

BRISTOL WATER PLC

Announcement of unaudited interim results for the six months ended 30 September 2024

Bristol Water plc (the “Company”) announces its unaudited results for the six months ending 30 September 2024.

The Company’s interim financial results are set out below and can also be accessed via the Company’s website.

FINANCIAL HIGHLIGHTS

	Six months to 30 September 2024 (unaudited) £m	Six months to 30 September 2023 (unaudited) £m
Profit / (loss) before taxation	0.1	(0.1)
Earnings per share		
Statutory profit / (loss) per share	1.7p	(5.0)p

The only transactions in the income statement relate to the remaining preference shares, debentures and pension asset. The remaining obligations relating to these are met from matching intra-group contracted assets and related receipts.

For further information, please contact:

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INCOME STATEMENT

For the six months ended 30 September 2024

		Six months to 30 September 2024 (unaudited) £m	Six months to 30 September 2023 (unaudited) £m
	Note		
Operating costs		(0.4)	(0.3)
Operating loss		(0.4)	(0.3)
Interest payable and similar charges	5	(0.6)	(0.6)
Interest receivable and similar income		1.1	0.8
Net interest receivable and similar income		0.5	0.2
Profit / (loss) on ordinary activities before taxation		0.1	(0.1)
Taxation on profit / (loss) on ordinary activities	6	(0.2)	(0.2)
Loss for the period		(0.1)	(0.3)
Loss per ordinary share	7	(1.7)p	(5.0)p

All amounts above relate to the continuing operations of the Company.

STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2024

		Six months to 30 September 2024 (unaudited) £m	Six months to 30 September 2023 (unaudited) £m
	Note		
Loss for the period		(0.1)	(0.3)
Other comprehensive income:			
Items that will not be reclassified to profit and loss			
Re-measurement of defined benefit pension scheme	9	-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period		(0.1)	(0.3)

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STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

		30 September 2024	31 March 2024
	Note	(unaudited) £m	(audited) £m
Non-current assets			
Other receivables	8	26.6	26.6
Retirement benefit surplus	9	-	9.5
		<u>26.6</u>	<u>36.1</u>
Current assets			
Trade and other receivables		0.1	0.1
Current tax asset		0.3	0.5
Cash and cash equivalents		0.9	0.7
Retirement benefit surplus	9	9.4	-
		<u>10.7</u>	<u>1.3</u>
		<u>37.3</u>	<u>37.4</u>
Total assets			
Non-current liabilities			
Borrowings and derivatives	10	(1.6)	(1.6)
8.75% irredeemable cumulative preference shares	10	(12.5)	(12.5)
		<u>(14.1)</u>	<u>(14.1)</u>
Current liabilities			
Trade and other payables		(0.1)	(0.1)
		<u>(0.1)</u>	<u>(0.1)</u>
		<u>(14.2)</u>	<u>(14.2)</u>
Total liabilities			
		<u>23.1</u>	<u>23.2</u>
Net assets			
Equity			
Called-up share capital		6.0	6.0
Share premium account		4.4	4.4
Other reserves		5.8	5.8
Retained earnings		6.9	7.0
		<u>23.1</u>	<u>23.2</u>

The financial statements of Bristol Water plc, registered number 02662226 on pages 2 to 11 were approved by the Board of Directors 26 November 2024 and signed on its behalf by:

Laura Flowerdew
Director

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STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Total £m
Balance at 1 April 2023	6.0	4.4	5.8	148.9	165.1
Loss for the period	-	-	-	(0.3)	(0.3)
Total comprehensive income for the period	-	-	-	(0.3)	(0.3)
Ordinary dividends	-	-	-	(143.0)	(143.0)
Balance as at 30 September 2023	6.0	4.4	5.8	5.6	21.8
Balance at 1 April 2024	6.0	4.4	5.8	7.0	23.2
Profit for the period	-	-	-	(0.1)	(0.1)
Total comprehensive income for the period	-	-	-	(0.1)	(0.1)
Balance as at 30 September 2024	6.0	4.4	5.8	6.9	23.1

The Board has not proposed interim dividends on the ordinary shares in respect of the period ended 30 September 2024 (6 months ended 30 September 2023: £nil).

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CASH FLOW STATEMENT

For the six months ended 30 September 2024

		Six months to 30 September 2024 (unaudited) £m	Six months to 30 September 2023 (unaudited) £m
	Note		
Cashflows from operating activities			
Profit / (loss) before taxation		0.1	(0.1)
Adjustments for:			
Difference between pension charges and contributions paid		0.4	0.3
Interest income	5	(0.8)	(0.5)
Interest expense	5	0.6	0.6
Pension interest income	5	(0.3)	(0.3)
Decrease in trade and other creditors and provisions		(0.1)	(0.1)
Net cash used in operating activities		(0.1)	(0.1)
Cash flows from investing activities			
Interest received		0.8	0.8
Net cash generated from investing activities		0.8	0.8
Cash flows from financing activities			
Preference dividends paid		(0.5)	(0.5)
Net cash used in financing activities		(0.5)	(0.5)
Net increase in cash and cash equivalents		0.2	0.2
Cash and cash equivalents, beginning of period		0.7	0.1
Cash and cash equivalents, end of period		0.9	0.3

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NOTES TO THE INTERIM ACCOUNTS

For the six months ended 30 September 2024

1 General Information

Bristol Water plc (“the Company”) is a public company, limited by shares, with irredeemable preference shares and debenture stock listed on the London Stock Exchange.

The Company is incorporated and domiciled in England, United Kingdom. The address of its registered office is Bridgwater Road, Bristol, BS13 7AT, England.

2 Basis of preparation

The financial information contained in this interim announcement does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. The interim accounts have been prepared in accordance with Financial Reporting Standard 104 “Interim Financial Reporting” issued by the Financial Reporting Council and the Disclosure Rules and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

The Company has adopted FRS 101 “Reduced disclosure framework – Disclosure exemptions from EU-adopted IFRS for qualifying entities”.

3 Accounting policies

The same accounting policies used in preparing the annual financial statements as at 31 March 2024 have been used in preparing these interim accounts.

3.1 Going concern

The Company’s obligations are met by matching intra-group contracted assets and related receipts. The Company has received confirmation from Pennon Group plc that it will provide support to the Company should it be required, to meet its liabilities as they fall due for the period which covers the period from approval of these interim financial statements through to 30 November 2025. As a result, the Directors have concluded that the Company has adequate resources, or the reasonable expectation of raising further resources as required, to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements. Further information on the Company’s borrowings is given in note 10.

4 Critical accounting estimates and judgments

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the financial year relate to the defined benefit scheme. The significant judgements made by management in applying the Company’s accounting policies and the key sources of estimate uncertainty relating to the defined benefit scheme were the same as those applied to the financial statements for the year ended 31 March 2024.

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5 Net interest receivable and similar income

	Six months to 30 September 2024 (unaudited) £m	Six months to 30 September 2023 (unaudited) £m
Interest payable and similar charges:		
Debentures interest charges	(0.1)	(0.1)
Dividends on 8.75% irredeemable cumulative preference shares	(0.5)	(0.5)
	<u>(0.6)</u>	<u>(0.6)</u>
Interest receivable and similar income:		
Interest income in respect of retirement benefit scheme	0.3	0.3
South West Water Ltd – interest receivable	0.8	0.5
	<u>1.1</u>	<u>0.8</u>
Total underlying net interest receivable and similar income	<u>0.5</u>	<u>0.2</u>

Dividends on the 8.75% irredeemable cumulative preference shares are payable at a fixed rate of 4.375% on 1 April and 1 October each year. Payment by the Company to the share registrars is made two business days earlier. The payments are classified as interest in accordance with IFRS 9 "Financial Instruments".

6 Taxation

	Six months to 30 September 2024 (unaudited) £m	Six months to 30 September 2023 (unaudited) £m
Tax expense included in Income Statement		
Current tax:		
Corporation tax on profits for the period	0.2	0.2
Total current tax	<u>0.2</u>	<u>0.2</u>
Tax expense on profit / (loss)	<u>0.2</u>	<u>0.2</u>

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7 Loss per ordinary share

	At 30 September 2024 (unaudited) m	At 30 September 2023 (unaudited) m
Basic loss earnings per ordinary share have been calculated as follows -		
Loss attributable to ordinary shares	£(0.1)	£(0.3)
Weighted average number of ordinary shares	6.0	6.0
	(1.7)p	(5.0)p

As the Company has no obligation to issue further shares, disclosure of earnings per share on a fully diluted basis is not relevant.

8 Other receivables:

Other receivables comprise loan notes issued to the Company on 1 February by SWW.

	Fixed interest rate	At 30 September 2024 (unaudited) £m	At 31 March 2024 (audited) £m
£25,000,000 fixed rate loan note	6%	25.0	25.0
£1,405,218 fixed rate loan note	4%	1.4	1.4
£72,900 fixed rate loan note	3.5%	0.1	0.1
£54,875 fixed rate loan note	4%	0.1	0.1
£36,740 fixed rate loan note	4.25%	-	-
		26.6	26.6

9 Retirement benefits

Pension arrangements for former employees have historically been provided through the Company's membership of the Water Companies' Pension Scheme (WCPS), which provides defined benefits based on final pensionable pay. The Company's membership of WCPS is through a separate section of the scheme. On 7 June 2018 the Trustee of the Bristol Water Section of the WCPS purchased a bulk annuity policy to insure the benefits for the members in the section. Following this, the method for valuing the liabilities of the pension scheme has remained the same. The pension liability, following the purchase of the bulk annuity policy, matches the value of the insurance asset.

The gross pension surplus of £12.5m at 30 September 2024 (30 September 2023 £12.6m) relates to the market value of assets still held by the scheme other than the annuity policy/insurance asset.

The Company believes that it has an unconditional right to a refund of surplus and that the gross pension surplus can be recognised. This benefit is only available as a refund as no additional defined pension benefits are being earned. Under UK tax legislation a tax deduction of 25% is applied to a refund from a UK pension scheme, before it is passed to the employer. This tax deduction has been applied to restrict the value of the surplus recognised for this scheme. The process to buy out and wind up the scheme continues and the Trustee has indicated its intention to return the surplus to the Company. The buy-out of the section is expected to be completed within the next 12 months and therefore the surplus has been recognised as a current asset on the balance sheet.

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9 Retirement benefits (continued)

In June 2023, the High Court handed down a decision (Virgin Media Limited v NTL Pension Trustees II Limited and others) which potentially has implications for the validity of amendments made by schemes, including the WCPS, which were contracted-out on a salary-related basis between 6 April 1997 and the abolition of contracting-out in 2016. This decision was upheld by the Court of Appeal in August 2024. There is potential for legislative intervention following industry lobbying efforts that may retrospectively validate certain rule amendments that would otherwise be held void where the requirements of section 37 were not met. However, the Company has engaged with the Trustees for the WCPS who have confirmed that based on the governance processes in place and an initial review of significant deed changes during the period in question, there is no reason to believe, at this stage in their review, that the relevant requirements were not complied with in relation to the Scheme with regard to the relevant period in question. Given that there is no indication at this stage of non-compliance with the relevant requirements, the scheme's valuation as at 30 September 2024 does not reflect potential additional liabilities arising from the Virgin Media case.

In summary, assets and liabilities under IAS 19 were:

	At 30 September 2024 (unaudited) £m	At 31 March 2024 (audited) £m
Fair value of section assets	115.2	120.4
Present value of liabilities	(102.7)	(107.7)
Surplus in the section	12.5	12.7
Less: restriction of surplus	(3.1)	(3.2)
Net pension asset on IAS 19 basis	<u>9.4</u>	<u>9.5</u>

10 Net borrowings

	At 30 September 2024 (unaudited) £m	At 31 March 2024 (audited) £m
Net borrowings comprise -		
Borrowings and derivatives due after one year	(1.6)	(1.6)
	<u>(1.6)</u>	<u>(1.6)</u>
Cash and cash equivalents	0.9	0.7
Net borrowings excluding 8.75% irredeemable cumulative preference shares	(0.7)	(0.9)
8.75% irredeemable cumulative preference shares	(12.5)	(12.5)
Net borrowings	<u>(13.2)</u>	<u>(13.4)</u>

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10 Net borrowings (continued)

Fair value of financial assets and liabilities measured at amortised cost.

The fair value of financial assets and liabilities are as follows:

	Six months to 30 September 2024 (unaudited) £m	Year to 31 March 2024 (audited) £m
Financial liabilities		
Non-current	(21.0)	(23.0)
Financial assets		
Non-current	22.7	26.6
	<u>1.7</u>	<u>3.6</u>

11 Ultimate parent company and controlling party

The immediate parent company for this entity is South West Water Limited a company incorporated in England and Wales.

As at 30 September 2024 and 31 March 2024, the Directors considered the ultimate parent and controlling party of the Company to be Pennon Group plc.

The smallest and largest group in which the Company is consolidated is Pennon Group plc which is registered in England and copies of its consolidated interim report are available from Peninsula House, Rydon Lane, Exeter, Devon, England, EX2 7HR.

12 Related party transactions

The Company has taken advantage of the exemptions within FRS101 and not disclosed transactions with other wholly owned group undertaking.

13 Circulation

This interim announcement is available on the Bristol Water web site. Paper copies are also available from the Company's registered office at Bridgwater Road, Bristol, BS13 7AT, England.

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DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION OF INTERIM ACCOUNTS

The directors confirm that these condensed interim financial statements have been prepared in accordance with FRS104 'Interim Financial Reporting', and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The directors of Bristol Water Plc at the date of the signing of this announcement and statement are:

Susan Davy
Laura Flowerdew

Going concern

The directors have a reasonable expectation that the Company has adequate resources available to it to continue in operational existence for the foreseeable future and have therefore continued to adopt the going concern policy in preparing the interim accounts. This conclusion is based upon, amongst other matters, a review of the Company's financial projections together with confirmation of support from its parent company Pennon Group plc.

By order of the Board
L Flowerdew
Chief Financial Officer
26 November 2024