

ESP Utilities Group Limited

Consolidated Interim Report

Period Ended

30 June 2019

Registered number 02612015

ESPUG Utilities Group Limited

Consolidated Interim Report
For the period ended 30 June 2019

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Directors

N J Clark
A Dellis
N Horler
P Miles
A Miller
K O'Connor
S Schwengber
B Sottomayor
V Spiers

Secretary and registered office

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

Company number

02612105

Auditors

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

ESP Utilities Group Limited

Consolidated statement of comprehensive income For the period ended 30 June 2019

	6 month period ended 30 June	6 month period ended 30 June	12 month period ended 31 December
	2019 Unaudited £'000	2018 Unaudited £'000	2018 Audited £'000
Turnover	33,749	30,620	62,999
Cost of sales	(15,307)	(13,231)	(26,993)
Gross profit	18,442	17,389	36,006
Administrative expenses	(5,552)	(3,791)	(8,510)
Group operating profit	12,890	13,598	27,496
Other interest receivable and similar income	1	5	11
Interest payable and similar charges	(4,443)	(4,442)	(8,888)
Profit on ordinary activities before taxation	8,448	9,161	18,619
Taxation on profit on ordinary activities	(308)	(422)	(885)
Profit for the financial period and total comprehensive income for the period	8,140	8,739	17,734

ESP Utilities Group Limited

Consolidated balance sheet at 30 June 2019

	30 June 2019 Unaudited £'000	30 June 2019 Unaudited £'000	30 June 2018 Unaudited £'000	30 June 2018 Unaudited £'000	31 December 2018 Audited £'000	31 December 2018 Audited £'000
Fixed assets						
Tangible assets		286,976		262,536		275,487
		<u>286,976</u>		<u>262,536</u>		<u>275,487</u>
Current assets						
Debtors	8,122		12,408		8,535	
Cash at bank and in hand	18,500		8,795		10,287	
	<u>26,622</u>		<u>21,203</u>		<u>18,822</u>	
Creditors: amounts falling due within one year	(29,656)		(27,129)		(29,414)	
Net current liabilities		<u>(3,034)</u>		<u>(5,926)</u>		<u>(10,592)</u>
Total assets less current liabilities		<u>283,942</u>		<u>256,610</u>		<u>264,895</u>
Creditors: amounts falling due after more than one year		(262,761)		(253,335)		(252,161)
Provisions for liabilities		<u>(9,789)</u>		<u>(9,018)</u>		<u>(9,482)</u>
Net assets		<u>11,392</u>		<u>(5,743)</u>		<u>3,252</u>
Capital and reserves						
Called up share capital		156,426		156,426		156,426
Profit and loss account		(145,034)		(162,169)		(153,174)
Equity attributable to owners of the parent company		<u>11,392</u>		<u>(5,743)</u>		<u>3,252</u>

The consolidated interim report was approved by the Board of Directors and authorised for issue on 25 September 2019 and were signed on its behalf by:



P Miles
Director

ESP Utilities Group Limited

Consolidated statement of changes in equity For the period ended 30 June 2019

	Share capital 30 June 2019 Unaudited £'000	Profit and loss account 30 June 2019 Unaudited £'000	Total equity 30 June 2019 Unaudited £'000	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 31 December 2018 Audited £'000	Profit and loss account 31 December 2018 Audited £'000	Total Equity 31 December 2018 Audited £'000
1 January	156,426	(153,174)	3,252	156,426	(170,908)	(14,482)	156,426	(170,908)	(14,482)
Comprehensive income for the period	-	8,140	8,140	-	8,739	8,739	-	17,734	17,734
Profit for the period	-	8,140	8,140	-	8,739	8,739	-	17,734	17,734
Total comprehensive income for the period	-	8,140	8,140	-	8,739	8,739	-	17,734	17,734
Contributions by and distributions to owners	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-
Share Issue	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-
30 June	156,426	(145,034)	11,392	156,426	(162,169)	(5,743)	156,426	(153,174)	3,252

ESP Utilities Group Limited

Consolidated statement of cash flows For the period ended 30 June 2019

	6 month ended 30 June 2019 Unaudited £'000	6 month ended 30 June 2018 Unaudited £'000	Year ended 31 December 2018 Audited £'000
Cash flows from operating activities			
Profit for the financial period	8,140	8,739	17,734
Adjustments for:			
Depreciation and amortisation of fixed assets	4,779	4,737	9,284
Net interest payable/(receivable)	4,442	4,437	8,878
Taxation expense	308	422	885
(Increase)/Decrease in trade and other debtors	414	(234)	3,639
Increase/(decrease) in trade creditors	574	1,341	544
Loss on disposal of tangible assets	(31)	(13)	(53)
Cash from operations	18,626	19,429	40,911
Interest paid	(3,834)	(3,493)	(7,581)
Taxation paid	-	-	-
Net cash generated from operating activities	14,792	15,936	33,330
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets	44	40	88
Purchases of tangible fixed assets	(16,624)	(14,979)	(30,830)
Interest received	1	5	11
Net cash used in investing activities	(16,579)	(14,934)	(30,731)
Cash flows from financing activities			
Bank loan	10,000	-	-
Debt issue costs incurred	-	-	(105)
Net cash from financing activities	10,000	-	(105)
Net (decrease) / increase in cash and cash equivalents	8,213	1,002	2,494
Cash and cash equivalents at beginning of year	10,287	7,793	7,793
Cash and cash equivalents at end of period	18,500	8,795	10,287
Cash and cash equivalents comprise:			
Cash at bank and in hand	18,500	8,795	10,287
Bank overdrafts	-	-	-
	18,500	8,795	10,287

Non cash flow fixed asset additions of (£326,723) (June 2018: £812,733; December 2018: £2,486,579) have been accrued in the year.

ESP Utilities Group Limited

Notes forming part of the consolidated interim report For the period ended 30 June 2019

1 Financial Information

The interim financial information for the 6 months ended 30 June 2019 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 2018.

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 2018, together with the unaudited results for the six months ending 30 June 2018.

3 Analysis of Turnover

	6 month ended 30 June 2019 Unaudited £'000	6 month ended 30 June 2018 Unaudited £'000	12 month ended 31 December 2018 Audited £'000
Analysis by class of business:			
Gas transportation	13,827	12,663	26,058
Gas metering	5,652	6,572	12,660
Electricity distribution	14,270	11,385	24,281
	<u>33,749</u>	<u>30,620</u>	<u>62,999</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 2018 Unaudited £'000	Group 31 December 2018 Audited £'000
Trade debtors	5,386	6,060	6,029
Other debtors	44	39	46
Prepayments and accrued income	2,692	2,167	1,160
Deposits	-	4,142	1,300
	<u>8,122</u>	<u>12,408</u>	<u>8,535</u>

All debtors are due within one year.

ESP Utilities Group Limited

Notes forming part of the consolidated interim report For the period ended 30 June 2019 (*continued*)

5 Creditors: amounts falling due within one year

Group	30 June 2019 Unaudited £'000	30 June 2018 Unaudited £'000	31 December 2018 Audited £'000
Trade creditors	19,995	17,935	19,426
Loans due to Group undertakings	2,195	2,195	2,195
Loan notes due to Group undertakings	-	-	-
Loan interest due	1,728	-	1,723
Taxation and social security	252	299	186
Other creditors	646	878	596
Accruals and deferred income	4,840	5,822	5,288
	29,656	27,129	29,414

Loans due to Group undertakings are currently attracting interest at a fixed rate of 8% (2018: 8%). The loan is repayable on demand.

6 Creditors: amounts falling due after more than one year

Group	30 June 2019 Unaudited £'000	30 June 2018 Unaudited £'000	31 December 2018 Audited £'000
Loan notes	220,054	220,619	219,450
Bank loan	10,000	-	-
Deferred income	32,707	32,716	32,711
	262,761	253,335	252,161

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

The bank loan is repayable in full in October 2022 and incurs interest is at a rate of LIBOR plus 1.5%. The bank loans are secured by an All Assets charge over the assets of the Group

ESP Utilities Group Limited

Notes forming part of the consolidated interim report
For the period ended 30 June 2019 (*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 2019 Unaudited £'000	30 June 2018 Unaudited £'000	31 December 2018 Audited £'000
In one year or less, or on demand	2,195	2,195	2,195
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	-	-	-
	<u>2,195</u>	<u>2,195</u>	<u>2,195</u>

7 Financial instruments

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

	Group 30 June 2019 Unaudited £'000	Group 30 June 2018 Unaudited £'000	Group 31 December 2018 Unaudited £'000
Financial assets			
<i>measured at amortised cost:</i>			
Cash at bank	18,500	8,795	10,287
Trade debtors	5,386	6,060	6,029
Other debtors	44	39	46
Deposits	-	4,142	1,300
	<u>18,930</u>	<u>18,996</u>	<u>21,662</u>
Financial liabilities			
<i>measured at amortised cost:</i>			
Trade creditors	19,995	17,935	19,426
Loans due to Group undertakings	2,195	2,195	2,195
Loan notes due to Group undertakings	-	-	-
Loan note interest	1,728	-	1,723
Other creditors	646	878	596
Accrual	4,840	5,822	5,288
	<u>29,304</u>	<u>26,830</u>	<u>29,128</u>

ESP Utilities Group Limited

Notes forming part of the consolidated interim report
For the period ended 30 June 2019 (*continued*)

8 Capital commitments

Group	30 June 2019 Unaudited £'000	30 June 2018 Unaudited £'000	31 December 2018 Audited £'000
Contracted but not provided for	106,362	94,466	99,239

9 Reconciliation of operating profit to EBITDA

Group	30 June 2019 Unaudited £'000	30 June 2018 Unaudited £'000	31 December 2018 Audited £'000
Group Operating Profit	12,890	13,598	27,496
Add back net depreciation	4,430	4,395	8,594
EBITDA	17,320	17,993	36,090

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.

The largest group in which the results of the Group are consolidated is that headed by Zoom Holding Limited.