Anglian Water Services Financing Plc

Annual report and financial statements

for the year ended 31 March 2025

Company number: 04330322

Anglian Water Services Financing Plc
Strategic report
for the year ended 31 March 2025

The Directors present the Strategic Report for the year ended 31 March 2025.

Business review

The principal activity of Anglian Water Services Financing Plc (the "Company") is the raising of listed debt, on the UK public bond market, to lend to Anglian Water Services Limited (AWSL). It forms part of the group of four companies referred to as the Anglian Water Services Financing Group ("AWSFG" or the "Group") as shown below.

Anglian Water Services Holdings Limited

Anglian Water Services UK Parent Co Limited

Anglian Water Services Limited

Anglian Water Services Financing Plc

The Directors expect the activities of the Company to continue in the foreseeable future without material change.

The Company repaid £349.3 million (2024: £487.1 million) of debt in the year. £950 million of new debt was raised in the year (2024: £1,379.5 million). The monies raised were lent to AWSL on a back-to-back basis. As at 31 March 2025 the Company had cash and deposits amounting to £38.3 million (2024: £2.3 million).

The Company is a wholly owned subsidiary of AWG Group Limited and was put in place in 2002, when AWSL's covenanted and ring-fenced debt structure was established. The AWSFG provides protection for the customers of the principal trading company in the group, AWSL, and bond holders of the Company from risks associated with other non-regulated Anglian Water Group companies outside of the ring-fence. The Anglian Water Group, whose ultimate parent company is Anglian Water Group Limited, operates a three-tier debt structure, referred to as OpCo, MidCo and HoldCo. The aim of this company is to raise debt and lend it to its parent company in the OpCo part of the structure in order to maintain a certain net debt to capital ratio (net debt expressed as a percentage of Anglian Water's regulatory capital value (RCV)). RCV has been developed, by Ofwat, for regulatory purposes and is primarily used in setting price limits. As such the KPI for AWSF is the related net debt to capital ratio.

At 31 March 2025 Anglian Water Services' net debt to capital value was 71% (2024: 69%).

The statement of comprehensive income on page 18 shows the Company's results for the year. For the financial year ended 31 March 2025 the Company made a loss before tax from continuing operations of £18.2 million (2024: profit of £1.8 million).

Section 172 Statement

Section 172 of the Companies Act 2006 requires the directors to act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. Companies are required to report explicitly how the Board has had regard to the matters set out in section 172.

Being the Group's financing company, the stakeholders are limited to investors, banks and ratings agencies. The Company has no employees, customers or suppliers however there are other companies within the group with whom there are intercompany relationships.

As the Company does not operate separately to the AWSFG the Company's values and reputation are highly integrated with that of AWSL and therefore interested parties should read disclosures within the consolidated group annual report and financial statements.

Investors, banks and ratings agencies

The funding advanced by investors and banks is crucial to the delivery the Group's investment programme, which directly benefits our communities and our environment. Engagement is vital to understand their requirements, demonstrate our long-term sustainable vision and help them understand what makes Anglian Water a sound investment.

How we engage

We hold investor events at least twice a year to coincide with preliminary and interim company results, and periodically hold additional events and site visits for investors. In addition, Mark Thurston, Michael Bradley and the Company's Treasurer hold regular face-to face meetings and telephone conferences with banks and investors. We also engage with banks and investors through written reports, including the Annual Integrated Report, the annual Green Bond Report and the semi-annual investor report, and by publishing interim and preliminary company results at half year and year end.

Key areas of engagement in 2024/2025

Board members discuss key areas of Group risk with investors and banks to facilitate the continued funding of the business. Engagement with banks and investors also informs our approach to sustainable financing. Anglian Water is committed to financing capital investment sustainably, while for their part, banks and investors have a clear appetite to invest in purpose-led, sustainable businesses such as ours.

Principal decisions made by the Board

Approval of annual and interim financial statements

Bi-annually the Board approves the annual or interim financial statements. The Board is engaged on any key issues impacting the Company throughout the year and gives appropriate time and consideration to the approval.

To give support to the Directors and enable them to discharge their duties, all new Directors receive a thorough induction programme on appointment which includes receiving a full background information pack, visits to operational sites and briefings from Executive Directors and senior managers.

The Company offers the Directors in-house training as necessary to aid their professional development and awareness of business and sector-specific issues. In addition, the Company offers to fund participation on externally provided training courses. All Directors are entitled to receive, at the Company's expense, independent professional advice on any matters relating to their responsibilities as a Director.

Principal risks and uncertainties

The management of the business and execution of the Company's strategy are subject to a number of risks, the principal risks being management of liquidity, interest rate and foreign currency exposure.

Liquidity

The Company's objective is to maintain flexibility, diversification and continuity of funding through access to different markets and debt instruments. At the year end the Company held cash at bank and in hand of £38.3 million (2024: £2.3 million) and had drawn committed working capital and capital expenditure facilities of £nil million (2024: £nil million) with an additional £950.0 million undrawn (2024: £1,025.0 million undrawn). Cash is held on deposit by the Company to the extent required to meet near term debt repayments. These resources are maintained to ensure liquidity and the continuation of the AWSL investment programme. The maturity profile of the Company's borrowings is set out in note 9 to the financial statements.

In addition, the Company has access to a further £432.5 million (2024: £425.0 million) of 'liquidity facilities': £294.0 million (2024: £294.0 million) to finance AWSL debt service costs; and £138.5 million (2024: £131.0 million) to finance AWSL operating expenditure and maintenance capital expenditure. These facilities address the risk of AWSL being in default of its debt obligations and having insufficient liquidity.

Interest rates

The Company's policy for the management of interest rate risk is to achieve a balanced mix of funding at indexed (to RPI and CPI), fixed and floating rates of interest. To guard against the adverse movements in interest rates having a detrimental impact on the business and to enable covenanted obligations and credit ratings to be met, the overall underlying debt portfolio is maintained at between 45% and 55% of RCV for index-linked debt and between 5% and 15% for floating rate debt, with the remaining being fixed rate. Within these hedging levels, the Company endeavours to obtain the finest rates (lowest borrowing and finest depositing rates) consistent with ensuring that the relevant treasury objectives are met in full, i.e. the provision of adequate finance for Anglian Water Services Financing Plc at all times and maintaining security of principal.

Foreign currency

The Company has currency exposures resulting from debt raised in currencies other than sterling and very small purchases in foreign currencies. The Company uses a range of instruments to hedge such exposures. All hedges are undertaken for commercial reasons with the objective of minimising the impact of exchange rate fluctuations on net assets and profits. The Company has no material unhedged monetary assets and liabilities denominated in a currency different from the local currency of the Company.

Approved by the Board on 12 June 2025 and signed on its behalf by:

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Claire Russell
Company Secretary

Directors' report
for the year ended 31 March 2025

The directors present their report and the audited financial statements for the year ended 31 March 2025.

Future developments
The directors expect the activities as detailed in the Strategic Report to continue in the foreseeable future without material change.

Directors of the Company
The directors who held office during the year and up to the date of signing the financial statements were as follows:

Fraser Warner Campbell
Michael Paul Bradley (appointed on 28 November 2024)
Mark John Thurston (appointed on 5 August 2024)
Ian Grant Funnel (appointed on 2 August 2024)
Kathryn Louise Durrant
Andrew James Hodson
Zarin Homi Patel
Paul Morton Alistair Phillips-Davies
Dr Rosalind Catherine Rivaz

The following directors resigned during the year:

Anthony Donnelly (resigned on 27 November 2024)
Dame Veronica Anne Courtice (resigned on 2 August 2024)
Peter John Simpson (resigned on 4 August 2024)
Natalie Anna Ceeney (resigned on 12 June 2024)

Directors' liabilities
The Company maintains directors' and officers' liability insurance which gives appropriate cover for legal action brought against its directors. The Company has also provided an indemnity for its directors, which is a qualifying third party indemnity provision for the purpose of section 234((2) – (6)) of the Companies Act 2006.

Dividends
No dividend was paid during the year (2024: £nil). The directors are not recommending the payment of a final dividend (2024: £nil).

Financial risk management
Objectives and policies

The Company does not operate separately to the AWSFG and therefore its financial risks are governed by the AWSFG's policies and procedures. These policies and procedures are discussed within the Anglian Water Services Limited consolidated group financial statements.

Liquidity risk and cash flow risk
Liquidity, interest rate and foreign currency risk are detailed within the Strategic Report.

Going Concern

Under the terms of the Company's financing arrangements, its parent, AWSL, guarantees unconditionally and irrevocably all the Company's borrowings and derivatives. As the Company does not operate separately to the AWSFG, the directors have undertaken a detailed review of the ability of the Group to meet its liabilities as they fall due for a period of at least 12 months from the date these financial statements are approved.

The Directors have considered the potential impacts of the current market volatility and uncertainties within the sector in relation to the PR24 referral to the CMA, and on-going regulatory investigations.

The base forecast, which has been updated for the latest internal and external information and is aligned to the Final Determination from Ofwat has been subjected to a range of severe but plausible downside scenarios as noted below.

As set out in the Financing Structure section of AWSL's financial statements, the business generates operating cash flows to finance the day-to-day operations of the Group. In order to fund the capital programme the business requires external investment in the form of both debt and equity and both a depreciation charge and fair return on investment are included in the allowed revenues that the Group charges to customers.

In February, the Group requested that Ofwat refer its PR24 Final Determination to the CMA on the basis that the Group does not believe the FD strikes an appropriate balance of risk and return for the notional company capable of attracting the level of investment needed to deliver the growth set out in the plan. Given Ofwat's statutory duty to ensure that an efficient notional company is financeable we believe that the CMA will ensure that the redetermination is set such that investors will continue to invest in the sector. As Anglian maintains an efficient structure which benefits from our Whole Business Securitisation, our actual gearing structure and covenants see more headroom than for the notional structure.

Management note that the outcome of the CMA appeal will fall substantially outside of the going concern assessment period.

In assessing Going Concern the Directors have considered a number of perspectives, including liquidity and debt covenants and tested these against both the base scenario and the three downside scenarios.

- Liquidity – AWSL holds sufficient liquidity to cover the going concern period even under the most severe downside scenario.
- Debt covenants – The business has significant headroom against Default Events (where class A interest cover ratio is less than 1.6:1) under its securitised covenants with no plausible scenario identified that would cause an Event of Default.

Assessment period

Management have considered the appropriate assessment period taking into account all available information. Whilst there is an on-going requirement to raise debt over the longer term to fund our growing investment programme, this is part of our business model and management are confident in our ability to raise debt given our proven track record and strong credit ratings. Therefore, management do not believe there to be a need to extend the period any further than 12 months.

Going Concern (continued)

Liquidity

Included within the £1,382.5 million of facilities of AWSL at 31 March 2025 are facilities totalling £375.0 million due for renewal in March 2026 and £575.0 million due for renewal in June 2026 which is within the 12-month period assessed for going concern purposes. On 11 June 2025 the Group received formal commitment from lenders for a new 3 year facility totalling £900 million. The Group has sufficient liquidity within the assessment period.

Debt covenants

Anglian Water Services Limited has a single debt platform (sometimes known as a "common terms" or "CTA" debt platform) that has been structured so as to align with, and enhance, the regulatory protections contained in the Water Industry Act 1991 and Anglian Water's Licence (an "Aligned Debt Programme"). Aligned Debt Programmes operate on a single covenant package and shared security and intercreditor arrangement that binds all debt providers.

The CTA introduces two terms, a Trigger Event and an Event of Default. The intention of a Trigger Event is that it is an early warning event designed to reinforce credit worthiness and to protect the Group and its finance creditors from an Event of Default occurring and consequently it is not considered to be a going concern event. It does not enable creditors to destabilise the Group through enforcing their security.

Sensitivity

We have identified three stretching scenarios to stress test our base forecast. These scenarios, low, medium and severe focus on the impact of the cost-of-living crisis and higher unemployment, the impacts of lower inflation and higher interest rates due to market uncertainty particularly within the sector, as well as specific risks to the business, such as cyber-attacks , the planned migration to our new ERP system, uncertainty associated with our price determination for AMP8 and increased costs/reduced revenue due to adverse weather events.

Given our ability to access capital markets, management do not believe the downside testing, whilst causing additional cash outflows, would have significant liquidity impacts. If Debt markets were to be closed for a time the business would utilise facilities which are currently in place.

While medium and worst-case scenarios indicate the potential for a Trigger Event in relation to interest cover ratio covenants, the Directors do not consider this possibility to constitute a material uncertainty related to going concern. As noted, a Trigger Event is not considered a going concern event and whilst it would result in dividend lock-up and prevent the business from raising new debt we have sufficient liquidity during the going concern period in this event even when including planned debt repayments as a trigger event does not prohibit the renewal of bank facilities that expire in the going concern period.

For these reasons, the Directors believe it appropriate to continue to adopt the going concern basis in preparing the financial statement.

Post balance sheet events

Refer to note 13 for details of post balance sheet events.

Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Reappointment of auditor

Deloitte LLP have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed to the board.

Approved by the Board on 12 June 2025 and signed on its behalf by:

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Claire Russell

Company Secretary

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLIAN WATER SERVICES FINANCING PLC

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Anglian Water Services Financing Plc, (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2025 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was going concern. Within this report, key audit matters are identified as follows:

	Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used in the current year was £27.4m (2024: £25.2m) which was determined on the basis of 0.3% of total borrowings).
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	In the current year we have identified going concern as a key audit matter. As the Company does not operate separately to its parent Anglian Water Services Limited (AWS), the Directors' assessment with respect to appropriateness of going concern is made at the Anglian Water Services Financing Group level (the "Group", "AWSFG"). We planned our audit mindful of the expiration of banking facilities within the going concern assessment period together with the decision by AWS to refer the Final Determination to the competition and market authority (CMA) which led to an increased level of judgement made by the Directors and an increase in experienced and specialist resource within the audit team being allocated to this area. We previously identified derivative accounting as a key audit matter. As the control environment has stabilised and no new complex instruments were entered into in the period, we assessed a lower level of risk in this area and there was a reduced level of audit effort relative to the prior year.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting is discussed in section 5.1.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Going concern

Key audit matter description	Under the terms of the Company's financing arrangements, its parent, AWS guarantees unconditionally and irrevocably all the company's borrowings and derivatives. As the company does not operate separately to its parent AWS, the assessment with respect to appropriateness of going concern have been made at a Group level. The Directors have considered the potential impacts of current market volatility and uncertainties within the sector in relation to the PR24 referral to the CMA and on-going regulatory investigations as part of their assessment of the going concern assumption. At 31 March 2025 the Group also has facilities due for renewal totalling £375m in March 2026 and £575m in June 2026. On 11 June 2025 the Group received formal commitment from lenders for new 3 year facilities totalling £900m. We planned our audit anticipating an increased level of judgement would be made by the Directors in assessing the going concern basis in preparing the financial statements including the associated disclosures and increased the experience and specialist resource within the audit team allocated to this area. We have also identified a risk of management bias relating the key judgements with respect to the going concern assumption. The directors have also considered this judgement as discussed in the directors' report on page 5.
How the scope of our audit responded to the key audit matter	In response to this matter, we have performed the following procedures: • obtained an understanding of the relevant controls over the cashflow forecasting and going concern assessment; • understood the Group's process to model the impact of going concern and agreed relevant data points in the model to supporting documentation; • understood and challenged the sufficiency of the period the Directors' have assessed for the purposes of going concern and whether that was appropriate; • assessed the sophistication of the model used to prepare the forecasts, testing of the clerical accuracy of those forecasts and assessing the historical accuracy of forecasts prepared by the Group ; • tested the assumptions used in establishing the Group's base case, including comparison of key assumptions to plans for Asset Management Period ("AMP")

	8, including reconciling to the Final Determination and independent data sources where relevant; • considered the impact of the referral of the Final Determination to the CMA on the Director’s going concern conclusions by assessing the likely timing of any changes in cashflows arising from that referral and considering whether the referral provided contradictory evidence to any aspects of the Group’s cashflow forecasts or disclosures; • evaluated liquidity, including the ability of the Group to raise future financing and inspected the commitment to renew banking facilities which are required within the going concern period. In considering the ability of the Group to raise debt we have considered a number of factors including the Group’s credit ratings, past history of debt raises by the Group and others across the water sector, and challenged management to calculate the impact of sensitivities associated with debt being raised at higher costs; • read the external financing agreements to establish and assess the covenant requirements attached to the borrowings; • recalculated and assessed the amount of headroom in the forecasts (liquidity and covenants) and recalculated compliance with covenants during the year ended 31 March 2025 and throughout the going concern assessment period; • challenged the sensitivity analysis including downside risks prepared by the Group in the context of operational performance challenges, requirements to raise debt in the period, increased spend on capital projects, cyber risk and the broader socio-economic conditions; and • assessed the appropriateness of the disclosures in the financial statements.
Key observations	In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in preparation of the financial statements and associated disclosure is appropriate.

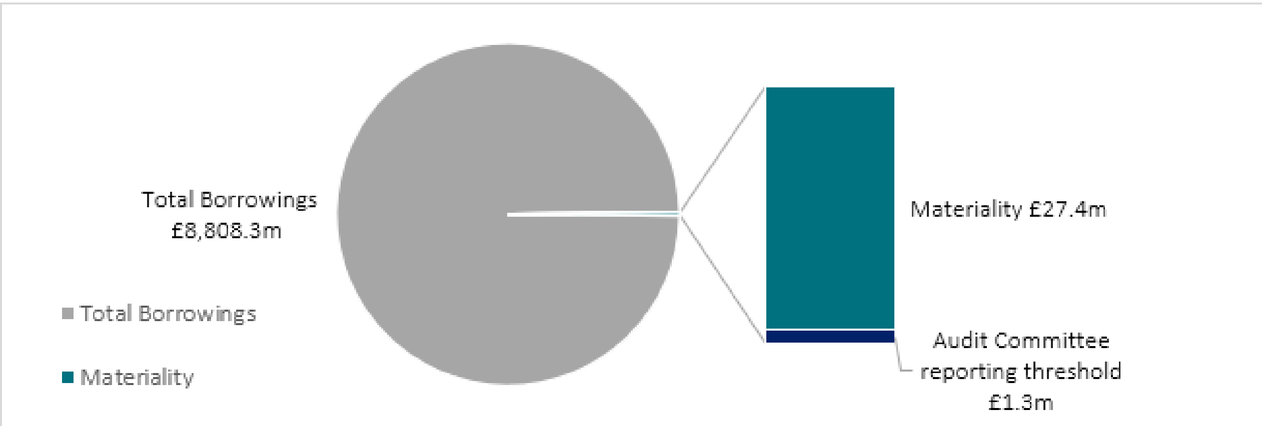
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£27.4m (2024: £25.2m)
Basis for determining materiality	0.3% of borrowings (2024: 0.3% of borrowings).
Rationale for the benchmark applied	The primary purpose of the company is to raise funding from external sources and provide funding to Anglian Water Services Limited ("AWSL"). We have therefore used total borrowings as the most appropriate benchmark.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2025 audit (2024: 65%). We increased the performance materiality despite the continued public scrutiny and risk associated with water sector as the company is a holding company with no trading and the increased risk has been considered through increased level of work on going concern. The other factors considered below suggest a decreased risk for the company:

- the company's control environment which remains stable with the prior year.
- the functioning of the key business operations and initial signs of performance improvements.
- strong experience of new executive management team and consistency of key accounting personnel during the year; and
- the low level of corrected and uncorrected misstatements identified in previous periods.

6.3. Error reporting threshold

We agreed with the audit committee that we would report to the Committee all audit differences in excess of £1.3m (2024: £1.3m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the audit committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

7.2. Our consideration of the control environment

The company's accounting records are contained within the Anglian Water Group's accounting system. Our work in relation to the Group's internal control environment involved testing the Group's key reporting system. With the involvement of our IT specialists, we tested relevant General Information Technology Controls (GITCs) within the Group's key reporting system, including the access controls, change management controls and controls around segregation of duties. We identified control weaknesses in a specific element of the reporting system and in response, we revisited our risk assessment and altered the nature and extent of our substantive audit procedures to respond to the risk.

We also obtained an understanding of relevant controls within the treasury business processes, which are not supported by the Group's key reporting system.

8. Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, the internal audit function, the directors and the audit committee about their own identification and assessment of the risks of irregularities including those that are specific to the company's sector;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;

- the matters discussed among the audit engagement team and relevant internal specialists with consideration of Group wide matters, including financial instruments and IT specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area: going concern. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, UK Listing Rules, and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the licence conditions imposed by The Water Services Regulation Authority (Ofwat).

11.2. Audit response to risks identified

As a result of performing the above, we identified going concern as a key audit matter related to the potential risk of fraud. The key audit matter section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and Ofwat; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors’ report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors’ report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. Directors’ remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors’ remuneration have not been made.

We have nothing to report in respect of this matter.

14. Other matters which we are required to address

14.1. Auditor tenure

Following the recommendation of the audit committee, we were appointed by Board of Directors on 1 September 2016 to audit the financial statements for the year ending 31 March 2017 and subsequent financial periods. We were reappointed following a formal tender in 2021. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is nine years, covering the years ending 31 March 2017 to 31 March 2025.

14.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

Use of our report

This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Kate Hadley (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Birmingham, United Kingdom

12 June 2025

Anglian Water Services Financing Plc

Statement of comprehensive income

for the year ended 31 March 2025

Notes		Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
	Revenue	**-**	-
	Total operating costs	**-**	-
	Operating result	**-**	-
4	Finance income	**499.2**	617.1
5	Finance costs, including fair value losses on derivative financial instruments	**(497.2)**	(615.3)
	Expected credit (loss)/reversal on intercompany loan	**(20.2)**	4.7
	Net finance costs/income	**(18.2)**	6.5
	(Loss)/Profit before tax from continuing operations	**(18.2)**	6.5
6	Tax	**-**	-
	(Loss)/Profit for the period and total comprehensive income	**(18.2)**	6.5

Anglian Water Services Financing Plc

Balance Sheet

(Registration number: 04330322)

At 31 March 2025

Notes		**Year ended 31 March 2025 £m**	Year ended 31 March 2024 £m
	Non-current assets		
7	Investments	**8,071.5**	7,585.4
10	Derivative financial instruments	**946.5**	1,017.5
		9,018.0	8,602.9
	Current assets		
8	Trade and other receivables	**15.7**	49.6
7	Investments	**702.9**	447.5
	Cash and cash equivalents	**38.3**	2.3
10	Derivative financial instruments	**7.5**	79.6
		764.4	579.0
	Total assets	**9,782.4**	9,181.9
	Current liabilities		
9	Borrowings	**(702.9)**	(447.5)
10	Derivative financial instruments	**(7.5)**	(79.6)
		(710.4)	(527.1)
	Net current assets	**54.0**	51.9
	Non-current liabilities		
9	Borrowings	**(8,105.4)**	(7,599.0)
10	Derivative financial instruments	**(946.5)**	(1,017.5)
		(9,051.9)	(8,616.5)
	Total liabilities	**(9,762.3)**	(9,143.6)
	Net assets	**20.1**	38.3
	Capital and reserves		
	Retained earnings	**20.1**	38.3
	Total equity	**20.1**	38.3

Notes 1 to 13 are an integral part of these financial statements.

Approved by the Board on 12 June 2025 and signed on its behalf by:

Mark Thurston
CEO

Michael Bradley
CFO

Anglian Water Services Financing Plc

Statement of changes in equity

for the year ended 31 March 2025

	Stated capital £m	Retained earnings £m	Total equity £m
At 1 April 2023	-	31.8	31.8
Profit for the period	-	6.5	6.5
Total comprehensive income	-	6.5	6.5
At 31 March 2024	-	38.3	38.3
Loss for the period	-	(18.2)	**(18.2)**
Total comprehensive income	-	(18.2)	**(18.2)**
At 31 March 2025	**-**	**20.1**	**20.1**

1. Accounting policies

a) General information

The Company is a private company limited by share capital, incorporated and domiciled in the UK.

The address of the registered office is:
Lancaster House
Lancaster Way
Ermine Business Park
Huntingdon
Cambridgeshire
PE29 6XU

These financial statements were authorised for issue by the Board on 12 June 2025.

b) Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 (the Act). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of the act.

The Company is a qualifying entity for the purposes of FRS 101. Note 12 gives details of the Company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Given the straight-forward nature of the Company no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, have been identified by management.

The financial statements are prepared on a going concern basis under the historical cost convention as modified by the revaluation of derivative financial instruments at fair value. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

No critical key assumptions or significant judgements were required in the preparation of these financial statements.

Summary of disclosure exemptions

The Company has utilised the following exemptions:

- Paragraph 16 of IAS 1, "Presentation of financial statements" (statement of compliance with all IFRS);
- Paragraph 10 (d) statement of cashflows;
- Paragraph 38 comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- Paragraph 38A requirement of minimum of two primary statements, including cashflow statements;
- Paragraph 111 cashflow statement information;
- IAS 7 "Statement of cashflows"

1. Accounting policies (continued)

b) Basis of preparation (continued)

- Paragraph 30-31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- The requirements of IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group;
- Paragraph 17 of IAS 24 'Related party Disclosures' (key management compensation);
- Paragraph 8(d) of FRS 101 the requirements of IFRS 7 'Financial Instruments: Disclosures'; and
- Disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities, in accordance with IFRS 13 'Fair Value Measurement'.

New Standards, amendments and interpretations effective or adopted for the first time this period

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. None of the standards, interpretations and amendments effective for the first time from 1 April 2025 have a material effect on the financial statements.

Borrowings

Borrowings are recognised initially at fair value. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Dividends

Dividends are recognised as a liability in the period in which they are approved. Interim dividends are recognised in the period in which they are paid.

Foreign currencies

Individual transactions denominated in foreign currencies are translated into local currency at the actual exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into local currency at the balance sheet date.

Profits and losses on both individual foreign currency transactions during the year and monetary assets and liabilities are dealt with in the statement of comprehensive income.

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

1. Accounting policies (continued)

b) Basis of preparation (continued)

Financial instruments

The Company uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from financing activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised and subsequently re-measured at fair value. However, within the Company, hedge accounting is not applied and therefore the movements in the fair value of these derivatives are included in the statement of comprehensive income within interest payable.

There is a "back-to-back" intercompany loan agreement in place between Anglian Water Services Limited and Anglian Water Services Financing Plc, which passes the financing arrangements of the external debt and derivative positions held by Anglian Water Services Financing Plc to Anglian Water Services Limited. Accordingly, the majority of external balances are mirrored by corresponding balances due from Anglian Water Services Limited. The Company recognises an expected credit loss on the intercompany loan with AWSL shown within investments (note 7).

Anglian Water Services Limited lends cash back to the Company to provide the funds for the company to repay its external debt, normally 12 months in advance of debt falling due for payment.

Investments

Investments represent loans to the immediate parent undertaking (Anglian Water Services Limited) and reflect the "back-to-back" arrangement with the Company. After initial recognition at fair value, financial investments are held at amortised cost. This is based on the business' practice of acquiring financial assets to collect their contractual cash flows and the simple nature of the investments made, which consist solely of principal payments and interest on the principal outstanding.

The expected credit loss (ECL) model requires the Company to account for ECLs and changes in those ECLs at each reporting date to reflect changes in credit risk since initial recognition of the financial assets, therefore this is no longer dependent on the company first identifying a credit loss event. This requires consideration of a broader range of information when assessing credit risk and measuring ECLs, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

• where credit risk is low or has not increased significantly since recognition ('Stage 1');

• where credit risk is not low or has increased significantly since initial recognition ('Stage 2'); and

• where the financial asset is credit impaired (Stage 3).

'12-month expected credit losses' are recognised for Stage 1 while 'lifetime expected credit losses' are recognised for Stage 2.

Expected credit losses are defined as the weighted average of credit losses with the respective risk of default occurring as the weights.

1. Accounting policies (continued)

b) Basis of preparation (continued)

Investments (continued)

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, other than receivables ECLs are measured at an amount equal to the 12-month ECL.

Taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The Company's activity of the raising of listed debt to on-lend to Anglian Water Services Limited constitutes a single class of business and, as such, no segmental reporting is required.

Finance income and costs

With the exception of the ECL, finance income and costs are recognised in the period to which they relate using the effective interest rate method. Finance income receivable from Anglian Water Services Limited relates to the "back-to-back" arrangement with Anglian Water Services Limited whereby all borrowings and derivatives are replicated, thus resulting in net neutral impact on the income statement. Management fees receivable from Anglian Water Services Limited are treated as interest receivable as they relate directly to the cost of financing in accordance with the 2002 intercompany loan agreement, resulting in net profit in the company. An ECL is recognised in line with the ECL model on investments.

Receivables

Receivables are measured at fair value on initial recognition. If there is objective evidence that the amount receivable is impaired it is written down to its recoverable amount, with the irrecoverable amount being recognised as an expense in operating costs. The group makes use of a simplified approach in accounting for receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the receivable. In calculating the expected loss, the group applies expected recovery rates, based on actual historical cash performance and forward looking information.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturity dates of three months or less, and outstanding bank overdrafts.

Other short-term deposits with a tenor of more than three months are classified as investments- cash deposits.

2. Auditor's remuneration

The remuneration for the audit of the Company financial statements of £53,000 (2024: £15,000) is borne by Anglian Water Services Limited and not recharged to the Company.

3. Particulars of employees and director's remuneration

The monthly average number of persons employed by the Company (including Directors) during the year was nil (2024: nil). Anglian Water Services Limited employees carry out all the activities of the Company, there is no specific recharge for these services. None of the Directors receive emoluments for the provision of services to the company (2024: none). The Directors are remunerated through another group company and no recharges are made.

4. Finance income

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Finance income		
Interest receivable from Anglian Water Services Limited	**497.3**	615.3
Management fees treated as interest receivable	**0.4**	0.4
Other interest income	**1.5**	1.4
	499.2	617.1

5. Finance costs

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Finance costs		
Interest expense on bank loans and overdrafts	**(300.1)**	(255.4)
Indexation	**(197.1)**	(359.9)
Total finance costs	**(497.2)**	(615.3)
Expected credit loss on intercompany loan	**(20.2)**	4.7
Finance income	**499.2**	617.1
Net finance costs	**(18.2)**	6.5

The Company holds index-linked swaps to enable the group to hedge against inflation movement in the Regulated Capital Value (RCV) and revenues of Anglian Water Services Limited. These index-linked swaps do not qualify for hedge accounting under IFRS 9 and consequently are held at fair value with movements taken to the statement of comprehensive income, however, it is the opinion of the Directors that they remain highly effective economic hedges.

The Company holds interest rate swaps and cross currency swaps to enable the Company to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activity in the Company. Within the Company hedge accounting is not applied and therefore the movements in the fair value of these derivatives are included in the statement of comprehensive income.

The Company has a “back-to-back” arrangement with Anglian Water Services Limited whereby all borrowings and derivatives are replicated on identical terms. As a result, derivative fair value gains and losses are fully offset within finance costs above.

6. Taxation

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Tax on profit on ordinary activities comprises:		
UK corporation tax - current period	**-**	-
Total tax charge on profit on continuing operations	**-**	-

Tax on profit on continuing operations for the year is higher than (2024: lower than) the standard rate of corporation tax in the UK of 25% (2024: 25%).

The differences are reconciled below:

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
(Loss)/Profit before tax from continuing operations	**(18.2)**	6.5
(Loss)/Profit before tax from continuing operations at the standard rate of corporation tax in the UK of 25% (2024: 25%)	**(4.6)**	1.6
Effects of recurring items:		
Items not taxable for tax purposes		
Expected credit loss/(gain) on intercompany loan	**5.1**	(1.2)
	0.5	0.4
Effects of non-recurring items:		
Group relief not paid for	**(0.5)**	(0.4)
Tax charge for the period	**-**	-

It has been agreed that companies within the Anglian Water Services Financing Group (AWSFG) will not pay each other for tax losses.

As the Company has no deferred tax balances this has had no impact.

7. Investments

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Investments - current & non-current		
Loan to parent undertaking[1]	**8,808.3**	8,046.5
Expected credit loss	**(33.9)**	(13.6)
Total	**8,774.4**	8,032.9

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
At 1 April	**8,032.9**	6,923.5
Increase in loans	**950.0**	1,379.5
Loans repaid	**(349.3)**	(487.1)
Movement on back to back arrangement with parent	**161.0**	212.3
Movement on expected credit loss	**(20.2)**	4.7
At 31 March[2]	**8,774.4**	8,032.9

[1]The loan to AWSL mirrors the external loan and is on terms equal to that set out in note 9.

[2]£8,774.4 million made up of current: £702.9 million and non-current: £8,071.5 million.

8. Trade receivables

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Amounts owed by immediate parent undertaking	**15.7**	49.6

Amounts owed by parent undertaking are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

9. Borrowings

	2025 £m	2024 £m
£75 million 3.666% RPI index-linked 2024	-	163.5
£100 million 1.588% fixed rate 2024	-	100.5
£250 million 1.625% fixed rate 2025	252.6	252.6
£200 million 4.5% fixed rate 2026	200.9	201.0
£55 million 2.93% fixed rate fixed rate 2026	55.7	55.7
US$150 million 3.29% fixed rate 2026	117.8	120.5
£20 million 2.93% fixed rate 2026	20.3	20.3
US$35 million 1.16% fixed rate 2026	27.1	27.7
£75 million EIB amortising 0.53% RPI index-linked 2027	24.8	35.9
£75 million EIB amortising 0.79% RPI index-linked 2027	24.9	35.9
£200 million 2.6225% fixed rate 2027	201.5	201.5
£250 million 4.5% fixed rate 2027	255.5	255.5
£150 million EIB amortising 0% RPI index-linked 2028	72.3	92.8
£73.3 million 4.394% fixed rate 2028	74.9	74.9
£200 million 6.625% fixed rate 2029	202.8	202.8
£85 million 2.88% fixed rate 2029	85.4	85.4
US$53 million 4.27% fixed rate 2029	41.3	42.3
£65 million EIB amortising 0.41% RPI index-linked 2029	40.5	48.8
£65 million 2.87% fixed rate 2029	65.9	65.9
£125 million EIB amortising 0.1% RPI index-linked 2029	86.6	102.0
£300 million 2.75% fixed rate 2029	303.6	303.6
£75 million floating rate 2029	76.5	76.7
£60 million EIB amortising 0.01% RPI index-linked 2030	46.0	53.2
£246 million 6.293% fixed rate 2030	256.4	256.4
£25 million 3.0% fixed rate 2031	25.1	25.1
£35 million floating rate fixed rate 2031	35.0	35.0
£300 million 5.875% fixed rate 2031	313.8	313.8
£200 million wrapped 3.07% RPI index-linked 2032	449.2	435.4
£60 million wrapped 3.07% RPI index-linked 2032	121.8	117.5
C$ 350 million 4.525% fixed rate 2032	189.1	205.7
£75 million floating rate 2032	75.7	75.8
£50 million 2.05% RPI index-linked 2033	81.7	78.6
£25 million 6.875% fixed rate 2034	25.4	25.4
JPY 8.5 billion 1.917% fixed rate 2034	43.9	44.6
Sub-total carried forward	**3,894.0**	**4,232.3**

9. Borrowings (continued)

	2025 £m	2024 £m
Sub-total brought forward	**3,894.0**	4,232.3
£402 million 2.4% RPI index-linked 2035	565.1	536.7
£50 million 1.76% fixed rate 2035	50.3	50.3
£26.1 million 0.01% CPI index-linked 2035 - 1	32.7	31.7
£26.1 million 0.01% CPI index-linked 2035 - 2	32.7	31.7
£35 million 2.14% fixed rate 2036	35.3	35.3
£40 million 2.14% fixed rate 2036	40.4	40.4
£242 million 6.07% fixed rate 2037	247.8	247.8
£24 million 6.07% fixed rate 2037	24.6	24.6
JPY 7 billion 0.855% fixed rate 2039	36.2	36.7
£560 million 6.0% fixed rate 2039	586.2	586.3
£50 million 6.05% fixed rate 2039	51.2	-
£65 million amortising 0.835% CPI index-linked 2040	81.3	79.2
£100 million 2.427% CPI index-linked 2040	105.6	100.2
£100 million amortising 3.017% CPIH index-linked 2040	111.7	107.8
JPY 7 billion 0.85% fixed rate 2040	36.2	36.7
£35 million 1.141% RPI index-linked 2042	56.0	53.9
£110 million floating rate 2043	110.5	110.6
£575 million 5.75% fixed rate 2043	610.3	376.5
£700 million 6.25% fixed rate 2044	724.1	-
£130 million 2.262% RPI index-linked 2045	234.1	225.3
£50 million 1.7% RPI index-linked 2046 - 1	100.5	97.4
£50 million 1.7% RPI index-linked 2046 - 2	100.1	96.1
£60 million 1.7903% RPI index-linked 2049	120.8	117.0
£50 million 1.52% RPI index-linked 2055	95.0	90.6
£40 million 1.7164% RPI index-linked 2056	80.6	78.1
£50 million 1.6777% RPI index-linked 2056	100.8	97.6
£50 million 1.3825% RPI index-linked 2056	100.2	96.3
£100 million wrapped floating rate 2057	100.9	101.1
£100 million 1.3784% RPI index-linked 2057	200.4	192.5
£75 million 1.449% RPI index-linked 2062	142.2	135.6
Liquidity & Emergency facilities	0.5	0.6
Total loans and other borrowings	**8,808.3**	8,046.5
Included in:		
Current liabilities	**702.9**	447.5
Non-current liabilities	**8,105.4**	7,599.0

9. Borrowings (continued)

The value of the capital and interest elements of the index-linked loans is linked to movements in inflation. The increase in the capital value of index-linked loans during the year of £123.9 million (2024: £229.9 million) has been taken to the income statement as part of interest payable.

These loans are shown net of issue costs and premiums of £47.2 million (2024: £26.9 million). The issue costs and premiums are amortised at the effective interest rate based on the carrying amount of debt over the life of the underlying instruments.

A security agreement dated 30 July 2002 between Anglian Water Services Financing Plc, Anglian Water Services Limited, Anglian Water Services Overseas Holdings Limited, Anglian Water Services Holdings Limited and Deutsche Trustee Company Limited (as Agent and Trustee for itself and each of the Finance Parties to the Global Secured Medium Term Note Programme) created a fixed and floating charge over the assets of Anglian Water Services Limited to the extent permissible under the Water Industry Act 1991. In addition, there is a fixed charge over the issued share capital of Anglian Water Services Financing Plc, Anglian Water Services Limited and Anglian Water Services UK Parent Limited. At 31 March 2025, this charge applies to £8,740.1 million (2024: £7,947.7 million) of the debt listed above.

In accordance with an intercompany loan agreement made in 2002, debt issue costs are excluded from the amounts disclosed in these financial statements. This is because under the loan agreement all debt issue costs are borne by the parent company, Anglian Water Services Limited. As at 31 March 2025 unamortised debt issue costs totalled £47.2 million (2024: £26.9 million).

The Company, as part of the AWSFG, guarantees unconditionally and irrevocably all the secured borrowings of Anglian Water Services Limited, Anglian Water Services Holdings Limited and Anglian Water Services UK Parent Co Limited, which at 31 March 2025 amounted to £nil million (2024: £nil million) relating solely to finance leases owed by Anglian Water Services Ltd to third parties.

Capital risk management

The prime responsibility of AWSFG's (the Group) treasury function is the efficient and effective management of financial resources within the Group, i.e. the provision of adequate finance and liquidity at all times while maintaining security of principal. This involves focus on efficiency, quality and effective control to improve cash flow certainty and profitability. The treasury function will actively seek opportunities to raise debt, to reduce the cost of funding and the cost of hedging interest rate and foreign exchange risk while maintaining a risk-averse position in its liquidity management and in its control of currency and interest rate exposures. The Group does not have externally imposed capital requirements.

Recognising the level of gearing in the Group, and the long-term nature of the Group's asset base, the Group is primarily funded from the debt capital markets. It is the Group's policy to maintain sufficient cash and/or borrowing facilities to meet short-term commitments and to provide working capital support/flexibility in treasury operations in the event of short-term difficulties in the capital markets. The treasury team actively maintain a good financial reputation with rating agencies, investors, lenders and other creditors, and aims to maintain the relevant key financial ratios used by the credit rating agencies to determine the respective credit ratings.

10. Derivative financial instruments

	2025		2024	
	Assets	**Liabilities**	Assets	Liabilities
	£m	**£m**	£m	£m
Interest rate and cross currency interest rate swaps	**244.4**	**(244.4)**	260.1	(260.1)
RPI and CPI swaps	**709.6**	**(709.6)**	837.0	(837.0)
	954.0	**(954.0)**	1,097.1	(1,097.1)
Derivative financial instruments can be analysed as follows:				
Current	**7.5**	**(7.5)**	79.6	(79.6)
Non-current	**946.5**	**(946.5)**	1,017.5	(1,015.5)
	954.0	**(954.0)**	1,097.1	(1,097.1)

In accordance with IFRS 9 the Company has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. There were no amounts recorded in the statement of comprehensive income for gains and losses on embedded derivatives in the year ended 31 March 2025 (2024: £nil).

The notional principal amount of the outstanding index-linked swap contracts and interest rate swap contracts, including the GBP leg of the cross-currency interest rate swap contracts below, at 31 March 2025 was £6,874.8 million (2024: £4,552.4 million).

The notional foreign currency principal amount of the outstanding cross-currency interest rate swap contracts at 31 March 2025 was USD 238.0 million (2024: USD 238.0 million), JPY 22.5 billion (2024: JPY 22.5 billion) and CAD 350.0 million (2024: CAD 350.0 million).

At 31 March 2025, the fixed interest rates vary from 1.70% to 5.88%, floating rates vary from SONIA plus 11.20 bps to SONIA plus 326.36 bps, RPI-linked interest rates vary from 1.27% to 2.12% plus RPI and CPI-linked interest rates vary from negative 1.21% plus CPI to 3.90% plus CPI. Gains and losses recognised in other comprehensive income and accumulated in the cash flow hedge reserve on interest rate and cross-currency interest rate swap contracts will be continuously released to the income statement within finance costs in line with the repayment of the related borrowings. Gains and losses recognised in other comprehensive income and accumulated in the cash flow hedge reserve on energy hedges will be released to the income statement within operating costs in line with the expiry of the power season to which the gains and losses relate..

11. Called up share capital

The authorised share capital is 50,000 (2024: 50,000) ordinary shares of £1 each (2024: £1), of which 49,998 (2024: 49,998) have been issued, a quarter paid-up and two shares are fully paid-up, giving an issued share capital of £12,502 (2024: £12,502).

12. Ultimate parent company

The Company's immediate parent undertaking is Anglian Water Services Limited, a company registered in England and Wales.

Anglian Water Group Limited, whose registered address is 44 Esplanade, St. Helier, Jersey, JE4 9WG, is the parent company of the largest group to consolidate the financial statements of the company, copies of which can be obtained from the Company Secretary, Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire PE29 6XU.

Anglian Water Services Limited is the parent company of the smallest group to consolidate the financial statements of the Company, copies of which can be obtained from the Company Secretary, Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU.

The Directors consider Anglian Water Group Limited, a company registered in Jersey but domiciled in the UK, to be the ultimate parent undertaking. Anglian Water Group Limited is owned and ultimately controlled by a consortium of investors consisting of: CPP Investment Board Private Holdings (6) Inc., Global InfraCo (HK) E. Limited, First Sentier Investors (Luxembourg) Infrastructure (B) GP S.a.r.l, Camulodunum Investments Ltd, and, Infinity Investments S.A.

13. Events after the balance sheet date

The Directors have recommended not to pay a final dividend in relation to 2024/25.

On 23 May 2025, the ultimate shareholders of the Anglian Water Group provided unconditional and legally binding commitments to inject £500m into the Anglian Water Group, pro-rata to their current shareholdings. £300m will be provided by early September 2025 and paid down the group structure to Anglian Water (Osprey) Financing plc (the borrowing entity at Midco which also includes Osprey Acquisitions Limited), where it will be used to repay a £240m bond which matures in March 2026, as well as repayment of drawn bank revolving credit facilities. The remaining £200m balance of shareholder funding will be provided to the Group by early June 2026, when we plan to cycle the funds down the group structure to Aigrette Financing (Issuer) plc, the unrated Topco borrowing entity, where it will be used to repay £200m of bank loans maturing in mid-June 2026.

On 11 June 2025 AWSL received formal commitment from lenders for the refinancing of £950 million of RCF's that were due to expire in March 2026 and June 2026 in the form of a new 3 year facility totalling £900 million.

Other than the above there have been no events between the balance sheet date, and the date on which the financial statements were approved by the Board, which would require adjustment to the financial statements or any additional disclosures.