

Registered No. 06766848

Wales & West Utilities Finance plc

Report and condensed financial statements
for the six month period ended 30 September 2023

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Business review

The directors have pleasure in presenting their report and condensed financial statements to the shareholder of Wales & West Utilities Finance plc ("the Company" or "WWUF") for the six month period from 1 April 2023 to 30 September 2023 ("the period") in accordance with Financial Reporting Standard 102 ("FRS 102") with comparatives for the year ended 31 March 2023 and the six month period ended 30 September 2022 and the comparative financial position as at 31 March 2023 and 30 September 2022.

The condensed financial statements have been prepared in accordance with FRS 104, Interim Financial Reporting. The Company has prepared these condensed financial statements to comply with the Information Covenants under clause 1(a)(ii), Part 1, Schedule 4 of the Common Terms Agreement with senior lenders and other parties to that agreement.

Principal activities

The Company is a public company and is a 100% subsidiary of Wales & West Utilities Limited ("WWU" or "the Group" as the context requires).

The Company is a special purpose vehicle providing long term funding for the activities of its immediate parent company, WWU.

WWU is a regulated gas transportation business and operates under a Gas Transporter's Licence granted by the Gas and Electricity Markets Authority and is responsible for the safety, development, maintenance and daily operation of the gas distribution network which it owns.

The Gas Transporter's Licence under which WWU operates contains special "ring-fence conditions" around the assets and business of WWU, which includes the shares in WWUF. These include requirements on WWU:

- to only carry out certain activities;
- to ensure that it has sufficient management and financial resources to carry out its business;
- to use reasonable endeavours to maintain an investment grade credit rating as the issuer of corporate debt; and
- to deal on an arm's length basis and on normal commercial terms with other companies in the Group and not to give new guarantees for them.

Financing

At 30 September 2023, the Company had in issue a series of bonds, all of which are listed on the London Stock Exchange with the exception of the £300.0m and £75.0m Guaranteed bonds maturing in 2038 and the £250.0m Guaranteed bond maturing in 2041 which are listed on the Luxembourg Stock Exchange. Details of these bonds are set out below:

Nominal value £m	Coupon %	Class	Issue date	Redemption date
300	5.75%	A	31 March 2010	29 November 2030
100	2.496% Index-linked	A	31 March 2010	22 August 2035
150	4.625%	A	4 November 2011	13 December 2023
150	5.00%	A	4 November 2011	7 March 2028
300	3.00%	A	3 August 2018	3 August 2038
75	3.00%	A	3 September 2019	3 August 2038
250	1.875%	A	28 February 2020	28 May 2041

All of the bonds are unconditionally and irrevocably guaranteed by WWU, and WWU's immediate parent, Wales & West Utilities Holdings Limited, pursuant to a guarantee and security agreement entered into over the entire property, assets, rights and undertakings of each guarantor, in the case of WWU to the extent permitted by The Gas Act and its Gas Transporter's Licence.

Business review (continued)

Financing (continued)

The cumulative net proceeds of the guaranteed bond issues at 30 September 2023 of £1,320.7m (2022: £1,319.8m) that have been advanced to WWU, the immediate parent company are detailed below and in note 4 – Amount due from parent undertaking:

Nominal value £m	Date of loan	Redemption Date	Original loan amount £m	Loan repaid £m	Amortised cost, fees and discount £m	At 30 September 2023 £m	Note
400	10 July 2009*	On demand	952.4	(565.0)	9.7	397.1	(iii)
300	4 November 2011	On demand	395.1	(100.0)	4.1	299.2	
300	3 August 2018	3 August 2038	296.8	-	0.7	297.5	
75	3 September 2019	3 August 2038	85.4	-	(2.1)	83.3	(i)
250	28 February 2020	28 May 2041	242.5	-	1.1	243.6	(ii)
<u>1,325</u>			<u>1,972.2</u>	<u>(665.0)</u>	<u>13.5</u>	<u>1,320.7</u>	

*The loan agreement dated 10 July 2009 was subsequently revised on 31 March 2010

- (i) On 3 September 2019, the Company issued a £75m tap of the £300m 3% fixed 20 year Class A nominal bond. The bond was issued above par and the net proceeds received of £85.4m, after transaction costs and fees of £0.6m, were advanced to WWU on the same day.
- (ii) On 28 February 2020, the Company issued a £250.0m 1.875% fixed 21+ year Class A nominal bond. The net proceeds received of £242.5m after bond discount on issue of £5.7m and associated fees of £1.8m were advanced to WWU on the same day.
- (iii) The cumulative redemption proceeds received from WWU, the immediate parent company to settle the guaranteed bonds to date amount to £565.0m as detailed below:

Nominal value at 30 September 2020 £m	Bond repayment date	Redemption date	Loan amount repaid £m	Note
200	2 December 2016	2 December 2016	200.0	
115	27 March 2018	17 December 2018/2036	115.0	
250	23 March 2020	30 November 2021	250.0	(iv)
<u>565</u>			<u>565.0</u>	

- (iv) On 7 August 2018, WWU purchased, through a tender offer, £125.0m of WWUF's £250.0m 6.25% Class A nominal bond maturing on 30 November 2021. The bonds were purchased at 115.94% of their par value and included accrued interest of £5.4m. The total consideration paid was £150.3m. A charge of £19.9m was made in the consolidated profit and loss account of WWU, representing the excess of the consideration paid above the book carrying amount of the bonds. On the same day, the Company acquired the bonds from WWU and immediately cancelled them, as required by the bond trust deed. In consideration for this cancellation, the Company extinguished an equivalent amount of debt owed by WWU to it.

On 23 March 2020, the Company exercised its option to redeem the remaining £125.0m nominal value of the 6.25% Class A bonds maturing on 30 November 2021. The bonds were redeemed at 109.6% of their par value. The total consideration paid of £139.4m, included accrued interest of £2.4m, and a £12.0m charge representing the excess of the consideration paid above the book carrying amount of the bond. This was reflected within the consolidated profit and loss account of WWU.

Business review (continued)

Financing (continued)

The ratings of the Company's guaranteed bonds are unchanged for the periods ended 30 September 2023 and 30 September 2022, as summarised in the following table:

30 September 2023			30 September 2022		
Bond Class	Standard & Poor's	Fitch	Bond Class	Standard & Poor's	Fitch
A	A-	A-	A	A-	A-

Results and operating performance

The profit on ordinary activities before taxation for the six month period ended 30 September 2023 amounted to £500 (2022: £500).

The results of the Company for the period are set out in the condensed profit and loss account on page 6.

The interest charged on the loan to WWU mirrors the interest obligations of the Company on its guaranteed bonds.

The Company also charges WWU an annual management fee of £1,000 (2022: annual fee of £1,000), consequently £500 has been charged for the six month period ended 30 September 2023 (2022: £500).

Dividend on ordinary shares

The directors do not recommend the payment of a dividend in respect of the six month period ended 30 September 2023 (2022: £nil).

Principal risks and uncertainties

The principal risk to the Company is the recovery of funds lent to WWU and the repayment of the bonds issued by the Company as they fall due.

The bonds issued by the Company are guaranteed by WWU and Wales & West Utilities Holdings Limited (WWU's immediate parent company). The associated risk to the Company is that the guarantors will be unable to fulfil their obligations in respect of the issued bonds.

From the perspective of the Company, additional principal risks and uncertainties are integrated with the principal risks of the Wales & West Gas Networks (Holdings) Limited group and are not managed separately. Accordingly, the principal risks and uncertainties of the Wales & West Gas Networks (Holdings) Limited group, which include those of the Company, are disclosed within the Wales & West Gas Networks (Holdings) Limited consolidated annual report and financial statements for the year ended 31 March 2023 and remain unchanged at 30 September 2022. Wales & West Gas Networks (Holdings) Limited is the ultimate parent company of the group which consolidates 100% of the results of the Company.

The Wales & West Gas Networks (Holdings) Limited group, of which the Company is a member, maintain a risk register and this is reviewed and updated regularly. Risks are reviewed by the Board and senior management and appropriate processes put in place to monitor and mitigate them. If more than one adverse event occurs, it is possible that the overall effects of such events would compound the total adverse effects of the Wales & West Gas Networks (Holdings) Limited group.

Financing and interest rate cash flow risk

The Company raises and maintains medium to long term debt finance that is designed to ensure the Company, WWU and WWU's immediate parent company Wales & West Utilities Holdings Limited, (together, the "Group" and which is subject to the senior lender finance agreements) have sufficient funds for their operations.

The interest on the long term debt finance is fixed and is paid on receipt of intercompany loan interest from WWU.

Key performance indicators ("KPIs")

The directors of the Group manage the Group's operations on a combined basis. For this reason, the Company's directors believe that analysis using KPIs is neither necessary nor appropriate for an understanding of the development, performance and position of the business of the Company. The development, performance and position of the Group, are discussed within the Group's consolidated annual report and financial statements and within the condensed consolidated report and financial statements of WWU for the six months ended 30 September 2023.

Business review (continued)

Future developments

The Company has considered the impact of Covid -19 as well as the geo-political climate and does not anticipate any material adverse impact on its principal activities.

The Company is a special purpose vehicle providing long term funding for the activities of WWU. The directors do not envisage any material changes in the activity of the Company for the foreseeable future. Other than those matters referred to above, there were no significant developments within the Company that occurred during the financial period under review.

The Company expects to continue as a special purpose vehicle providing debt funding and aims to maintain this position into the future.

Employees

The Company has no direct employees and therefore has not included a Statement on Employee Engagement. Employees of WWU, the immediate parent Company undertake work on behalf of WWU and are remunerated through WWU.

Investor information

A copy of this report and condensed financial statements for the period ended 30 September 2023 together with the audited financial statements for the year ended 31 March 2023 are available at www.wwufinanceplc.co.uk.

Going concern

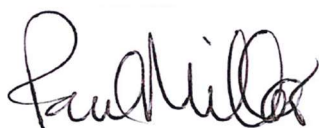
The Company's report and condensed financial statements for the period have been prepared on the basis that the Company is a going concern. In arriving at their decision to prepare the condensed financial statements on a going concern basis, the Directors have considered the unconditional and irrevocable guarantees by the immediate parent company, WWU, and its immediate parent company Wales & West Utilities Holdings Limited.

Directors' responsibilities statement

The directors confirm to the best of their knowledge that:

- the report and condensed consolidated financial statements have been prepared in accordance with FRS 104: Interim Financial Reporting issued by the Financial Reporting Council and give a true and fair view of the assets, liabilities, financial position and loss of the group;
- the report includes a fair review of the important events during the period and includes a description of the principal risks and uncertainties for the remaining months of the financial period; and
- the report includes the disclosure of related parties' transactions.

By order of the Board



Paul Millar
Company Secretary
7 December 2023

The directors are responsible for the maintenance and integrity of the corporate financial information included on the Wales & West Utilities Finance plc website (www.wwufinanceplc.co.uk).

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

Condensed profit and loss account for the six month period ended 30 September 2023

	Note	Unaudited		Audited Year ended 31 March 2023 £m
		Six months ended 30 September 2023 £m	Six months ended 30 September 2022 £m	
Operating result		-	-	-
Interest receivable and similar income	2(a)	33.1	38.0	72.4
Interest payable and similar charges	2(b)	(33.1)	(38.0)	(72.4)
Profit before taxation		-	-	-
Tax on profit	3	-	-	-
Profit for the period/year		-	-	-

All operations are continuing.

The Company has no other comprehensive income or expenses in the period, or prior periods and accordingly a separate statement of comprehensive income has not been presented. Total comprehensive income is equal to profit for the period/year.

Condensed balance sheet at 30 September 2023

	Note	Unaudited		Audited
		30 September 2023 £m	30 September 2022 £m	31 March 2023 £m
Fixed assets				
Loans to group undertakings	4	1,416.2	1,400.5	1,401.3
		1,416.2	1,400.5	1,401.3
Current liabilities				
Creditors: amounts falling due within one year	5	(172.3)	(22.4)	(164.4)
Net current liabilities		(172.3)	(22.4)	(164.4)
Total assets less current liabilities		1,243.9	1,378.1	1,236.9
Creditors: amounts falling due after more than one year	5,6	(1,243.8)	(1,378.0)	(1,236.8)
Net assets		0.1	0.1	0.1
Capital and reserves				
Called up share capital	7	0.1	0.1	0.1
Profit and loss account		-	-	-
Total shareholder's funds		0.1	0.1	0.1

Condensed statement of changes in equity for the six month period ended 30 September 2023

	Called up share capital £'000	Profit and loss account £'000	Total £'000
At 1 April 2022 (Audited)	50	35	85
Profit for the period	-	1	1
Total comprehensive income	-	1	1
At 30 September 2022 (Unaudited)	50	36	86
Profit for the period	-	-	-
Total comprehensive income	-	-	-
At 31 March 2023 (Audited)	50	36	86
Profit for the period	-	1	1
Total comprehensive income	-	1	1
At 30 September 2023 (Unaudited)	50	37	87

Condensed cash flow statement for the six month period ended 30 September 2023

	Note	Unaudited		Audited Year ended 31 March 2023 £m
		Six months ended 30 September 2023 £m	Six months ended 30 September 2022 £m	
Operating activities				
Net cash flows from continuing operating activities		-	-	-
Net cash flows from operating activities		-	-	-
Cash flows from investing activities				
Loan to immediate parent undertaking	4	-	-	-
Group debt repaid by immediate parent undertaking	4	-	-	-
Net cash outflow from investing activities		-	-	-
Cash flows from financing activities				
Interest received		18.1	17.9	51.6
Interest paid		(18.1)	(17.9)	(51.6)
Net proceeds of Guaranteed bond issued	6	-	-	-
Guaranteed bond debt repaid	6	-	-	-
Net cash inflow from financing activities		-	-	-
Net movement in cash and cash equivalents		-	-	-
Cash and cash equivalents at beginning of period/year		-	-	-
Cash and cash equivalents at end of period/year		-	-	-
Net cash flow		-	-	-
Analysis of cash and cash equivalents		-	-	-
Cash at bank		-	-	-
Total cash and cash equivalents		-	-	-

Notes to the condensed financial statements for the six months ended 30 September 2023

1. Basis of preparation

The report and condensed financial statements cover the six month period from 1 April 2023 to 30 September 2023 and comparatives have been included for the six months ended 30 September 2022 and for the year ended 31 March 2023 and have been prepared in accordance with in accordance with Financial Reporting Standard 102 ("FRS 102").

The condensed financial statements have been prepared in accordance with FRS 104, Interim Financial Reporting. The Company has prepared these condensed financial statements to comply with the Information Covenants under clause 1(a)(ii), Part 1, Schedule 4 of the Common Terms Agreement with senior lenders and other parties to that agreement.

The report and condensed financial statements are unaudited.

The report and condensed financial statements do not constitute statutory financial statements within the meaning of Section 434 of the Companies Act 2006. They should be read in conjunction with the statutory financial statements for the year ended 31 March 2023, which were prepared in accordance with UK Generally Accepted Accounting Principles and have been filed with the Registrar of Companies. The auditor's report on those statutory financial statements was unqualified and did not contain a statement under Section 498 (2) or 498(3) of the Companies Act 2006.

The report and condensed financial statements have been prepared on the basis of the accounting policies expected to be applicable for the year ending 31 March 2024 and are consistent with those that were applied in the preparation of the financial statements for the year ended 31 March 2023 except that taxes on income in the interim accounting periods are accrued using the tax rate that would be applicable to the expected total earnings for the full financial year.

The directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they adopt the going concern basis in the preparation of the report and condensed financial statements, as set out in the business review on page 4.

The condensed financial statements were approved by the Board of Directors on 7 December 2023.

2. Interest

	Unaudited		Audited
	Six months ended	Six months ended	Year ended
	30 September 2023	30 September 2022	31 March 2023
	£m	£m	£m
(a) Interest receivable and similar income			
On loans to parent undertaking	26.0	25.9	51.6
Recharge of index-linked bond accretion to immediate parent company	6.7	11.8	19.9
Recharge of bond discount and bond issue fees to immediate parent company	0.4	0.3	0.9
	33.1	38.0	72.4
(b) Interest payable and similar charges			
On guaranteed bonds	26.0	25.9	51.6
Index-linked bond accretion	6.7	11.8	19.9
Amortisation of bond issue costs and discount	0.4	0.3	0.9
	33.1	38.0	72.4

3. Tax on profit

Tax on income in the interim period is accrued using the tax rate that is expected to be applicable to the total annual earnings for the year ending 31 March 2024. The estimated tax charge arising for the six month period ended 30 September 2023 is £125 at a tax rate of 25% (2022: £95 at a tax rate of 19%).

Notes to the condensed financial statements for the six months ended 30 September 2023

4. Fixed Assets

	Unaudited		Audited
	30 September 2023 £m	30 September 2022 £m	31 March 2023 £m
Loans to group undertakings:			
Amounts owed by immediate parent undertaking	1,416.2	1,400.5	1,401.3

- a) £1,416.2m of loans owed by group companies, including £29.4m of accrued interest (2022: £1,400.5m, including £81.6m of accrued interest) has been classified as fixed assets. Although the loan is repayable on demand it is not expected that the amount will be realised within the next 12 months.
- b) The cumulative net proceeds of the guaranteed bond issues at 30 September 2023 of £1,320.7m (2022: £1,319.8m) that have been advanced to WWU, the immediate parent company are detailed below:

Nominal value £m	Date of loan	Redemption Date	Original Loan amount £m	Loan repaid £m	Amortised cost, fees and discount £m	At 30 September 2023 £m	Note
400	10 July 2009*	On demand	952.4	(565.0)	9.7	397.1	(iii)
300	4 November 2011	On demand	395.1	(100.0)	4.1	299.2	
300	3 August 2018	3 August 2038	296.8	-	0.7	297.5	
75	3 September 2019	3 August 2038	85.4	-	(2.1)	83.3	(i)
250	28 February 2020	28 May 2041	242.5	-	1.1	243.6	(ii)
1,325			1,972.2	(665.0)	13.5	1,320.7	

*The loan agreement dated 10 July 2009 was subsequently revised on 31 March 2010

- (i) On 3 September 2019, the Company issued a £75.0m tap of the £300.0m 3% fixed 20 year Class A nominal bond. The bond was issued above par and the net proceeds received of £85.4m, after transaction costs and fees of £0.6m, were advanced to WWU on the same day.
- (ii) On 28 February 2020, the Company issued a £250.0m 1.875% fixed 21+ year Class A nominal bond. The net proceeds received of £242.5m are after bond discount on issue of £5.7m and associated fees of £1.8m were advanced to WWU on the same day.
- (iii) The cumulative redemption proceeds received from WWU, the immediate parent company to settle the guaranteed bonds to date amount to £565.0m as detailed below:

Nominal value £m	Bond repayment date	Redemption date	Amount repaid £m	Note
200.0	2 December 2016	2 December 2016	200.0	
115.0	27 March 2018	17 December 2018/2036	115.0	
250.0	23 March 2020	30 November 2021	250.0	(iv)
100.0	6 April 2021	13 December 2023	100.0	
665.0			665.0	

- (iv) On 7 August 2018, WWU purchased, through a tender offer, £125.0m of WWUF's £250.0m 6.25% Class A nominal bond maturing on 30 November 2021. The bonds were purchased at 115.94% of their par value, and included accrued interest of £5.4m. The total consideration paid was £150.3m. A charge of £19.9m was made in the consolidated profit and loss account of WWU, representing the excess of the consideration paid above the book carrying amount of the bonds. On the same day, the Company acquired the bonds from WWU and immediately cancelled them, as required by the bond trust deed. In consideration for this cancellation, the Company extinguished an equivalent amount of debt owed by WWU to it. On 23 March 2020, the Company exercised its option to redeem the remaining £125.0m nominal value of the 6.25% Class A bonds maturing on 30 November 2021. The bonds were redeemed at 109.6% of their par value. The total consideration paid of £139.4m, included accrued interest of £2.4m, and a £12.0m charge representing the excess of the consideration was paid above the book carrying amount of the bonds. This was reflected within the consolidated profit and loss account of WWU.

- c) At 30 September 2023 interest accrued, but unpaid amounted to £14.8m (2022: £81.6m).

Notes to the condensed financial statements for the six months ended 30 September 2023

4. Fixed Assets (continued)

- d) Debtors include £37,498 (2022: £37,498) in respect of unpaid share capital owed by the immediate parent company.
- e) The Company charges an annual management fee of £1,000 (2022: £1,000) in respect of entering into the Company/ WWU loan agreements; consequently £500 has been charged in respect of the six month period ended 30 September 2023 (2022: £500). At 30 September 2023, management fees accrued, but unpaid amounted to £14,500 (2022: £13,500).

5. Creditors

	Unaudited		Audited
	30 September 2023	30 September 2022	31 March 2023
	£m	£m	£m
Amounts falling due within one year:			
Interest payable on bonds	22.4	22.4	14.5
Guaranteed bonds	149.9	-	149.9
	172.3	22.4	164.4
Amounts falling due after more than one year:			
Guaranteed bonds (note 6)	1,170.7	1319.7	1,170.4
Index-linked bond accretion (note 6)	73.1	58.3	66.4
	1,243.8	1,378.0	1,236.8

6. External borrowings

	Unaudited		Audited
	30 September 2023	30 September 2022	31 March 2023
	£m	£m	£m
Guaranteed bonds			
Repayable as follows:			
In less than one year	149.9	-	149.9
In more than one year but not more than five years	149.2	149.7	149.2
In more than five years	1,021.5	1,170.0	1,021.2
	1,320.6	1,319.7	1,320.3
Index-linked bond accretion	73.1	58.3	66.4
	1,393.7	1,378.0	1,386.7

At 30 September 2023, the guaranteed bonds held had legal maturities ranging between 13 December 2023 and 28 May 2041, as outlined in the following table:

Guaranteed bonds						Unaudited book value at		Audited book value at
Nominal value £m	Coupon	Class	Issue date	Redemption date	Note	30 September 2023 £m	30 September 2022 £m	31 March 2023 £m
300	5.75%	A	31 March 2010	29 November 2030		297.3	297.0	296.9
100	2.496%	A	31 March 2010	22 August 2035	(i)	172.9	158.0	166.2
150	Index-linked	A	4 November 2011	13 December 2023		149.9	149.7	149.9
150	4.625%	A	4 November 2011	7 March 2028		149.2	149.0	149.2
300	5.00%	A	3 August 2018	3 August 2038		297.5	297.4	297.4
75	3.00%	A	3 September 2019	3 August 2038	(ii)	83.3	83.8	83.6
250	3.00%	A	28 February 2020	28 May 2041	(iii)	243.6	243.1	243.5
1,325	1.875%	A				1,393.7	1,378.0	1,386.7

Notes to the condensed financial statements for the six months ended 30 September 2023

6. External borrowings (continued)

- (i) The movement in the index-linked bond represents accrued inflation of £6.7m on the index-linked bond for the period (2022: £11.8m) and £nil (2022: £nil) in respect of amortised discount and bond fees.
- (ii) On 3 September 2019, the Company issued a £75m tap of the £300m 3% fixed 20 year Class A nominal bond. The bond was issued above par and the net proceeds received of £85.6m, after transaction costs and fees of £0.6m, were advanced to WWU on the same day.
- (iii) On 28 February 2020, the Company issued a £250.0m 1.875% fixed 21+ year Class A nominal bond. The net proceeds received of £242.5m are after bond discount on issue of £5.7m and associated fees of £1.8m were advanced to WWU on the same day.
- (iv) On 30 March 2021, WWU announced the final results of a tender offer for £100m of WWUF's £250m 4.625% Class A nominal bond maturing on 13 December 2023. The bonds were purchased at 111.460% of their par value, and included accrued interest of £1.445m. A charge for £11.5m was made in the consolidated profit and loss account of WWU, representing the excess of the consideration paid above the book carrying amount of the bonds. The total consideration paid was £112.9m on the settlement date, 6 April 2021. On the same day, the Company acquired the bonds from WWU and immediately cancelled them, as required by the bond trust deed. In consideration for this cancellation, the Company extinguished an equivalent amount of debt owed by WWU to it.

All of the bonds are unconditionally and irrevocably guaranteed by WWU, and its immediate parent, Wales & West Utilities Holdings Limited, pursuant to a guarantee and security agreement with senior creditors entered into over the entire property, assets, rights and undertakings of each guarantor, in the case of WWU to the extent permitted by The Gas Act and its Gas Transporters' Licence.

7. Called up share capital

	Unaudited		Audited
	30 September 2023	30 September 2022	31 March 2023
	No.	No.	No.
Allotted, called up and fully paid:			
Ordinary shares of £1 each	2	2	2
Allotted, called up and partially paid:			
Ordinary shares of £1 each, £0.25 paid	49,998	49,998	49,998

In 2009 the Company issued 50,000 ordinary £1 shares, of which 2 were fully paid and the remaining shares paid to the value of £0.25 each. The unpaid share capital of £37,498 at 30 September 2023 (2022: £37,498) is included within the amount due from parent undertaking (note 4 – Fixed Assets - Amounts owed by immediate parent undertaking).

8. Related party transactions

All of the bonds are unconditionally and irrevocably guaranteed by the immediate parent company, WWU, and its parent, Wales & West Utilities Holdings Limited, pursuant to a guarantee and security agreement entered into over the entire property, assets, rights and undertakings of each guarantor, in the case of WWU to the extent permitted by the Gas Act and its Gas Transporters' Licence.

Wales & West Utilities Finance plc meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in relation to the presentation of related party transactions with and between wholly owned subsidiaries.