

Bazalgette Ventures Limited

Annual report and financial statements

For the year ended 31 March 2024

Registered number 09553461

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Directors and advisors

Directors holding office

Andrew Cox

Christopher Morgan

Alistair Ray

Amanda Woods

Daniel Pires

Company Secretary

Celia Carlisle

Registered office

6th Floor

Blue Fin Building

110 Southwark Street

London

SE1 0SU

Independent auditors

PricewaterhouseCoopers LLP

3 Forbury Place

23 Forbury Road

Reading

RG1 3JH

Strategic report

The Directors present their Strategic report for Bazalgette Ventures Limited (“the Company”) for the year ended 31 March 2024.

Business review

The principal activity of the Company is that of an intermediate holding company in the Bazalgette Equity group of companies (“the Group”). The Company was established to act as the vehicle for shareholder loan financing. The shareholder loans are on-lent via back to back loans to the Company’s immediate subsidiary, Bazalgette Holdings Limited, and then ultimately to the Company’s indirect subsidiary, Bazalgette Tunnel Limited. Bazalgette Tunnel Limited is a regulated business that is overseeing the design, construction, operation and maintenance of the Thames Tideway Tunnel.

As the Company acts solely as a vehicle for shareholder loan financing for Bazalgette Tunnel Limited, for the purpose of its activities as infrastructure provider for the Thames Tideway Tunnel, further information on the performance of the Thames Tideway Tunnel project (“the Project”) can be found in the Bazalgette Equity Limited Annual Report (available from www.tideway.london). This includes information on development, performance and position and the impact of activities in the areas of environmental matters, employees of the Group, social matters, respect for human rights, anti-corruption and anti-bribery.

Information on the Company’s role in the Group is also disclosed in the Holding Company Principles statement which is available at www.tideway.london.

Results and performance

The Company recorded a £nil result for the year (2023: £nil). The Company had net assets of £509.7m as at 31 March 2024 (2023: £509.7m).

The Company’s investment in its subsidiary Bazalgette Holdings Limited remained at £509.7m (2023: £509.7m).

During the year ended 31 March 2024, £70.3m (2023: £65.5m) of shareholder loan interest was accrued on the shareholder loan notes. During the year ended 31 March 2024, £nil (2023: £20.8m) of the accrued shareholder loan interest had been re-paid and also during the year £86.6m (2023: £36.6m) unpaid interest was capitalised back into shareholder loan principal.

Principal risks and uncertainties

The Company acts as a vehicle for shareholder loan funding and does not carry out any activities beyond this.

The principal risk for the Company is credit risk in relation to the loan it makes to its subsidiary Bazalgette Holdings Limited, which in turn has an identical back to back loan with Bazalgette Tunnel Limited on the same economic terms. As this asset relates to intra-group debt ultimately owed by a regulated water company which is characterised by stable and predictable cash flows and which has sufficient liquidity, the credit risk is considered low.

The Company has access to the Chief Executive of Bazalgette Tunnel Limited and his executive team, who also manage the wider Bazalgette Equity Limited Group and its individual group companies on a day to day basis. The executive team receive regular reports from all areas of the business which enables prompt identification of financial and other risks so that appropriate actions can be taken in the relevant group companies.

For more details on the above-mentioned risks, refer to the principal risks section of the Bazalgette Equity Limited Annual Report. The Group’s annual report is available at www.tideway.london.

Future outlook

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

Strategic report (continued)

Section 172(1) Statement

The Directors have assessed the financial position of the Company, its cash flows, liquidity position and borrowing. Section 172 of the Companies Act 2006 requires a Director of a company to act in the way they consider, in good faith, would be the most likely to promote the success of the company for the benefit of its members as a whole. In doing this Section 172, requires a Director to have regards among other matters to:

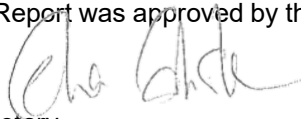
- the likely consequences of any decision in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly with members of the company.

As an intermediate holding company within the Group, and in line with the duty to promote the success of the Company for the benefit of its shareholder, the Company must also have regard to the overall strategy of the Group. The Directors give careful consideration to the factors set out above in discharging their duties under Section 172. As part of the Group stakeholder engagement is carried out on a group wide basis to help the directors to understand the views of stakeholders.

The board considers any decisions from the perspective of the Company ensuring that decisions are taken with regard to the interests of stakeholders as well as having regard to the long-term sustainable success of the Group as a whole. The stakeholders we consider in this regard are our employees, the Alliance members (Bazalgette Tunnel Limited, Thames Water, Jacobs, the Programme Manager for the Project, the Main Works Contractors (more particularly described in the Group's annual report) and Amey OWR Ltd, the System Integrator for the Project), the environment and our shareholders. The Board recognises that building strong relationships with our stakeholders will help us to deliver our strategy in line with the Group's long-term vision, purpose and values described in the Group annual report and operate the business in a sustainable way.

This Strategic Report was approved by the board of Directors on 20 June 2024 and signed on its behalf by:

Celia Carlisle
Company Secretary
20 June 2024



Directors' report

The Directors present their report and the audited financial statements for Bazalgette Ventures Limited ("the Company") for the year ended 31 March 2024. The Company is domiciled in the United Kingdom and the registered company number is 09553461. The Company's registered address is 6th Floor, Blue Fin Building, 110 Southwark Street, London, SE1 0SU.

Dividends

The Company did not pay a dividend in the year (2023: £nil).

Directors

The Directors who held office during the year for the Company were as follows:

Andrew Cox

Christopher Morgan

Alistair Ray

Amanda Woods

Daniel Pires

Sebastian Schwengber (resigned 17 May 2024)

Celia Carlisle - Company Secretary

Employees

The Company does not employ any staff directly (2023: none).

Directors' indemnities

Subject to the conditions set out in Section 234 of the Companies Act 2006, the Company has made qualifying third-party indemnity provisions for the benefit of its Directors, the Company Secretary and the General Counsel and these remain in force at the date of this report. The Bazalgette Equity group of which the Company is a subsidiary operates a directors and officers insurance.

Going concern

The Directors believe, after due and careful enquiry, that the Company has sufficient resources to continue in operational existence for at least one year after the financial statements were authorised for issue. Therefore, it is considered to be appropriate to adopt the going concern basis in preparing the 31 March 2024 financial statements. For more information see the basis of preparation in Note 1 to the financial statements.

Financial risk management

The Company acts as an intermediate holding company in the Bazalgette Equity group of companies and its exposure to price risk, credit risk, liquidity risk and cash flow risk is considered to be low. More details on the credit risk exposure which arises as a result of its intra-group lending can be found in the Strategic Report in the 'Principal risks and uncertainties' section.

Charitable and political donations

The Company made no political or charitable donations nor incurred any political expenditure during the year (2023: £nil).

Events occurring after the reporting period

Details of any events occurring after the reporting date are included in note 13 of the financial statements.

Directors' report (continued)

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP continue in office.

This Director's Report was approved by the board of Directors on 20 June 2024 and signed on its behalf by:



Celia Carlisle
Company Secretary
6th Floor
Blue Fin Building
110 Southwark Street
London
SE1 0SU

20 June 2024

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 UK-adopted international accounting standards.

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 period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards 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.

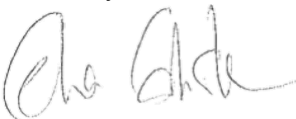
The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

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.

This Responsibility Statement was approved by the board of Directors on 20 June 2024 and signed on its behalf by:



Celia Carlisle
Company Secretary
6th Floor
Blue Fin Building
110 Southwark Street
London
SE1 0SU

20 June 2024

Independent auditors' report to the members of Bazalgette Ventures Limited

Report on the audit of the financial statements

Opinion

In our opinion, Bazalgette Ventures 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 result and cash flows for the year then ended;
have been properly prepared in accordance with UK-adopted international accounting standards; 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, the Statement of Other Comprehensive Income, the Statement of Cash Flows, and the Statement of Changes in Equity for the year then ended; the Material accounting policy information; and the notes to the financial statements.

Our opinion is consistent with our reporting to the Audit and Finance Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("ISAs") and applicable law. Our responsibilities under ISAs (UK) and ISAs 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, as applicable to listed public interest entities, and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by either the FRC's Ethical Standard or Article 5(1) of Regulation (EU) No 537/2014 were not provided.

We have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at where directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all our audits we also addressed the risk of management override of internal controls, including evaluation of whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Recoverability of intra-group receivables

Materiality

Overall materiality: £14,325,900 based on 1% of total assets.

Performance materiality: £7,162,900.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p><i>Recoverability of intra-group receivables</i></p> <p>Intercompany receivables at March 2024 is £922.9m (2023: £852.6m) and is required to be assessed annually for impairment.</p> <p>The recoverability of the receivable is a normal level of risk of misstatement, however due the size of the receivables balance in the context of the company financial statements, it is considered to be an area of focus.</p> <p>Refer to note 7 of the financial statements.</p>	<p>We obtained an understanding and addressed the design and implementation of financial controls relating to the recoverability of intercompany receivables.</p> <p>We performed the following audit procedures:</p> <ul style="list-style-type: none">• We reviewed managements IFRS 9 workings;• Audited and challenged the reasonableness of management assumptions; and• Recalculated the expected credit loss (ECL) provision using verified rates, the ECL provision is immaterial in Bazalgette Equity Limited group entities. <p>From the testing performed we concur with the company's assessment of the recoverability of the intra group receivables.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The entity consists of one operational segment and is managed from a single location in the United Kingdom.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

<i>Overall company materiality</i>	£14,325,900.
<i>How we determined it</i>	1% of total assets
<i>Rationale for benchmark applied</i>	The entity functions to service the group financing requirements and therefore using total assets as a benchmark is appropriate, given that it does not trade.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 50% of overall materiality, amounting to £7,162,900 for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the lower end of our normal range was appropriate.

We agreed with the Audit and Finance Committee that we would report to them misstatements identified during our audit above £716,200 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

Testing the mathematical integrity of the cash flow forecasts and the models supporting the forecasts used by management to support their going concern assumption and reconciling these to Board approved budgets

- Evaluating management's models used in the going concern assessment including looking to ensure these models capture events and conditions that may cast doubt on ability to continue as a going concern;
- Reviewing and challenging management's estimates and assumptions included within the forecast, assessing these for reasonableness including confirmation that no debt is maturing in the going concern assessment period;
- Performing sensitivity analysis on management's forecast cash flows;
- Obtaining covenant compliance certificates; confirming that all the key covenants that impact the continued access to finance have been considered over the relevant time periods and verified the mathematical accuracy, and testing inputs back to either the year end financial numbers or for forecasted information to the Board approved budget;
- Performing a comparison of budget versus actual for the year ended 31 March 2024 and understanding where variances had arisen. Through this testing we obtained reasonable assurance over management's ability to forecast accurately; and
- Evaluating the adequacy of the going concern disclosures in the financial statements.

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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.

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 Annual report, Strategic report and 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) and ISAs 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 Companies Act 2006 and Tax legislation, 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 of journal entries to manipulate the financial results in the year including journals that credit the profit and loss. Audit procedures performed by the engagement team included:

- Discussions and enquiries of management, the internal audit function and legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- 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 available along with considering the appropriateness of the related disclosures in the financial statements;
- Identifying and testing a sample of journal entries throughout the whole year, which met our pre-determined fraud risk criteria;
- Reviewing minutes of meetings of those charged with governance and reviewing internal audit reports; and
- Performing unpredictable procedures consideration of unexpected users who may have posted journals during the year and testing of journals posted with unusual words.

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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements in accordance with ISAs (UK) is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report. In our engagement letter, we also agreed to describe our audit approach, including communicating key audit matters.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

Appointment

Following the recommendation of the Audit and Finance Committee, we were appointed by the members on 8 September 2023 to audit the financial statements for the year ended 31 March 2024 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.



Andy Grimbly (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Reading

20 June 2024

Income Statement
For the year ended 31 March

	<i>Note/(s)</i>	2024 £m	2023 £m
Net operating costs	2,3	-	-
Operating result		-	-
Finance income	4	70.3	65.5
Finance costs	4	(70.3)	(65.5)
Result for the year before tax		-	-
Taxation	5	-	-
Result for the year		-	-

Statement of Other Comprehensive Income
For the year ended 31 March

	2024	2023
	£m	£m
Result for the year	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	-	-

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

Statement of Financial Position
As at 31 March

	<i>Note</i>	2024 £m	2023 £m
Non-Current assets			
Investments in subsidiary undertakings	6	509.7	509.7
Other receivables	7	922.9	852.6
		<u>1,432.6</u>	<u>1,362.3</u>
Current assets			
Other receivables	7	-	-
		<u>-</u>	<u>-</u>
Total assets		<u>1,432.6</u>	<u>1,362.3</u>
Current liabilities			
Other payables	8	-	-
		<u>-</u>	<u>-</u>
Non-current liabilities			
Other Payables	8	(0.2)	(16.5)
Borrowings	9	(922.7)	(836.1)
		<u>(922.9)</u>	<u>(852.6)</u>
Total liabilities		<u>(922.9)</u>	<u>(852.6)</u>
Net assets		<u>509.7</u>	<u>509.7</u>
Equity			
Share capital	10	509.7	509.7
Total equity		<u>509.7</u>	<u>509.7</u>

These financial statements were approved by the Board of Directors on 20 June 2024 and were signed on its behalf by:



Chris Morgan
Director

Company registered number: 09553461

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

Statement of Changes in Equity

	Share capital £m	Total equity £m
Balance at 1 April 2022	509.7	509.7
	<hr/>	<hr/>
Transactions with owners, recorded directly in equity		
Issue of shares	-	-
	<hr/>	<hr/>
Total contributions by and distributions to owners	-	-
	<hr/>	<hr/>
Balance at 31 March 2023	509.7	509.7
	<hr/>	<hr/>
Balance at 1 April 2023	509.7	509.7
	<hr/>	<hr/>
Total comprehensive income for the period	-	-
	<hr/>	<hr/>
Total contributions by and distributions to owners	-	-
	<hr/>	<hr/>
Balance at 31 March 2024	509.7	509.7
	<hr/> <hr/>	<hr/> <hr/>

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

Statement of Cash Flows
For the year ended 31 March

	<i>Note/(s)</i>	2024 £m	Restated¹ 2023 £m
Cash flows from operating activities before working capital movements		-	-
Changes in working capital			
Increase in other receivables	7	(70.3)	(44.7)
(Decrease)/Increase in other payables	8	(16.3)	8.1
Increase in borrowings	9	86.6	36.6
		<hr/>	<hr/>
Cash flows used in operations		-	-
		<hr/>	<hr/>
Net cash used in operating activities		-	-
		<hr/>	<hr/>
Cash flows from investing activities			
Interest received		-	20.8
		<hr/>	<hr/>
Net cash from investing activities		-	20.8
		<hr/>	<hr/>
Cash flows used in financing activities			
Interest paid		-	(20.8)
		<hr/>	<hr/>
Net cash used in financing activities		-	(20.8)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents during the period		-	-
Cash and cash equivalents at the beginning of the year		-	-
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year		-	-
		<hr/> <hr/>	<hr/> <hr/>

Notes 1 to 13 form an integral part of these financial statements

¹ Presentational correction to reflect the restatement of movements in Other Payables and Borrowings which were previously shown as net movements in other payables.

Notes to the financial statements

1 Material Accounting policy Information

Basis of preparation

Bazalgette Ventures Limited (“the Company”) is a private company domiciled in the UK. The Company’s registered address is 6th Floor, Blue Fin Building, 110 Southwark Street, London, SE1 0SU. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The Company financial statements have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards (UK-Adopted IFRS). The financial statements are prepared in accordance with the historical cost accounting convention except where UK-Adopted IFRS require an alternative treatment. Where items are sufficiently significant by virtue of their size or nature, they are disclosed separately in the financial statements in order to aid the reader’s understanding of the Company’s financial position.

The Company is exempt under CA2006 s400 from the obligation to prepare group accounts. The Company’s parent undertaking Bazalgette Equity Limited includes the company in its consolidated financial statements. The consolidated financial statements of Bazalgette Equity Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained online at www.tideway.london or from the address disclosed in note 12.

Measurement convention

The financial statements are prepared in accordance with the historical cost accounting convention unless otherwise stated in the below accounting policies. The financial statements are presented in Pounds Sterling.

Judgements and Estimates

In the process of applying the Company’s accounting policies to the financial statements, the Directors are required to make certain judgements, estimates and assumptions that it believes are reasonable based on the information available. The Directors do not believe there are any areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to these financial statements.

Going concern

The Directors have undertaken a detailed review to assess whether the Company has sufficient resources to continue in operational existence for at least 12 months from the date of signing these financial statements. The key considerations are as follows:

The Company has no cash balance, however the only outstanding liabilities in the Company are the shareholder loan funding and related interest payable balance. At the balance sheet date, the outstanding loan was £922.7m and the interest outstanding was £0.2m.

Interest repayments on the loan are met via cash payments from the Company’s subsidiary Bazalgette Holdings Limited which has an identical loan on the same economic terms with its subsidiary, Bazalgette Tunnel Limited. Consequently, the Company has an interest receivable balance that mirrors the payable. Bazalgette Tunnel Limited is the regulated operating entity in the Bazalgette Equity Group of companies and has significant liquidity.

Over the going concern period, interest will continue to accrue on this debt at 8% of the outstanding balance. If the full cost of interest payable is not met via the level of cash payments from Bazalgette Tunnel Limited (via Bazalgette Holdings Limited), the shareholder loan agreement allows for the Company to capitalise outstanding interest into the loan. The shareholder loan matures in 2064 and thus is a liability requiring settlement beyond 12 months from the signing of the financial statements.

Therefore, the Directors are satisfied that the Company has sufficient resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing these financial statements.

Notes to the financial statements (continued)

New accounting standards and future changes

The Company has adopted the following new or amendments to accounting standards the financial year:

- IFRS 17 Insurance Contracts;
- Amendments to IAS 12 – Deferred tax related to Assets and Liabilities arising from a single transaction;
- Amendments to IAS 8 – Accounting policies, changes in accounting estimates and errors: Definition; and
- Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2 making materiality judgements.

The above amendments did not have any material effect on the Company at adoption.

At the date of authorisation of these financial statements, there were certain new or revised IFRS's that will be applicable in future years, but the Company does not expect any material impact on the Company's Financial Statements at future adoption. These new or revised IFRS's are noted below:

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current; and
- Amendments to IFRS 16 – Leases.

Financial Instruments

The Company determines the classification of financial instruments at initial recognition and re-evaluates this designation at each financial year end. The initial and subsequent measurement of financial instruments depends on their classification as follows:

Other receivables

Other receivables consist of borrowings owed by group undertakings that do not have a significant financing component are classified as amortised cost under IFRS 9; initially recognised at at fair value. Subsequent to initial recognition they are measured at amortised cost and any expected credit loss impairments or reversals are recognised through profit or loss.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand balances and deposits with a maturity at acquisition of three months or less. Cash equivalents are readily convertible to a known amount of cash and subject to an insignificant risk of change in value.

Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost. Any difference between the proceeds received (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest method.

Taxation

Tax on the profit or loss for the period 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 or in other comprehensive income.

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at

Notes to the financial statements (continued)

the tax rates that are expected to be applied to temporary differences when they reverse using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets and liabilities are disclosed net to the extent that they relate to taxes levied by the same tax authority and the Company has the right of set off.

2 Auditors' remuneration

The auditor's remuneration for the audit of these financial statements was £6,000 (2023: £4,615). These costs are being wholly borne by Bazalgette Tunnel Limited.

3 Remuneration of directors

The directors of the Company did not receive any payments in respect of their services as directors of the Company as they did not perform any qualifying services (2023: £nil).

4 Finance income and expense

	2024 £m	2023 £m
Finance income		
Interest on loans to subsidiary undertakings	70.3	65.5
Finance costs		
Interest expense on borrowings	(70.3)	(65.5)
	<hr/>	<hr/>
Net finance costs	-	-
	<hr/> <hr/>	<hr/> <hr/>

5 Taxation

	2024 £m	2023 £m
Total current tax	-	-
	<hr/>	<hr/>
Total Income Statement tax expense	-	-
	<hr/> <hr/>	<hr/> <hr/>

Factors affecting tax charge for the year

The Company's effective tax rate for the year ended 31 March 2024 is 0% (2023: 0%) which is 25% lower than (2023: 19% lower than) the standard rate of corporation tax in the UK.

	2024 £m	2023 £m
Profit before tax	-	-
Profit multiplied by standard rate of corporation tax of 25% (2023:19%)	-	-
	<hr/>	<hr/>
Total tax charge for the year	-	-
	<hr/> <hr/>	<hr/> <hr/>

The Company did not have any unrecognised deferred tax assets as at the Statement of Financial Position date (2023: £nil).

Notes to the financial statements (continued)

6 Investments in subsidiaries

The Company has the following investments in subsidiaries:

Company	Country of incorporation	Class of shares held	Ownership 2024	Ownership 2023
Bazalgette Holdings Limited	UK	Ordinary	100%	100%

Bazalgette Holdings Limited is the immediate holding company of Bazalgette Tunnel Limited, which has the same year end and the same registered address as Bazalgette Ventures Limited, which is 6th Floor, Blue Fin Building, 110 Southwark Street London SE1 0SU.

7 Other receivables

	2024 £m	2023 £m
Borrowings owed by group undertakings	922.7	836.1
Interest receivable from group undertakings	0.2	16.5
Total	922.9	852.6
Non-current assets	922.9	852.6
Current assets	-	-

Amounts owed by group undertakings represent loans made to the Company's immediate subsidiary Bazalgette Holdings Limited. The loan has the same economic terms and maturity as the shareholder loan notes disclosed in note 9.

Borrowings owed by group undertakings are classified and measured at amortised cost under IFRS 9. An assessed under the expected credit loss model was immaterial at 31 March 2024 and at 31 March 2023, and therefore not recognised within the year.

Interest receivable from group undertakings represents interest owed by the Company's immediate subsidiary on the above-mentioned intercompany loan.

8 Other payables

	2024 £m	2023 £m
Interest payable on intra-group loans	0.2	16.5
Total	0.2	16.5
Non-current liabilities	0.2	16.5
Current liabilities	-	-

Notes to the financial statements (continued)

9 Borrowings

This note provides information about the Company's borrowings, which are measured at amortised cost.

Terms and debt repayment schedule

The principal economic terms and conditions of outstanding borrowings are:

	Currency	Nominal interest rate	Maturity dates	Carrying value 2024 £m	Carrying value 2023 £m	Fair value 2024 £m	Fair value 2023 £m
Borrowings measured at amortised cost							
Shareholder loan notes	GBP	8%	2064	922.7	836.1	1,202.5	737.6

During the year £86.6m (2023: £36.6m) of shareholder loan interest was capitalised as shareholder loan note principal.

Fair value measurements

The Fair value of Borrowings measured at amortised cost represents the price that would be received to sell an asset or paid to transfer a liability between informed and willing parties, other than in a forced or liquidation sale at the measurement date.

Financial liabilities at amortised cost

The fair value of borrowings is determined using observable quoted market prices where this is available or by discounting the expected future cashflows using appropriate available market data and a credit risk adjustment representative of the Company.

10 Capital and reserves

Called-up share capital

	Ordinary shares 2024 No.	Ordinary shares 2023 No.
Allotted, called-up and fully paid Ordinary shares of £1 each		
At the beginning and end of year	509,672,601	509,672,601

The holders of ordinary shares are entitled to receive distributions as declared from time to time and are entitled to vote at meetings of the Company in line with the details of the Shareholders agreement. Further information on the role of the shareholders is outlined in the Holding Company Principles statement which is available at www.tideway.london.

Notes to the financial statements (continued)

11 Related party transactions

At 31 March 2024, the Company has a loan for £922.7m (2023: £836.1m) and £0.2m interest receivable outstanding (2023: £16.5m) with its direct subsidiary Bazalgette Holdings Limited which is disclosed in note 7.

During the year £86.6m (2023: £36.6m) of loan interest was capitalised back into the shareholder loan principal.

During the year £nil (2023: £20.8m) of interest was received from the subsidiary and £nil of loan principal was repaid (2023: £nil repaid).

There were no transactions with key management personnel who comprise the Directors of the Company.

12 Ultimate parent company and parent company of a larger group

The Company is a wholly owned subsidiary of Bazalgette Equity Limited which is the ultimate parent company (incorporated in the United Kingdom). The largest and smallest group in which the results of the Company are consolidated is that headed by Bazalgette Equity Limited. No other group financial statements include the results of the Company.

Copies of the consolidated financial statements of this group can be viewed at www.tideway.london or at the Company's registered address of 6th Floor, Blue Fin Building, 110 Southwark Street, London, SE1 0SU.

13 Subsequent events occurring after the reporting date

No material events have occurred between the year end date and the signing of these financial statements that would require the Company to adjust the financial statements or require disclosure in these financial statements.