South East Water Limited

Condensed Group financial statements
for the six months ended 30 September 2015

Registered number 02679874

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Chairman's statement

Introduction

I am pleased to present our interim report for the first half of the 2015/16 financial year.

This is the first report on progress of our new business plan covering the five year period starting in April 2015. Our plans, which cover both our wholesale and retail operations, put customer satisfaction right at the heart of everything we do. As well as satisfying our legal and statutory duties, our plans include a comprehensive set of targeted customer outcomes linked to financial incentives or penalties to us and set out how we will achieve our objectives in an efficient and effective way. You can read more about our plans and our Outcome Delivery Incentives (ODIs) at http://www.southeastwater.co.uk/businessplan.

With the challenges now clearly set, we have been engaging our employees and partners to ensure that everyone is focussed on our vision for the future: to be the water company people want to be supplied by and want to work for.

As part of the long term strategy to manage our water resources more efficiently, we are continuing with our Customer Metering Programme. Working closely with our external partner, Clancy Docwra, we have installed 21,500 meters in the first half of the year. This improved our household meter coverage in our area to 74%. The programme continues and we are planning to achieve 90% by 2020. I am pleased with the progress in this area and would like to thank our customers for their cooperation and support throughout this process.

Following average rainfall during the summer and autumn and reduced demand for water from customers, our water resources are at a healthy level. As a result we are not anticipating the need to consider any water restrictions in the coming year. We will continue to work closely with our regulatory stakeholders to monitor the situation and with our customers to promote the importance of using water wisely whatever the weather.

I joined the Board as Chairman at the start of this reporting period in April 2015. In August, Andrew Farmer joined the Board as Finance Director to replace Jo Stimpson, who retired from the company after 12 years' service. I would like to thank Jo for her hard work and significant achievements over her time with the business. Likewise, I would also like to thank Paul Seeley who retired in November from the position of Operations Director for his significant contribution over 12 years with the business. Paul has been replaced by Simon Earl who joins us from Thames Water. I would like to welcome Andrew and Simon to the company.

Results and Key Performance Indicators

The results published in this statement summarise our performance for the six months ended 30 September 2015. The financial statements are prepared under International Financial Reporting Standards ("IFRS") and incorporate the performance of South East Water Limited and its subsidiary, South East Water (Finance) Limited.

At the beginning of the financial year South East Water Limited adopted IFRS for the first time for its company only reporting. This has highlighted that the group's previous accounting for Property, Plant and Equipment required restatement and has led to some of the comparative amounts for the six months to 30 September 2014 and the year to 31 March 2015 being restated. Further details on the changes to the Company's accounting policies and the prior periods' restatements are provided in note 2 of these financial statements.

Revenue for the period was £109.4 million compared with £110.2 million for the same period in the previous year. The reporting period to September 2015 is the first period under which we are reporting under Ofwat's separate price controls. Our revenue for the period to September 2015 is in line with expectation. Our customer demand is marginally higher when compared to the six month period to 30 September 2014. However, this is matched by a reduction in revenue from customers who have transferred from an unmeasured supply to measured supply under our metering programme, due to the average measured bill being lower than the average unmeasured bill.

Net operating costs for the year to 30 September 2015 were £72.6 million, an increase of 2.7% compared with the same period in the previous year. The increase in operating costs of £1.9 million is principally due to increases in reactive maintenance charges and staff costs. Operating profit was £40.4 million for the first half of the 2015/16 financial year which compares with £42.4 million in the prior year. Operating profit as a percentage of revenue has decreased from 38.5% in the first half of 2014/15 to 36.9% in the current year.

Interest costs have decreased by £6.1 million from £27.3 million to £21.2 million. This reflects the lower RPI being applied to the indexed linked loans during the first half of the year and valuation of the interest rate swap.

Profit before tax has increased from £17.7 million to £21.8 million when compared to the same period last year. This represents 19.9% of revenue compared with 16.1% for the corresponding period last year.

Profit after tax has increased from £14.9 million to £17.7 million for the first six months of the year. This is due to the reduction in finance costs detailed above being offset by a significant increase in the deferred tax liability. The increase in the deferred tax liability in the period when compared to the same period in the previous year is due to the prior year benefiting from the reduction in the forward corporation tax rates from 23% to 20%. During the six months to 30 September 2015 the deferred tax charge was £2.4 million.

Net cash generated from operations was £71.7 million for the six months ended 30 September 2015 compared to £68.4 million in the same period for the previous year. This increase is predominantly due to improvements in supplier payment terms in the period.

We continue to comply with the financial covenants set out in our securitisation structure and continue to hold ratings from Moody's and Standard & Poor's consistent with the requirements of both our securitisation and our instrument of appointment.

Capital Expenditure

We have continued to invest in our infrastructure and other fixed assets during the six months to September 2015 to maintain and, where possible, improve the security and delivery of services to our current and future customers.

During this period our capital expenditure was £47.7 million. We have spent £13 million on our below ground infrastructure network and our above ground asset expenditure includes £4.1 million on our water treatment refurbishment programme. Our Customer Metering Programme has seen £5.1 million of investment and we have also invested £3 million on the completion of our new state-of-the-art laboratory. It is here that we operate our year-round testing to make sure we maintain the excellent quality water delivered to our 2.1 million customers.

Customer Service

I am pleased to report that customer complaints to South East Water have fallen for the fourth year running and I am determined that this improvement continues.

A report from the Consumer Council for Water published in September 2015 shows that during 2014 – 15, South East Water saw almost a 45 per cent drop in customer complaints compared to the previous year. This was the best improvement seen within the industry.

We saw our Service Incentive Mechanism score for 2014 – 15 improve for a third year in a row from 75 to 82, out of a score of 100. We are on track to improve further, with our current year to date performance placing us 12th in the industry league table. We are pleased with this progress and remain focused on continuing to improve this area of our performance.

To help customers having difficulty paying their water bills we have created a specially trained Customer Care Team which talks with customers to understand their circumstances and discuss our range of payment options along with our special tariffs. These include the newly introduced Social Tariff and Service Plus for vulnerable customers who may be elderly, deaf, blind, partially sighted or suffering from a chronic illness.

There are also a wide range of support tariffs, payment schemes and financial assistance through our charitable trust the Helping Hand Social Fund.

We continue to work closely with the Citizens Advice Bureau to share ideas on the best way to manage debt and understand the potential implications of the welfare reform on customers' ability to pay our bills.

Principal risks and uncertainties

The principle risks and uncertainties facing the business are set out in the Strategic Report within the Group's Annual Report for 2014/15, which can be found on the South East Water website.

Going Concern

The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report.

Looking ahead

For the immediate term, we are continuing to deliver our business plan for 2015-2020 and ensuring everyone is focussed on putting customer priorities at the heart of everything we do.

We are also preparing for the introduction of competition for our non- household customers and ensuring that company is well placed to accept the challenges of this development in the water sector.

The Board and I are confident that we have the right management team in place to deliver on our plans, both now and in the longer term, to the benefit of today's and tomorrow's customers and we would like to thank our staff and our partners for their continued hard work and support.

Nick Salmon
Chairman
4 December 2015

Statement of directors' responsibilities

The directors confirm that to the best of their knowledge:

- the condensed Group financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as endorsed by the European Union; and

- the condensed Group statements herein include a fair review of the information required by the Disclosure and Transparency Rules 4.2.7R.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Group financial statements comply with the Companies Act 2006. They are responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Paul Butler
Managing Director
4 December 2015

Condensed Group income statement
for the six months ended 30 September 2015

	Notes	Six months ended 30 September 2015 £000	Six months ended 30 September 2014 (restated) £000
Revenue	3	**109,449**	110,244
Net operating costs	5	**(72,571)**	(70,659)
Other income	6	**3,528**	2,792
Operating profit		**40,406**	42,377
Finance costs	7	**(21,152)**	(27,319)
Finance income	8	**2,518**	2,593
Profit before tax		**21,772**	17,651
Taxation	9	**(4,063)**	(2,743)
Profit for the period		**17,709**	14,908
Earnings per share			
Basic and diluted from continuing operations		**35.91p**	30.23p

Condensed Group statement of comprehensive income
for the six months ended 30 September 2015

	Six months ended 30 September 2015 £000	Six months ended 30 September 2014 (restated) £000
Profit for the period	**17,709**	14,908
Items that will not be reclassified subsequently to profit or loss:		
Re-measurement of defined benefit liability	**17,693**	(10,528)
Return on scheme assets excluding interest income	**(12,099)**	11,170
Income tax relating to items not reclassified	**(1,119)**	(128)
	4,475	514
Total comprehensive income for the period attributable to Owners of the Company	**22,184**	15,422

Condensed Group statement of financial position
as at 30 September 2015

	Notes	**30 September 2015 £000**	31 March 2015 (restated) £000	30 September 2014 (restated) £000
Assets				
Non-current assets				
Intangible assets	11	**8,889**	9,237	9,429
Property, plant and equipment	12	**1,396,246**	1,370,157	1,345,804
Amount due from parent undertaking		**190,013**	190,013	190,013
Defined benefit pension surplus		**5,555**	2,794	-
		1,600,703	1,572,201	1,545,246
Current assets				
Inventories		**244**	245	332
Trade and other receivables	13	**69,959**	65,614	67,368
Cash and cash equivalents	14	**23,204**	28,719	46,016
		93,407	94,578	113,716
Total Assets		**1,694,110**	1,666,779	1,658,962
Liabilities				
Current liabilities				
Trade and other payables	17	**(92,220)**	(89,597)	(97,280)
Deferred income		**(3,686)**	(2,631)	(2,715)
Provisions		**(4,184)**	(4,130)	(1,550)
		(100,090)	(96,358)	(101,545)
Non-current liabilities				
Loans and borrowings		**(864,303)**	(863,418)	(858,778)
Trade and other payables	17	**(2,281)**	(1,751)	(1,113)
Derivative financial instruments	15/16	**(92,566)**	(88,811)	(87,960)
Deferred tax liabilities		**(153,248)**	(150,295)	(144,863)
Defined benefit pension liability		**(5,159)**	(9,783)	(29,532)
Deferred income	17	**(66,638)**	(64,835)	(61,112)
		(1,184,195)	(1,178,893)	(1,183,358)
Total Liabilities		**(1,284,285)**	(1,275,251)	(1,284,903)
Net assets		**409,825**	391,528	374,059
Equity				
Ordinary shares		**49,312**	49,312	49,312
Capital redemption reserve		**-**	-	4,000
Revaluation reserve		**261,702**	264,155	266,939
Retained earnings		**98,811**	78,061	53,808
Total equity		**409,825**	391,528	374,059

The notes on pages 11 to 18 are an integral part of these condensed Group financial statements.

Condensed statement of changes in equity
for the six months ended 30 September 2015

	Issued capital £000	Capital redemption reserve £000	Revaluation reserve £000	Retained earnings £000	Total equity £000
At 1 April 2015	**49,312**	**-**	**264,155**	**78,061**	**391,528**
Profit for the period	-	-	-	17,709	17,709
Other comprehensive income	-	-	-	4,475	4,475
Total comprehensive income	-	-	-	22,184	22,184
Dividends (see note 10)	-	-	-	(4,500)	(4,500)
Amortise revaluation reserve	-	-	(3,065)	3,065	-
Release revaluation on disposals	-	-	(1)	1	-
Deferred tax on reserve releases	-	-	613	-	613
At 30 September 2015	**49,312**	**-**	**261,702**	**98,811**	**409,825**

for the six months ended 30 September 2014

	Issued capital £000	Capital redemption reserve £000	Revaluation reserve (restated) £000	Retained earnings (restated) £000	Total equity (Restated) £000
At 1 April 2014	49,312	4,000	269,424	48,852	371,588
Profit for the period	-	-	-	14,908	14,908
Other comprehensive income				514	514
Total comprehensive income	-	-		15,422	15,422
Dividends (see note 10)	-	-		(13,572)	(13,572)
Amortise revaluation reserve	-	-	(3,069)	3,069	-
Release revaluation on disposals	-	-	(37)	37	-
Deferred tax on reserve releases	-	-	621	-	621
At 30 September 2014	49,312	4,000	266,939	53,808	374,059

Condensed Group statement of cash flows
for the six months ended 30 September 2015

	Notes	Six months ended 30 September 2015 £000	Six months ended 30 September 2014 £000
Cash flows from operating activities			
Net cash generated from operations		**72,196**	69,574
Interest received		**2,518**	2,549
Interest paid		**(17,411)**	(17,082)
Pension contributions paid		**(2,400)**	(4,904)
Group tax relief paid		**(1,250)**	(1,524)
Net cash from operating activities		**53,653**	48,613
Cash flows from investing activities			
Sale of property, plant and equipment		**54**	105
Purchase of property, plant and equipment		**(54,211)**	(39,498)
Purchase of intangible assets		**(1,058)**	(1,168)
Fixed asset contributions received /(paid)		**550**	63
Net cash used in investing activities		**(54,655)**	(40,498)
Cash flows from financing activities			
Finance lease principal payments		**-**	(1,237)
Repayment of borrowings		**(3)**	-
Dividends paid to shareholder	10	**(4,500)**	(13,572)
Net cash used in financing activities		**(4,503)**	(14,809)
Net decrease in cash and cash equivalents		**(5,515)**	(6,694)
Cash and cash equivalents at 1 April		**28,719**	52,710
Cash and cash equivalents at 30 September	14	**23,204**	46,016

Notes to the condensed Group financial statements
for the six months ended 30 September 2015

1. Basis of preparation

The condensed Group financial statements for the six months ended 30 September 2015 are set out on pages 7 to 18 and have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and IAS 34 *Interim Financial Reporting* as endorsed by the European Union. The statements should be read in conjunction with the financial statements for the year ended 31 March 2015, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") endorsed by the European Union.

The condensed Group financial statements are presented in sterling.

These interim financial results are neither audited nor reviewed by our auditor. The information for the year ended 31 March 2015 does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2015 were approved by the Board of directors on 3 July 2015 and delivered to the Registrar of Companies. The report of the auditors on those accounts was not qualified, did not include any reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain any statement under section 498(2) or (3) of the Companies Act 2006.

This interim report contains a number of restated values for the results of the six months ended 30 September 2014 and the year ended 31 March 2015. These changes are as a result of the Company and its subsidiary adopting IFRS for their company only reporting for the first time in the current year. Note 2 provides further explanations of the nature of these changes and the amounts involved.

2. Accounting policies

Restatement
South East Water Limited has previously reported under UK GAAP at a company level. It has adopted IFRS in the year, with a transition date of 1 April 2014. The company will publish its first set of accounts under IFRS for the year ending 31 March 2016. A rigorous exercise has been performed in establishing accounting policies for the Company under this accounting framework. This has highlighted that the group's previous accounting for property, plant and equipment ("PP&E") did not adequately reflect our current understanding of our PP&E valuation and componentisation, and as a result of this, it has been necessary to correct the group accounts to be consistent with the new company accounting policies and practices. The information available to the group now in relation to fixed assets was not available at the date of the original IFRS transition and it is therefore impracticable to restate the accounts back to the original date. The earliest date at which it is practicable to obtain corrected information is as at 1 April 2014.

The following restatements at a group level have been recognised:

	Statement of financial position		**Income statement**	
	Property, plant & equipment £000	Deferred tax £000	Operating costs £000	Tax charge £000
30 September 2014				
Amounts as previously reported	1,231,083	(122,528)	(67,755)	(3,432)
Adjustments at 1 April 2014	117,625	(23,645)	-	-
Adjustments in the period	(2,904)	1,310	(2,904)	689
	1,345,804	(144,863)	(70,659)	(2,743)
31 March 2015				
Amounts as previously reported	1,266,462	(130,896)	(127,598)	(8,256)
Adjustments at 1 April 2014	117,625	(23,645)	-	-
Adjustments in the period	(13,930)	4,246	(12,906)	2,886
	1,370,157	(150,295)	(140,504)	(5,370)

Notes to the condensed Group financial statements *(continued)*
for the six months ended 30 September 2015

2. Accounting policies *(continued)*

Property, plant & equipment: As described above, the group has adopted new accounting policies in respect of componentisation and useful economic lives in relation to fixed assets. The principles and methodology adopted by the group have now been applied to the group PP&E balances together with the related correction to the subsequent accounting for additions, disposals and depreciation.

Deferred tax: The increase in deferred tax relates to the change in valuation of the fixed assets.

Operating costs: The changes to the accounting policies in respect of useful economic lives have resulted in changes to depreciation.

Changes in accounting policies
The accounting policies adopted are consistent with those of the financial statements for the year ended 31 March 2015 as described in those financial statements, except as detailed below.

- Infrastructure assets have been redefined into the following categories and the economic lives of these assets have been reassessed as detailed below.

Category	Economic lives (years)
Surface Reservoirs	250
Communication pipes	100
Distribution mains – ductile Iron	70
Distribution mains – cast iron	100
Distribution mains – polyethylene	100
Other mains	70

3. Revenue

	Six months ended 30 September 2015 £000	Six months ended 30 September 2014 (restated) £000
Metered water income	**76,583**	70,454
Unmetered water income	**29,956**	37,478
Other sales	**2,910**	2,312
	109,449	110,244

All revenue is generated from activities within the United Kingdom and was from external customers.

4. Segmental analysis

The Group's revenue mainly arises from the supply of water and related activities. The activities of the Group, for management purposes, fall into three operating areas being regulated activities, non-regulated activities and new connections to the Group's network. However, because of the relative size of the latter two segments they are reported together as "Other activities" below.

The Group analyses results by segment to operating profits only, so no segmental statement of financial position or statement of cash flows are presented.

The adjustment of revenue relates to work performed on the Group's network for new connections on behalf of third parties. This is reported as revenue for management purposes, but is treated as deferred income for the purposes of these accounts.

Period to 30 September 2015	Regulated activities £000	Other activities £000	Adjustments £000	Total £000
Total revenue	108,492	3,588	(2,631)	109,449
Operating profit	38,423	2,163	-	46,406
Investment income				2,518
Finance costs				(21,152)
Profit before taxation				21,772
Taxation				(4,063)
Profit for the year				**17,709**
Period to 30 September 2014 (restated)				
Total revenue	109,114	3,363	(2,233)	110,244
Operating profit	39,505	2,872	-	42,377
Investment income				2,593
Finance costs				(27,319)
Profit before taxation				17,651
Taxation				(2,743)
Profit for the year				**14,908**

5. Net operating costs

	Six months ended 30 September 2015 £000	Six months ended 30 September 2014 (restated) £000
Employee benefits expense	**12,907**	12,389
Asset expense	**19,766**	19,072
Other operating expenses	**39,898**	39,198
	72,571	70,659

Notes to the condensed Group financial statements *(continued)*
for the six months ended 30 September 2015

6. Other income

	Six months ended 30 September 2015 £000	Six months ended 30 September 2014 (restated) £000
Rental income	**521**	557
Sundry income	**3,007**	2,235
	3,528	2,792

7. Finance costs

	Six months ended 30 September 2015 £000	Six months ended 30 September 2014 £000
Effective interest on listed debt	**12,167**	12,057
Fair value movements on interest rate swap	**3,755**	4,989
Indexation on listed debt	**1,187**	2,406
Interest on index linked loans	**4,294**	4,247
Indexation on index linked loans	**(572)**	2,762
Other finance costs	**1,547**	1,541
Pension fund finance charge	**98**	644
	22,476	28,646
Less: interest capitalised	**(1,324)**	(1,327)
	21,152	27,319

8. Finance income

	Six months ended 30 September 2015 £000	Six months ended 30 September 2014 £000
Interest receivable from Group undertakings	**2,448**	2,423
Interest receivable on bank balances and short term deposits	**70**	170
	2,518	2,593

Notes to the condensed Group financial statements *(continued)*
for the six months ended 30 September 2015

9. Taxation

	Six months ended 30 September 2015 £000	Six months ended 30 September 2014 (restated) £000
Current taxation charge	**1,616**	1,653
Deferred taxation charge	**2,447**	1,090
	4,063	2,743

The current tax charge is recognised based on management's estimate of the weighted average annual corporation tax rate expected for the full financial year.

10. Dividends

	Six months ended 30 September 2015 £000	Six months ended 30 September 2014 £000
Equity dividends paid during the period of 9.1p per share (2014: 27.5p)	**4,500**	13,572

11. Intangible assets

	£000
Net book amount	
At 1 April 2015	**9,237**
Additions for the period	**1,058**
Amortisation for the period	**(1,406)**
At 30 September 2015	**8,889**
Net book amount	
At 1 April 2014	9,713
Additions for the year	2,371
Disposals for the year	(6)
Amortisation for the year	(2,841)
At 31 March 2015	9,237
Net book amount	
At 1 April 2014	9,713
Additions for the period	1,169
Amortisation for the period	(1,453)
At 30 September 2014	9,429

Notes to the condensed Group financial statements *(continued)*
for the six months ended 30 September 2015

12. Property, plant and equipment

	£000
Net book amount	
At 1 April 2015	**1,370,157**
Additions for the period	**46,610**
Disposals for the period	**(23)**
Depreciation for the period	**(20,498)**
At 30 September 2015	**1,396,246**

Net book amount (restated)	
At 1 April 2014	1,324,133
Additions for the year	89,636
Disposals for the year	(238)
Depreciation for the year	(40,858)
Impairment in the year	(2,516)
At 31 March 2015	1,370,157

Net book amount (restated)	
At 1 April 2014	1,324,133
Additions for the period	41,874
Disposals for the period	(127)
Depreciation for the period	(20,076)
At 30 September 2014	1,345,804

13. Trade and other receivables

	30 September 2015 £000	31 March 2015 £000	30 September 2014 £000
Trade receivables	**29,223**	28,422	27,199
Amounts due from Group undertakings	**-**	59	51
Prepayments and accrued income	**38,359**	33,387	37,572
Other receivables	**2,377**	3,746	2,546
	69,959	65,614	67,368

14. Cash and cash equivalents

	30 September 2015 £000	31 March 2015 £000	30 September 2014 £000
Cash at bank	**904**	1,269	416
Short term cash deposits	**22,300**	27,450	45,600
	23,204	28,719	46,016

15. Financial liabilities

	30 September 2015 £000	31 March 2015 £000	30 September 2014 £000
Non-current liabilities			
Irredeemable debenture stock	**997**	1,000	1,048
Listed bonds due after five years	**515,641**	516,258	515,697
Index linked loans	**347,665**	346,160	342,033
Loans and borrowings	**864,303**	863,418	858,778
Interest rate swap	**92,566**	88,811	87,960
	956,869	952,229	946,738

16. Financial Instruments

Fair values of financial assets and financial liabilities

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties. In the opinion of the directors, the fair values of the financial assets and liabilities of the Group (apart from the specific items shown in the fair value table below) are not materially different from the book values.

	Book Value 30 September 2015 £000	**Fair Value 30 September 2015 £000**	Book Value 31 March 2015 £000	Fair Value 31 March 2015 £000	Book Value 30 September 2014 £000	Fair Value 30 September 2014 £000
Loans and receivables						
Amounts due from parent undertaking	**190,013**	**134,041**	190,013	152,004	190,013	134,249
Financial liabilities at amortised cost						
Irredeemable debentures	**997**	**670**	1,000	691	1,048	719
Listed bonds	**520,961**	**631,496**	516,258	631,496	513,784	553,488
Index linked loans	**355,378**	**335,391**	346,160	391,946	338,506	354,910
	877,336	**967,557**	863,418	1,024,133	853,338	909,117

The following table details the financial instruments that are carried in the Group's books at the fair value at 30 September 2015.

	Book and Fair Value 30 September 2015 £000	Book and Fair Value 31 March 2015 £000	Book and Fair Value 30 September 2014 £000
At fair value through the income statement			
Interest rate swap	**92,566**	88,811	87,960

The book value of the interest rate swap has been adjusted to reflect its fair value.

16. Financial Instruments *(continued)*

Fair value hierarchy

The Group held the following financial instruments measured at fair value:

	Total £000	Level 1 £000	Level 2 £000	Level 3 £000
Financial liabilities at fair value through the income statement				
30 September 2015				
Interest rate swap	**(92,566)**	**-**	**(92,566)**	**-**
31 March 2015				
Interest rate swap	(88,811)	-	(88,811)	-
30 September 2014				
Interest rate swap	(87,960)	-	(87,960)	-

During the reporting period ending 30 September 2015, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs with a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

17. Trade and other payables

	30 September 2015 £000	31 March 2015 (restated) £000	30 September 2014 (restated) £000
Current liabilities			
Trade payables	**15,009**	14,366	13,698
Amounts due to group undertakings	**9,509**	9,132	10,273
Payments received in advance	**35,201**	31,413	33,694
Other taxes and social security	**946**	912	854
Other payables	**468**	1,286	1,793
Accruals	**31,087**	32,488	36,968
	92,220	89,597	97,280
Non-current liabilities			
Other creditors	**2,281**	1,751	1,113

18. Subsequent events

There have been no post balance sheet events that require disclosure.