Registered no: 06195202 (England & Wales)

Thames Water Utilities Holdings Limited

Annual report and financial statements
For the year ended 31 March 2024

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Directors and advisors

Directors

A Montague
N Land
I Pearson
C Weston
P O'Donnell
N Pike

Independent auditors

PricewaterhouseCoopers LLP
3 Forbury Place
23 Forbury Road
Reading
RG1 3JH

Company Secretary and registered office

A Fraiser
Clearwater Court
Vastern Road
Reading
Berkshire
RG1 8DB

Strategic Report

The Directors present their Strategic Report for Thames Water Utilities Holdings Limited ("the Company") for the year ended 31 March 2024.

Business review

The principal activity of the Company, being an intermediate holding company within the Kemble Water Holdings Limited group of companies ("the Group"), remains unchanged from the previous year. The Group's principal activity is the appointed supply of water and wastewater services to customers in London, the Thames Valley and surrounding area, delivered through its wholly owned subsidiary Thames Water Utilities Limited ("TWUL") in accordance with TWUL's licence of appointment.

The Company is also part of a securitisation group of companies ("the Securitisation Group"). This arrangement comprises the Company and the following wholly owned direct and indirect subsidiaries:

- Thames Water Utilities Limited ("TWUL") – direct subsidiary;
- Thames Water Utilities Finance Plc ("TWUF") – indirect subsidiary.

The payment of all amounts owing in respect of the external debt issued by any company within the Securitisation Group is unconditionally and irrevocably guaranteed by all remaining companies within the Securitisation Group. The guaranteed debt on a post swap basis as at 31 March 2024 was £17,302.8 million (2023: £16,443.3 million). Refer to "IFRS 17 'Insurance Contracts' impact assessment" for analysis on the financial guarantee.

In addition to its role as an intermediate holding company, the Company has loans with other companies within the Group, on which interest has been charged at pre-agreed rates.

The Company continues to make its tax losses available to other companies within the Group and as at 31 March 2024 the total amount owing from group companies in respect of group relief was £63.4 million (2023: £171.4 million).

Income for the year is wholly represented by dividends received from TWUL, which are paid at the discretion of the TWUL board. Total dividends paid to the Company for 31 March 2024 were £195.8 million (2023: £45.2 million), of which £158.3 million (2023: £nil) were net-settled against other intercompany cash flows, as detailed below. The remaining £37.5 million (2023: £45.2 million) were cash settled as mentioned below.

In October 2023, TWUL paid dividends of £37.5 million to the Company. These proceeds were subsequently distributed by the Company to Thames Water Limited ("TWL") and then through to Kemble Water Finance Limited ("KWF"). KWF retained the proceeds to service its - and its subsidiary Thames Water (Kemble) Finance plc's - external debt obligations. No distributions were made to external shareholders of the group, who own shares in our ultimate parent company, Kemble Water Holdings Limited.

In March 2024, Kemble Water Eurobond Plc ("KWE"), an intermediate parent of TWUL, made internal inflation mechanism pension contribution payments totalling £27.1 million to the defined benefit schemes, Thames Water Pension Scheme ("TWPS" and Thames Water Mirror Image Pension Scheme ("TWMIPS"), on behalf of TWUL. In connection with this transaction, TWUL issued 27.1 million shares with a nominal value of £1 each to the Company, for a total value of £27.1 million. TWUL paid a £27.1 million dividend to the Company and through further intercompany transactions between intermediate holding companies, the amount was received by KWE. These flows were settled cash neutrally as part of a net settlement deed, and as a result of this arrangement, TWUL paid £27.1 million directly to the defined benefit schemes on behalf of KWE.

In March 2024, TWUL paid dividends of £131.2 million to TWUHL. Simultaneously TWUL received payments for group relief owed by TWL, TWUF and KWE totalling £153.6 million and settled intercompany loans including associated interest owed to the Company (£5.6 million), TWL (£0.3 million) and TWUF (£16.3 million). These, along with other intercompany transactions between other group companies were recorded under a net settlement deed, and as a result no cash payments were made by TWUL in connection with the £131.2 million dividends.

Strategic Report (continued)

Key performance indicators

The Directors have determined that the loss before tax and the net assets or liabilities are the most appropriate key performance indicators for an understanding of the development, performance, and position of the Company.

For the year ended 31 March 2024 the Company made a loss before tax of £4,387.9 million (2023: £218.7 million), which is primarily as a result of an impairment loss on investment and net intercompany interest expense offset in part by dividend income for the year. The Directors have reviewed the carrying value of the investment in TWUL and have concluded that a full impairment of the carrying value of the investment is required due to uncertainty concerning the outcome of the PR24 price review and financing of the business as disclosed within the going concern assessment. As at 31 March 2024, the Company had net liabilities of £4,679.1 million (2023: £335.3 million). The Directors have assessed the financial performance and position of the Company further within its going concern assessment.

Principal risks and uncertainties

The Company's operations specifically expose it to a variety of financial risks that include credit and liquidity risk as follows:

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's intercompany receivable balances. Credit control policies and procedures are in place to minimise the risk of bad debt arising from trade and other receivables including, where appropriate, a review of the credit ratings of counterparty intercompany entities is performed.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at the date of this report, TWUHL holds negligible amounts of cash. To support its going concern and conclude it has sufficient liquidity to manage its forecast expenditure over the next 12 months of £0.2 million, TWUHL is reliant on a letter of support, provided by its ultimate parent Kemble Water Holdings Limited. This has been capped at £0.3 million for 12 months from the approval of these accounts.

The Company's treasury operations are managed centrally by a specialist team, which operates with the delegated authority of, and under policies approved by, the Board of Directors of the Company's ultimate parent company, Kemble Water Holdings Limited. The operation of the treasury function is governed by specific policies and procedures that set out specific guidelines for the management of interest rate risk and foreign exchange risk and the use of financial instruments. Treasury policies and procedures are incorporated within the financial control procedures of the Group.

From the perspective of the Company all other risks and uncertainties not disclosed above, including those pertaining to its investment in TWUL, are integrated with the principal risks of the subsidiary company, TWUL, and are not managed separately. These principal risks and uncertainties are disclosed in the financial statements of TWUL. TWUL's annual report is available from the address shown in note 14 on page 34.

Future outlook

The Company is expected to continue to act as an intermediate holding company within the Group.

Strategic Report (continued)

s172 reporting

The Directors of the Company must act in accordance with the duties contained in s172(1) of the Companies Act 2006 as follows:

"A Director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

(a) the likely consequences of any decision in the long term;
(b) the interests of the company's employees;
(c) the need to foster the company's business relationships with suppliers, customers and others;
(d) the impact of the company's operations on the community and the environment;
(e) the desirability of the company maintaining a reputation for high standards of business conduct; and
(f) the need to act fairly as between members of the company."

On appointment, as part of their induction of becoming a Director, each Director is briefed on their duties and the availability of professional advice from either the Company Secretary or, if they consider it necessary, from an independent adviser. The Directors of the Company have access to the resources provided to the Directors of the Group's main trading company, TWUL.

During the year, the Company has continued to act as an intermediate holding company within the Kemble Water Holdings Limited group. Day-to-day running of the Company is managed by the Company's management team, consisting of employees from the Group's main trading company, TWUL. With the exception of the approval of the Company's annual report and financial statements, no significant decisions requiring the approval of the Board of Directors have been made during the year. The Company had no employees during the year, or as at the date of this report, nor did it have any external customers or trading arrangements with suppliers. The Company's stakeholders are considered to be other companies within the Kemble Water Holdings Limited group with whom intercompany loan relationships exist. Stakeholder engagement occurs periodically throughout the year, both formally and informally.

The Directors of the Company consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006. The Board of Directors of Kemble Water Holdings Limited and Thames Water Utilities Limited manage the Company and further details of how they have carried out their duties are disclosed in the financial statements of the ultimate controlling party Kemble Water Holdings Limited and Thames Water Utilities Limited. The latest annual reports are available from the address shown in note 14 on page 34.

This Strategic Report was approved by the Board of Directors on 27 September 2024 and signed on its behalf by

Sir Adrian Montague
Chairman

Clearwater Court
Vastern Road
Reading
Berkshire
RG1 8DB

Directors' Report

The Directors present their annual report and the audited financial statements of Thames Water Utilities Holdings Limited ("the Company") for the year ended 31 March 2024. The Directors consider that the annual report and financial statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position, performance and strategy.

The registered number of the Company is 06195202 (England & Wales).

Directors

The Directors who held office during the year ended 31 March 2024 and to the date of this report were:

A Montague	(appointed 10 July 2023)
N Land	(appointed 18 June 2024)
I Pearson	(appointed 18 June 2024)
C Weston	(appointed 18 June 2024)
P O'Donnell	(appointed 8 July 2024)
N Pike	(appointed 8 July 2024)
C Pham	(resigned 11 May 2023)
M Wang	(resigned 15 January 2024)
T Mi	(resigned 15 January 2024)
D Wilkins	(resigned 31 January 2024)
G Tucker	(resigned 8 March 2024)
A Qureshi	(appointed 27 September 2023, resigned 8 March 2024)
J Kim	(resigned 27 March 2024)
J Cogley	(appointed 26 October 2023, resigned 20 May 2024)
Y Deng	(resigned 26 October 2023, reappointed 8 March 2024, resigned 20 May 2024)
J Dela Cruz	(appointed 8 March 2024, resigned 20 May 2024)
A Hall	(resigned 20 May 2024)
J Divoky	(resigned 20 May 2024)
S Deeley	(resigned 20 May 2024)
C Wang	(appointed 15 January 2024, resigned 18 June 2024)
D Xie	(appointed 15 January 2024, resigned 18 June 2024)
T Bolton	(appointed 31 January 2024, resigned 18 June 2024)
S Lowndes	(resigned 18 June 2024)
G Merchant	(resigned 18 June 2024)
P Noble	(resigned 18 June 2024)
H Onarheim	(resigned 18 June 2024)

During the year under review, none of the Directors had significant contracts with the Company or other than their contracts of service (2023: none).

Directors' Report (continued)

Future outlook

The future outlook of the Company is discussed in the Strategic Report.

Dividends

The Company has paid no dividends during either the current or preceding financial year and the Directors do not recommend the payment of a final dividend (2023: £nil).

Financial risk management

During the year, the Company has had access to Thames Water Utilities Limited resources under an Intragroup Services Agreement, who also manage the wider Kemble Water Holdings Limited Group on a day-to-day basis on behalf of the Directors of individual group companies. This enables prompt identification of financial and other risks so that appropriate actions can be taken in the relevant group companies.

The Company's operations expose it to a variety of financial risks which are described in the Strategic Report.

Going Concern

The Thames Water Utilities Holdings Limited ("TWUHL" or the "Company") Directors have assessed TWUHL's ability to continue as a going concern, recognising that it is a holding company which does not trade and has no external debt. However, the Company guarantees obligations of its subsidiaries TWUL and Thames Water Utilities Finance Plc ("TWUF") under the terms of the Whole Business Securitisation ("WBS").

When considering whether the company is a going concern, the Directors have had regard to IAS 1 para 25 which states that an entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so.

In the context of the standard the Company has concluded that it should prepare its accounts as a going concern, however there are two areas which give rise to material uncertainties in relation to going concern, firstly considerations which specifically relate to the conditions of the Company and secondly the Company's obligations to TWUL, which has numerous uncertainties the first of which occurs shortly after these accounts are approved on 7 October 2024.

These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern in relation to the preparation of the financial statements and the financial statements do not include the adjustments that would result if TWUHL were unable to continue as a going concern.

The full basis of preparation is included in the basis of preparation section of these financial statements.

Research and development

The Company undertakes no research and development activity, which remains unchanged from the prior year.

Political and charitable donations

No political or charitable donations were made by the Company during the year (2023: £nil).

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors (which extend to the performance of any duties as Director of any associated company) and these remain in force at the date of this report.

Directors’ Report (continued)

Disclosure of information to the auditors

In the case of each Director in office at the date the Directors’ Report is approved:

- So far as the Director is aware, there is no relevant audit information of which the Company’s auditors are unaware; and
- They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company’s auditors are aware of that information.

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Approved by the Board of Directors on 27 September 2024 and signed on its behalf by:

Sir Adrian Montague
Chairman
Clearwater Court
Vastern Road
Reading
Berkshire
RG1 8DB

Statement of Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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

Under company law, 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 year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 also 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.

Sir Adrian Montague
Chairman
Clearwater Court
Vastern Road
Reading
Berkshire
RG1 8DB

Independent auditors’ report to the members of Thames Water Utilities Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Thames Water Utilities Holdings Limited’s financial statements:

- give a true and fair view of the state of the company’s affairs as at 31 March 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 “Reduced Disclosure Framework”, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the “Annual Report”), which comprise: the Statement of financial position as at 31 March 2024; the Income statement and the Statement of changes in equity for the year then ended; the accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors’ responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the accounting policies to the financial statements concerning the company’s ability to continue as a going concern. We note that the Company is reliant on support from its ultimate parent, Kemble Water Holdings Limited (‘KWH’), to provide liquidity to meet cash outflows as they fall due. Future events, linked to the current financial condition of KWH, may transpire which result in this support not being available. Additionally, the Company guarantees obligations of the Thames Water Utilities Limited (‘TWUL’) Group. TWUL does not have sufficient committed liquidity for a period of at least 12 months from the approval of the Company’s financial statements and its ability to extend its liquidity runway is not wholly within its control, with the first uncertain event occurring on 7 October 2024. These conditions, along with the other matters explained in the accounting policies to the financial statements, indicate the existence of material uncertainties which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a 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 responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors’ report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the members of Thames Water Utilities Holdings Limited (continued)

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK corporation tax legislation and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to conceal misappropriation of cash and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions and enquiries of management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;

Independent auditors' report to the members of Thames Water Utilities Holdings Limited (continued)

- Evaluation of management's controls designed to prevent and detect irregularities;
- Challenging assumptions made by management in determining significant accounting estimates and judgements. We have tested significant accounting estimates and judgements to supporting documentation, considering alternative information where appropriate along with considering the appropriateness of the related disclosures in the financial statements;
- Reviewing minutes of meetings of those charged with governance; and
- Identifying and testing a sample of journal entries throughout the whole year, which met our pre-determined fraud risk criteria.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Sotiris Kroustis (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Reading

27 September 2024

Income statement
For the year ended 31 March 2024

	Note	**2024** **£m**	2023 £m
Dividend income	3	**195.8**	45.2
Finance income		**0.3**	0.1
Finance expenses	4	**(286.5)**	(264.0)
Exceptional items - net impairment losses	5	**(4,297.5)**	-
Loss before taxation		**(4,387.9)**	(218.7)
Tax (charge)/credit on loss	6	**(3.4)**	50.1
Loss for the financial year		**(4,391.3)**	(168.6)

All amounts relate to continuing operations.

The Company has no recognised gains or losses other than the items set out above and therefore no separate statement of comprehensive income has been presented.

Statement of financial position

As at 31 March 2024

	Note	**2024 £m**	2023 £m
Fixed Assets			
Investments – shares in group undertakings	7	**-**	4,250.0
Other debtors	8	**-**	5.2
		-	4,255.2
Current assets			
Other debtors	8	**63.4**	171.6
		63.4	171.6
Creditors: amounts falling due within one year			
Other creditors	9	**(323.1)**	(0.2)
		(323.1)	(0.2)
Net current (liabilities)/assets		**(259.7)**	171.4
Total assets less current liabilities		**(259.7)**	4,426.6
Other creditors	9	**(4,419.4)**	(4,761.9)
Net liabilities		**(4,679.1)**	(335.3)
Equity			
Called up share capital	10	**547.5**	500.0
Accumulated losses		**(5,226.6)**	(835.3)
Total shareholders' deficit		**(4,679.1)**	(335.3)

The financial statements were approved by the Board of Directors on 27 September 2024 and signed on its behalf by

Sir Adrian Montague
Chairman

Registered number: 06195202 (United Kingdom)

Statement of changes in equity
For the year ended 31 March 2024

	Note	Called up share capital £m	Accumulated losses £m	**Total shareholders' deficit £m**
At 1 April 2022		-	(666.7)	**(666.7)**
Issued share capital		500.0	-	**500.0**
Loss for the year		-	(168.6)	**(168.6)**
At 31 March 2023		500.0	(835.3)	**(335.3)**
Issued share capital	10	47.5	-	**47.5**
Loss for the year		-	(4,391.3)	**(4,391.3)**
At 31 March 2024		547.5	(5,226.6)	**(4,679.1)**

Accounting policies

The following accounting policies have been adopted in the preparation of these financial statements. They have been applied consistently in dealing with items which are considered material, unless otherwise stated:

General information

Thames Water Utilities Holdings Limited ("the Company") is a private company limited by shares incorporated and domiciled in the United Kingdom under the Companies Act 2006. The trading address and address of the registered office is Clearwater Court, Vastern Road, Reading, RG1 8DB.

The principal activity of the Company, to act as an intermediate holding company within the Kemble Water Holdings Limited Group of companies ("the Group"), remains unchanged from the previous year. The Company is the immediate parent company of Thames Water Utilities Limited ("TWUL"), a regulated provider of water and sewerage services.

Basis of Preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, in conformity with the requirements of the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards adopted by the UK Endorsement Board, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

As permitted by FRS 101, the Company has taken advantage of the following exemptions:

- IFRS 7 *Financial instruments: Disclosures.*
- Paragraphs 91 to 99 of IFRS 13 *Fair value measurement* (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1 *Presentation of financial statements* comparative information requirements in respect of:
    - paragraph 79(a)(iv) of IAS 1 (reconciliation of the number of shares outstanding at the beginning and end of the period), and
- The following paragraphs of IAS 1 *Presentation of financial statements*:
    - 10(d) (statement of cash flows).
    - 16 (statement of compliance with all IFRS),
    - 38B-D (additional comparative information),
    - 111 (cash flow statement information), and
    - 134-136 (capital management disclosures).
- IAS 7 *Statement of cash flows.*
- Paragraph 30 and 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).
- Paragraph 17 of IAS 24 *Related party disclosures* (key management compensation).
- The requirements in IAS 24 *Related party disclosures* to disclose related party transactions entered into between two or more members of a group.

Accounting policies (continued)

Basis of Preparation (continued)

The financial statements for the 12 months ended 31 March 2024 have been prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities at fair value.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Going Concern

The Thames Water Utilities Holdings Limited ("TWUHL" or the "Company") Directors have assessed TWUHL's ability to continue as a going concern, recognising that it is a holding company which does not trade and has no external debt. However, the Company guarantees obligations of its subsidiaries TWUL and Thames Water Utilities Finance Plc ("TWUF") under the terms of the Whole Business Securitisation ("WBS").

When considering whether the Company is a going concern, the Directors have had regard to IAS 1 para 25 which states that an entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so.

In the context of the standard the Company has concluded that it should prepare its accounts as a going concern, however there are two areas which give rise to material uncertainties in relation to going concern, firstly considerations which specifically relate to the conditions of the Company and secondly the Company's obligations to TWUL, which has numerous uncertainties the first of which occurs shortly after these accounts are approved on 7 October 2024.

Company considerations

TWUHL holds negligible amounts of cash. In assessing the going concern basis of preparation, the Directors have considered the forecast cash flows over the going concern assessment period (defined as 12 months from the date of the approval of the accounts) of £0.2 million and have concluded it has access to sufficient liquidity to manage its forecast net cash outflows over this period.

In reaching this conclusion TWUHL has obtained and is placing reliance on a letter of support, provided by its ultimate parent Kemble Water Holdings Limited ("KWH"), which confirms that KWH will provide funding capped at £0.3 million for the 12 months from the date of approval of these accounts.

The TWUHL Directors have concluded that under their base case and plausible downside scenario this capped funding would be sufficient to pay liabilities during the going concern assessment period. In reaching this conclusion the Directors of TWUHL have considered that TWUHL has loan payables to Thames Water Utilities Limited and its parent Thames Water Limited ("TWL"). The Company has sought and obtained letters of comfort from both such parties to confirm that there is no current intention for these amounts to be called for at least 12 months from the approval of these financial statements. The Directors have placed reliance on these letters and have further taken into consideration that under the terms of the WBS should TWL demand repayment and TWUHL would be unable to pay then the relevant amount is automatically deferred and not due for payment. For disclosure purposes, the amounts have been disclosed as current as repayable on demand but will not be repaid during the going concern period

Whilst a commitment has been given to support TWUHL, uncertainty exists over the financial stability of KWH, as explained further below. Management believes that it is reasonable to assume that support will continue to be provided up to the capped amount, given cash held by KWH and given shared objectives between the two organisations in relation to the continued ability to operate the Company's business.

However, there is a material uncertainty arising from future events which may result in the letter of support not being relied upon and which may cast significant doubt as to whether the Company would be able to continue to operate as a going concern. Subject to the material uncertainty as described above, the Directors have concluded the Company will have access to sufficient liquidity to meet its liabilities as they fall due for a period of 12 months from the date of approval of these accounts.

Accounting policies (continued)

Going concern (continued)

In addition, the Company is party to the WBS and cross guarantees the debt liabilities of the TWUL Group. The Directors of TWUHL have considered these obligations and made extensive enquiries of the TWUL Directors in considering these obligations and the impact on the Company as detailed further below.

Group considerations

Given the dependency on TWUL and the obligations the Company has under the WBS, the TWUHL Directors have considered as part of the Company's going concern assessment, the current financial position of its sole subsidiary TWUL (the only trading entity within the group headed by the Company). In making this assessment the Directors of the Company have made extensive enquiries of the TWUL Directors, which includes understanding their current intentions and expectations (and on what basis these have been formed) as well as considering the actions taken by TWUL post the balance sheet date of 31 March 2024 and since the date of the approval of the TWUL Annual Report 2023/24. The section below summarises these considerations.

Whilst a material uncertainty exists the Directors believe that it is reasonable to assume that actions can be taken such that the TWUL Group (being TWUL and TWUF) has adequate resources, for a period of 12 months from the date of approval of the TWUHL financial statements, to continue operations and discharge its obligations as they fall due. However, there exists a material uncertainty in relation to the going concern basis adopted in the preparation of the TWUHL financial statements given the TWUL Group does not have sufficient committed liquidity for a period of at least 12 months from the approval of TWUHL's financial statements, and that TWUHL is a guarantor under the WBS agreement and so any uncertainties in relation to the going concern position of TWUL directly impact the going concern assessment of TWUHL.

The ability for TWUL to extend its liquidity runway is not wholly within its control, with the first uncertain event occurring on 7 October 2024. For so long as a Trigger Event under the WBS is continuing TWUL is prohibited from raising new debt without the consent of its creditors, this does not prevent TWUL from drawing existing committed facilities. TWUL is in discussions with its creditors to release cash reserves under the WBS and options for the extension of its liquidity runway to enable time to complete a recapitalisation transaction.

Context

TWUL's business plan for the 2025-30 price control period ("PR24") proposes investing significantly more than the current regulatory period to improve asset resilience, to deliver environmental improvements and to improve performance for customers and the communities served. This relies on securing additional debt and equity funding.

The decision by the shareholders of KWH (the ultimate parent of the Company) not to commit new equity in March 2024 reflecting uncertainty concerning the outcome of the PR24 price review has resulted in various adverse events including various credit rating downgrades causing a cash lockup under TWUL's licence and non-compliance with licence conditions due to not maintaining an investment grade credit rating. This cash lockup restricts certain payments to associated companies, including dividends, without the prior approval of Ofwat. TWUL also entered a Trigger Event regime upon delivery of the March 2024 compliance certificate to the Security Trustee in July 2024 in respect of financial covenants. However, TWUL continues to engage with regulators, and the Government, to agree a determination that will deliver improvements for customers and the environment and give investors the opportunity to earn a fair return on their investment.

The success and timing of securing the capital needed to finance TWUL's ambitious business plan, turnaround performance and increase financial resilience depends on securing a PR24 price determination that is both financeable and investible. These factors are explained further below:

A. PR24 Business Plan

Following TWUL's submission of its PR24 business plan for the 2025-30 regulatory period ("AMP8") to Ofwat in October 2023 (updated in April 2024), the regulator published its Draft Determination ("DD") on 11 July 2024. The DD contains a draft of TWUL's allowed revenues and performance targets for AMP8.

Accounting policies (continued)

Going concern (continued)

In August 2024, TWUL submitted its PR24 draft determination response which proposes a significant increase in investment in AMP8 to maintain safe high quality drinking water, ensure security of water supplies, deliver further environmental improvements, and build greater network resilience. This step up in investment will require an increase in customer bills, as well as additional debt and equity funding. There is no assurance of the level of customer funding that will be determined by Ofwat to support this level of proposed investment. However, under Section 2 of Water Industry Act 1991 (as amended), Ofwat is under a duty to "secure that water companies can (in particular through securing reasonable returns on capital) finance the proper carrying out of their statutory functions".

If TWUL considers its PR24 final determination is neither financeable nor investible, it has the right to request that Ofwat refers its determination to the Competition and Markets Authority ("CMA") within two months of the final determination for a full re-determination. There are no set appeal grounds and the CMA will make its own independent judgement as to an appropriate outcome. In reaching its re-determination conclusions, the CMA is required to have regard to Ofwat's duties, strategic priorities and objectives to the same extent as is required of Ofwat, including in relation to Ofwat's duty to exercise its powers in the manner which it considers is best calculated to (among other things) secure that a notional, efficient water company is able (in particular, by securing reasonable returns on their capital) to finance the proper carrying out of its functions.

In the event of a referral by TWUL, the CMA has six months to issue a decision from the point of referral, which can be extended by another six months. It is therefore possible that an appeal process may take 12 months or longer from the date of referral (as was the case for PR19 referrals to the CMA). Furthermore, there can be no assurance that equity funding could be completed prior to the outcome of any CMA referral, nor that the CMA would make a re-determination that is more investible or financeable than Ofwat's PR24 final determination.

B. Equity Funding
In July 2023, the TWUL Group announced that its ultimate shareholders (the "Kemble Shareholders") had agreed to provide a further £750 million in new equity funding across the current regulatory period (AMP7), the first £500 million tranche of which was anticipated by 31 March 2024. In addition, the Kemble Shareholders acknowledged the possibility of further equity investment in the medium-term, indicatively to be in the region of £2.5 billion.

This funding was subject to satisfaction of certain conditions, including the preparation of a business plan that underpinned a more focused turnaround that delivers targeted performance improvements for customers, the environment and other stakeholders over three years and was supported by appropriate regulatory arrangements.

Following submission of its PR24 plan in October 2023, TWUL had been in dialogue with Ofwat to seek feedback on its business plan as part of the PR24 price review process. On 28 March 2024, the TWUL Group's and Kemble's shareholders announced that, based on the feedback provided by Ofwat to TWUL at that time, the regulatory arrangements that would be expected to apply to TWUL in AMP8 made the PR24 business plan uninvestible. As a result, the conditions attached to the £750 million of new equity were not satisfied at that time and the Kemble Shareholders did not provide the first £500 million tranche of new equity that was originally anticipated in March 2024.

Discussions with Ofwat and other stakeholders are ongoing. TWUL aims to secure a PR24 regulatory determination that is affordable for customers, deliverable and financeable for the TWUL Group, as well as investible for equity investors. The TWUL Group has therefore announced its intention to pursue all options to secure the required equity investment from new or existing shareholders following receipt of the PR24 draft determination. However, the TWUL Group does not expect to be able to conclude the planned equity raise until after publication of the PR24 final determination (or conclusion of an appeal if it is referred to the CMA). Consequently, the Board has concluded that, although it is possible that equity funding will be received by 31 March 2025, it is not assumed to be received during the going concern assessment period and is therefore not reflected in the going concern base case below or associated financial covenant calculations.

In April 2024, events of default occurred under the financing arrangements for Kemble Water Finance Limited, an indirect holding company of the TWUHL Group, and its financing subsidiary Thames Water (Kemble) Finance plc (together the "Kemble Debtors"). The Kemble Debtors have granted security in favour of their lenders and noteholders, including share security, and consequently the TWUL Group could be subject to a change of ultimate beneficial ownership should the lenders and noteholders enforce their security.

Accounting policies (continued)

Going concern (continued)

The Kemble Debtors have announced that they have approached their lenders and noteholders to request that they take no creditor action so as to provide a stable platform while all options are explored. The TWUHL Group is not an obligor under such financings and the defaults of the Kemble Debtors does not give their creditors recourse to the TWUHL Group (being TWUHL, TWUL and TWUF). However, these events of default would need to be resolved to allow Kemble's existing shareholders or any

new investors the option to inject further funds into the TWUHL Group through the existing corporate structure. Equity funding could be made directly into the WBS group if it was in the best interests of stakeholders.

The TWUL Board will continue to carefully monitor progress towards achieving equity funding on a regular basis and has undertaken prudent contingency planning to assess what options may be available to maintain its core water and wastewater services and financial resilience should this be required. In the event that equity funding were not to be forthcoming, the TWUL Group and TWUL would consider all options available at that time and could revise down its business plan expenditure to fit within the then available funding from the PR24 final determination, so as to enable the TWUL Group and TWUL to maintain its financial resilience and efficiently access debt funding.

Impact on the Company

The Directors consider it appropriate for the purpose of preparing the Company financial statements to assess the financial condition of TWUL and whether it will continue in existence for 12 months from the date of approval of the Company financial statements in September 2024 (the 'assessment period'). In their assessment, the Directors have identified the following factors which give rise to a material uncertainty relating to following events that are outside the control of the Board and which may cast significant doubt on the TWUL Group's ability to continue as a going concern (which are therefore relevant factors for the Company):

- The TWUL Group does not have sufficient committed liquidity for a period of 12 months from the date of approval of the TWUHL financial statements for the year ended 31 March 2024.
- Achieving the necessary liquidity is dependent on events not wholly within the control of TWUL Group.
- The TWUL Group is forecasting to roll-over £2.11 billion of RCF drawings between October to December 2024.
- Should it not be possible to draw the undrawn Class A & B facilities, available liquidity would consequently reduce by up to £0.42 billion as at 31 August 2024.
- Majority creditor support would be required to release reserved cash from restrictions in the WBS.
- TWUL is in discussions with its creditors in respect of options for the extension of its liquidity runway to enable time to complete a recapitalisation transaction. If there were to be any agreed extension proposals, they may not attract sufficient creditor support to be implemented.
- As part of TWUL's response to the PR24 Draft Determination submitted to Ofwat in August 2024, TWUL is seeking to raise at least £3.25 billion of equity. It is expected that any equity raise process, if successful, would only be capable of concluding following the PR24 Final Determination which is expected to be published on 19 December 2024. Ofwat is currently consulting on a proposed modification to water companies' licence to allow Ofwat to delay the PR24 Final Determination until January 2025. Furthermore, given TWUL has the right to request that Ofwat refers its determination to the CMA and that timing of the appeal process is uncertain, there can be no assurance that equity funding could be completed within the assessment period. Additionally, there is no certainty that the CMA would make a re-determination that is more investible or financeable than Ofwat's PR24 Final Determination which would facilitate the raising of equity.

In assessing the appropriateness of the going concern status, the Directors have used a base case scenario which assumes consent of creditors to release reserved cash and a successful outcome in respect of the discussion with creditors on the extension of the liquidity runway. In forming our conclusions, we have considered the matters set out in the Context section above, together with the following factors:

1. Credit ratings
In July 2024, Moody's downgraded TWUL's CFR from Baa3 (negative outlook) to Ba2 (negative outlook). S&P also lowered issue ratings on TWUF's class A debt to 'CCC+' (negative outlook) from 'BB' previously and class B debt to CCC- (negative outlook) from 'B' previously. Following such credit rating downgrades, on 23 August 2024, Ofwat accepted TWUL's undertakings in lieu of any enforcement action for failing to maintain at least two investment grade credit ratings in accordance with TWUL's licence

Accounting policies (continued)

Going concern (continued)

condition. These undertakings will be in place until TWUL is able to recover its investment grade ratings and TWUL does not consider that an event of default has occurred under the terms of the Group's financing arrangements, although certain of its creditors have reserved their rights in this regard but have taken no further action. Ofwat also retains the ability to intervene if they consider that the steps being taken by TWUL are no longer sufficient to achieve the objectives of the undertakings and/or if they consider that TWUL is not complying with the undertakings. Management believe it is reasonable to assume their ability to meet the accepted undertakings as agreed in the enforcement order. However there continues to be a risk that events occur which result

in these conditions not being met and subsequently may result in further regulatory action being taken which may result in Ofwat concluding a breach of the

Company's Instrument of Appointment and possibly a consequent event of default under the terms of the Group's financing arrangements.

On 25 September 2024, Moody's downgraded TWUL's CFR from Ba2 (negative outlook) to Caa1 (negative outlook), following the Company's announcement that its available cash and cash equivalents would expire at the end of December 2024 under specific conditions. Similarly, S&P lowered its ratings on TWUF's class A debt to 'CCC+' (negative outlook) from 'BB' previously and class B debt to CCC- (negative outlook) from 'B' previously.

2. Liquidity runway
The TWUL Group's and therefore TWUL's liquidity position and cashflow projections are closely monitored and updated regularly. Mitigating measures are also continually reviewed and actioned where appropriate.

As at 31 August 2024, such liquidity consisted of £1.15 billion of available cash and cash equivalents (of which £0.38 billion is reserved for specific purposes under the WBS structure), access to £2.45 billion of Class A and Class B committed Revolving Credit Facilities ("RCF's") of which £0.42 billion was undrawn, and £0.55 billion of undrawn liquidity facilities. The £0.28 billion of reserved cash along with the £0.55 billion of undrawn liquidity facilities can only be used in limited circumstances and are available should TWUL enter the Standstill Period. The undrawn facilities mainly consist of revolving credit facilities from banks.

TWUL Group has £410 million of Class A RCF drawdowns which are due to be rolled on 7 October 2024. On the basis of written communications received from the relevant lenders, the TWUHL Directors are satisfied that the rollover will proceed as planned. The Utilisation Request is expected to be submitted to the facility agent by 2 October 2024. There are other RCF maturities in the 12 month going concern period where management has a reasonable expectation at the current time that they will be rolled.

TWUL Group also has various debt amortisations, maturities and swap accretion paydowns for 12 months from the approval of the accounts and there is expected to be sufficient liquidity to make these payments, if reserved cash can be utilised with the consent of creditors.

As contingency planning, TWUL Group has entered into discussions with its financial stakeholders to release cash reserves under its financing. This would require majority creditor consent. If consent were not forthcoming and should it not be possible to draw the Class A and/or Class B facilities, available cash and cash equivalents would expire at the end of December 2024, whereupon there would be standstill under the financing and the £0.55 billion undrawn reserve liquidity facilities and £0.38 billion of cash reserves would become available.

TWUL Group, together with its financial stakeholders, are considering options for the extension of the liquidity runway to enable time to complete a recapitalisation transaction. In parallel, TWUL continues to undertake contingency planning as a matter of good corporate practice.

It is projected that under the base case the available liquidity will fund forecast operating cashflows, capital expenditures and service debt until May 2025. This assessment assumes that the TWUL Group can draw its liquidity facilities and utilise all cash resources (including reserved cash) over this period. The TWUHL Board recognises that it is necessary to extend the Group's liquidity runway so that the Group has adequate resources, for a period of 12 months from the date of approval of the Company financial statements, to continue operations and discharge the Company's obligations as they fall due. This could be achieved in the short term through a combination of the below actions:

Accounting policies (continued)

Going concern (continued)

- Implementing cash conservation measures that do not threaten the Group's or TWUL's statutory duties (actions within the TWUL Board's control).
- Releasing reserved cash from restrictions in the WBS, with creditor consent
- Implementing creditor options to extend its liquidity runway to enable time to complete a recapitalisation transaction. Any agreed extension proposals, may not attract sufficient creditor support to be implemented.
- Pursuing all options to secure equity investment from new or existing shareholders.

TWUL has been engaging with financial stakeholder groups and their advisors since July 2024 and are assisting with information requests to enable financial stakeholder groups to better understand Thames Water's business plan and future funding needs. Whilst discussions with creditors have been constructive, it is not yet clear whether there is sufficient creditor support for such actions to extend the liquidity runway. In the event restricted cash is not released and should the TWUL Directors consider it not possible to utilise the undrawn Class A & B RCF's, then available cash and cash equivalents would expire at the end of December 2024. At which point in time TWUL would enter the Standstill Period and could utilise both the reserved cash and £0.55 billion undrawn liquidity facilities.

3. Covenant compliance
Under the terms of the WBS, the TWUL Group is required to maintain compliance with financial covenants and publish a compliance certificate semi-annually. Non-compliance with financial covenants can result in a cash lock-up, Trigger Event or, in extreme situations, an event of default. Any of these could affect the ability of the TWUL Group to attract equity funding.

The TWUL Group was compliant with financial covenants in the 2023/24 financial year. However, following the decision by shareholders not to commit new equity in March 2024, the Board has concluded that although it is possible that equity will be received this should no longer be assumed for financial covenant forecast calculation purposes. Similar to the compliance certificate submitted to the Security Trustee in July 2024, projections show non-compliance of certain forecast gearing and interest cover ratios with Trigger Event thresholds for the 2024/25 and 2025/26 financial years. As such, TWUL Group continues to operate with the restrictions arising from being in Trigger as per the WBS. This includes a cash lockup preventing distributions and a prohibition from incurring additional debt unless consent is given by the Secured Creditors, other than utilisations from existing committed facilities. A remedial plan will be submitted to the Security Trustee and further information has also been provided to Secured Creditors.

In assessing going concern, a severe but plausible downside case has been considered where the ability of household customers to pay their bills has been adversely affected reflecting the economic uncertainty associated with various macro factors such as a decline in real wages, a reduction in economic activity and inflationary pressures on operating costs. This would result in lower collection rates, higher bad debt charges and lower billable volumes in the non-household sector due to reduced consumption. Furthermore, the downside case assumes higher operational costs associated with various efficiency programmes not being delivered, higher power prices and adverse weather. To mitigate the impact on operational cashflows, mitigations involving active working capital management, and the release of contingencies embedded within the Business Plan have also been taken into account.

Under a severe but plausible downside scenario, a Trigger event would continue and an Event of Default is forecasted for 2024/25 due to non-compliance of interest cover ratios with the required threshold. In the event of an event of default, the TWUL Group and therefore TWUL would enter into an automatic 18-month standstill period during which Secured Creditors are prohibited from taking enforcement action or accelerating any of the TWUL Group's debt. During this period, £550 million of liquidity facilities and reserved cash would be available to finance specific costs incurred by the business, thereby providing additional runway. However, there would be restrictions on TWUL's operations including the cessation of capital expenditure other than for essential maintenance.

4. Regulatory licence compliance
As noted in the 'Equity funding' section above, there are scenarios where a revised business plan would need to be prepared to take account of available funding during the review period. The implementation of a revised business plan would deliver less for customers, communities, and the environment and may result in a failure to comply with relevant standards, environmental permits and other legislation that could lead to enforcement action by regulators, including Ofwat. Dependent on the severity of non-compliance, this could give rise to grounds for the Secretary of State (or Ofwat, with the consent of the Secretary of State) to petition the court for a Special Administration Order. A petition could also be made if the TWUL Group is unable to pay its debts.

Accounting policies (continued)

Going concern (continued)

The purpose of the Special Administration Regime is to protect the interests of the customers in the event a water company (the regulated entity) is or is likely to be unable to pay its debts or is in contravention with its principal statutory duties or an enforcement order.

Conclusion
In assessing whether TWUHL has adequate resources, for a period of at least 12 months from the date of approval of these financial statements, to continue operations and discharge its obligations as they fall due, the Directors have taken into consideration all of the factors set out above.

Accordingly, the Directors believe that it is reasonable to assume that actions can be taken such that the Company has adequate resources, for a period of 12 months from the date of approval of these financial statements, to continue operations and discharge its obligations as they fall due.

However, there exist material uncertainties which may cast significant doubt on the Company's ability to continue as a going concern in relation to the preparation of the financial statements given:

- The Company is reliant on support from its ultimate parent to provide liquidity to meet cash outflows as they fall due. Future events, linked to the current financial condition of its ultimate parent, may transpire which result in this support not being available;
- TWUHL's direct subsidiary, TWUL, does not have sufficient committed liquidity for a period of at least 12 months from the approval of TWUHL's financial statements. The ability for TWUL to extend its liquidity runway is not wholly within its control, with the first uncertain event occurring on 7 October 2024. For so long as a Trigger Event under the WBS is continuing TWUL is prohibited from raising new debt without the consent of its creditors, this does not prevent TWUL from drawing existing committed facilities. TWUL is in discussions with its creditors to release cash reserves under the WBS and is considering together with its creditors options for the extension of its liquidity runway to enable time to complete a recapitalisation transaction.

The financial statements do not include the adjustments that would result if TWUHL were unable to continue as a going concern.

New standards and amendments

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2024 that have had a material impact on the Company's financial statements.

The Company have assessed the impact of the following new and amended standards, which have been issued:

IFRS 17 'Insurance Contracts' impact assessment

IFRS 17 'Insurance Contracts', which replaced IFRS 4 'Insurance Contracts', established new principles for the recognition, measurement, presentation, and disclosure of insurance and reinsurance contracts and is mandatory for annual reporting periods beginning on or after 1 January 2023. The Company has adopted IFRS 17 as at 1 April 2023 and applied the new rules retrospectively. Management conducted an assessment on the impact of IFRS 17, see below for the impact on the accounting for our financial guarantee contracts.

Financial guarantee contracts

The Company is party to a number of financial guarantee contracts for the purposes of its principal activities. Prior to the adoption of IFRS 17, these contracts were not accounted for in the statement of financial position due to the likelihood of a payment in respect of the guarantee not being probable.

These arrangements include the whole business securitisation, where the Company guarantees obligations of TWUF and TWUL.

Accounting policies (continued)

New Standard and Amendments (continued)

Following the transition to IFRS 17, the Group made the election to apply the requirements in IAS 32 ‘Financial Instruments: Presentation’, IFRS 7 ‘Financial Instruments: Disclosures’ and IFRS 9 ‘Financial Instruments’ to its financial guarantee contracts. These requirements include recognising the financial guarantees at fair value on initial application in the company standalone accounts, and then assessing the fair value (less amortisation recognised) against IFRS 9 expected credit losses at each reporting period.

Management have concluded that there is no material impact to the company standalone accounts from the adoption of IFRS 17 on our financial guarantee contracts due to the Company not owning any significant assets other than its direct shareholding in TWUL.

Finance income

Finance income is accrued on a time basis by reference to the principal outstanding and the Effective Interest Rate (“EIR”) applicable. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is presented within finance income in the income statement.

Finance expense

Finance expense is accrued on a time basis by reference to the principal outstanding and the Effective Interest Rate (“EIR”) applicable. The EIR is the rate that exactly discounts the estimated future cash payments over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest expense is presented within finance expenses in the income statement.

Non-current asset investment in subsidiaries

Investments in subsidiary undertakings are stated at cost, less any provision for impairment. Reviews for impairment are performed annually.

Impairment of assets are recognised under IAS 36, which stipulate that the recoverable amount of the asset is the higher of value in use or fair value less costs to sell. If there are indications of impairment, and the recoverable amount is lower than the carrying value of the asset, an impairment will be recognised in the Income Statement in the reporting period; and the carrying value of the asset will be decreased to the recoverable amount in the Statement of Financial Position.

Non-derivative financial instruments

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables.

Trade and other receivables

Trade and other receivables are largely comprised of amounts owed by group undertakings and interest on amounts owed by group undertakings. Interest bearing loans issued to other group companies are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. They are subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. The amortisation is included within finance income in the income statement and is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. The amortisation is included within finance costs in the income statement and is

Accounting policies (continued)

Non-derivative financial instruments (continued)

calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and demand deposits and other short-term highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Such investments are normally those with less than three months maturity from the date of acquisition and include cash and bank balances and investments in liquid funds.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment of financial assets (including receivables)

The Group has considered the recoverability of receivables as part of the annual impairment assessment under IFRS 9. When assessing these receivables for impairment, management considers factors driving recoverability, including borrower's ability to pay, ageing profile of the receivables, net debt of the borrowing entity, seniority of debt and historical experience, among other factors. The expected credit loss on receivables is determined by estimating the expected recoverability of these assets based on different scenarios considered by management, informed by available data and information.

Dividends

Dividends unpaid at the financial reporting date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. This occurs when the shareholders right to receive the payment has been established.

Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Dividend income is recognised when there is a legal right to receive payment.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in the statement of comprehensive income.

Current income tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous periods.

Taxable profit differs from the profit on ordinary activities before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods. This includes the effect of tax allowances and further excludes items that are never taxable or deductible.

Accounting policies (continued)

Taxation (continued)

Deferred tax liabilities are generally recognised for all taxable temporary difference and deferred tax assets are recognised only to the extent that it is probable that sufficient future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Securitisation guarantee

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Critical accounting estimates, judgements and assumptions

In the process of applying the Company's accounting policies, the Company is required to make certain judgements, estimates and form assumptions that it believes are reasonable based on available information. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from these estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty and management judgements in applying the entity's accounting policies at the financial reporting date used in preparing these financial statements are as follows:

Impairment of investment in subsidiaries

Management have identified indications of impairment of the investment in subsidiaries (Thames Water Utilities Limited) which TWUHL holds an 100% equity interest in. The indicators identified are namely that the investors chose not to honour the equity support agreement on 28 March and the subsequent credit rating downgrades to this. Another factor was Ofwat's issuance of the draft determination for which the allowable expenditure was lower than TWUL's PR24 submission.

IAS 36 requires management to assess the recoverable value of an investment as the higher of its value in use and fair value less costs to sell. There are a number of uncertainties facing TWUL as described within the going concern basis of preparation, which include but are not limited to the uncertainty related to TWUL extending its liquidity which is not fully within its control . The Directors have therefore concluded that it is not appropriate to utilise a value in use assessment and therefore assessed the recoverable value of the investment on the basis of its fair value less costs to sell.

When measuring fair value, management have considered that the fair valuation for a regulated utility is largely driven by its RCV and transaction prices between market participants are commonly quoted as multiples of RCV. As a result, management considered a range of scenarios using market-based and internally generated valuation assumptions.

Management believes there is sufficient uncertainty in assessing TWUL's fair value at the current time, reflecting the inherent risks associated with the PR24 price control determination, including the risk that OFWAT does not accept TWUL's response to the Draft Determination, contingent liabilities and the financial position of the Company. It has consequently been concluded that that fair value is nil and therefore a full impairment is required. Where conditions improve and/or there is greater evidence to support more favourable assumptions the impairment will be re-assessed to consider whether a reversal of some or all of the impairment is appropriate.

Notes to the financial statements

1. Auditors' remuneration

The independent auditors, PricewaterhouseCoopers LLP, remuneration was funded by Thames Water Limited in the preceding financial year. The total amount payable relating to the Company was £103,000 (2023: £4,815). No other fees were payable to PricewaterhouseCoopers LLP in respect of this Company during the year (2023: £nil).

2. Employees and Directors

Employees

The Company had no employees during the year (2023: none).

Directors

During the year, the Company had twenty one directors (2023: twenty) who are all Non-Executive Directors of the Group. These directors agreed to waive their fees for the current year and receive no emoluments in respect of their services as Directors of the Company. Previously, all of these costs were borne by Thames Water Limited. No other remuneration, pension and pension allowances, or other benefits are paid to the directors of the Company.

The Directors' emoluments were as follows:

	2024 £'000	2023 £'000
Director's fees in respect of services to the Company	-	-
Director's fees in respect of services to the Company's ultimate parent	-	550.3
Director's fees in respect of services to the Company's subsidiaries	-	29.5
Total	-	579.8

Highest paid Director

As no fees were paid to directors in the current year, the total emoluments of the highest paid Director in respect of services to the Company's ultimate parent during the year were £nil (2023: £58,904).

3. Dividend income

	2024 **£m**	2023 £m
Dividends received from Thames Water Utilities Limited	**195.8**	45.2
Total	**195.8**	45.2

Total dividends paid to the Company for 31 March 2024 were £195.8 million (2023: £45.2 million), of which £158.3 million (2023: £nil) were net-settled against other intercompany cash flows, as detailed below. The remaining £37.5 million (2023: £45.2 million) were cash settled as mentioned below.

In October 2023, TWUL paid dividends of £37.5 million to the Company. These proceeds were subsequently distributed by the Company to Thames Water Limited ("TWL") and then through to Kemble Water Finance Limited ("KWF"). KWF retained the proceeds to service its - and its subsidiary Thames Water (Kemble) Finance plc's - external debt obligations. No distributions were made to external shareholders of the group, who own shares in our ultimate parent company, Kemble Water Holdings Limited.

In March 2024, Kemble Water Eurobond Plc ("KWE"), an intermediate parent of TWUL, made internal inflation mechanism pension contribution payments totalling £27.1 million to the defined benefit schemes, Thames Water Pension Scheme ("TWPS" and Thames Water Mirror Image Pension Scheme ("TWMIPS"), on behalf of TWUL. In connection with this transaction, TWUL issued

Notes to the financial statements (continued)

Dividend Income (continued)

27.1 million shares with a nominal value of £1 each to the Company, for a total value of £27.1 million. TWUL paid a £27.1 million dividend to the Company and through further intercompany transactions between intermediate holding companies, the amount was received by KWE. These flows were settled cash neutrally as part of a net settlement deed, and as a result of this arrangement, TWUL paid £27.1 million directly to the defined benefit schemes on behalf of KWE.

In March 2024, TWUL paid dividends of £131.2 million to TWUHL. Simultaneously TWUL received payments for group relief owed by TWL, TWUF and KWE totalling £153.6 million and settled intercompany loans including associated interest owed to the Company (£5.6 million), TWL (£0.3 million) and TWUF (£16.3 million). These, along with other intercompany transactions between other group companies were recorded under a net settlement deed, and as a result no cash payments were made by TWUL in connection with the £131.2 million dividends.

4. Finance expenses

	2024	2023
	£m	£m
On amounts owed to group undertakings		
Payable to immediate parent undertaking	**216.3**	216.5
Payable to direct subsidiary undertaking	**70.2**	47.5
Total	**286.5**	264.0

5. Net impairment losses

	2024	2023
	£m	£m
Impairment loss on investment in Thames Water Utilities Limited	**4,297.5**	-
Total	**4,297.5**	-

The Company holds an investment in Thames Water Utilities Limited. As described in Critical accounting estimates, judgements and assumptions, management have identified indications of impairment, and as a result have performed an impairment test in line with the requirements of IAS 36 and determined the recoverable value of the investment to be £nil. This has resulted in an impairment on investment of £4.3 billion being recognised in the Income Statement as an exceptional item, as this impairment is not as a result of the ordinary course of business. Refer to Critical accounting estimates, judgements and assumptions for detail of these estimates and judgements made in reaching this conclusion.

Notes to the financial statements (continued)

6. Tax (charge)/credit on loss

	2024 **£m**	2023 £m
Current tax		
Amounts receivable in respect of group relief	**46.7**	50.1
Adjustments to tax charge in respect of prior years	**(50.1)**	-
Total tax (charge)/credit	**(3.4)**	50.1

The tax charge for the year ended 31 March 2024 is lower (2023: higher charge) than the standard rate of corporation tax in the UK. The differences are explained below:

	2024 **£m**	2023 £m
Loss before taxation	**(4,387.9)**	(218.7)
Current tax credit at 25% (2023: 19%)	**1,097.0**	41.5
Effects of:		
Non-taxable income (dividend from UK company)	**48.9**	8.6
Non-deductible expenses (impairment on investment)	**(1,074.4)**	-
Tax losses in year carried forward	**(24.8)**	-
Adjustments to tax charge in respect of prior years	**(50.1)**	-
Total tax (charge)/credit	**(3.4)**	50.1

In the Spring Budget 2021, the UK Government announced that from 1 April 2023, the corporation tax rate will increase from 19% to 25%. This new law was substantively enacted on 24 May 2021.

The adjustment of £50.1m to the tax charge in respect of prior years is in relation to the tax losses carried forward at 31 March 2023 which were originally expected to be sold to the Group.

The Company does not have any recognised deferred tax assets or liabilities, however it does have unrecognised deferred tax assets in respect of tax losses of £363m (2023: £nil). The Company does not anticipate sufficient future taxable profits, against which these losses could be utilised. The amount of deferred tax assets not recognised was £90.8m (2023: £nil) at 25% (2023: 25%). These tax losses do not time expire.

Notes to the financial statements (continued)

7. Investments

	2024	2023
	£m	£m
Cost of shares in subsidiary undertakings:		
At 31 March	**4,297.5**	4,250.0
	4,297.5	4,250.0
Accumulated impairment:		
At 31 March	**-**	-
Impairment in investment of Thames Water Utilities Limited	**(4,297.5)**	-
	(4,297.5)	-
Net book Value	**-**	4,250.0

The Company had the following investments in direct and indirect subsidiary undertakings, all of which are wholly owned by the Group, at 31 March 2024:

	Principal undertaking	**Country of incorporation**	**Tax resident**	**Class of shares held**
Direct undertakings				
Thames Water Utilities Limited	Water and wastewater	United Kingdom	United Kingdom	£1 Ordinary
Indirect undertakings				
Thames Water Utilities Finance Plc	Financing company	United Kingdom	United Kingdom	£1 Ordinary

The address of the registered office of all the above companies is Clearwater Court, Vastern Road, Reading, Berkshire, RG1 8DB.

During the year ended 31 March 2024, KWE, an intermediate parent of TWUL made an internal inflation mechanism pension contribution payment of £20.4 million to the defined benefit schemes, TWPS and TWMIPS, on behalf of TWUL. In connection with this transaction TWUL issued 20,428,000 shares with a nominal value of £1 each to the company, for a total value of £20.4 million.

Furthermore, in March 2024, KWE an intermediate parent of TWUL, made an internal inflation mechanism pension contribution payment of £27.1 million to the defined benefit schemes, TWPS and TWMIPS on behalf of TWUL. In connection with this transaction, TWUL issued 27.1 million shares with a nominal value of £1 each to the Company, for a total value of £27.1 million.
As a result of this the investment in subsidiary undertakings increased by £47.5 million in the current year.

Management have identified indications of impairment, and as a result have performed an impairment test in line with the requirements of IAS 36. Management determines the recoverable value of the investment to be £nil. This has resulted in an impairment on investment of £4.3 billion being recognised in the Income Statement as an exceptional item, as this impairment is not as a result of the ordinary course of business. Refer to Critical accounting estimates, judgements and assumptions for detail of the estimates and judgements made in reaching this conclusion.

Notes to the financial statements (continued)

8. Other debtors

	2024 £m	2023 £m
Amounts owed by Thames Water Utilities Limited	**-**	5.2
Interest receivable on amounts owed by Thames Water Utilities Limited	**-**	0.2
Group relief receivable	**63.4**	171.4
Total	**63.4**	176.8
Disclosed within current assets	**63.4**	171.6

The intercompany loan receivable balance of £5.2m and associated interest was repaid during the current year. This related to a single loan agreement with the loan being unsecured, with a floating interest rate and was repayable by 31 July 2043.

In March 2024, a settlement for £13.7 million group relief balance due from TWUF was made. TWUL paid dividends of £131.2 million to the Company. Simultaneously TWUL received payments for group relief owed by TWL, TWUF and KWE totalling £153.6 million and settled intercompany loans including associated interest owed to the Company (£5.6 million), TWL (£0.3 million) and TWUF (£16.3 million). These, along with other intercompany transactions between other group companies were recorded under a net settlement deed, and as a result no cash payments were made by TWUL in connection with the £131.2 million dividends. Please refer to note 6 for further information on group relief movement.

9. Other creditors

	2024 £m	2023 £m
Amounts owed to group undertakings		
Thames Water Limited	**2,282.2**	2,311.9
Thames Water Utilities Limited	**1,249.1**	1,249.1
	3,531.3	3,561.0
Interest payable on amounts owed to group undertakings		
Thames Water Limited	**1,140.8**	1,200.9
Thames Water Utilities Limited	**70.4**	0.2
	1,211.2	1,201.1
Total	**4,742.5**	4,762.1
Disclosed within non-current liabilities	**4,419.4**	4,761.9
Disclosed within current liabilities	**323.1**	0.2

Notes to the financial statements (continued)

Other creditors (continued)

Interest bearing amounts payable to Thames Water Limited and Thames Water Utilities Limited have specific terms as follows:

- £1,980.1 million (2023: £1,980.1 million) owed to Thames Water Limited, the Company's immediate parent, is unsecured and represent amounts of unpaid deferred consideration on the purchase of Thames Water Utilities Limited. Interest on this balance is payable at 10% (2023: 10%) and the interest repayment is determined by agreement between both parties. Repayment of the loan is at the discretion of the Company but must be repaid by 2056. During the year ended 31 March 2024, the Company repaid £215.1 million accrued interest to TWL (2023: £45.2 million).
- £220.1 million (2023: £249.8 million) owed to Thames Water Limited is unsecured and interest is charged at a rate of 5.47% and is repayable on demand. During the year ended 31 March 2024, the Company repaid £29.7 million of the loan balance (2023: £nil), together with £61.4 million accrued interest (2023: £nil).
- £50.0 million (2023: £50.0 million) owed to Thames Water Limited is unsecured and interest is charged at a rate of 5.40% and is repayable on demand.
- £30.0 million (2023: £30.0 million) owed to Thames Water Limited is unsecured and interest is charged at a rate of 5.46% and is repayable on demand.
- £2.0 million (2023: £2.0 million) owed to Thames Water Limited is unsecured and interest is charged at a rate of 5.47% and is repayable on demand.
- £735.7 million (2023: £735.7 million) owed to Thames Water Utilities Limited, the Company's direct subsidiary, the loan is unsecured and interest is charged at a rate of SONIA + 0.6266% (2023: SONIA + 0.6266%). The loan is repayable on 30 August 2037.
- £513.4 million (2023: £513.4 million) owed to Thames Water Utilities Limited, the loan is unsecured and interest is charged at a rate of SONIA + 0.6266% (2023: SONIA + 0.6266%) and is repayable on demand.

The directors have obtained a letter of comfort from the directors of Thames Water Limited stating that they will not seek repayment of the loan principals or interest owed to Thames Water Limited for at least 12 months from the date of signing of these financial statements. As this is non-binding, the loans that are repayable on demand have been classified as current liabilities.

The directors have obtained a letter of comfort from the directors of Thames Water Utilities Limited stating that they will not seek repayment of the loan principals or interest owed to Thames Water Utilities Limited for at least 12 months from the date of signing of these financial statements and as such these have been classified as non-current liabilities.

10. Called up share capital

	2024 **£m**	2023 £m
Allotted, called up and fully paid:		
547.5 m (2023: 500.0 m) ordinary shares of £1 each	**547.5**	500.0

The Company has one class of ordinary share which carries no right to fixed income. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

During the year ended 31 March 2024 an internal inflation mechanism pension contribution payment of £20.4 million for the Thames Water Pension Scheme and Thames Water Mirror Image Pension Scheme, defined benefit schemes, was made by Kemble Water Eurobond Plc, on behalf of Thames Water Utilities Limited, recorded through intercompany transactions with a resultant intercompany receivable balance being recorded in Thames Water Limited from Thames Water Utilities Holdings Limited. In September 2023, the Company issued 20,428,000 shares with a nominal value of £1 each to Thames Water Limited, in exchange for the extinguishment of the intercompany payable owed to Thames Water Limited, for a total value of £20.4 million.

Notes to the financial statements (continued)

Called up share capital (continued)

Furthermore, in March 2024 a further internal inflation mechanism pension contribution payment of £27.1 million for the Thames Water Pension Scheme and Thames Water Mirror Image Pension Scheme, defined benefit schemes was made by Kemble Water Eurobond Plc, on behalf of Thames Water Utilities Limited, recorded through intercompany transactions with a resultant intercompany receivable balance being recorded in Thames Water Limited from Thames Water Utilities Holdings Limited. In March 2024, the Company issued 27,072,000 shares with a nominal value of £1 each to Thames Water Limited, in exchange for the extinguishment of the intercompany payable owed to Thames Water Limited, for a total value of £27.1 million.

11. Related parties

As the Company is a wholly owned subsidiary of Kemble Water Holdings Limited, the Company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with other wholly owned subsidiaries which form part of the group. The consolidated financial statements of Kemble Water Holdings Limited, within which this Company is included, can be obtained from the address in note 14.

12. Guarantees and capital commitments

The Company is part of a whole business Securitisation Group. The Company, Thames Water Utilities Limited and its direct subsidiary, Thames Water Utilities Finance plc are Obligors under the whole business securitisation entered into in 2007. The Obligors have all entered into a Security Trust and Inter-creditor Deed (“STID”). Pursuant to this arrangement, the Company guaranteed the obligations of each other Obligor under the finance agreement. Additionally, TWUL, and TWUF, have guaranteed the obligations of each other under the finance agreement, in each case to the Security Trustee. The guaranteed debt on a post swap basis as at 31 March 2024 was £17.3 billion (2023: £16.4 billion). At 31 March 2024, the Company had no capital commitments (2023: £nil).

13. Post balance sheet events

- On 25 September 2024, Moody’s downgraded TWUL’s CFR from Ba2 (negative outlook) to Caa1 (negative outlook), following the Company’s announcement that its available cash and cash equivalents would expire at the end of December 2024 under specific conditions
- On 25 September 2024, S&P lowered its ratings on TWUF’s class A debt to 'CCC+' (negative outlook) from 'BB' previously and class B debt to CCC- (negative outlook) from ‘B’ previously.

14. Ultimate parent company and parent company of larger group

The immediate parent company of Thames Water Utilities Holdings Limited is Thames Water Limited, a company incorporated in the United Kingdom, which owns 100% of the issued share capital of the Company.

Kemble Water Finance Limited, a company incorporated in the United Kingdom, is the smallest group to consolidate these financial statements. The Directors consider the ultimate parent company and controlling party to be Kemble Water Holdings Limited, a company incorporated in the United Kingdom and the largest group to consolidate these financial statements.

The address of the registered office of the abovementioned companies is Clearwater Court, Vastern Road, Reading, Berkshire, RG1 8DB. Copies of the accounts for these entities may be obtained from The Company Secretary’s Office at this address.