans due to Group undertakings are currently attracting interest at a weighted average rate of 8% (2017: 7.30%) above LIBOR. £141,704,532 of the loan was converted to share capital during the year ended 31 December 2017.

6 Creditors: amounts falling due after more than one year

Group	30 June 2018 Unaudited £'000	30 June 2017 Unaudited £'000	31 December 2017 Audited £'000
Loan notes	220,619	-	218,357
Deferred income	32,716	32,815	32,744
	253,335	32,815	251,101

The deferred income relates to contributions, from owner-occupiers of premises, partly to offset the capital expenditure on the infill networks, which are received at the time of initial connection. These receipts are released to the statement of comprehensive income account, as a reduction in the depreciation charge, over the useful life of the related assets.

The loan notes are secured by an All Assets charge over the assets of the Group, and are structured as follows :-

£54m at 2.69% Senior Secured Tranche A note due 6th October 2027
 £85m at 3.05% Senior Secured Tranche B note due 6th October 2032
 £85m at 3.35% Senior Secured Tranche C note due 6th October 2037

ESP Utilities Group Limited

Notes forming part of the consolidated interim report
for period ended 30 June 2018 (*continued*)

6 Creditors: amounts falling due after more than one year (*continued*)

The analysis of loans due to Group undertakings is as follows:

Group	30 June 2018 Unaudited £'000	30 June 2017 Unaudited £'000	31 December 2017 Audited £'000
In one year or less, or on demand	2,195	141,690	2,182
In more than one year but not more than two years	-	-	-
In more than two years but not more than five years	-	-	-
In more than five years	-	-	-
	2,195	141,690	2,182

7 Financial instruments

The Group's financial instruments may be analysed as follows:

	Group 30 June 2018 Unaudited £'000	Group 30 June 2017 Unaudited £'000	Group 31 December 2017 Unaudited £'000
Financial assets			
<i>measured at amortised cost:</i>			
Cash at bank	8,795	5,726	7,793
Trade debtors	6,060	4,221	5,502
Other debtors	39	28	207
Deposits	4,142	4,731	4,342
Financial liabilities			
<i>measured at amortised cost:</i>			
Trade creditors	19,294	14,765	16,154
Loans due to Group undertakings	2,195	128,635	2,182
Loan notes due to Group undertakings	-	13,055	-
Loan note interest	-	-	1,627
Other creditors	878	769	751
Accrual	5,148	4,742	5,461

ESP Utilities Group Limited

Notes forming part of the consolidated interim report
for period ended 30 June 2018 (*continued*)

8 Capital commitments

Group	30 June 2018 Unaudited £'000	30 June 2017 Unaudited £'000	31 December 2017 Audited £'000
Contracted but not provided for	94,466	75,367	80,471

9 Reconciliation of operating profit to EBITDA

Group	30 June 2018 Unaudited £'000	30 June 2017 Unaudited £'000	31 December 2017 Audited £'000
Group Operating Profit	13,598	11,398	24,060
Add back net depreciation	4,395	3,087	6,956
EBITDA	17,993	14,485	31,016

10 Related party disclosures

The Group's immediate holding company is Zoom Gas Pipelines Limited, a company registered in England and Wales. The Group's ultimate holding company is Zoom Holding Limited, a company registered in England and Wales. The Group is ultimately controlled by 3i MIA LP, an English limited partnership, which is managed by 3i Investments plc. 3i Investments plc is wholly owned by 3i Group plc. The general partner of 3i MIA LP is 3i Managed Infrastructure GP (2017) LLP.