Anglian Water Services Financing Plc

Anglian Water Services Limited

Investor Report

For the year ended 31 March 2024

Prepared in accordance with International Financial Reporting Standards (IFRS) unless otherwise indicated

Investor Report

Contents

love every drop
anglianwater

Basis of Preparation

All financial information in this report is audited and has been prepared in accordance with IFRS. The accounting policies used are consistent with those in the Statutory Accounts of Anglian Water Services Limited at 31 March 2024.

The information in this report is presented solely to comply with Schedule 11 of the Common Terms Agreement (CTA).

Disclaimer

Any forward-looking statements made in this document represent management's judgment as to what may occur in the future. However, the company's actual results for the current and future fiscal periods and corporate developments will depend on a number of economic, competitive and other factors including some which will be outside the control of the company. Such factors could cause the company's actual results for current and future periods to differ materially from those expressed in any forward-looking statements made in this document. Unless otherwise required by applicable law, accounting standard or regulation, Anglian Water does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

General Overview and Business Update

1.0 Financial Performance for the year ended 31 March 2024

Summary Underlying Results for the Anglian Water Services Limited group ("Anglian Water") are summarised below:

	Year ended 31 Mar 2024 Total £m	**Year ended 31 Mar 2023 Total £m**
Revenue (excl. grants and contributions)	1,528.8	1,388.9
Grants and contributions	97.8	106.0
Other operating income	15.8	16.0
Operating costs (including charge for bad and doubtful debts)	(822.9)	(708.1)
Depreciation and amortisation	(388.6)	(379.1)
Operating profit	430.9	423.7
Finance income	44.9	20.6
Finance costs	(547.5)	(731.1)
Underlying loss before tax	**(71.7)**	**(286.8)**
Finance costs – fair value profit on financial derivatives	**204.9**	**645.3**
Profit before tax on a statutory basis	**133.2**	**358.5**
Tax charge	**(31.2)**	**(90.2)**
Profit after tax	**102.0**	**268.3**

Revenue

Revenue, excluding grants and contributions, for the year was £1,528.8 million (2023: £1,388.9 million), or an increase of £139.9 million (10.1%). The net increase in revenue is as a result of the following factors:

- The price increase for customers following the regulatory pricing formula, resulting in a £165.4 million increase.
- A net decrease in demand of £5.8 million. Household consumption is down £8.0 million reflecting a cooler, wetter summer compared with the prior year. Non-household consumption is up £2.2 million as we move back towards pre-Covid 19 levels of consumption.
- A decrease of £12.0 million relating to discounts for the LITE tariff funded from prior year cross-subsidy contributions.
- Other offsetting movements in revenue of £7.7 million.

Grants and contributions

Grants and contributions represent the cash and asset contributions made principally by property developers and local authorities for connecting new property developments to the water and sewerage network, and for work on existing infrastructure needed to accommodate development.

Following strong growth in the housing market and construction sector within our region during the prior year, as a result of the cost of living crisis, 2023/24 has seen a decline in this activity. This has resulted in a reduction in grants and contribution income of £8.2 million to £97.8 million.

Operating costs (including charge for bad and doubtful debts)

Operating costs increased by £114.8 million to £822.9 million (16.2%). This was principally due to inflation and power cost increases, with the prior year being hedged prior to the spike in prices following the Russian invasion of Ukraine. These movements are explained in the table below:

	£m
Prior period	708.1
Funded by FD	
Inflation	37.8
Weather related	
Unwind of drought-related expenditure	(12.6)
Increase in cost due to impact of wet winter weather	9.3
Power	68.4
Rates	5.1
Bad debt	8.6
Other significant items	
Regulatory licence fees	1.5
Other	(3.3)
Total increase	114.8
March 2024	822.9

Inflation
The inflationary increases in our cost base formed part of the Final Determination and are therefore, whilst subject to a timing delay, funded through the inflationary increases in revenues.

Weather related
The first six months of the prior year saw very little rainfall and as a result we saw exceptionally hard and dry ground conditions which can cause pipes to move and split. As a consequence of this, in the prior year, we experienced increased costs, particularly around leakage.

Relatively benign weather conditions were present for the first half of 2023-24, however these gave way to extremely wet weather, leading to flooding, in the second half which has put pressure on our water recycling operations.

As a result, we have seen a reduction in the drought related expenditure, with increased costs associated to the impact of the extremely wet weather.

Power
The increase in power is due to the prior year energy prices being locked-in ahead of the war in Ukraine, whereas the current year reflects the significant cost increases since then. Our proactive energy hedging approach enabled us to have flexibility in the most volatile and expensive market periods.

Rates
A refund was received as a result of a rates review in the second half of 2022/23. Our rates charge is therefore higher in the current year.

Bad debt
The increase is primarily a result of the increase in revenue seen in the year. Our cash collection performance remains strong, despite a slight reduction on the prior year due to the wider economic conditions.

Other significant items

These include a £1.5m increase in the Ofwat license fee with the balance relating to a range of individually small offsetting items.

EBITDA

Earnings before interest, taxes, depreciation and amortisation (EBITDA) is the profit from continuing operations before interest, tax, depreciation and amortisation. This has increased by 2.1% to £819.5 million, which is consistent with the effect of the increases described above.

Depreciation and amortisation

Depreciation and amortisation is up 2.5% to £388.6 million, primarily as a result of higher fixed asset balances as we construct and commission assets in line with our capital investment programme.

Operating profit

Operating profit has increased by 1.7% to £430.9 million, which is consistent with the increase in EBITDA partially offset by the increase in depreciation.

Financing costs and profit before tax

Adjusted net finance costs (excluding fair value gains on financial instruments) were £207.9 million higher than the prior year at £502.6 million. This is primarily a result of non-cash impact of lower inflation on index-linked debt which decreased by £201.5 million to £359.9 million and an increase in finance income on our deposits due to higher market rates.

Fair value gains in the period, which are unrealised, non-cash items, are the result of decreases in derivative liability positions, primarily driven by forecast increases in interest rates and decreases in inflation curves. Fair valuation movements on derivative valuations can be volatile depending on the market rates forecast at the time of reporting and do not have a crystallised economic impact to the business until the time of actual cash flow fixing.

The business is funded based on its embedded cost of debt and relative performance against the iBoxx index. As a result, these non-cash fair value gains and losses do not impact the immediate commercial performance of the business, Ofwat obligations or Shareholder distributions during AMP7.

Taxation

	Year Ended 31 March 2024 £m	Year Ended 31 March 2023 £m
Current tax:		
In respect of the current period	**(47.3)**	(25.4)
Adjustments in respect of prior periods	**(0.4)**	0.7
Total current tax credit	**(47.7)**	(24.7)
Deferred tax:		
Origination and reversal of temporary differences	**82.8**	113.0
Adjustments in respect of previous periods	**(3.9)**	1.9
Total deferred tax charge	**78.9**	114.9
Total tax charge on profit on continuing operations	**31.2**	90.2

Compared to the same period in the previous year, the total tax charge has decreased by £59.0 million from a charge of £90.2 million to a charge of £31.2 million. This is primarily due to the lower gains on derivative movements in the current year.

In addition to the £31.2 million tax charge on the income statement, there is a credit of £8.4 million (2023: credit of £35.5 million) in the statement of other comprehensive income in relation to tax on actuarial losses on pension schemes and fair value losses on cash flow hedges.

Anglian Water Services
Cash flow on a statutory basis

Year ended 31 March

	2024 £m	2023 £m
Cash generated from operations	**767.1**	**710.9**
Net interest paid, including issue costs paid	(239.5)	(201.3)
Decrease/(increase) in short-term deposits	(232.0)	94.0
Repayment of amounts borrowed	(487.1)	(668.8)
Settlement of principal on derivatives	(11.5)	-
Interest element of finance lease rental payments	(1.1)	(0.9)
Increase in amounts borrowed	1,379.5	740.8
Capital element of finance lease rental payments	(6.4)	(5.3)
Dividends paid	(79.9)	(169.0)
Net cash from/(used in) financing activities	**322.0**	**(210.5)**
Purchase of fixed assets net of disposal proceeds	(940.9)	(584.2)
Purchase of intangible assets	(51.4)	(75.8)
Interest received on deposits	42.5	16.0
Net cash used in investing activities	**(949.8)**	**(644.0)**
Net increase/(decrease) in cash and cash equivalents	**139.3**	**(143.6)**
Cash and cash equivalents at the beginning of the period	335.1	478.7
Cash and cash equivalents at the end of the period	**474.4**	**335.1**

The business generated cash from operations of £767.1 million in the year (2023: £710.9 million). Operating cash was impacted by the rate of increase in operating costs exceeding the rate of increase in revenue due to the timing of inflationary increases in revenue. In addition, we saw short term timing differences on working capital as we managed covenant headrooms going into year 5.

Distributions to the Parent Company

The Directors have proposed an interim dividend for the 2023/24 financial year of £88.6 million, to be paid in June 2024. This dividend is in line with the Company's dividend policy. The base dividend was adjusted for a total £51.1 million deduction, to reflect service delivery for customers and the environment. There are no plans for this dividend to be paid to the ultimate shareholders of Anglian Water Group Limited.

A £79.9 million prior-year final dividend was paid in the period. The base dividend was adjusted for a total of £26.0 million deduction to reflect service delivery for customers and the environment.

These dividends were paid against a backdrop of an equity injection of £1,165.0 million in 2021 and result in a net equity injection for the AMP of £731.4 million. Through these capital injections, the company continues to benefit from the strong support of shareholders

Financial needs and resources

At 31 March 2024, Anglian Water had borrowings net of cash of £6,976.9 million (excluding the fair value of derivative financials instruments), an increase of £729.0 million from 31 March 2023. The increase in net borrowings primarily reflects accretion on index-linked debt, capital expenditure and interest payments.

During the period there were new issuances of £300 million 5.875% fixed rate 2031, £560 million 6.0% fixed rate 2039, JPY 8.5 billion 1.917% fixed rate 2034, £375 million 5.75% fixed rate 2043 and a £100 million CPI 2040. These new issuances were partially used to repay £200 million 6.875% fixed rate 2023, $170 million 3.84% fixed rate 2023, £93 million 3.537% fixed rate 2023 and £83.5 million EIB debt repayments.

Net Debt

At 31 March 2024, excluding derivatives, Anglian Water had borrowings net of cash of £6,976.9 million, an increase of £729.0 million over the prior year. Net borrowings comprised a mixture of fixed, index-linked and variable-rate debt of £7,947.7 million, leases of £33.6 million and cash and deposits of £1,004.4 million. Net debt increased as a result of indexation on debt as described above combined with our continuing capital investment programme.

At 31 March 2024, Anglian Water had a derivative financial instrument liability of £634.0 million (excluding energy derivative liabilities of £21.3 million), down from £697.7 million in 2022 (excluding energy derivative assets of £0.7 million).

Annual Performance Report

Under Condition F of its Licence, Anglian Water is obliged to provide the Water Services Regulation Authority, Ofwat, with additional accounting information to that contained in the statutory financial statements. This information is presented in the Annual Performance Report, a copy of which is available on the Anglian Water Services website: https://www.anglianwater.co.uk/about-us/our-reports.

2.0 Regulatory Update

PR24 business plan submission

We submitted our PR24 business plan to Ofwat on 2 October 2023. Our business plan will deliver £9 billion of essential investment in the East of England. It was created in consultation with our customers, and balances ambition and affordability. It will create over 7,000 jobs and meet the unique challenges facing our fast-growing and climate-stressed region, helping the East of England to thrive and prosper. Importantly, 73% of customers surveyed support our proposals.

By 2030, we will have prepared two new reservoirs for construction, which will supply 625,000 properties across our region, and £476 million will be allocated to support new housing, plus the extension of our strategic pipeline will help ensure the region remains resilient to drought.

We will support all customers at risk of water poverty including an industry-first medical needs discount. We will double our investment in the environment to £4 billion – with £1 billion specifically to tackle storm overflows, and create treatment wetlands the size of 100 football pitches.

By 2030 average bills will rise by just 21p a day and we will have doubled our package of financial support for customers.

Our plan is financeable on the basis of the notional capital structure — assuming the notional company can attract equity investment. In line with Ofwat's guidance, we have assessed whether our plan is financeable based on the notional capital structure with gearing of 55% and Ofwat's 'early view' on the allowed return on capital. Within this assessment, we assumed that the notional company would restrict dividends to 2% of equity RCV during AMP8 and that it would be able to attract sufficient equity investment at the cost set out in Ofwat's 'early view' to finance the high growth in RCV seen in our plan.

The financeability of AMP8 plan for notional capital structure is dependent on attracting sufficient equity investment at the cost set out in Ofwat's 'early view' on the allowed return on capital. Notwithstanding our shareholders' long-term commitment, we retain significant concerns that Ofwat's 'early view' is unlikely to be sufficient to attract the necessary equity, without which the notional company would not be financeable and is not financially resilient to shocks.

To enable companies to attract equity investment, we recommended to Ofwat a range of methodological changes to the cost of capital estimation. As the risks embedded in the PR24 Final Methodology are skewed downwards, we consider a premium on the cost of equity allowance would be required to ensure that the price control is a fair investment proposition.

Ofwat is now assessing companies' plans and will issue its draft determinations of companies' price controls on 12 June 2024.

Accelerated Infrastructure Delivery (AID) final decisions

On 27th June, Ofwat published its final decisions on Accelerated Infrastructure Delivery. At an industry level Ofwat increased the total value of accelerated spend, with the largest share for United Utilities. The decision enables Anglian to install 60,000 additional smart meters, reduce sewer overflows, commence phosphate removal at three water recycling centres and commence a pilot re-use plant and transfer plant in Colchester. These schemes will be brought forward from the company's AMP8 programme.

Ofwat applied tight Price Control Deliverables (PCDs) to our accelerated spend, specifying in some detail the timing and locations of the investment, and creating a claw-back mechanism in the event of non-delivery. We continue to push for less restricted PCDs and raised this in our October business plan submission.

Ofwat Senior Director for the Price Review appointment

In April, Ofwat announced the appointment of Chris Walters as Senior Director for the Price Review. He took up post in June and leads the PR24 process which sets the price, service, and incentive package for water companies from 2025-2030.

Chris joined Ofwat from NHS England, where he was Director of Pricing and Costing. Before joining the NHS in 2015, he held senior roles at the OFT and CMA, including as Chief Economist. He has a PhD in econometrics from the London Business School and degrees in economics from the LSE and the University of London.

Ofwat Customer Focussed Licence Condition consultation

On 18 December Ofwat confirmed its intention to introduce a new customer focussed licence condition. This Condition, introduced using Ofwat's powers under sections 12A and 13 of the Water Industry Act 1991, requires companies to adopt high standards of customer service and appropriate support for the full diversity of its customers' needs. It requires them to deliver the principles for customer care set out in the condition:

1. The Appointee is proactive in its communications so that its customers receive the right information at the right time, including during incidents.
2. The Appointee makes it easy for its customers to contact it and provides easy to access contact information.
3. The Appointee provides appropriate support for its customers when things go wrong and helps to put things right.
4. The Appointee learns from its own past experiences, and shares these with relevant stakeholders. The Appointee also learns from relevant stakeholders' experiences and demonstrates continual improvement to prevent foreseeable harm to its customers.
5. The Appointee understands the needs of its customers and provides appropriate support, including appropriate support for customers in vulnerable circumstances, and including during and following incidents.
6. As part of meeting principle 5 above, the Appointee provides support for its customers who are struggling to pay, and for customers in debt.

Nothing in the condition has the effect of removing or affecting the functions of the Consumer Council for Water in relation to the investigation of customer complaints.

The condition came into force on 12 February 2024.

Water company performance report and service commitment plan

In October Ofwat published its Water Company Performance Report for 2022-23. It placed no companies in its top grade; nine companies were assessed as 'average' and seven, including Anglian, were assessed as 'lagging behind'.

We published a Service Commitment Plan in November to set out the actions we planned to take to improve performance against the nine performance commitments which contributed to our 'lagging' assessment for 2022/23. Our Plan described 74 different actions. We are required to submit quarterly reports to Ofwat on our progress in completing those actions.

We have a meeting with Ofwat, Defra and the Environment Agency in May to discuss progress against our Plan. We are considering updating our Plan in July to reflect revisions to strategies since our November version.

Financial penalty for Welsh Water for misreporting

An investigation by Ofwat has found that Welsh Water misled customers and regulators on its performance on leakage and per capita consumption (PCC) data over five years. Leakage from trunk mains and service reservoirs was routinely under-estimated while unmeasured household consumption was routinely over-estimated. Ofwat concluded that the root causes of the misreporting were –

a) Insufficient in-house knowledge
b) Over-reliance on external expertise
c) The presence of conflicts of interest
d) Internal cultural pressures
e) Lack of appropriate data assets and governance framework; and
f) Poor management of risk assurance.

Ofwat concluded that Welsh Water was not compliant with four conditions of its licence, including Condition P, which requires regulated companies to ensure that they have in place adequate financial resources and facilities, management resources, and systems of planning and internal control.

Ofwat has the powers to levy financial penalties worth up to 10% of the service turnover of the company. Taking into account Welsh Water's proactive reporting of the non-compliance, cooperation of the investigation and proposed remedies, Ofwat determined a fine of 4.5% (worth £15.2m). This was reduced to a nominal £1 in view of the package of remedies already offered by Welsh Water, valued at £40m.

Smarter Regulation Consultation

On 17 October, the Department for Business and Trade launched a call for evidence as part of its wider work looking of Smarter Regulation programme across government post-Brexit. The principal purposes of this call for evidence is to understand what is considered to be working well and what could be improved in how regulators operate and any further steps that could be taken to reform the existing stock of regulation on the UK statute book.

The Department for Business and Trade is consulting on the work of the economic regulators. The consultation makes a series of proposals concerning five broad issues: economic growth, competition, consumers, regulatory duties, and appeals.

The key risk within the consultation was the proposal which advocates to change Ofwat's price control appeal regime from a redetermination to an energy-style appeal regime with further consultation on the detail of how this will be implemented. In our previous engagement with BEIS (as was) and more recent engagement directly with the team at the Department for Business and Trade, we propose to push back on this change, citing the influence that a full redetermination has on the overall checks and balances and encourages regulators to act in the round.
The key opportunity is the proposal for a holistic assessment of how infrastructure investment needs in energy networks and the water sector should be delivered. We believe this will be a valuable stocktake and will support future investment decisions. We have argued for this review to be overseen by the NIC, to ensure rigor and independence.
Other significant but smaller changes include changes to the Planning Act to allow Infrastructure Providers, not just Water Undertakers to use the Specific Infrastructure Procurement Regulations (SIPR) which will be important for the reservoirs development, and changes to lower the Nationally Significant Infrastructure project (NSIP) threshold.
Final responses are due on 28 January. We are also working with WUK in influence their response to the consultation.

Pennon acquisition of SES Water

On 10 January, Pennon announced the acquisition of Sutton and East Surrey (SES). This follows from its previous acquisitions - Bournemouth Water in 2015 and Bristol Water in 2021 - to its core South West Water business as part of its ongoing growth strategy. Pennon bought 100% of the issued share capital of Sumisho Osaka Gas Water UK, from Sumitomo Corporation and Osaka Gas, joint owners of SES since 2013.

The value reflects an £89m payment for the equity, and £291m of net debt. Pennon will issue up to £180m of new Ordinary Shares to finance the transaction and inject equity to reduce SES's gearing from 88% to within Pennon's target range of 55-65%. Around £11m a year of efficiencies are anticipated. The price represents a 6% premium to SES's Regulatory Capital Value.

The Competition and Markets Authority (CMA) has published an initial enforcement order, opening its statutory investigation into the merger. The two businesses will need to be run separately until this is completed, and there is a high probability Pennon will need to offer some form of undertakings to ensure the deal goes through.

The length of time the CMA takes will determine how much influence Pennon has over SES's PR24 negotiations with Ofwat. The acquisition is not expected to impact Pennon's existing plans for a £2.8bn investment programme in 2025-30.

2022-23 Monitoring Financial Resilience feedback

On 26 October 2023, Ofwat published its Monitoring Financial Resilience report for 2022-23. Ofwat says that the report aims to promote a focus on efficient investment that secures long-term resilience and delivers long-term value for money for customers and the environment. It categorises companies based on Ofwat's assessment of their financial resilience.

Anglian has remained in the top category, which Ofwat calls Standard, making it one of eight companies in that category. Eight companies remain with either action required or elevated concerns. Only three companies have changed category since last year as outlined in the below:

2022-23 Category	Companies
Standard	Anglian, Dwr Cymru, Hafren Dyfrdwy, Severn Trent, South Staffs, South West, United Utilities and Wessex
Action Required	Affinity, Northumbrian, Portsmouth (previously Elevated Concern) and Yorkshire (previously Elevated Concern)
Elevated Concern	SES, South East (previously Action Required), Southern and Thames

In late December, Ofwat wrote to companies providing some feedback following publication of the 2022-23 Monitoring Financial Resilience report.

At a sector level, Ofwat reflected that companies had improved dividend reporting transparency and articulation of dividend decisions. They also noted improvement in companies' long-term viability statements.

Consistent with the feedback received by the majority of companies, Ofwat has requested that in future the basis on which the dividend is assessed and determined needs to be more clearly set out in our dividend commentary; specifically which areas of performance, the period and which performance measures have been considered when making a view on determining the overall level of dividend. This is consistent with Ofwat's continued drive for prescription.

Ofwat 2022-23 assessment of Performance Related Pay performance

On 8 November 2023, Ofwat published its assessment of companies' approaches to performance related pay (PRP) for 2022-23. As a reminder, from 2023-24 onwards, Ofwat has the power to prevent customers paying for executive bonuses they deem inappropriate through a new adjustment mechanism.

Whilst relatively brief, the report sets out some areas of focus for Ofwat. Specifically, Ofwat are pushing for a minimum of 80% of executive pay measures to be related to customer and the environment. The report also positively highlights the role of Anglian's and Thames's Renumeration committees for using their discretion to reduce payments against individual metrics.

Looking forward, Ofwat are also seeking metric-by-metric explanations setting out why each target was used and how it was stretching. This comes with a clear indication that if companies do not explain this in future years, they will not meet Ofwat's expectations.

The paper also reminds companies that their AMP8 PRP proposals in PR24 plans will form part of Ofwat's Quality and Ambition assessment (QAA).

Heathrow H7 review – Final CMA determination

1. On 17 October 2023, the CMA issued its Final decision on the Heathrow price control (2022-26) decision. This had been disputed both by Heathrow and three of the airlines. The appeal centred on cost of capital issues, passenger numbers and a COVID-19 adjustment factor applied by the CAA.

2. The Final Decision largely upholds the views from the draft decision which found the CAA not to be wrong in its approach to WaCC and other matters save for two relatively trivial issues relating to the application of its mechanisms.

3.0 Service Performance Overview

As part of an industry under constant media scrutiny, we understand the importance of listening to our customers and meeting their needs head-on. That's why for us delivering exceptional customer service is not just a goal, but the Anglian Water way of life. This year, we've focused on enhancing our services, all with one focus in mind: Making Today Great for our customers. We're committed to doing everything we can to ensure that every experience with us is nothing short of excellent.

This year we have seen this show through our much improved Ofwat D-MeX score, which has increased to 90.76 at the end of the third quarter and an improved industry ranking up to 4th place from 9th in the prior year. (Q4 results will not be known until 31st May 24)

C-Mex results have not been quite so positive, with a dip in scores across the industry this year which is a reflection of continued national focus on the sector.

Our efforts are more recognised in the industry league table position which has improved to 7th from the 10th position in 2022/23

We're proud to report that we have met our Priority Services Register (PSR) Performance Commitment target again this year, with just over 12% of customers on our register, or around 380,000 households. Many of these customers have also been helped with our cost of living financial support package

We understand that it continues to be a challenging time for many people, which is why we're also always looking for new ways to support customers who are struggling. In 2024/25 we will continue supporting customers with affordability concerns in a way that's tailored to their individual circumstances.

The support on offer includes: discounted tariffs on water bills of up to 50% for eligible customers; temporary payment plans; forgiveness schemes (where we can write off some debts); and payment breaks in certain circumstances. It also includes direct support through the Anglian Water Assistance Fund, which is specially designed to help cover the cost of bills when people are going through the most challenging of times.

This year we've been working with our customers and external partnerships to implement a new version of MyAccount. Everything from submitting meter readings, to paying bills, to looking at water usage will be a quicker and easier experience for our customers on the new version which in turn will improve the customer experience. Also new our 'Where's My Tech' service, a technician tracking feature that provides customers with real-time updates on the status of their service appointments, with enhanced transparency ensuring they are better informed throughout the service process.

From January 2024, we've changed the way customers in the Essex and Suffolk region pay their water and sewerage charges by combining their bills into one. Until recently these services were billed separately, by us for sewerage and Essex and Suffolk Water for their water. They now receive one combined bill from Essex & Suffolk Water, improving the customer experience and ensuring they have a single point of contact going forward.

In February 2024, Ofwat introduced a new customer-focused licence condition which contains core principles for customer care that all water companies in England and Wales must meet. We have made a number of changes to ensure we are meeting the condition, and have worked closely with the Consumer Council for Water (CCW) to refine and update our existing processes and procedures. Our response has taken into account sector-level learnings alongside feedback from our customers, and we are confident that we are meeting the principles outlined by Ofwat.

In April 2024 we have introduced new seasonal tariffs with groups of customers in Lincoln and Norwich. We're working with these communities to encourage water saving in and out of seasons where we use more water at home and in the garden. Our aim is to inspire customers to play a part by using less water resources to help us protect the environment together.

In the new year we'll be implementing new, modern capabilities for our contact centres, consolidating a number of our systems into one. The project will also implement smart routing, which will help our customers get to where they need to be faster, and through the communications channel of their preference.

We will also investigate the options and opportunities to enhance our services further with the introduction of new and emerging technologies including a potential new CRM and scheduling platform.

Going even further for our customers into AMP8 we will have capacity to support 300,000 customers predicted to be in water poverty, and will expand our Extra Care service to all who need it, supporting 650,000 customers with affordability concerns.

4.0 Capital Expenditure

2023/24 was the fourth year in the five-year AMP7 investment programme. Over the five years to 2025, Anglian Water will invest a record £3 billion through its capital investment programme. This spend will help to achieve Business Plan commitments and includes significant investments to ensure the region is resilient to the impacts of drought, climate change and population growth, alongside the largest ever programme of schemes delivering environmental protection.

Delivery against this investment programme remains strong with gross annual capital expenditure on an accruals across the appointed business increasing from £725 million in 2022/23 to £963 million in 2023/24 (£341 million on capital maintenance, £622 million on capital enhancement).

5.0 Water Quality and Environmental Performance

Anglian Water is governed by a wide range of legislation covering quality of drinking water, discharges to the environment, waste disposal, water abstraction, access to land and environmental protection. The key regulators are the Drinking Water Inspectorate (DWI), the Environment Agency and Natural England (formerly English Nature). There is also close liaison with Environmental Health Officers and Consultants in Communicable Disease Control within the UK Health Security Agency and other environmental bodies.

Drinking Water

Maintaining supplies of high-quality drinking water is Anglian Water's biggest priority and we engage and invest from "source-to-tap" to maintain and improve on performance. Following on from last year's excellent performance Anglian Water has recorded another record low for acceptability customer contacts, that is the number of contacts received from customers about the appearance, taste and odour of their water, at 0.86 customer contacts per 1,000 customers (compared with 1.01 customer contacts per 1,000 in 2022). However, Anglian Water narrowly missed the ODI performance commitment, set at 0.85 complaints per 1,000 customers.

This year the provisional Compliance Risk Index (CRI) score for Anglian Water is 4.14. This is above the ODI target and an increase from the 2022 final CRI figure of 2.86. A number of failures through the autumn of 2023 contributed to this deterioration. The storage point programme is being challenged to enable more effective removal and refurbishment of assets. Furthermore, technology such as, flow cytometry alongside Anglian Water, Water Quality Safety Plans are being utilised to identify opportunities to improve performance in the future. The provisional Event Risk Index (ERI) score for 2023 is 84.52 which is above the Company's OFWAT ODI target of 15 and an increase on the 2022 ERI figure of 2.77. This 2023 provisional figure increased due to a single discolouration event which contributed 80.24. The cause of the event was identified and procedures at the local treatment works during storm events have been put in place, to mitigate this in the future.

Five technical audits, on subjects including Water Sampling and Laboratory Data Transfer, Groundwater Assets, Surface Water Treatment Works, PFAS and Chlorate, were carried out by the Drinking Water Inspectorate (DWI) as part of its risk-based audit programme during 2023.

Water Recycling

The EA will confirm our EPA 'star' rating for 2023 in the summer of 2024. As part of our ongoing strategic review of all aspects of our environmental performance, we continue to focus on the delivery of our Pollution Incident Reduction Plan (PIRP) (Pollution Incident Reduction Plan (anglianwater.co.uk) We continue to engage very constructively with the EA.

We will have installed event duration monitoring (EDM) equipment at all of our permitted storm overflows by the end of 2023 in line with Government targets, and in December 2023 we published a map providing near-real time data on storm overflows providing information to river and beach users.

The Flow to Full Treatment (FFT) investigation

All water and wastewater companies were asked in November 2021 by Ofwat and the EA to provide information on any treatment works which were potentially unable to achieve the 'flow to full treatment' (FFT) conditions within their permits. This is the level of flow which can be treated through the works before excess water has to be diverted into storm tanks and then potentially into the environment. Anglian Water's permits require that its storm systems are only used due to rainfall and/or snowmelt. .

Anglian Water have continued to work with Ofwat and the EA to comply with a series of further requests for information. The most recent request for information from Ofwat was in January 2024 and we submitted our response to them in February. To date, there have been 10 significant information requests and meetings with Ofwat on this subject. Over this time the scope of the investigation has grown to include information about funding, Winep obligations, storm overflows, pollutions and more. We await the outcome of the investigation.

Section 108 Requests from the Environment Agency

All water and wastewater companies are being asked by the EA for raw datasets from EDM, SDM, FFT and DWF monitors under section 108 of the Environment Act 1995. The last request was for the 2023 annual EDM raw data only and this was sent to the EA in May 2024. We continue to work with the EA on these information requests which are significant in size and complexity.

Environment

There are currently 51 designated bathing sites across the Anglian Water region. There are 48 coastal sites, one estuarine site and two inland sites. Defra has published the 2023 bathing water classifications, with 30 bathing waters in our region meeting the 'Excellent' classification and 92% of bathing waters being classified as 'Good' or above. Two bathing waters are classified as 'Poor'; Heacham and the newly designated bathing water on the River Deben. Both bathing waters are impacted by diffuse pollution sources, with impacts from AWS operations ruled out at Heacham and further investigations planned for the River Deben.

Two sites on Rutland Water become official designated bathing waters in 2023, with Sykes Lane beach being awarded the prestigious Blue Flag Award for 2024, becoming England's first inland bathing water to achieve this award.
Anglian Water have continued the strong performance with WINEP and are on-track with the expected number of deliverables for March 2024 obligations (awaiting EA sign off). We are currently forecasting an amber status in the EPA with a short delay to one obligation.

A significant proportion of Anglian Water's investment programme has been focussed on reducing the use of storm overflows, and in 2023, average spill frequency was 22 spills per overflow, the lowest spill rate in the industry. Although this average spill a is higher than the 2022 return, the rainfall in 2023 was deemed 'exceptionally high and if we did nothing to reduce spills since the first year of EDM reporting, our average spill number in 2023 would have been >40 spills. We have delivered schemes to increase flow capacity and install additional storm tanks at a number of Water Recycling Centres to enable the reduction in of spills.

Anglian Water achieved 100% EDM coverage on its 1432 permitted storm overflows in December 2023. We have now met our EDM obligations 2 years ahead of the planned WINEP delivery date and outperformed against the original scope of the EDM programme. The 2023 annual return to the EA was completed by all water companies and Anglian Water had the lowest spills per overflow in 2023.

Focus remains on sharing our plans and data surrounding storm overflows. The latest EDM data has been published on our website and the near time reporting of storm overflows map was in its final stages in March 2024. The release of the near time reporting map to customers was successfully completed on 30 April 2024.

We continue to maintain our collaborative partnership with Severn Trent on Anglian Water's Get River Positive campaign and engage with customers, NGOs river and community groups and MPs. Anglian Water is delighted with the progress made in the first 12 months, particularly the level of partnership funding that has been secured. Notable highlights include support for the River Stiffkey catchment in North Norfolk, in partnership with Norfolk Rivers Trust and Microsoft, the focus on inland bathing water designation which led to three of the four most recently announced inland bathing designations being in the region, the introduction of further beavers at Spains Hall Estate in Essex to reduce flood risk and the publication of a new interactive map to show EDM data and Anglian Water's environmental investment work. Further details on Anglian Water's first year of Get River Positive achievements can be found at Get River Positive: https://www.anglianwater.co.uk/environment/get-river-positive

For the second year of Get River Positive, we invited applications from a wide range of groups, including agricultural, community, citizen scientists and river groups. This inclusive approach has led to the successful allocation of all the Get River Positive funding. In total, £5.5 million has been allocated to partnership projects, a significant achievement that has generated over £9 million in match funding. This is a testament to the strong partnerships we have maintained and the development of projects, such as the Stiffkey Restoration: Source to Sea. The applications saw new large-scale partnership projects from all over the region, such as the East Mercia Rivers Trust partnership, supporting river restoration projects including the restoration of the Limestone Becks, as well as the creation of the Rivers Academy.

Get River Positive also launched a Farm Cluster programme, supporting up to 11 farm clusters in the region to develop, each group with their own purpose and ambition, led by a facilitator and liaising with our catchment advisors. We have seen the success of the North Essex Farm Cluster from the first year of funding, which has now developed a £250,000 pilot project covering land in the Pant Valley with nature recovery projects such as wetlands, pond restoration, and hedge row creation. Other projects include beaver reintroduction, wetland creation, rewilding and rewetting, as well as further supporting bathing designation applications.

Get River Positive has also been supporting river groups as they explore river water quality through our pilot Citizen Science programme, encouraging greater communication and engagement with those who enjoy and want to know more about the health of the river in the Anglian Water region.

Water Resources

The Environment Agency officially moved East Anglia from Drought Recovery to Normal Status in November 2023 following the drought in this area in 2022. Anglian Water's water resources are in a good position going into summer 2024 following England's wettest October to March on record. Reservoirs are healthy with a regional storage level of 95% with all reservoirs at or above target with the exception of Grafham Water which is currently 6% below target. The refill of Grafham was impacted by essential planned maintenance earlier in the year followed by flooding issues related to the wet weather. The reservoir is now refilling and we are forecasting a return to target level before summer 2024. Groundwater levels have recovered across the region with multiple observation sources reporting their highest ever recorded groundwater levels – most notably in the North Norfolk chalk aquifers. Anglian Water's Drought Plan Spring Health Check was submitted to the Environment Agency in April 2024 and confirms that we do not foresee any drought actions required this summer even under a similar scenario to 2022.

Lessons learned from the 2022 drought (both regionally and nationally) are currently being reviewed and will feed into the revised drought plan (Drought Plan 27) which Anglian Water will be commencing this year.

Anglian Water published its revised draft Water Resources Management Plan 2024 (WRMP24) on 29th August 2023, alongside its Statement of Response to the consultation that was undertaken for its draft WRMP24. The Secretary of State will now consider the plan and determine if it can be published as final. The WRMP24 is an ambitious plan with demand management at its heart but also sets out the need for two large-scale, multi-sector reservoirs in Lincolnshire and the Fens. Both of these reservoirs form part of the Strategic Regional Options (SRO) programme governed by the

Regulators’ Alliance for Progressing Infrastructure Development (RAPID) and are working towards gate 3 in September 2024.

Anglian Water had a successful year for abstraction licence compliance in 2023 with just one minor exceedance of a daily limit in June 2023. Lessons have been learned from this exceedance and additional mitigation has been put in place.
Anglian Water continues to work closely with the Environment Agency to review sustainable abstraction levels across the region. Anglian Water have now submitted a number of overriding public interest (OPI) cases to support with time-limited licence applications to ensure Anglian Water protect public water supplies in the near future. Anglian Water are positively engaging with the Environment Agency on next steps to balance the need to protect the environment whilst maintaining secure public water supplies.

6.0 Financing

At March 2024, Anglian Water's CTA net debt was £7,344.1 million, an increase of £771.9 million, primarily as a consequence of indexation on debt combined with raising debt for our continuing capital investment programme. CTA gross debt was £8,338.3 million with cash and investments of £994.2 million.

During the year to March 2024, Anglian Water raised new debt of £1,379.5 million. This mainly included following new issuances:

- £300 million 8-year fixed rate bond;
- £560 million 16-year fixed rate bond;
- 8.5 billion JPY 10-year fixed rate bond which was swapped to a sterling equivalent for £44.5 million;
- £375 million 19-year fixed rate bond;
- £100 million 16-year CPI linked bond

Repayments of £487.1 million were made in respect of debt, which consisted of a £200 million 6.875% fixed rate debt, £93 million 3.537% fixed rate debt, $170 million 3.84% fixed rate debt and amortising payments on EIB index-linked debt.

Credit ratings at 31/03/2024 are as follows:

Fitch Ratings:	A-(stable outlook)
Standard and Poor's:	A- (negative outlook)
Moody's:	A3(stable outlook), Corporate Family Rating A3 (stable outlook)

7.0 Dividends

In the year ended 31 March 2024 dividends of £79.9 million were paid out of the Anglian Water Services Financing Group to the Company's direct parent, AWG Group Limited (2023: £169.0 million).

8.0 Significant Board / Management Changes

The Board of Anglian Water Services Ltd comprises:

Dr Roz Rivaz	Independent Non-Executive Chair (appointed Chair Designate on 21 November 2023 and Chair on 25 January 2024)	
Natalie Ceeney, CBE	Independent Non-Executive Director	
Dame Polly Courtice, DBE, LVO, DL	Independent Non-Executive Director	
Kathryn Durrant	Independent Non-Executive Director (appointed 26 March 2024)	
Zarin Patel	Senior Independent Non-Executive Director	
Alistair Phillips-Davies	Independent Non-Executive Director	
Peter Simpson	Chief Executive Officer	) Executive
Tony Donnelly	Chief Financial Officer (appointed 23 November 2023)	) Executive
John Barry	Non-Executive Director	
Alex Nassuphis	Non-Executive Director	
Batiste Ogier	Non-Executive Director	
Albena Vassileva	Non-Executive Director (appointed 23 January 2024)	

Anglian Water is managed by the AWS Management Board, which, as at 31 March 2024, in addition to the Executive Directors referred to above, included:

Amanda Bridger	People Director
Susannah Clements	Group Organisation Development Director
Brian Ebdon	Director of Strategic Planning and Performance
Pete Holland	Director of Customer and Wholesale Services
Dr Robin Price	Director of Quality and Environment
Ian Rule	Director of Water Services
Claire Russell	Legal Director / Company Secretary
Emma Staples	Corporate Affairs Director
Sian Thomas	Director of Strategic Asset Management
Emily Timmins	Director of Water Recycling

Jason Tucker	Director of Strategic Delivery and Commercial Assurance

Anglian Water will be holding a meeting for investors on Tuesday 11th June 2024.

9.0 Sustainable Financing

Background

Anglian Water have developed an updated framework under which it can issue sustainable transactions, green and/ or social finance to finance their Asset Management Plan for the period 2020–2025 (AMP7). For AMP7 it has separated its eligible capital expenditure into 11 sustainable categories.

The framework aligns with the ICMA Green and Social Bond Principles and the Sustainability Bond Guidelines, as published by the International Capital Market Association ("ICMA"). The framework also aligns with the Loan Market Association's ("LMA") Green Loan Principles.

The latest framework is published on Anglian Water's website and can be found here:
(previous) anglian-water-green-bond-sustainability-framework-report-2020.pdf (awg.com)
(previous) sustainability-linked-bond-framework-2021.pdf (awg.com)
(latest) sustainability-finance-framework-2024.pdf (awg.com)

It is Anglian Water's intention to follow, where possible, best practices in the market as the standards develop. In addition, it is closely monitoring the European Union (EU) classification of environmentally sustainable economic activities (the European Union Green Taxonomy), as well as the EU Green Bond Standard Principles when these enter into force.

The annual Sustainable Finance Impact Report 2023 was published on Anglian Water's website and can be found here: sustainable-finance-impact-report-2023--final.pdf (awg.com)

As of 31st March, four sustainable debt instruments remained in the ringfenced account including the Green Loan £100m 2040 of which £65 million has been drawn, Green Bond £560 million 2039 of which £313 million has been drawn, Green Bond £300 million 2031 of which £202 million has been drawn and Green Bond £375 million 2043 of which £203 million has been drawn.

New Issuances in the Year

In June 2023 we issued a £300m Green Bond maturing in 2031 as well as a £560m Green Bond maturing in 2039.

More recently in March 2024 we issued a £375m Green Bond maturing in 2043.

Ratios

1.0 Historical & Current Test Period

Anglian Water confirms that in respect of the year ended 31 March 2024, by reference to the most recent financial statements that it is obliged to deliver in accordance with Paragraph 1 (Financial Statements) of Part 1 (Information Covenants) of Schedule 5 (Covenants) of the CTA:

		Actual 31 Mar 2024	Actual 31 Mar 2023
a)	The Class A RAR	**68.8%**	65.6%
b)	The Senior RAR	**68.8%**	65.6%
c)	The Class A ICR	**4.2:1**	3.8:1
d)	The Class A PMICR[1]	**N/A**	N/A
e)	The Senior PMICR[1]	**N/A**	N/A
f)	The ratio of Net Cash Flow minus Capital Maintenance Expenditure to Class A Debt Interest	**2.3:1**	2.1:1
g)	The Conformed Class A PMICR	**1.6:1**	1.6:1
h)	The Conformed Senior PMICR	**1.6:1**	1.6:1
i)	The Additional Senior RAR[2]	**68.8%**	65.6%
j)	The Additional Conformed Senior PMICR[2]	**1.6:1**	1.6:1
k)	The Additional Conformed Senior Average PMICR[2]	**1.5:1**	1.6:1

[1] CCD and IRC are no longer used as the depreciation of RCV

[2] New requirement in the Class B accession deed

2.0 Forward Looking

Anglian Water confirm that each of the above Ratios and each of the Senior Average PMICR[1], Class A Average PMICR[1], Conformed Senior Average PMICR, Conformed Class A Average PMICR and Additional Conformed Senior Average PMICR have been calculated with respect to the Test Periods for which they are required to be calculated under the Common Terms Agreement and have not breached the Trigger Event Ratio Levels and have not caused Paragraph 20 (Ratios) of Part 2 of Schedule 7 (Events of Default) to be breached.

[1] CCD and IRC are no longer used as the depreciation of RCV.

3.0 Computations

Set out in sections 4.0 and 5.0 are the details necessary to make the computations.

Anglian Water also confirms that:

(a) no Default or Potential Trigger Event is outstanding; and

(b) Anglian Water Services Limited insurances are being maintained in accordance with:

(i) Schedule 16 (Insurances) of the Common Terms Agreement; and

(ii) the provisions of the Finance Leases.

4.0 Interest Cover Ratios (ICR)

Interest Cover Ratios	**Trigger/Default**	**Actual Period to 31 Mar 24**	Actual Period to 31 Mar 23
		£m	£m
Income		**1,497.3**	1,396.2
Operating Expenditure		**(731.7)**	(683.2)
Pre-capital maintenance cashflows		**765.6**	712.9
Capital Maintenance Expenditure		**(341.3)**	(326.2)
Depreciation		***(475.2)***	*(423.5)*
Post-Maintenance cashflow for PMICR		***290.3***	*289.4*
Post-Maintenance cashflow for Net Cash Flow ratio		**424.3**	386.8
Net Interest		**(184.3)**	(185.2)
Enhancement Capital Expenditure		**(651.0)**	(334.0)
Premium paid on bond buyback		**0.0**	0.0
Ordinary Dividends		**(79.9)**	(169.0)
Shareholder reinvestment		**0.0**	0.0
Pre-financing cashflows		**(491.0)**	(301.5)
Interest Payable on Class A Debt:			
Finance Leases		**0.0**	0.0
Class A Bonds		**(218.2)**	(196.3)
MBIA Wrap Fees		**(2.1)**	(1.8)
Less Interest Receivable		**35.9**	12.9
Total net Class A debt interest		**(184.3)**	(185.2)
Interest Payable on Class B Debt			
Class B Bonds		**0.0**	0.0
Total Net Interest payable on Senior Debt		**(184.3)**	(185.2)
Interest Cover Ratios:			
Class A ICR	1.6:1	**4.2:1**	3.8:1
Conformed Senior PMICR	1.1:1	**1.6:1**	1.6:1
Conformed Class A PMICR	1.3:1	**1.6:1**	1.6:1
Ratio of Net Cash Flow minus Capital Maintenance Expenditure to Class A Debt Interest	1.0:1	**2.3:1**	2.1:1
Additional Conformed Senior PMICR	1.3:1	**1.6:1**	1.6:1
Additional Conformed Senior Average PMICR	1.4:1	**1.5:1**	1.6:1

5.0 Regulatory Asset Ratios (RAR)

Regulatory Asset ratios	**Trigger/Default**	**As at 31 Mar 24 £m**	As at 31 Mar 23 £m
Class A Gross Debt:			
Finance Leases		**0.0**	0.0
Class A Bonds etc		**(8,338.3)**	(7,201.6)
Total Class A Gross Debt		**(8,338.3)**	(7,201.6)
Less cash balances and Authorised Investments		**994.2**	629.4
Total Class A Net Debt		**(7,344.1)**	(6,572.2)
Class B		**0.0**	0.0
Total Senior Net Debt		**(7,344.1)**	(6,572.2)
Regulatory Asset Value (RAV)[1]		**10,681.0**	10,019.8
Regulatory Asset ratios:			
Senior RAR	85.0%	**68.8%**	65.6%
Class A RAR	75.0%	**68.8%**	65.6%
Additional Senior RAR	75.0%	**68.8%**	65.6%

[1]The RCV used for the ratio calculations above is Anglian Water's calculation. Ofwat published their RCV for 31 March 2024 in May-24, however, following evaluation of Ofwat's methodology, Anglian Water believes that the calculation does not fully reflect RPI indexation of the RPI linked part of RCV and that therefore the Ofwat RCV number is understated by £5 million (2023: £61 million).

6.0 *Regulatory Performance*

This information is not currently available.

7.0 Anglian Water Services Group – Movements in Debt Balances

CTA Gross Debt	Closing Balance 31 Mar 2023 £m	New Issues £m	Repayment £m	Indexation £m	Other £m	**Closing Balance 31 Mar 2024 £m**
£200 million 6.875% fixed rate 2023	200.0		(200.0)	0.0		**0.0**
£200 million 6.625% fixed rate 2029	200.0			0.0		**200.0**
£200 million wrapped 3.07% RPI index-linked 2032	396.6			36.6		**433.2**
£60 million wrapped 3.07% RPI index-linked 2032	110.7			5.3		**116.0**
£246 million 6.293% fixed rate 2030	246.0			0.0		**246.0**
£75 million 3.666% RPI index-linked 2024	148.7			13.7		**162.4**
£402 million 2.4% RPI index-linked 2035	490.9			44.7		**535.6**
£50 million 1.7% RPI index-linked 2046 - 1	89.0			8.1		**97.1**
£50 million 1.7% RPI index-linked 2046 - 2	88.8			7.0		**95.8**
£40 million 1.7164% RPI index-linked 2056	71.8			6.0		**77.7**
£50 million 1.6777% RPI index-linked 2056	89.7			7.5		**97.2**
£60 million 1.7903% RPI index-linked 2049	107.3			9.2		**116.6**
£50 million 1.3825% RPI index-linked 2056	89.1			6.8		**96.0**
£100 million 1.3784% RPI index-linked 2057	178.3			13.7		**192.0**
£100 million wrapped floating rate 2057	100.0			0.0		**100.0**
£75 million 1.449% RPI index-linked 2062	120.7			14.4		**135.2**
£50 million 1.52% RPI index-linked 2055	80.8			9.4		**90.3**
£110 million floating rate 2043	110.0			0.0		**110.0**
£25 million 6.875% fixed rate 2034	25.0			0.0		**25.0**
£130 million 2.262% RPI index-linked 2045	214.0			10.5		**224.4**
£250 million 4.5% fixed rate 2027	250.0			0.0		**250.0**
£73.3 million 4.394% fixed rate 2028	73.3			0.0		**73.3**
£50 million 2.05% RPI index-linked 2033	74.7			3.6		**78.3**
£200 million 4.5% fixed rate 2026	200.0			0.0		**200.0**
£35 million 1.141% RPI index-linked 2042	51.3			2.5		**53.8**
US$170 million 3.84% fixed rate 2023	110.5		(110.5)	0.0		**0.0**
£93 million 3.537% fixed rate 2023	93.0		(93.0)	0.0		**0.0**
£55 million 2.93% fixed rate fixed rate 2026	55.0			0.0		**55.0**
US$150 million 3.29% fixed rate 2026	104.3			0.0		**104.3**
£35 million floating rate fixed rate 2031	35.0			0.0		**35.0**
£20 million 2.93% fixed rate 2026	20.0			0.0		**20.0**
£200 million 2.6225% fixed rate 2027	200.0			0.0		**200.0**
£250 million 1.625% fixed rate 2025	250.0			0.0		**250.0**
£300 million 2.75% fixed rate 2029	300.0			0.0		**300.0**
Sub Total	**4,974.5**	**0.0**	**(403.5)**	**199.1**	**0.0**	**4,770.0**

love every drop anglianwater

Cont'd	Closing Balance 31 Mar 2023 £m	New Issues £m	Repayment £m	Indexation £m	Other £m	**Closing Balance 31 Mar 2024 £m**
£85 million 2.88% fixed rate 2029	85.0			0.0		**85.0**
£25 million 3.0% fixed rate 2031	25.0			0.0		**25.0**
US$53 million 4.27% fixed rate 2029	40.1			0.0		**40.1**
£65 million 2.87% fixed rate 2029	65.0			0.0		**65.0**
JPY 7 billion 0.855% fixed rate 2039	50.9			0.0		**50.9**
£65 million amortising 0.835% CPI index-linked 2040	75.9			3.0		**78.9**
£50 million 1.76% fixed rate 2035	50.0			0.0		**50.0**
JPY 7 billion 0.85% fixed rate 2040	50.4			0.0		**50.4**
£35 million 2.14% fixed rate 2036	35.0			0.0		**35.0**
£40 million 2.14% fixed rate 2036	40.0			0.0		**40.0**
US$35 million 1.16% fixed rate 2026	25.5			0.0		**25.5**
C$ 350 million 4.525% fixed rate 2032	224.8			0.0		**224.8**
£242 million 6.07% fixed rate 2037	242.0			0.0		**242.0**
£24 million 6.07% fixed rate 2037	24.0			0.0		**24.0**
Operating Leases (Vehicles)	8.9			0.0	0.6	**9.6**
Index Linked Swaps	340.0			130.0	(116.2)	**353.8**
£75 million EIB amortising 0.53% RPI index-linked 2027	45.5		(11.9)	2.1		**35.8**
£75 million EIB amortising 0.79% RPI index-linked 2027	45.5		(11.8)	2.1		**35.8**
£150 million EIB amortising 0% RPI index-linked 2028	110.6		(23.0)	5.2		**92.8**
£65 million EIB amortising 0.41% RPI index-linked 2029	55.8		(12.4)	5.4		**48.8**
£125 million EIB amortising 0.1% RPI index-linked 2029	114.9		(15.7)	2.8		**102.0**
£60 million EIB amortising 0.01% RPI index-linked 2030	59.1		(8.8)	2.8		**53.2**
£100 million 1.588% fixed rate 2024	100.0			0.0		**100.0**
£26.1 million 0.01% CPI index-linked 2035 - 1	30.2			1.5		**31.7**
£26.1 million 0.01% CPI index-linked 2035 - 2	30.2			1.5		**31.7**
£100 million amortising 3.017% CPIH index-linked 2040	102.8			4.2		**107.0**
£75 million floating rate 2029	75.0			0.0		**75.0**
£75 million floating rate 2032	75.0			0.0		**75.0**
£300 million 5.875% fixed rate 2031	0.0	300.0		0.0		**300.0**
£560 million 6.0% fixed rate 2039	0.0	560.0		0.0		**560.0**
JPY 8.5 billion 1.917% fixed rate 2034	0.0	44.5		0.0		**44.5**
£375 million 5.75% fixed rate 2043	0.0	375.0		0.0		**375.0**
£100 million 2.427% CPI index-linked 2040	0.0	100.0		0.1		**100.1**
Total[1]	**7,201.6**	**1,379.5**	**(487.1)**	**359.9**	**(115.6)**	**8,338.3**

[1]Before accounting adjustments which are not within CTA definition of Net Debt and not including Other Leases

8.0 Anglian Water Services Group – Profit & Loss Account

Summary Underlying Results (AWS Group)

The consolidated financial results for the year ended 31 March 2024 are summarised below:

	Year ended 31 Mar 2024 Total £m	Year ended 31 Mar 2023 Total £m
Revenue (excl. grants and contributions)	1,528.8	1,388.9
Grants and contributions	97.8	106.0
Other operating income	15.8	16.0
Operating costs	(822.9)	(708.1)
Depreciation and amortisation	(388.6)	(379.1)
Operating profit	430.9	423.7
Finance income	44.9	20.6
Finance costs	(547.5)	(731.1)
Underlying loss before tax	**(71.7)**	**(286.8)**
Finance costs – fair value profit on financial derivatives	**204.9**	**645.3**
Profit before tax on a statutory basis	**133.2**	**358.5**

[1] In order to show pre-tax performance on an underlying basis the fair value loss on financial derivatives have been excluded from the underlying finance costs.

love every drop anglianwater

9.0 *Anglian Water Services Group – Balance Sheet*

At 31 March 2024

		£m	£m	£m
<u>Non-current assets</u>				
Intangible assets				256.6
Property, plant, and equipment				11,414.7
Derivative financial instruments classified as current and non-current assets				234.0
Retirement benefit surplus				61.5
Net current liabilities excluding cash and debt repayable in less than one year				(158.5)
Retirement benefit deficit				(30.8)
Derivative financial instruments classified as current and non-current liabilities				(889.3)
Creditors amounts falling due after more than one year excluding debt				(1,607.3)
Cash and cash equivalents	Payments Account	405.0		
	Capex Reserve	557.1		
	Tax reserve	40.0		
	Debt Service	2.3	1,004.4	
Financing liabilities	Bonds (excluding accrued interest)	(7,916.4)		
	Leases	(33.6)		
	Other[1]	(31.3)	(7,981.3)	
	Net Debt (excluding derivatives)			(6,976.9)
Net assets				2,304.0

Capital and reserves		
	Share capital	32.0
	Share premium	1,165.0
	Reserves b/f	1,109.2
	Dividend paid	(79.9)
	Actuarial losses on pension schemes	(25.8)
	Income tax charge on items that will not be reclassified	6.5
	Losses on hedging reserves	(6.9)
	Deferred tax movement on hedging reserves	1.9
	Profit for the period	102.0
Capital and reserves		2,304.0

[1] Accounting adjustments that are not within the CTA definition of net debt (capitalised issue costs, accrued interest and IFRS9 adjustments).

10.0 Anglian Water Services Group – Calculation of Annual Finance Charge

Instrument	**Actual Interest Paid To 31 Mar 24 £m**	**Actual Interest Paid to 31 Mar 23 £m**
Class A Debt		
AAA Wrapped Debt	19.3	32.3
Other Class A Debt	204.4	165.8
Annual Finance Charge	**223.7**	**198.1**

The Annual Finance Charge represents cash interest payable by Anglian Water Services Financing Plc for each of the actual periods set out above.

11.0 Anglian Water Services Group – Derivatives Mark to Market Valuation

Derivative Counterparties Mark to Market Valuations as at 31/03/2024				
External Swap Counterparties	**Nominal Amount £m**	**MTM Positive Values £m**	**MTM Negative Values £m**	**MTM Total Values £m**
BARCLAYS BANK	557.9	26.1	(56.2)	(30.1)
BNP PARIBAS BANK	464.4	29.8	(16.8)	13.0
BGL BNP PARIBAS	0.0	0.0	(38.8)	(38.8)
CBA BANK	25.0	2.4	0.0	2.4
HSBC BANK	233.0	0.0	(80.9)	(80.9)
JP MORGAN BANK	745.8	15.8	(192.7)	(176.9)
LLOYDS BANK CORPORATE MARKETS PLC	1,009.5	22.7	(122.2)	(99.6)
MORGAN STANLEY BANK	549.8	134.1	(40.1)	94.0
MUFG SECURITIES EMEA PLC	22.3	0.0	(1.0)	(1.0)
SANTANDER UK PLC	317.6	0.0	(15.1)	(15.1)
SCOTIA BANK	379.2	3.2	(71.1)	(67.9)
SMBC BANK	172.7	0.0	(30.8)	(30.8)
THE TORONTO-DOMINION BANK	64.2	0.0	(2.9)	(2.9)
EXTERNAL INVESTORS	0.0	0.0	(220.9)	(220.9)
Anglian Water Interest Derivatives	4,541.4	234.0	(889.3)	(655.2)