BRISTOL WATER plc

Announcement of interim results for the six months ended 30 September 2015

Bristol Water plc is ultimately owned by Capstone Infrastructure Corporation (50%), Sociedad General de Aguas de Barcelona S.A. (Agbar)) (30%), and Itochu Corporation of Japan (20%).

Bristol Water plc supplies water to over 1.2 million people and businesses in an area of almost 2,400 square kilometres centred on Bristol.

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FINANCIAL HIGHLIGHTS

	£m
Profit after taxation for 6 months to 30 September 2014	**15.0**
Significant changes between periods:	
Decrease in Revenue	**(10.4)**
Decrease in operational expenditure	**2.3**
Increase in depreciation	**(0.6)**
Decrease in debt indexation charge	**1.8**
Decrease in other interest charges	**(0.3)**
	(7.2)
Decrease in taxation due to lower profit before tax	**2.4**
Profit after tax for 6 months to 30 September 2015	**10.2**

Summary

- Continued stable underlying financial and operational performance
- Significant level of capital investment continued with a £16.3m investment during the period
- Decrease in EBITDA mainly driven by revenue decrease due to reduction in water tariffs partially offset by efficiencies in operating expenditure
- Decrease in debt indexation charge due to lower RPI
- Increase in depreciation following recent capital investment

CHAIRMAN'S STATEMENT

This period has been marked by significant progress in restructuring our business in order to deliver our new Operating Model. This step change demonstrates the Company's commitment to effectively deliver its targets for the AMP6 period, to meet the regulatory challenges on the horizon and to renew our emphasis on trust and confidence as a customer-focused business.

The Competition and Markets Authority ("CMA") Final Determination for Bristol Water has set water tariffs for the remainder of AMP6 2016-2020. We are now focused on delivering our commitments and working constructively with all our stakeholders throughout this regulatory period and into the next Price Review to get the best outcome possible for our customers.

Following a detailed company-wide review of all aspects of our business in 2014, known as Project Channel, we have identified a new Target Operating Model that will make the Company more resilient, efficient and better prepared for changes in the statutory and regulatory environment in which we operate, such as retail separation which is on the horizon for 2017. This means significant change and a 10% reduction in staff levels. The new structure will be operational by early 2016. Other key areas within the project include improvement of asset management and commercial management and development of capabilities required to operate in the new non-household market.

During the six months ended 30 September 2015, we have reduced water bills in line with Ofwat's Final Determination. This has led to revenues falling by over £10m compared to the same period last year. In order that we continue to deliver for customers, we have maintained financial stability by targeting early delivery of efficiencies, reprioritising our capital and maintenance expenditure and restricting shareholder dividends. These actions have collectively meant that our profit before tax was only £7.2m lower than the comparative period last year, our net debt position remained fairly constant compared to the last year end and we have maintained our Baa1 Moody's credit rating. As further detailed in notes 1 and 3 to the accounts, we adopted the new UK GAAP from 1 April 2015 and the comparative numbers have been restated accordingly.

The Company has performed well operationally over the last six months, despite dealing with a higher than expected number of bursts in June and several significant outages in September, which resulted in affected customers being without water for longer than average. With the commitment of our staff and contracting partners and improved customer communications we have managed to minimise the impact of any disruption sustained by our customers during these emergencies and unwanted calls are 20% lower than forecasted.

This year has seen the construction of a new pumping station and reservoir at Dundry costing £1m, which has recently been commissioned for service. Construction has also started at Barrow Treatment Works to install a UV plant costing nearly £7m; this investment is the final stage of a long term programme to add UV to our major treatment works to mitigate Cryptosporidium risks, a need recently evidenced in the news by the Cryptosporidium event in the North West. The UV project at Barrow Treatment Works means our water quality continues to meet the high quality standards set by our regulators.

Scoping of the Southern Resilience Scheme is now complete and we have a defined route for a new 30km trunk main that will improve security of supply to 280,000 customers in Somerset.

Ofwat's service measure SIM captures the customer experience, their interaction with the Company and the reasons that prompted them to contact us. The latest SIM results, published in July 2015 (representing 2014/15), placed us 11th out of 18 companies in the industry, a disappointing drop from the previous year's 5th position. There are many causes we can attribute to this: we experienced two significant bursts in this period (Kingswood and Burnham-on-Sea), SIM methodology changed and our peers improved. We are addressing this with new initiatives and expertise from a new Consumer Strategy Manager who will help us reverse this trend.

We know that our customers value our Bristol call centre service and quick response times, but we know we can do better and have to cater for new customer demands and their expected digital channels for service. We have introduced a Twitter account and have been piloting a customer texting service for unplanned interruptions to support our new customer experience strategy. This strategy focuses on improvement in four areas: customer communications, customer service, consumer insight and customer centric organisation. We will continue to introduce new customer feedback mechanisms to listen to our customers and provide the services they require.

Early signs for this period through our monthly customer satisfaction survey show improvement, from 4.37 at the start of the financial year to 4.46 (out of 5) in October.

CHAIRMAN'S STATEMENT (continued)

Several innovative environmental initiatives have begun at Bristol Water. One is our new principle the 'Biodiversity Index' - a tool for environmental management of our investment programme to quantify the wildlife importance of the sites we affect and the improvements we make. The National Hedgelaying Championships was held at Chew Valley Lake in October and attended by the Shadow Secretary for the Environment. Many other improvements will be performed by our own staff through a new environmental volunteers programme, increasing staff awareness of biosecurity and protected species.

Our successful catchment management projects to protect water sources have been extended to include new techniques, including a project in partnership with Defra. This explores an ecosystems services approach to catchment management and development of new ways to analyse satellite land use data to identify "hotspots" where intervention with landholders can be cost beneficial.

Our visibility has been particularly high this year because of our relationship with Bristol 2015 European Green Capital and the opportunities we have created to promote water and our business. One of our contributions has been the installation of a water fountain in Bristol's Millennium Square - after the first six weeks it had already provided 7,000 litres of water. We have also attended major city and county events with our exhibition vehicle, and we have extended our reach by providing drinking water bowsers at other high profile gatherings. Positioning our product at the heart of the community earns us positive PR and recognition of the benefits of tap water over bottled water.

We continue to support local good causes where possible by coordinating volunteer teams of staff to carry out community projects, donating water butts and distributing water efficiency packs widely on request. We have also sponsored exhibitions, events and activities that are aligned to our values and that enhance the quality of life in the region, such as the national touring 'Wildlife, Camera, Action' exhibition and 'Bristol Festival of Nature'.

This has been a testing time for our staff who have had to deal with restructuring and the CMA Price Review. However, Bristol Water is built upon firm foundations and I want to thank everyone for the resilience and professionalism that has been shown. It means that our customers continue to get the high quality and reliable water supply that they expect from us, day in day out.

Keith Ludeman
Chairman
27 November 2015

Bristol Water plc - Interim Accounts

INCOME STATEMENT

For the six months ended 30 September 2015

	Note	**Six months to 30 September 2015 (unaudited)**	Six months to 30 September 2014 restated (unaudited)	Year to 31 March 2015 restated (unaudited)
		£m	£m	£m
Revenue	4	**55.6**	66.0	132.8
Operating expenses	5	**(39.1)**	(40.8)	(86.0)
Operating profit		**16.5**	25.2	46.8
Gain on disposal of tangible assets		**-**	-	0.3
Other net interest payable and similar charges	6	**(3.1)**	(4.6)	(8.8)
Dividends on 8.75% irredeemable cumulative preference shares	6	**(0.5)**	(0.5)	(1.1)
Net interest payable and similar charges		**(3.6)**	(5.1)	(9.9)
Profit on ordinary activities before taxation		**12.9**	20.1	37.2
Taxation on profit on ordinary activities	7	**(2.7)**	(5.1)	(7.8)
Profit for the period		**10.2**	15.0	29.4
Earnings per ordinary share		**170.0p**	250.0p	490.0p

All activities above relate to the continuing activities of the Company.

STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2015

	Note	**Six months to 30 September 2015 (unaudited)**	Six months to 30 September 2014 restated (unaudited)	Year to 31 March 2015 restated (unaudited)
		£m	£m	£m
Profit attributable to Bristol Water plc shareholders		**10.2**	15.0	29.4
Other comprehensive income:				
Items that will not be reclassified to profit and loss				
Actuarial gains on retirement benefit surplus	12	**5.9**	4.8	16.5
Attributable deferred taxation	7	**(1.2)**	(0.9)	(3.3)
		-		
Change in the fair value of the interest rate swaps		**0.4**	0.1	(0.6)
Attributable deferred taxation	7	**(0.1)**	-	0.1
Total comprehensive income for the period		**15.2**	19.0	42.1

Bristol Water plc - Interim Accounts

STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

	Note	**30 September 2015 (unaudited)**	30 September 2014 restated (unaudited)	31 March 2015 restated (unaudited)	1 April 2014 restated (unaudited)
		£m	£m	£m	£m
Fixed assets					
Property, plant and equipment	8	**558.3**	539.3	552.5	516.6
Other investments - Loans to a UK holding company		**68.5**	68.5	68.5	68.5
Current assets					
Inventories		**1.3**	1.3	1.3	1.3
Trade and other receivables		**31.4**	38.3	34.5	31.9
Cash and cash equivalents	13	**11.2**	8.4	10.5	12.7
		43.9	48.0	46.3	45.9
Creditors: amounts falling due within one year					
Current portion of borrowings	9	**(0.4)**	(18.3)	(0.4)	(0.4)
Other creditors		**(32.9)**	(44.2)	(42.5)	(42.9)
		(33.3)	(62.5)	(42.9)	(43.3)
Net current assets/(liabilities)		**10.6**	(14.5)	3.4	2.6
Total assets less current liabilities		**637.4**	593.3	624.4	587.7
Creditors: amounts falling due after more than one year					
Borrowings and derivatives	9	**(306.2)**	(286.6)	(306.7)	(292.1)
8.75% irredeemable cumulative preference shares	9	**(12.5)**	(12.5)	(12.5)	(12.5)
Deferred income	10	**(70.2)**	(68.1)	(69.2)	(67.2)
Provision for liabilities	11	**(66.6)**	(59.2)	(62.3)	(56.1)
Net assets excluding retirement benefit surplus		**181.9**	166.9	173.7	159.8
Retirement benefit surplus	12	**42.5**	26.9	37.1	22.4
Net assets including retirement benefit surplus		**224.4**	193.8	210.8	182.2
Equity					
Called-up share capital		**6.0**	6.0	6.0	6.0
Share premium account		**4.4**	4.4	4.4	4.4
Other reserves		**4.6**	4.9	4.3	4.8
Retained earnings		**209.4**	178.5	196.1	167.0
Total Equity		**224.4**	193.8	210.8	182.2

STATEMENT OF CHANGES IN EQUITY

	Called up share capital	Share premium	Capital redemption	Hedging reserve	Retained earnings	Total
	£m	£m	£m	£m	£m	£m
Balance at 1 April 2014 (restated)	6.0	4.4	5.8	(1.0)	167.0	182.2
Profit for the year	-	-	-	-	29.4	29.4
Other comprehensive income for the year:						
Actuarial gains recognised in respect of retirement benefit obligations	-	-	-	-	16.5	16.5
Attributable deferred taxation	-	-	-	-	(3.3)	(3.3)
Fair value of interest rate swap	-	-	-	(0.6)	-	(0.6)
Attributable deferred taxation	-	-	-	0.1	-	0.1
Total comprehensive income for the year	-	-	-	(0.5)	42.6	42.1
Ordinary dividends	-	-	-	-	(13.5)	(13.5)
Balance as at 31 March 2015 (restated)	6.0	4.4	5.8	(1.5)	196.1	210.8
Balance as at 1 April 2015 (restated)	6.0	4.4	5.8	(1.5)	196.1	210.8
Profit for the period	-	-	-	-	10.2	10.2
Other comprehensive income for the period:						
Actuarial gains recognised in respect of retirement benefit obligations	-	-	-	-	5.9	5.9
Attributable deferred taxation	-	-	-	-	(1.2)	(1.2)
Fair value of interest rate swaps	-	-	-	0.4	-	0.4
Attributable deferred taxation	-	-	-	(0.1)	-	(0.1)
Total comprehensive income for the period	-	-	-	0.3	14.9	15.2
Ordinary dividends	-	-	-	-	(1.6)	(1.6)
Balance as at 30 September 2015	**6.0**	**4.4**	**5.8**	**(1.2)**	**209.4**	**224.4**

The Board has not proposed a dividend in respect of the period ended 30 September 2015.

CASH FLOW STATEMENT

For the six months ended 30 September 2015

	Note	**Six months to 30 September 2015 (unaudited)**	Six months to 30 September 2014 restated (unaudited)	Year to 31 March 2015 restated (unaudited)
		£m	£m	£m
Cashflows from operating activities				
Profit before taxation		**12.9**	20.1	37.2
Adjustments for:				
Depreciation, net of amortisation of deferred income		**9.6**	9.0	18.8
Difference between pension charges and normal contributions		**-**	(0.1)	(0.2)
Gain on disposal of assets		**-**	-	(0.3)
Interest income	6	**(2.0)**	(2.0)	(4.1)
Interest expense	6	**6.3**	7.7	15.2
Pension interest income	6	**(0.7)**	(0.6)	(1.2)
Decrease / (Increase) in trade and other receivables		**3.1**	(6.4)	(2.6)
Increase / (Decrease) in trade and other creditors and provisions		**(2.0)**	(0.1)	2.4
Additional contributions to pension scheme		**(0.2)**	(0.2)	(0.4)
Cash generated from operations		**27.0**	27.4	64.8
Interest paid		**(5.8)**	(5.7)	(11.3)
Corporation taxes paid		**(1.6)**	(1.2)	(2.6)
Net cash inflows from operating activities		**19.6**	20.5	50.9
Cash flows from investing activities				
Purchase of property plant and equipment		**(20.4)**	(31.8)	(57.0)
Contributions received		**1.8**	1.7	3.6
Proceeds from sale of fixed assets		**0.1**	0.2	0.5
Interest received		**2.0**	2.1	4.1
Net cash used in investing activities		**(16.5)**	(27.8)	(48.8)
Cash flows from financing activities				
Proceeds from long-term borrowings		**-**	11.0	60.6
Repayment of long-term borrowings		**-**	-	(50.0)
Payment of finance lease liabilities		**(0.3)**	(0.3)	(0.3)
Preference dividends paid		**(0.5)**	(0.5)	(1.1)
Equity dividends paid		**(1.6)**	(7.2)	(13.5)
Net cash used in financing activities		**(2.4)**	3.0	(4.3)
Net increase / (decrease) in cash and cash equivalents		**0.7**	(4.3)	(2.2)
Cash and cash equivalents, beginning of period		**10.5**	12.7	12.7
Cash and cash equivalents, end of period	13	**11.2**	8.4	10.5

NOTES TO THE INTERIM ACCOUNTS

For the six months ended 30 September 2015

1 Basis of preparation

The financial information contained in this interim announcement does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006.The interim accounts, which have not been audited but have been reviewed by the Company's auditors, have been prepared in accordance with Financial Reporting Standard 104 "Interim Financial Reporting" issued by the Financial Reporting Council and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

For all periods up to and including the year ended 31 March 2015, the Company prepared its financial statements in accordance with the then applicable financial reporting standards under the United Kingdom Generally Accepted Accounting Practices (UK GAAP). With effect from 1 January 2015 the Financial Reporting Council revised the financial reporting standards in the United Kingdom and Republic of Ireland and replaced them with new Financial Reporting Standards. Accordingly, from 1 April 2015 the Company has adopted FRS 101 "Reduced disclosure framework - Disclosure exemptions from EU-adopted IFRS for qualifying entities", the impact of adopting FRS 101 is set out in note 3.

2 Accounting policies

The following are the significant accounting policies applied by the Company in preparing these interim accounts:

2.1 Revenue

Revenue comprises charges to customers for water and other services, exclusive of VAT.

Revenue from metered water supply is based on water consumption, and is recognised upon delivery of water. Revenue from metered water supply includes an estimate of the water consumption for customers whose meters were not read at the reporting date. The estimate covers the period between the last meter reading and the reporting dates and is recorded within accrued income.

Revenue from unmetered water supply is based on either the rateable value of the property or on an assessed volume of water supplied, and is recognised over the period to which the bill relates.

Revenue from other services is recognised upon completion of the related services.

2.2 Property, plant and equipment and depreciation

Tangible assets are stated at historic purchase cost less accumulated depreciation and comprise infrastructure assets and other assets.

The cost of assets includes their purchase cost together with incidental expenses of acquisition and any directly attributable labour costs which are incremental to the Company.

Capitalisation of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Depreciation

Depreciation is charged, where appropriate, on a straight-line basis on the original cost of assets over their expected economic lives. Freehold land is not depreciated. Depreciation of long-life assets commences when the assets are brought into use.

Assets are depreciated after commissioning over the following estimated economic lives:

Infrastructure assets	5 to 210 years
Operational properties and structures	15 to 100 years
Plant and equipment comprising:	
Treatment, pumping and general plant	20 to 24 years
Computer hardware, software, communications, meters and telemetry equipment	3 to 15 years
Vehicles and mobile plant	5 to 7 years

Assets under construction are not depreciated.

The assets' remaining useful lives are reviewed periodically and adjusted prospectively, where appropriate.

Impairment

The values of tangible assets are reviewed annually to determine whether their carrying amounts exceed their fair values in use. Where such an excess is believed to exist it is treated as an impairment loss and charged to the Income Statement.

NOTES TO THE INTERIM ACCOUNTS

For the six months ended 30 September 2015

2 Accounting policies (continued)

2.2 Property, plant and equipment and depreciation (continued)

Disposal

An asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income Statement when the asset is derecognised.

2.3 Grants and contributions

Grants and contributions received in respect of network and other assets are recognised in line with the provisions of International Financial Reporting Interpretations Committee ("IFRIC") 18: Transfer of Assets from Customers.

Contributions are shown within deferred income on the Statement of Financial Position and the related amortisation is recognised in the Income Statement over the useful life of the relevant assets.

Grants and contributions in respect of expenditure charged to the Income Statement are recognised when the related rechargeable expenditure is incurred.

2.4 Pension costs

The Company operates both defined benefit and defined contribution pension arrangements. Defined benefit pension arrangements are provided through the Company's membership of the Water Companies' Pension Scheme (WCPS) via a separate section.

Defined benefit scheme

Defined benefit scheme liabilities are measured by an independent actuary using the projected unit method and discounted at the current rate of return on high quality corporate bonds of equivalent term and currency to the liability. The increase in the present value of the liabilities of the Company's defined benefit pension scheme expected to arise from employee service in the period is charged to operating profit together with the Scheme running costs.

Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs, the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the Income Statement. Losses are measured at the date that the Company becomes demonstrably committed to the transaction, and gains are measured when all parties whose consent is required are irrevocably committed to the transaction.

The amount charged or credited to finance costs is a net interest amount calculated applying the liability discount rate to the net defined benefit liability or asset.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans are immediately recognised in the period in which they occur in other comprehensive income.

Defined contribution schemes

Costs of defined contribution pension schemes are charged to the Income Statement in the period in which they fall due. Administration costs of defined contribution schemes are borne by the Company.

2.5 Research and development

Research and development expenditure is charged to the Income Statement as incurred.

2.6 Distributions to shareholders

Dividends and other distributions to shareholders are reflected in financial statements when approved by shareholders in a general meeting, except for interim dividends which are included in financial statements when paid by the Company. Accordingly, proposed dividends are not included as a liability in the financial statements.

2.7 Leased assets

Assets financed by leasing agreements that transfer substantially all the risks and rewards of ownership of an asset to the lessee are capitalised and depreciated over the shorter of their estimated useful lives and the lease term. The capital portion of the lease commitment is included in current or non-current creditors as appropriate. The capital element of the lease rental is deducted from the obligation to the lessor as paid. The interest element of lease rentals and the depreciation of the relevant assets are charged to the Income Statement.

Operating lease rental payments are charged to the Income Statement as incurred over the term of the lease.

2 Accounting policies (continued)

2.8 Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) for the year, and any adjustment to tax payable or receivable in respect of the prior years, using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Advance Corporation Tax ("ACT") in respect of dividends in previous years is written off to the Income Statement unless it can be recovered against mainstream corporation tax in the financial year or with reasonable assurance in the future. Credit is taken for ACT previously written off when it is recovered against mainstream corporation tax liabilities.

Deferred tax is recognised in respect of all timing temporary differences arising between the carrying amount of assets for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date. Deferred tax assets and liabilities are offset only if a legal enforcement right exists to that effect, the deferred taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise tax is recognised in the Income Statement.

2.9 Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

2.10 Inventory

Inventory is valued at the lower of cost and net realisable value. Inventory valuation is determined using the weighted average cost method. Following established practice in the water industry, no value is included in the financial statements for water held in store.

2.11 Financial instruments

The net costs of issue of loans (being expenses incurred less premiums received) where material are amortised over the lives of the respective loans and disclosed within net borrowings. Immaterial amounts are written off as incurred. Index-linked loans are considered to be effective economic hedges and are valued at cost plus accrued indexation.

In accordance with the provisions of IAS 32, 'Financial Instruments: Presentation', and IAS 39, 'Financial Instruments: Recognition and Measurement', the Company fair values its interest-rate swaps on the Statement of Financial Position.

Hedge accounting

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking a hedge transaction. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of hedged items.

The effective portion of the swaps' fair value movements is recognised in the other comprehensive income. Should there be any ineffectiveness; the ineffective portion of the fair value movements would be recognised immediately in the Income Statement within finance charges.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires, is terminated or exercised, or no longer qualifies for hedge accounting. Accordingly the cumulative gains/losses previously recognised in the Statement of Comprehensive Income are reclassified immediately to the Income Statement.

2.12 Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Per the requirements of FRS 101 the deferred taxation provision is not discounted. Other provisions are not discounted as the effect of the time value of money is not considered material.

NOTES TO THE INTERIM ACCOUNTS

For the six months ended 30 September 2015

3 First-time adoption of FRS 101

As disclosed in note 1, these financial statements, for the period ended 30 September 2015, are the first the Company has prepared using FRS 101 framework and FRS 104. Accordingly the comparative information for the period ended 30 September 2014, and for the year ended 31 March 2015 have also been restated. In preparing these financial statements, the Company's opening Statement of Financial Position was prepared as at 1 April 2014. This note explains the principal adjustments made by the Company in restating its UK GAAP statement of financial position as at 1 April 2014 and its previously published UK GAAP financial statements as at 30 September 2014 and for the year ended 31 March 2015. The Company has elected to apply full retrospective accounting for FRS 101.

Reconciliation of equity as at 1 April 2014

	Notes	**UK GAAP (audited) £m**	**Remeasurements** £m	FRS 101 restated (unaudited) £m
Fixed assets				
Property, plant and equipment	A,B,C	**345.9**	170.7	516.6
Other investments - Loans to a UK holding company		**68.5**	-	68.5
Current assets				
Inventory		**1.3**	-	1.3
Trade and other receivables		**31.9**	-	31.9
Cash and cash equivalents		**12.7**	-	12.7
		45.9	-	45.9
Creditors: amounts falling due within one year				
Current portion of borrowings		**(0.4)**	-	(0.4)
Other creditors		**(42.9)**	-	(42.9)
		(43.3)	-	(43.3)
Net current assets		**2.6**	-	2.6
Total assets less current liabilities		**417.0**	170.7	587.7
Creditors: amounts falling due after more than one year				
Borrowings and derivatives		**(292.1)**	-	(292.1)
8.75% irredeemable cumulative preference shares		**(12.5)**	-	(12.5)
Deferred income	B	**(8.3)**	(58.9)	(67.2)
Provision for liabilities	A,B,C,D,E	**(21.3)**	(34.8)	(56.1)
Net assets excluding retirement benefit surplus		**82.8**	77.0	159.8
Retirement benefit surplus	D,E	**9.0**	13.4	22.4
Net assets including retirement benefit surplus		**91.8**	90.4	182.2
Equity				
Called-up share capital		**6.0**	-	6.0
Share premium account		**4.4**	-	4.4
Other reserves		**4.8**	-	4.8
Retained earnings	F	**76.6**	90.4	167.0
Total Equity		**91.8**	90.4	182.2

NOTES TO THE INTERIM ACCOUNTS

For the six months ended 30 September 2015

3 First-time adoption of FRS 101 (continued)

Reconciliation of equity as at 31 March 2015 (date of transition to FRS 101)

	Notes	UK GAAP (audited) £m	Remeasurements £m	FRS 101 restated (unaudited) £m
Fixed assets				
Property, plant and equipment	A,B,C	**364.0**	188.5	552.5
Other investments - Loans to a UK holding company		**68.5**	-	68.5
Current assets				
Inventory		**1.3**	-	1.3
Trade and other receivables		**34.5**	-	34.5
Cash and cash equivalents		**10.5**	-	10.5
		46.3	-	46.3
Creditors: amounts falling due within one year				
Current portion of borrowings		**(0.4)**	-	(0.4)
Other creditors		**(42.5)**	-	(42.5)
		(42.9)	-	(42.9)
Net current assets		**3.4**	-	3.4
Total assets less current liabilities		**435.9**	188.5	624.4
Creditors: amounts falling due after more than one year				
Borrowings and derivatives		**(306.7)**	-	(306.7)
8.75% irredeemable cumulative preference shares		**(12.5)**	-	(12.5)
Deferred income	B	**(7.8)**	(61.4)	(69.2)
Provision for liabilities	A,B,C,D,E	**(27.3)**	(35.0)	(62.3)
Net assets excluding retirement benefit surplus		**81.6**	92.1	173.7
Retirement benefit surplus	D,E	**11.3**	25.8	37.1
Net assets including retirement benefit surplus		**92.9**	117.9	210.8
Equity				
Called-up share capital		**6.0**	-	6.0
Share premium account		**4.4**	-	4.4
Other reserves		**4.3**	-	4.3
Retained earnings	F	**78.2**	117.9	196.1
Total Equity		**92.9**	117.9	210.8

NOTES TO THE INTERIM ACCOUNTS

For the six months ended 30 September 2015

3 First-time adoption of FRS 101 (continued)

Reconciliation of equity as at 30 September 2014

	Notes	UK GAAP (unaudited) £m	Remeasurements £m	FRS 101 restated (unaudited) £m
Fixed assets				
Property, plant and equipment	A,B,C	**358.9**	180.5	539.3
Other investments - Loans to a UK holding company		**68.5**		68.5
Current assets				
Inventory		**1.3**	-	1.3
Trade and other receivables		**38.3**	-	38.3
Cash and cash equivalents		**8.4**	-	8.4
		48.0	-	48.0
Creditors: amounts falling due within one year				
Current portion of borrowings		**(18.3)**	-	(18.3)
Other creditors		**(44.3)**	-	(44.2)
		(62.6)	-	(62.5)
Net current liabilities		**(14.6)**	-	(14.5)
Total assets less current liabilities		**412.8**	180.5	593.3
Creditors: amounts falling due after more than one year				
Borrowings and derivatives		**(286.6)**	-	(286.6)
8.75% irredeemable cumulative preference shares		**(12.5)**	-	(12.5)
Deferred income	B	**(8.1)**	(60.0)	(68.1)
Provision for liabilities	A,B,C,D,E	**(22.6)**	(36.6)	(59.2)
Net assets excluding retirement benefit surplus		**83.0**	83.9	166.9
Retirement benefit surplus	D,E	**10.2**	16.7	26.9
Net assets including retirement benefit surplus		**93.2**	100.6	193.8
Equity				
Called-up share capital		**6.0**	-	6.0
Share premium account		**4.4**	-	4.4
Other reserves		**4.9**	-	4.9
Retained earnings	F	**77.9**	100.6	178.5
Total Equity		**93.2**	100.6	193.8

NOTES TO THE INTERIM ACCOUNTS

For the six months ended 30 September 2015

3 First-time adoption of FRS 101 (continued)

Reconciliation of total comprehensive income for the year ended 31 March 2015

	Note	**UK GAAP (audited) £m**	**Remeasurements** £m	FRS 101 restated (unaudited) £m
Revenue		132.8	-	132.8
Operating expenses	A,B,D	(100.1)	14.1	(86.0)
Operating profit		32.7	14.1	46.8
Gain on disposal of tangible assets		0.3	-	0.3
Other net interest payable and similar charges	C,D	(10.5)	1.7	(8.8)
Dividends on 8.75% irredeemable cumulative preference shares		(1.1)	-	(1.1)
Net interest payable and similar charges		(11.6)	1.7	(9.9)
Profit on ordinary activities before taxation		21.4	15.8	37.2
Taxation on profit on ordinary activities	E	(7.6)	(0.2)	(7.8)
Profit for the year		13.8	15.6	29.4
Other comprehensive income				
Actuarial gains recognised in respect of retirement benefit obligations	D	1.6	14.9	16.5
Attributable deferred tax	D	(0.3)	(3.0)	(3.3)
Change in the fair value of the interest rate swaps		(0.6)	-	(0.6)
Attributable deferred tax		0.1	-	0.1
Total comprehensive income for the period		14.6	27.5	42.1

NOTES TO THE INTERIM ACCOUNTS

For the six months ended 30 September 2015

3 First-time adoption of FRS 101 (continued)

Reconciliation of total comprehensive income for the year ended 30 September 2014

	Note	**UK GAAP (unaudited) £m**	**Remeasurements** £m	FRS 101 restated (unaudited) £m
Revenue		66.0	-	66.0
Operating expenses	A,B,D	(49.0)	8.2	(40.8)
Operating profit		17.0	8.2	25.2
Other net interest payable and similar charges	C,D	(5.3)	0.7	(4.6)
Dividends on 8.75% irredeemable cumulative preference shares		(0.5)	-	(0.5)
Net interest payable and similar charges		(5.8)	0.7	(5.1)
Profit on ordinary activities before taxation		11.2	8.9	20.1
Taxation on profit on ordinary activities	E	(3.3)	(1.8)	(5.1)
Profit for the period		7.9	7.1	15.0
Other comprehensive income				
Actuarial gains recognised in respect of retirement benefit obligations	D	0.8	4.0	4.8
Attributable deferred tax	D	(0.2)	(0.7)	(0.9)
Change in the fair value of the interest rate swaps		0.1	-	0.1
Attributable deferred tax		-	-	-
Total comprehensive income for the period		8.6	10.4	19.0

Notes to the reconciliation of equity as at 1 April 2014 and 31 March 2015 and total comprehensive income for the year ended 31 March 2015

A Reversal of renewals accounting

In accordance with FRS 15, infrastructure assets were treated as a single homogenous asset, which was subject to renewals accounting. Under renewals accounting, the 'Infrastructure Renewals Expenditure', the expenditure required to maintain the asset, was treated as an addition to property, plant and equipment. The depreciation charge for the infrastructure network was the equivalent to the infrastructure expenditure required to maintain the operating capability of the network averaged over 15 years.

Under IAS 16, infrastructure renewal accounting is not permitted and infrastructure assets are depreciated over their estimated useful lives. Infrastructure renewals expenditure is assessed under the IAS 16 principles and is capitalised or charged to operating expenditure accordingly.

The Company has elected for full retrospective application of IAS 16 at the date of transition to FRS 101. Accordingly, an increase of £122.9m (1 April 2014: £108.3 and 30 September 2014: £116.7m) was recognised in fixed assets, net of accumulated depreciation.

Operating profit for the year ended 31 March 2015 in the comparative FRS 101 Income Statement was increased by £13.3m (30 September 2014: £7.7m). This increase consists of a reduction in depreciation relating to the infrastructure renewals charge of £17m (September 2014: £9.5m) and an increase in operating expenses of £3.7m (30 September 2014: £1.8m).

NOTES TO THE INTERIM ACCOUNTS

For the six months ended 30 September 2015

3 First-time adoption of FRS 101 (continued)

B Grants and contributions adjustment

Under treatment allowed by Statement of Standard Accounting Practice Number 4 contributions received in respect of enhancing the infrastructure network were deducted from the cost of the related tangible assets. In accordance with renewals accounting detailed above these assets were not separately depreciated.

FRS 101 requires that such contributions be shown as deferred income and amortised over the life of the underlying related asset.

At the date of transition to FRS 101, an increase of £61.4m (1 April 2014: £58.9m and 30 September 2014: £60.0m) was recognised in fixed assets, net of accumulated amortisation.

Operating profit for the year ended 31 March 2015 in the comparative FRS 101 Income Statement was increased by £1.1m (30 September 2014: £0.6m).

C Application of IAS 23

IAS 23 ‘Borrowing Costs’ (IAS 23) allows for the borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use to be capitalised as part of the cost of the respective assets.

The Company has retrospectively applied IAS 23 for all eligible assets where construction was commenced on or after 1 January 2009.

At the date of transition to FRS 101, an increase of £4.2m (1 April 2014: £3.5m and 30 September 2014: £3.8m) was recognised in fixed assets, net of accumulated depreciation.

Net interest cost for the year ended 31 March 2015 in the comparative FRS 101 Income Statement was reduced by £0.9m (30 September 2014: £0.4m) in relation to the borrowing cost capitalisation.

D Reversal of pension surplus restriction

Under FRS 17 ‘Retirement Benefits’ the pension scheme surplus was recognised to the extent that it was recoverable through reduced contributions in the future or refunds from the scheme. Such restriction on the level of surplus is not applicable under IAS 19 ‘Employee Benefits’. The amount of the pension surplus not previously recognised has been recognised on transition to FRS 101.

At the date of transition to FRS 101, the additional pension surplus of £32.3m (1 April 2014: £16.8m and 30 September 2014: £20.9m) has been recognised.

Profit before tax for the year ended 31 March 2015 in the comparative FRS 101 Income Statement was increased by £0.5m (30 September 2014: £0.2m). This increase consists of an increase in pension operating costs of £0.3m (30 September 2014: £0.1m offset by pension interest income of £0.8m (30 September 2014: £0.3m).

E Deferred taxation

The adjustments per notes A to D above lead to different temporary taxation differences. According to the accounting policies in Note 2.9, the Company has accounted for such differences and recognised the related net deferred tax liability.

Under FRS 19, the deferred tax balance was discounted to the reporting date to reflect the time value of money. Under FRS 101, discounting of the deferred tax balance is prohibited; this has resulted in an increase of the deferred tax liability of £9.6m (1 April 2014: £12.6m and 30 September 2014: £12.6m).

F Retained earnings

At 31 March 2015, the £117.9m (1 April 2014: £90.4m and 30 September 2014: £100.6m) net impact of the adjustments per notes A to E above, has been recognised in retained earnings.

G Cash flow Statement

As a result of the transition to FRS 101 purchase of tangible assets for the year ended 31 March 2015 has increased by £3.7m (30 September 2014: £1.8m) due to the additional capitalisation of assets detailed above. This decreases operating cashflow by £3.7m (30 September 2014: £1.8m).

NOTES TO THE INTERIM ACCOUNTS
For the six months ended 30 September 2015

4 Revenue

Revenue is wholly derived from water supply and related activities in the United Kingdom. The maximum level of prices the Company may levy for the majority of water charges is controlled by the Water Services Regulation Authority (Ofwat) through the RPI +/- K price formula.

5 Operating expenses

	Six months to 30 September 2015 (unaudited)	Six months to 30 September 2014 restated (unaudited)	Year to 31 March 2015 restated (unaudited)
	£m	£m	£m
Operating expenses include -			
Payroll cost, net of recharges to fixed assets and including retirement benefit costs	**7.3**	6.5	13.2
Depreciation, net of amortisation of deferred income	**9.6**	9.0	18.8

6 Net interest payable and similar charges

	Six months to 30 September 2015 (unaudited)	Six months to 30 September 2014 restated (unaudited)	Year to 31 March 2015 restated (unaudited)
	£m	£m	£m
Interest payable and similar charges relate to:			
Bank borrowings	**1.1**	0.9	1.8
Term loans and debentures:			
interest charges	**4.7**	4.7	9.3
indexation and amortisation of fees and premium on loans	**0.1**	1.9	3.7
Finance leases	**0.1**	0.1	0.2
Capitalisation of borrowing cost	**(0.2)**	(0.4)	(0.9)
Dividends on 8.75% irredeemable cumulative preference shares	**0.5**	0.5	1.1
	6.3	7.7	15.2
Less interest receivable and similar income:			
Interest income in respect of retirement benefit scheme	**(0.7)**	(0.6)	(1.2)
Loan to Bristol Water Holdings UK Ltd – interest receivable	**(2.0)**	(2.0)	(4.0)
Other external investments and deposits income	**-**	-	(0.1)
	(2.7)	(2.6)	(5.3)
Total net interest payable and similar charges	**3.6**	5.1	9.9

NOTES TO THE INTERIM ACCOUNTS

For the six months ended 30 September 2015

7 Taxation

	Six months to 30 September 2015 (unaudited) £m	Six months to 30 September 2014 restated (unaudited) £m	Year to 31 March 2015 restated (unaudited) £m
Tax expense included in Income Statement			
Current tax:			
Corporation tax on profits for the year	**2.8**	1.9	3.3
Adjustment to prior periods	**(0.4)**	-	(1.0)
Total current tax	**2.4**	1.9	2.3
Deferred tax:			
Origination and reversal of timing differences	**(0.1)**	3.2	4.6
Adjustment to prior periods	**0.2**	-	1.0
Effect of change in rate	**-**	-	(0.1)
Total deferred tax	**0.3**	3.2	5.5
Tax on profit on ordinary activities	**2.7**	5.1	7.8
Tax expense income included in other comprehensive income			
Current tax	**-**	-	-
Deferred tax:			
Origination and reversal of timing differences	**(1.3)**	(0.9)	(3.2)
Total tax expense included in other comprehensive income	**(1.3)**	(0.9)	(3.2)

8 Property, plant and equipment

	Six months to 30 September 2015 (unaudited) £m	Six months to 30 September 2014 restated (unaudited) £m	Year to 31 March 2015 restated (unaudited) £m
Net book value, beginning of period	**552.5**	516.6	516.6
Additions	**16.3**	32.5	56.6
Disposals	**-**	-	(0.3)
Depreciation charge for the period	**(10.5)**	(9.8)	(20.4)
Net book value, end of period	**558.3**	539.3	552.5

The net book value of property, plant and equipment includes £4.4m (September 2014: 3.9m) of borrowing costs capitalised in accordance with IAS 23. During the six months ended 30 September 2015 £0.2m was capitalised using 4.4% prorated annual capitalisation rate.

NOTES TO THE INTERIM ACCOUNTS
For the six months ended 30 September 2015

9 Net borrowings

	At 30 September 2015 (unaudited)	At 30 September 2014 (unaudited)	At 31 March 2015 (unaudited)
	£m	£m	£m
Net borrowings comprise -			
Debt due after one year, excluding 8.75% irredeemable cumulative preference shares	**306.2**	286.6	306.7
Current portion of borrowings	**0.4**	18.3	0.4
	306.6	304.9	307.1
Cash and cash equivalents	**(11.2)**	(8.4)	(10.5)
Net borrowings excluding 8.75% irredeemable cumulative preference shares	**295.4**	296.5	296.6
8.75% irredeemable cumulative preference shares	**12.5**	12.5	12.5
Net borrowings	**307.9**	309.0	309.1

10 Deferred Income

	Six months to 30 September 2015 (unaudited)	Six months to 30 September 2014 restated (unaudited)	Year to 31 March 2015 restated (unaudited)
	£m	**£m**	**£m**
Net book value, beginning of period	**69.2**	67.2	67.2
Additions	**1.9**	1.7	3.6
Amortisation charge for the period	**(0.9)**	(0.8)	(1.6)
Net book value, end of period	**70.2**	68.1	69.2

11 Provision for liabilities

		At 30 September 2015 (unaudited)	At 30 September 2014 restated (unaudited)	At 31 March 2015 restated (unaudited)
		£m	£m	£m
Provision for deferred tax		**65.7**	59.2	61.2
Provision for staff redundancies		**0.9**	-	1.1
		66.6	59.2	62.3
Provision for deferred tax comprises:				
Accelerated capital allowances and capital element of finance leases		**71.3**	64.8	67.7
Deferred income		**(5.2)**	(5.2)	(5.9)
Short-term timing differences		**(0.1)**	(0.1)	(0.1)
Retirement benefit obligations		**10.7**	6.8	9.2
Interest rate swaps		**(0.3)**	(0.3)	(0.3)
		76.4	66.0	70.6
Less, attributable to retirement benefit obligations	12	**(10.7)**	(6.8)	(9.2)
Net provision, excluding deferred tax on retirement benefit obligations		**65.7**	59.2	61.4

NOTES TO THE INTERIM ACCOUNTS

For the six months ended 30 September 2015

12 Retirement benefits

Pension arrangements for the Company's employees are partly provided through the Company's membership of the Water Companies' Pension Scheme ("WCPS"), which provides defined benefits based on final pensionable pay. The Company's membership of WCPS is through a separate section of the scheme. The assets of the section are held separately from those of the Company and are invested by discretionary fund managers appointed by the trustees of the scheme. The section has been closed to new entrants and all new eligible employees are offered membership of a stakeholder pension scheme.

In addition to providing benefits to employees and ex-employees of Bristol Water plc, the section provides benefits to former Bristol Water plc employees who transferred to Bristol Wessex Billing Services Ltd. The majority of the section assets and liabilities relate to Bristol Water plc employees and ex-employees.

The latest triennial valuation of the pension scheme was completed as at 31 March 2014. The total deficit as at 31 March 2014 measured on a long-term scheme funding basis was £2.8m, representing a funding level of 98.4%.

An updated estimate of the scheme's funding position at 31 March 2015 indicated a funding surplus of £3.2m. The improvement in the funding position since the triennial valuation at 31 March 2014 reflects primarily higher than expected asset returns, lower than expected inflationary pension increases and deficit contributions paid over the year, largely offset by the reduction in the real yields available on long-dated gilts (which serves to increase the technical provisions).

The funding surplus of £3.2m and the accounting surplus of £53.2m are not comparable because:

- the approach for valuation of scheme liabilities is significantly different between the two valuation methods and
- the funding surplus is based on a position at 31 March 2015 and the accounting surplus is based on a position at 30 September 2015.

Pension assets and liabilities are recognised in the accounts in accordance with IAS 19 'Employee benefits' as disclosed in note 2.4.

In summary, assets and liabilities under IAS 19 were:

	At 30 September 2015 (unaudited) £m	At 30 September 2014 restated (unaudited) £m	At 31 March 2015 restated (unaudited) £m
Market value of section assets	**205.0**	186.4	211.0
Present value of liabilities	**(151.8)**	(152.7)	(164.7)
Surplus in the section	**53.2**	33.7	46.3
Deferred taxation	**(10.7)**	(6.8)	(9.2)
Net pension asset on IAS 19 basis	**42.5**	26.9	37.1

13 Supplementary cash flow information

For the purpose of the statement of cash flow, cash and cash equivalents comprise the following:

	Six months to 30 September 2015 (unaudited) £m	Six months to 30 September 2014 (unaudited) £m	Year to 31 March 2015 (unaudited) £m
Cash and cash equivalents	**11.2**	8.4	10.6
	11.2	8.4	10.6
Bank overdrafts	**-**	-	(0.1)
	11.2	8.4	10.5

NOTES TO THE INTERIM ACCOUNTS

For the six months ended 30 September 2015

14 Commitments

Capital commitments at 30 September 2015 contracted for but not provided were £5.9m (2014: £13m)

15 Ultimate parent company and controlling party

At the balance sheet date the immediate parent company was Bristol Water Core Holdings Limited, a company incorporated in England and Wales. The ultimate parent company and controlling party was considered by the directors to be Capstone Infrastructure Corporation, a company incorporated in Canada.

The group in which this company is consolidated is Capstone Infrastructure Corporation and copies of its consolidated annual report are available from 155 Wellington Street West, Suite 2930 Toronto, ON M5V 3H1, Canada.

16 Related party transactions

During the six months to 30 September 2015 the Company spent £1.6m (2014: £1.6m) on purchase of customer related services from BWBSL, a joint venture company with Wessex Water Services Limited. At 30 September 2015 £0.8m (2014: £1.7m) was receivable from BWBSL and £1.4m (£1.1m) was payable to BWBSL.

17 Circulation

This interim announcement is available on the Bristol Water web site: http://www.bristolwater.co.uk. Paper copies are also available from the Company's registered office at Bridgwater Road, Bristol, BS13 7AT.

DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION OF INTERIM ACCOUNTS

We confirm that to the best of our knowledge:

- These interim accounts have been prepared in accordance with FRS 104 'Interim Financial Reporting' issued by the Financial Reporting Council and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

- The Chairman's Statement includes a fair review of the information required to indicate important events during the first six months of the financial year and their impact on the interim accounts, and a description of the principal risks and uncertainties for the remaining six months of the financial year.

Going concern

Following the CMA final determination we have reassessed the principal risks and the directors consider it appropriate to adopt the going concern basis of accounting in preparing the interim financial information. This conclusion is based upon, amongst other matters, a review of the Company's financial projections together with a review of the cash and committed borrowing facilities available to the Company as well as consideration of the Company's capital adequacy.

By order of the Board
S C Robson
Secretary
27 November 2015

Independent review report to Bristol Water plc
Report on the interim accounts

Our conclusion

We have reviewed Bristol Water plc's interim accounts (the "interim financial statements") in the interim results of Bristol Water plc for the 6 month period ended 30 September 2015. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with FRS 104 “Interim Financial Reporting” issued by the Financial Reporting Council and the Disclosure Rules and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the statement of financial position as at 30 September 2015;
- the income statement and statement of comprehensive income for the period then ended;
- the cash flow statement for the period then ended;
- the statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim results have been prepared in accordance with FRS 104 “Interim Financial Reporting” issued by the Financial Reporting Council and the Disclosure Rules and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Company is applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 "Reduced disclosure framework - Disclosure exemptions from EU-adopted IFRS for qualifying entities”.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim results, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim results in accordance with the Disclosure Rules and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the interim results based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Rules and Transparency Rules of the United Kingdom’s Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ‘Review of Interim Financial Information Performed by the Independent Auditor of the Entity’ issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Bristol
27 November 2015

a) The maintenance and integrity of the Bristol Water plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.