



Tideway

RECONNECTING
LONDON
WITH THE
RIVER
THAMES

ANNUAL
PERFORMANCE
REPORT
2023/24



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Annual Performance Report

Introduction

Tideway has completed the construction of the Thames Tideway Tunnel under the River Thames and is currently focused on its activation – creating a healthier environment for London by cleaning up the city’s greatest natural asset, now and for the foreseeable future.

We are an independent regulated water company, licensed by Ofwat to design, build, commission, finance and maintain the Thames Tideway Tunnel (TTT) and to receive a revenue stream from Thames Water’s customers to fund this work.

To maintain the respect and confidence of our stakeholders, we meet all relevant requirements put in place by Ofwat to aid comparability between companies and to help the regulator monitor the sector’s performance and financial resilience. Tideway is different from the rest of the sector being a wholesale-only wastewater company, with bespoke regulatory arrangements and different financing – specifically, our shareholders injected around £1.3bn including £764.5m of shareholder loans at the start of the project. Given these differences, many of the standard reporting requirements are not relevant to us. We have worked closely with Ofwat to agree the scope for our regulatory reporting.

As we move from the construction phase of the TTT into the commissioning phase, we are making changes to our Board to reflect the evolving needs of the project. Full details of the changes are set out in the Governance section of our Annual Report and Accounts.¹ During this transition period we have also put in place enhanced stakeholder engagement to ensure that Ofwat, Government, the Environment Agency and other key organisations are aware of the latest developments around connection of the TTT to Thames Water’s network and activation of the London Tideway Tunnels system.

¹ Tideway’s annual report can be found here: <https://www.tideway.london/corporate-info/financial-publications/>.

The following table lists the information that Tideway is required to report and where it can be found. The scope of information mirrors that in our 2022/23 Annual Performance Report.

Disclosure	Source of requirement	Location	Notes
Regulatory accounting statements	Regulatory Accounting Guideline (RAG) 3.14 (section 2) and Tideway's Licence, Condition F.	This document. Table 4B published separately on Tideway's website.	Companies must provide certain information on their performance, as specified by Ofwat. Tideway has agreed with Ofwat that it will publish a subset of the standard tables plus three tables unique to us.
Financing cost adjustment (FCA): required disclosures	Tideway's Licence, Part A of Appendix 1, condition 6.11.	This document: see footnote below table 1E.	
Transfer pricing information	RAG 3.14, section 5.	This document.	
Risk and compliance statement	Ofwat Information Notice 24/01.	This document.	This is the main means by which companies annually certify compliance with their licences and relevant legislation.
Board statement on accuracy and completeness of data and information	RAG 3.14 (4.41-4.44).	This document.	
Statement on executive pay and performance	Section 35A of the Water Industry Act 1991 and RAG 3.14 (3.2-3.10).	Annual report, ² Remuneration Committee report.	
Statement as to disclosure of information to auditors	RAG 3.14 (3.11-3.12).	This document.	
Statement on dividend policy for the appointed business (value and basis of dividend/ distribution)	RAG 3.14 (3.13-3.20).	Annual report, Financing section of the strategic report, 'Distributions'	Prior to System Acceptance, Tideway will not generate distributable profits and as such it will not be able to pay dividends to its shareholders. As a result, during construction Tideway's shareholders receive a cash return on their investment through a combination of payments of interest on the loan and partial repayments of those loans. At 31 March 2024, shareholder loans were £922.7m (2023: £836.1m). During the year £nil (2023: £20.8m) shareholder loan interest was paid and £86.6m (2023: £36.6m) of shareholder loan interest was capitalised.

² Tideway's annual report can be found here: <https://www.tideway.london/corporate-info/financial-publications/>

Note on capitalisation policy	RAG 3.14 (3.23).	Annual report, Financial statements: contained within note 1 under 'Property, plant and equipment'.	Tideway capitalises costs that meet the capitalisation criteria for assets under construction and reports revenue as deferred income during the construction phase. The only entries in the Income Statement are fair value movements on derivative financial instruments and an adjustment relating to interest as a result of differences between RAG and statutory treatments (see notes to Table 1A, in this document).
Note on bad debt policy	RAG 3.14 (3.24-3.27).	Annual report, Financial statements: contained within note 1 (accounting policies) under 'Revenue'. 'Notes' column of this table gives context.	Tideway collects its revenue via Thames Water and does not bill customers directly, so its bad debt policies are different from those of other water and sewerage companies. Tideway continues to assess trade receivables (revenue from Thames Water Utilities Ltd, TWUL) under the forward looking 'expected loss model' at each reporting date in accordance with IFRS 9 requirements. Note 1 to the statutory accounts ('Impairment' section) refers to the overall approach.
Statement on sufficiency of non-financial resources	Tideway's Licence, condition K4.4A	This document.	Tideway is required to confirm that (as far as reasonably practicable) it has sufficient non-financial rights and resources to enable a special administrator to carry out its licensed activities.
Statement on sufficiency of resources and facilities ('Condition K certificate')	Tideway's Licence, condition K10, RAG 3.14 (3.28-3.30) and additional Ofwat guidance in Information Notice 20/01, 'Requirements and expectations for ring-fencing certificates'.	This document.	Tideway is required to confirm that it has sufficient rights and resources (financial and non-financial) to enable it to carry out its licensed activities for at least the next year, and to make a statement of the main factors that the Board has taken into account in endorsing the certificate. For 2023/24, as in previous years, we have taken account of Ofwat guidance in Information Notice 20/01. The 'ring fencing certificates' in this document are equivalent to Tideway's Condition K Certificate.
An effective, accessible and clear explanation of how Tideway is meeting the objectives on Board leadership, transparency and governance (BLTG) set out in its licence	Tideway's Licence, condition K2.2-K2.3.	Annual report, Corporate Governance section.	This annual report provides information on the BLTG principles in relation to all Tideway group companies.
Tax strategy	RAG 3.14 (3.32-3.33).	Annual report, Financial Performance Review.	'Tax' section of the Financial Performance Review explains why Tideway does not expect to pay any corporation tax during construction, while 'Tax Strategy' section sets out our overall strategy.

Statement on differences between statutory and RAG definitions	RAG 3.14 (3.34-3.35).	This document: see notes to tables 1A, 1C and 1D.	All differences relate to capitalised interest values (in period or cumulative).
Long-Term Viability Statement	RAG 3.14 (3.36-3.39) and additional Ofwat guidance in Information Notice 19/07.	Annual report, Strategic Report.	
Interest analysis	RAG 3.14 (4.19-4.20).	This document.	
Reporting on greenhouse gas emissions	Requirements relating to table 11A and SWOT analysis set out in RAG 4.12 (section 11).	This document, table 11A; Sustainability Report	We provide the required information on embedded greenhouse gas emissions in table 11A of this document, and a SWOT analysis of embedded emissions in our Sustainability Report. ³ Tideway does not have operational greenhouse gas emissions during the construction period.
Audit reports	Report on regulatory accounts required by RAG 3.14, 2.12-2.14. Report on Condition K certificate not formally required by Tideway's licence but obtained in line with good practice and with Ofwat expectations set out in information notices 20/01 and 21/01.	This document.	
Open Data	Ofwat Information Notice 24/01.	This document.	

Ofwat has confirmed that other standard reporting requirements set out in RAG 3.14 and Information Notice 24/01 do not apply to Tideway, as they are not relevant to Tideway's business.

³ Tideway's sustainability report can be found here: <https://www.tideway.london/corporate-info/financial-publications/>.

Regulatory Accounting Statements

TIDEWAY'S FINANCIAL POSITION AND PERFORMANCE

Tideway has agreed with Ofwat that it will publish a set of tables, including some standard tables (1A-1E, 2D, 4B, 4H, 4I, 4V and 11A) and some that are unique to the Company (TTTA-TTTC). The standard tables are given the same numbering in this report as in the relevant RAG.⁴

The numbers within these regulatory accounting statements may look different from those reported by other water companies, due to the unique nature of Tideway. Features of the data reported include:

- Tideway capitalises costs that meet the capitalisation criteria for assets under construction and reports revenue as deferred income during the construction phase. The only entries in the Income Statement are fair value movements on derivative financial instruments and an adjustment relating to interest, as a result of differences between RAG and statutory treatments (see notes to Table 1A). Allowed Revenue and revenue collected are reported in Table TTTA;
- In line with the RAGs, the shareholder loans are reported as debt within the net debt metric in tables 1E and 4H which means that the related gearing metric is higher than that reported to our Board and investors; and
- Tideway's regulatory capital value, which is calculated on a cash basis, was zero at Licence Award. On 31 March 2024, it was £5,293.0m (expressed in March 2024 prices)

⁴ <https://www.ofwat.gov.uk/publication/guideline-for-the-format-and-disclosures-for-the-annual-performance-report-2/>

REGULATORY ACCOUNTS

1A - INCOME STATEMENT

For the 12 months ended 31 March 2024

Line description	Units	Statutory	Adjustments			Total adjustments	Total appointed activities
			Differences between statutory and RAG definitions	Non-appointed			
1 Revenue	£m	0.000	0.000	0.000	0.000	0.000	0.000
2 Operating costs	£m	0.000	0.000	0.000	0.000	0.000	0.000
3 Other operating income	£m	0.000	0.000	0.000	0.000	0.000	0.000
4 Operating profit	£m	0.000	0.000	0.000	0.000	0.000	0.000
5 Other income	£m	0.000	0.000	0.000	0.000	0.000	0.000
6 Interest income	£m	0.000	19.784	0.000	19.784	19.784	19.784
7 Interest expense	£m	0.000	-232.008	0.000	-232.008	-232.008	-232.008
8 Other interest expense	£m	0.000	0.000	0.000	0.000	0.000	0.000
9 Profit before tax and fair value movements	£m	0.000	-212.224	0.000	-212.224	-212.224	-212.224
10 Fair value gains/(losses) on financial instruments	£m	14.497	0.000	0.000	0.000	14.497	14.497
11 Profit before tax	£m	14.497	-212.224	0.000	-212.224	-197.727	-197.727
12 UK Corporation tax	£m	0.000	0.000	0.000	0.000	0.000	0.000
13 Deferred tax	£m	0.000	0.000	0.000	0.000	0.000	0.000
14 Profit for the year	£m	14.497	-212.224	0.000	-212.224	-197.727	-197.727
15 Dividends	£m	0.000	0.000	0.000	0.000	0.000	0.000

Tax analysis

16 Current year	£m	0.000	0.000	0.000	0.000	0.000	0.000
17 Adjustment in respect of prior years	£m	0.000	0.000	0.000	0.000	0.000	0.000
18 UK Corporation tax	£m	0.000	0.000	0.000	0.000	0.000	0.000

Analysis of non-appointed revenue

19 Imported sludge	£m			0.000			
20 Tankered waste	£m			0.000			
21 Other non-appointed revenue	£m			0.000			
22 Revenue	£m			0.000			

1A Notes to line items

Line	Note
1	Revenue that the Company receives from Thames Water (see Table TTTA for analysis) is deferred onto the Statement of Financial Position as the associated services will not be delivered until System Acceptance. This is consistent with the accounting policies that are disclosed in note 1 to the statutory financial statements.
6&7	Differences between statutory and RAG definitions relate to interest capitalised under IAS 23 'Borrowing Costs' in the statutory financial statements. These are required to be shown in the Income Statement for regulatory reporting.
14	The difference between the statutory accounts profit and the regulatory accounts profit relates to the net interest expense of £-212.224m.

1B – STATEMENT OF COMPREHENSIVE INCOME

For the 12 months ended 31 March 2024

Line description		Units	Statutory	Adjustments			Total appointed activities
				Differences between statutory and RAG definitions	Non-appointed	Total adjustments	
1	Profit for the year	£m	14.497	-212.224	0.000	-212.224	-197.727
2	Actuarial gains/(losses) on post-employment plans	£m	0.000	0.000	0.000	0.000	0.000
3	Other comprehensive income	£m	0.000	0.000	0.000	0.000	0.000
4	Total Comprehensive income for the year	£m	14.497	-212.224	0.000	-212.224	-197.727

For details on the adjustment between statutory and RAG definitions see notes to Table 1A.

1C - STATEMENT OF FINANCIAL POSITION

For the 12 months ended 31 March 2024

Line description	Units	Statutory	Adjustments			Total appointed activities	
			Differences between statutory and RAG definitions	Non-appointed	Total adjustments		
Non-current assets							
1	Fixed assets	£m	5,401.758	-1,112.945	0.000	-1,112.945	4,288.813
2	Intangible assets	£m	0.000	0.000	0.000	0.000	0.000
3	Investments - loans to group companies	£m	0.058	0.000	0.000	0.000	0.058
4	Investments – other	£m	0.000	0.000	0.000	0.000	0.000
5	Financial instruments	£m	0.000	0.000	0.000	0.000	0.000
6	Retirement benefit assets	£m	0.000	0.000	0.000	0.000	0.000
7	Total non-current assets	£m	5,401.816	-1,112.945	0.000	-1,112.945	4,288.871
Current assets							
8	Inventories	£m	0.000	0.000	0.000	0.000	0.000
9	Trade & other receivables	£m	90.803	0.000	0.000	0.000	90.803
10	Financial instruments	£m	0.000	0.000	0.000	0.000	0.000
11	Cash & cash equivalents	£m	397.695	0.000	0.000	0.000	397.695
12	Total current assets	£m	488.498	0.000	0.000	0.000	488.498
Current liabilities							
13	Trade & other payables	£m	0.000	0.000	0.000	0.000	0.000
14	Capex creditor	£m	-129.366	0.000	0.000	0.000	-129.366
15	Borrowings	£m	-0.658	0.000	0.000	0.000	-0.658
16	Financial instruments	£m	-1.544	0.000	0.000	0.000	-1.544
17	Current tax liabilities	£m	0.000	0.000	0.000	0.000	0.000
18	Provisions	£m	0.000	0.000	0.000	0.000	0.000
19	Total current liabilities	£m	-131.568	0.000	0.000	0.000	-131.568
20	Net Current assets/(liabilities)	£m	356.930	0.000	0.000	0.000	356.930

Line description	Units	Statutory	Adjustments			Total appointed activities	
			Differences between statutory and RAG definitions	Non-appointed	Total adjustments		
Non-current liabilities							
21	Trade & other payables	£m	-496.378	0.000	0.000	0.000	-496.378
22	Borrowings	£m	-4,541.038	0.000	0.000	0.000	-4,541.038
23	Financial instruments	£m	-146.485	0.000	0.000	0.000	-146.485
24	Retirement benefit obligations	£m	0.000	0.000	0.000	0.000	0.000
25	Provisions	£m	0.000	0.000	0.000	0.000	0.000
26	Deferred income – grants & contributions	£m	0.000	0.000	0.000	0.000	0.000
27	Deferred income - adopted assets	£m	0.000	0.000	0.000	0.000	0.000
28	Preference share capital	£m	0.000	0.000	0.000	0.000	0.000
29	Deferred tax	£m	0.000	0.000	0.000	0.000	0.000
30	Total non-current liabilities	£m	-5,183.901	0.000	0.000	0.000	-5,183.901
31	Net assets	£m	574.845	-1,112.945	0.000	-1,112.945	-538.100
Equity							
32	Called up share capital	£m	509.673	0.000	0.000	0.000	509.673
33	Retained earnings & other reserves	£m	65.172	-1,112.945	0.000	-1,112.945	-1,047.773
34	Total Equity	£m	574.845	-1,112.945	0.000	-1,112.945	-538.100

1C Notes to line items

- Line Note**
- Bazalgette Tunnel Limited has made a presentational update to its statutory financial statements for the year to 31 March 2024. The historic presentation of the accrued interest and accretion relating to the derivative financial instruments as part of the Borrowings was not in line with IAS 1 paragraph 59. The presentational restatement is to correctly reflect the accrued interest and accretion relating to derivative financial instruments within the Derivative Financial Instrument line in the statement of financial position. There has been no change to the net assets of the company. This adjustment is disclosed in Note 16 of the statutory financial statements. Had Bazalgette Tunnel Limited used this approach in the preparation of prior year statutory financial statements, the following tables within the regulatory accounting statements would have had differences: 1C, 4B, 4I, and 4V.
- 1** All costs included within fixed assets are on an accruals basis. This differs from the Annual Actual Project Spend in Table TTTB, which is on a cash basis. The £-1,112.945m differences between the Company's Statutory fixed asset figure and RAG definitions relates to the cumulative value of capitalised interest (excluding financing fees) since project commencement, which is excluded from the RAG definitions.
- 9** The £90.803m of Trade & other receivables includes an intra-group loan receivable of £23.472m due within 1 year. This trade and other receivables included current and non-current trade debtors, prepayments and other receivables. Under IFRS, the Statement of Financial Position splits these between £20.9m non-current and £69.9m current. Refer to note 7 to the financial statements.

- 15 Current borrowings represent the current split of lease liabilities of £-0.658m outstanding at 31 March 2024 on IFRS 16 leases. The Company has presented lease liabilities as separate line items from borrowings in the Statement of Financial Position.
- 21 Trade & other payables includes £-484.5m of cash amounts received from Thames Water in relation to the Company's revenue, which is deferred onto the Statement of Financial Position until System Acceptance. The revenue is deferred as the associated services will not be delivered until System Acceptance.
- 22 Non-current borrowings comprises of borrowings totalling £-4,540.932m and the non-current split of lease liabilities of £-0.106m outstanding at 31 March 2024 on IFRS 16 property leases.

1D - Statement of cash flows

For the 12 months ended 31 March 2024

Line description	Units	Statutory	Adjustments			Total appointed activities	
			Differences between statutory and RAG definitions	Non-appointed	Total adjustments		
Operating activities							
1	Operating profit	£m	0.000	0.000	0.000	0.000	0.000
2	Other income	£m	0.000	0.000	0.000	0.000	0.000
3	Depreciation	£m	0.000	0.000	0.000	0.000	0.000
4	Amortisation – Grants & contributions	£m	0.000	0.000	0.000	0.000	0.000
5	Changes in working capital	£m	115.829	0.000	0.000	0.000	115.829
6	Pension contributions	£m	0.000	0.000	0.000	0.000	0.000
7	Movement in provisions	£m	0.000	0.000	0.000	0.000	0.000
8	Profit on sale of fixed assets	£m	0.000	0.000	0.000	0.000	0.000
9	Cash generated from operations	£m	115.829	0.000	0.000	0.000	115.829
10	Net interest paid	£m	0.000	-8.640	0.000	-8.640	-8.640
11	Tax paid	£m	0.000	0.000	0.000	0.000	0.000
12	Net cash generated from operating activities	£m	115.829	-8.640	0.000	-8.640	107.189
Investing activities							
13	Capital expenditure	£m	-359.836	8.640	0.000	8.640	-351.196
14	Grants & Contributions	£m	0.000	0.000	0.000	0.000	0.000
15	Disposal of fixed assets	£m	0.000	0.000	0.000	0.000	0.000
16	Other	£m	-10.000	0.000	0.000	0.000	-10.000
17	Net cash used in investing activities	£m	-369.836	8.640	0.000	8.640	-361.196
18	Net cash generated before financing activities	£m	-254.007	0.000	0.000	0.000	-254.007

Line description	Units	Statutory	Adjustments			Total appointed activities
			Differences between statutory and RAG definitions	Non-appointed	Total adjustments	
Cashflows from financing activities						
19	Equity dividends paid	£m	0.000	0.000	0.000	0.000
20	Net loans received	£m	314.175	0.000	0.000	314.175
21	Cash inflow from equity financing	£m	0.000	0.000	0.000	0.000
22	Net cash generated from financing activities	£m	314.175	0.000	0.000	314.175
23	Increase (decrease) in net cash	£m	60.168	0.000	0.000	60.168

1D Notes to line items

Line Note

- 10** The net interest paid includes £25.380m of interest paid, partly offset by £16.740m of interest received. Net interest includes interest paid on external borrowings, interest received/paid on net settled derivatives and interest received on cash deposits during the year ended 31 March 2024.
- 13** The £-359.836m of capital expenditure represents cash outflows for the asset under construction.

1E - NET DEBT ANALYSIS⁵

At 31 March 2024

Line description	Units	Fixed rate	Floating rate	Index linked		Total	
				RPI	CPI/CPIH		
Interest rate risk profile							
1	Borrowings (excluding preference shares)	£m	2,028.503	0.000	2,315.812	411.044	4,755.359
2	Preference share capital	£m	0.000				0.000
3	Total borrowings	£m	2,028.503	0.000	2,315.812	411.044	4,755.359
4	Cash	£m					-167.695
5	Short term deposits	£m					-230.000
6	Net Debt	£m					4,357.664
Gearing							
7	Gearing	%					82.329%
8	Adjusted Gearing	%					68.715%
Interest							
9	Full year equivalent nominal interest cost	£m	111.574	2.833	96.872	16.564	227.843
10	Full year equivalent cash interest payment	£m	111.574	2.833	-2.596	3.305	115.116
Indicative interest rates							
11	Indicative weighted average nominal interest rate	%	5.500%	0.000%	4.183%	4.030%	4.791%
12	Indicative weighted average cash interest rate	%	5.500%	0.000%	-0.112%	0.804%	2.421%
Time to maturity							
13	Weighted average years to maturity		23.501	0.000	14.203	17.000	19.452

⁵ Until 2021, changes to net debt affected Tideway's revenue via the financing cost adjustment, a mechanism in Tideway's Licence that shared the impacts of movements in the market cost of debt (above certain thresholds) between Tideway and Thames Water's customers. Modifications to the relevant licence conditions that took effect in March 2022 mean that changes to net debt after March 2021 do not affect Tideway's revenue. The basis of the calculation of the Financing Cost Adjustment and its component parts is provided in Tideway's annual Revenue Statement (see <https://www.tideway.london/media/6627/the-revenue-statement-2024-25.pdf>).

1E Notes to line items

Line	Note
3	The borrowings of £4,755.359m represents £922.740m shareholder loans, £2,148.396m intergroup loans (principal and accretion), £1,683.460m third party borrowings and £0.763m lease liabilities. The total figure is £213.663m greater than the borrowings in table 1C (sum of lines 1C.15 and 1C.22) due to the following: £219.167m of swap accretions that RAG 4.12 requires to be included in borrowings in table 1E, but which are included in the derivative financial liability instead of borrowings in table 1C. This is partly offset by the treatment of the bond discount/premium amounting to £5.504m; RAG 4.12 requires this to be excluded from the figure in table 1E.
6	The net debt figure differs from the Company's internal net debt amount of £3,670.5m presented in the strategic report. The company's internal net debt measure adjusts for the £922.74m shareholder loans, £-5.5m intercompany bond discount/premium, and £-230.0m short term deposits at 31 March 2024.
7	As the Company was not part of the 2019 Periodic Review process, it does not have an RCV determined at the Final Determinations. Therefore, the gearing is based on the RCV at 31 March 2024 (as per table TTTB). Tideway's shareholder loans are included within the debt figure used to calculate gearing.
8	Adjusted gearing, in relation to the Company's financial covenants, as per the terms of its financing documents, is the ratio of senior net indebtedness to adjusted RCV. Refer to ratios calculated in the Financial Performance Review of the Annual Report and Accounts.

2D - HISTORIC COST ANALYSIS OF TANGIBLE FIXED ASSETS

At 31 March 2024

Line description		Units	Residential Retail	Business Retail	Water resources	Water Network+	Wastewater Network+	Bioresources	Additional Control	Total
Cost										
1	At 1 April 2023	£m	0.000	0.000	0.000	0.000	3,940.956	0.000	0.000	3,940.956
2	Disposals	£m	0.000	0.000	0.000	0.000	-8.590	0.000	0.000	-8.590
3	Additions	£m	0.000	0.000	0.000	0.000	357.507	0.000	0.000	357.507
4	Adjustments	£m	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
5	Assets adopted at nil cost	£m	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
6	At 31 March 2024	£m	0.000	0.000	0.000	0.000	4,289.873	0.000	0.000	4,289.873
Depreciation										
7	At 1 April 2023	£m	0.000	0.000	0.000	0.000	-7.897	0.000	0.000	-7.897
8	Disposals	£m	0.000	0.000	0.000	0.000	8.590	0.000	0.000	8.590
9	Adjustments	£m	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
10	Charge for year	£m	0.000	0.000	0.000	0.000	-1.753	0.000	0.000	-1.753
11	At 31 March 2024	£m	0.000	0.000	0.000	0.000	-1.060	0.000	0.000	-1.060
12	Net book amount at 31 March 2024	£m	0.000	0.000	0.000	0.000	4,288.813	0.000	0.000	4,288.813
13	Net book amount at 1 April 2023	£m	0.000	0.000	0.000	0.000	3,933.059	0.000	0.000	3,933.059
Depreciation charge for year										
14	Principal services	£m	0.000	0.000	0.000	0.000	-1.753	0.000	0.000	-1.753
15	Third party services	£m	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
16	Total	£m	0.000	0.000	0.000	0.000	-1.753	0.000	0.000	-1.753

2D Notes to line items

Line	Note
All	For the purposes of completing table 2D, Tideway has classified all of its activities as falling within the wastewater network+ segment. This approach reflects that Tideway is constructing a single asset, the Thames Tideway Tunnel, which will be used solely for sewage collection activities. The Company has no direct relationship with customers and carries out no activities that could be classified as retail. The approach to this table therefore aligns both to the general principles set out in Regulatory Accounting Guideline 2.08/2.09, including those of transparency and causality, and with the definitions of wholesale activities set out in Regulatory Accounting Guideline 4.12.
1	The Opening balance at 1 April 2023 reflects both the tunnel asset and ROU assets (Company's property leases) under IFRS 16.
2&8	Disposals in the year to 31 March 2024 comprise leased office space which was fully depreciated and disposed of.
3	Additions in the year comprised additions to assets under construction and the lease of a new office space ROU asset.
10&14	The ROU assets are being depreciated over the remaining lease terms on the Company's existing property leases under IFRS 16. The depreciation presented here is accounting depreciation only, and regulatory depreciation remains zero.

2L LAND SALES

Tideway has not completed this table, as the company does not own any land – Thames Water owns all relevant land for the project. We have not therefore received any proceeds from disposals in 2023/24.

4B ANALYSIS OF DEBT

Due to the size of this table, we have published it in a separate spreadsheet alongside this report: <https://content.tideway.london/media/6864/table-4b-pdf-version-for-publication.pdf>.

4H - FINANCIAL METRICS

For the 12 months ended 31 March 2024

Line description		Units	Current year	AMP to date
Financial indicators				
1	Net debt	£m	4357.664	
2	Regulatory equity	£m	935.334	
3	Regulatory gearing	%	82.33%	
4	Post tax return on regulatory equity	%	-23.97%	
5	RORE (return on regulatory equity)	%	0.00%	n/a
6	Dividend yield	%	0.00%	
7	Retail profit margin – Household	%	0.00%	
8	Retail profit margin - Non household	%	0.00%	
9	Credit rating – Fitch	Text	BBB+ (Stable)	
10	Credit rating - Moody's	Text	Baa1 (Stable)	
11	Credit rating - Standard and Poor's	Text	n/a	
12	Return on RCV	%	0.00%	
13	Dividend cover	dec	0.00	
14	Funds from operations (FFO)	£m	-8.640	
15	Interest cover (cash)	dec	0.66	
16	Adjusted interest cover (ACICR)	dec	0.66	
17	FFO/Net debt	dec	0.00	
18	Effective tax rate	%	0.00%	
19	Retained cash flow (RCF)	£m	-8.640	
20	RCF/Net debt	dec	0.00	
Borrowings				
21	Proportion of borrowings which are fixed rate	%	42.66%	
22	Proportion of borrowings which are floating rate	%	0.00%	
23	Proportion of borrowings which are index linked	%	57.34%	
24	Proportion of borrowings due within 1 year or less	%	0.00%	
25	Proportion of borrowings due in more than 1 year but no more than 2 years	%	0.02%	
26	Proportion of borrowings due in more than 2 years but no more than 5 years	%	5.26%	
27	Proportion of borrowings due in more than 5 years but no more than 20 years	%	57.36%	
28	Proportion of borrowings due in more than 20 years	%	37.37%	

4H Notes to line items

Line	Note
1&3	As shown in table 1E, Tideway's borrowings, which includes shareholder loans, intra-group loans, 3rd party loans and lease liabilities, exceed its cash and cash equivalents and hence it has a net debt position. Applying the line definitions specified by Ofwat results in positive figures for the net debt on line 1 (which is directly taken from table 1E) and consequently regulated gearing in line 3.
2,3&4	As the Company was not part of the 2019 Periodic Review process (PR19), it does not have an RCV determined at Final Determinations. Therefore the regulated equity, regulated gearing and post-tax return on regulated equity are calculated based on the RCV at 31 March 2024 (in table TTTB).
5	The calculation of RORE is not applicable as the Company was not part of PR19 and does not have a base RORE set at Final Determinations.
6&13	As explained in the Financial Performance Review, there were no dividends paid or proposed during the period. Therefore all the dividend-based financial metrics are reported as not applicable.
7-8	The retail profit margins are not applicable as Tideway has no retail business.
9-10	The Company has been assigned a corporate credit rating of Baa1 by Moody's, with a stable outlook and BBB+ by Fitch, with a stable outlook.
14-17 &19-20	The ratios presented in this table are calculated in line with the RAG methodology. As Tideway has £nil operating profit (Table 1A, line 4) due to its accounting policies, this creates some distortion in the ratios linked to funds from operations (FFO) as required by the RAG methodology. These ratios are not considered to reflect business performance.
15&16	Interest cover (line 15) is calculated by dividing FFO before gross interest expense by the amount of gross interest expense. Tideway's gross interest expense is £-25.380m and its interest received is £16.740m, resulting in the net interest expense per table 1D, line 10 of £-8.640m. This £-8.640m is equal to Tideway's FFO. Line 15 is therefore equal to $(£-8.640 + £25.380) / £25.380 = 0.66$. Tideway has no RCV run off so adjusted cash interest cover ratio (line 16) is the same as interest cover (line 15).
18	The effective tax rate of 0.00% is a result of the Company having no taxable profits in the year.

4I - FINANCIAL DERIVATIVES

For the 12 months ended 31 March 2024

		Financial derivatives – Total							Interest rate	
		Nominal value by maturity (net) at 31 March				Total value at 31 March			Payable	Receivable
Line description		0 to 1 years	1 to 2 years	2 to 5 years	Over 5 years	Nominal value (net)	Mark to Market	Total accretion at 31 March		
Units		£m	£m	£m	£m	£m	£m	£m	%	%
Interest rate swap (sterling)										
1	Floating to fixed rate	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%
2	Floating from fixed rate	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%
3	Floating to index linked	0.000	0.000	0.000	620.000	620.000	120.375	191.689	-0.835%	5.891%
4	Floating from index linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%
5	Fixed to index-linked	0.000	0.000	0.000	70.000	70.000	27.654	27.478	-0.455%	2.860%
6	Fixed from index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%
7	Index-linked to index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%
8	Total	0.000	0.000	0.000	690.000	690.000	148.029	219.167		
Foreign Exchange										
9	Cross currency swap USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
10	Cross currency swap EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
11	Cross currency swap YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
12	Cross currency swap Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
13	Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
Currency interest rate										
14	Currency interest rate swaps USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
15	Currency interest rate swaps EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
16	Currency interest rate swaps YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
17	Currency interest rate swaps Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
18	Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
Forward currency contracts										
19	Forward currency contracts USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
20	Forward currency contracts EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
21	Forward currency contracts YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
22	Forward currency contracts CAD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
23	Forward currency contracts AUD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
24	Forward currency contracts HKD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
25	Forward currency contracts Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
26	Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
Other financial derivatives										
27	Other financial derivatives	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
Total										
28	Total financial derivatives	0.000	0.000	0.000	690.000	690.000	148.030	219.167		

		Financial derivatives – (A) Super-senior swaps with breaks or accretion paydowns								
		Nominal value by maturity (net) at 31 March				Total value at 31 March			Interest rate	
Line description		0 to 1 years	1 to 2 years	2 to 5 years	Over 5 years	Nominal value (net)	Mark to Market	Total accretion at 31 March	Payable	Receivable
Units		£m	£m	£m	£m	£m	£m	£m	%	%
Interest rate swap (sterling)										
29	Floating to fixed rate	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%
30	Floating from fixed rate	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%
31	Floating to index linked	0.000	0.000	0.000	620.000	620.000	120.375	191.689	-0.835%	5.891%
32	Floating from index linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%
33	Fixed to index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%
34	Fixed from index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%
35	Index-linked to index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%
36	Total	0.000	0.000	0.000	620.000	620.000	120.375	191.689		
Foreign Exchange										
37	Cross currency swap USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
38	Cross currency swap EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
39	Cross currency swap YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
40	Cross currency swap Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
41	Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
Currency interest rate										
42	Currency interest rate swaps USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
43	Currency interest rate swaps EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
44	Currency interest rate swaps YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
45	Currency interest rate swaps Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
46	Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
Forward currency contracts										
47	Forward currency contracts USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
48	Forward currency contracts EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
49	Forward currency contracts YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
50	Forward currency contracts CAD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
51	Forward currency contracts AUD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
52	Forward currency contracts HKD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
53	Forward currency contracts Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
54	Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
Other financial derivatives										
55	Other financial derivatives	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
Total										
56	Total financial derivatives	0.000	0.000	0.000	620.000	620.000	120.375	191.689		

		Financial derivatives – (B) Pari-passu swaps with breaks or accretion paydowns								
		Nominal value by maturity (net) at 31 March				Total value at 31 March			Interest rate	
Line description		0 to 1 years	1 to 2 years	2 to 5 years	Over 5 years	Nominal value (net)	Mark to Market	Total accretion at 31 March	Payable	Receivable
Units		£m	£m	£m	£m	£m	£m	£m	%	%
Interest rate swap (sterling)										
57	Floating to fixed rate	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
58	Floating from fixed rate	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
59	Floating to index linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
60	Floating from index linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
61	Fixed to index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
62	Fixed from index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
63	Index-linked to index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
64	Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
Foreign Exchange										
65	Cross currency swap USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
66	Cross currency swap EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
67	Cross currency swap YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
68	Cross currency swap Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
69	Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
Currency interest rate										
70	Currency interest rate swaps USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
71	Currency interest rate swaps EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
72	Currency interest rate swaps YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
73	Currency interest rate swaps Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
74	Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
Forward currency contracts										
75	Forward currency contracts USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
76	Forward currency contracts EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
77	Forward currency contracts YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
78	Forward currency contracts CAD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
79	Forward currency contracts AUD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
80	Forward currency contracts HKD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
81	Forward currency contracts Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
82	Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
Other financial derivatives										
83	Other financial derivatives	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
Total										
84	Total financial derivatives	0.000	0.000	0.000	0.000	0.000	0.000	0.000		

		Financial derivatives – (C) Super-senior swaps without breaks or accretion paydowns							Interest rate	
		Nominal value by maturity (net) at 31 March				Total value at 31 March			Payable	Receivable
Line description		0 to 1 years	1 to 2 years	2 to 5 years	Over 5 years	Nominal value (net)	Mark to Market	Total accretion at 31 March		
Units		£m	£m	£m	£m	£m	£m	£m	%	%
Interest rate swap (sterling)										
85	Floating to fixed rate	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%
86	Floating from fixed rate	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%
87	Floating to index linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%
88	Floating from index linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%
89	Fixed to index-linked	0.000	0.000	0.000	70.000	70.000	27.654	27.478	-0.455%	2.860%
90	Fixed from index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%
91	Index-linked to index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%
92	Total	0.000	0.000	0.000	70.000	70.000	27.654	27.478		
Foreign Exchange										
93	Cross currency swap USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
94	Cross currency swap EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
95	Cross currency swap YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
96	Cross currency swap Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
97	Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
Currency interest rate										
98	Currency interest rate swaps USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
99	Currency interest rate swaps EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
100	Currency interest rate swaps YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
101	Currency interest rate swaps Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
102	Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
Forward currency contracts										
103	Forward currency contracts USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
104	Forward currency contracts EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
105	Forward currency contracts YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
106	Forward currency contracts CAD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
107	Forward currency contracts AUD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
108	Forward currency contracts HKD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
109	Forward currency contracts Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
110	Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
Other financial derivatives										
111	Other financial derivatives	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
Total										
112	Total financial derivatives	0.000	0.000	0.000	70.000	70.000	27.654	27.478		

		Financial derivatives – (D) Other swaps								
		Nominal value by maturity (net) at 31 March				Total value at 31 March			Interest rate	
Line description		0 to 1 years	1 to 2 years	2 to 5 years	Over 5 years	Nominal value (net)	Mark to Market	Total accretion at 31 March	Payable	Receivable
Units		£m	£m	£m	£m	£m	£m	£m	%	%
Interest rate swap (sterling)										
113	Floating to fixed rate	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
114	Floating from fixed rate	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
115	Floating to index linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
116	Floating from index linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
117	Fixed to index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
118	Fixed from index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
119	Index-linked to index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
120	Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
Foreign Exchange										
121	Cross currency swap USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
122	Cross currency swap EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
123	Cross currency swap YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
124	Cross currency swap Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
125	Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
Currency interest rate										
126	Currency interest rate swaps USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
127	Currency interest rate swaps EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
128	Currency interest rate swaps YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
129	Currency interest rate swaps Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
130	Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
Forward currency contracts										
131	Forward currency contracts USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
132	Forward currency contracts EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
133	Forward currency contracts YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
134	Forward currency contracts CAD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
135	Forward currency contracts AUD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
136	Forward currency contracts HKD	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
137	Forward currency contracts Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
138	Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
Other financial derivatives										
139	Other financial derivatives	0.000	0.000	0.000	0.000	0.000	0.000	0.000		
Total										
140	Total financial derivatives	0.000	0.000	0.000	0.000	0.000	0.000	0.000		

4I Notes to line items

Line Note

All Out-of-the money (liability) positions are presented as positive, in-the-money (asset) positions are presented as negative.

3&5 The calculation of weighted average 12-month interest rates for these swaps considers interest rates applicable to drawn down debt at 31 March 2024.

4V - MARK-TO-MARKET OF FINANCIAL DERIVATIVES ANALYSED BASED ON PAYMENT DATES

For the 12 months ended 31 March 2024

Line description		Derivatives - Analysed by earliest payment date				Derivatives - Analysed by expected maturity date			
		Net settled	Gross Settled outflows	Gross Settled inflows	Total	Net settled	Gross Settled outflows	Gross Settled inflows	Total
Units		£m	£m	£m	£m	£m	£m	£m	£m
1	Due within one year	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2	Between one and two years	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
3	Between two and three years	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
4	Between three and four years	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
5	Between four and five years	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
6	After five years	148.030	0.000	0.000	148.030	148.030	0.000	0.000	148.030
7	Total	148.030	0.000	0.000	148.030	148.030	0.000	0.000	148.030

4V Notes to line items

Line Note

All All of Tideway's swaps are net settled.

6 There are no break clauses in Tideway's swap portfolio; the maturity date of the index-linked swap is both the earliest payment date and the expected maturity date so the two halves of table 4V are the same. The swap valuation is based on a profile in which the accretion is paid down at the scheduled intervals and the maturity of Tideway's swap portfolio falls in the years 2030-2032.

11A - GREENHOUSE GAS EMISSIONS REPORTING

For the 12 months ended 31 March 2024

Line description		Operational emissions		
		Water	Wastewater	Total
Unit		tCO2e	tCO2e	tCO2e
Scope one emissions				
1	Burning of fossil fuels (location-based)	n/a	n/a	n/a
2	Burning of fossil fuels (market-based)	n/a	n/a	n/a
3	Process and fugitive emissions	n/a	n/a	n/a
4	Vehicle transport	n/a	n/a	n/a
5	Emissions from land	n/a	n/a	n/a
6	Total scope one emissions (location-based)	n/a	n/a	n/a
7	Total scope one emissions (market-based)	n/a	n/a	n/a
8	Scope one emissions; GHG type CO ₂	n/a	n/a	n/a
9	Scope one emissions; GHG type CH ₄	n/a	n/a	n/a
10	Scope one emissions; GHG type N ₂ O	n/a	n/a	n/a
11	Scope one emissions: GHG other types	n/a	n/a	n/a
Scope two emissions				
12	Purchased electricity (location-based)	n/a	n/a	n/a
13	Purchased electricity (market-based)	n/a	n/a	n/a
14	Purchased heat	n/a	n/a	n/a
15	Electric vehicles	n/a	n/a	n/a
16	Removal of electricity to charge electric vehicles at site	n/a	n/a	n/a
17	Total scope two emissions (location-based)	n/a	n/a	n/a
18	Total scope two emissions (market-based)	n/a	n/a	n/a
19	Scope two emissions; GHG type CO ₂	n/a	n/a	n/a
20	Scope two emissions; GHG type CH ₄	n/a	n/a	n/a
21	Scope two emissions; GHG type N ₂ O	n/a	n/a	n/a
22	Scope two emissions: GHG other types	n/a	n/a	n/a
Scope three emissions				
23	Business travel	n/a	n/a	n/a
24	Outsourced activities	n/a	n/a	n/a
25	Purchased electricity; extraction, production, transmission and distribution (location-based)	n/a	n/a	n/a
26	Purchased electricity; extraction, production, transmission and distribution (market-based)	n/a	n/a	n/a

27	Purchased heat; extraction, production, transmission and distribution	n/a	n/a	n/a
28	Purchased fuels; extraction, production, transmission and distribution	n/a	n/a	n/a
29	Chemicals	n/a	n/a	n/a
30	Disposal of waste	n/a	n/a	n/a
31	Total scope three emissions (location-based)	n/a	n/a	n/a
32	Total scope three emissions (market-based)	n/a	n/a	n/a

33	Scope three emissions; GHG type CO ₂	n/a	n/a	n/a
34	Scope three emissions; GHG type CH ₄	n/a	n/a	n/a
35	Scope three emissions; GHG type N ₂ O	n/a	n/a	n/a
36	Scope three emissions: GHG other types	n/a	n/a	n/a

Gross operational emissions (Scopes 1,2 and 3)

37	Gross operational emissions (location-based)	n/a	n/a	n/a
38	Gross operational emissions (market-based)	n/a	n/a	n/a

Emissions reductions

39	Exported renewables	n/a	n/a	n/a
40	Exported biomethane	n/a	n/a	n/a
41	Insets	n/a	n/a	n/a
42	Other emissions reductions	n/a	n/a	n/a
43	Total emissions reductions	n/a	n/a	n/a

Other

44	Green tariff electricity	n/a	n/a	n/a
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Net annual emissions

45	Net annual emissions (location-based)	n/a	n/a	n/a
46	Net annual emissions (market-based)	n/a	n/a	n/a

Line description	Water	Wastewater
Unit	tCO2e	tCO2e

GHG intensity ratios

47	Emissions per Ml of treated water	n/a	
48	Emissions per Ml of sewage treated		n/a

Line description	Embedded emissions		
	Water	Wastewater	Total
Unit	tCO2e	tCO2e	tCO2e

Capital projects

49	Capital projects (cradle-to-gate)	n/a	466,354.140	466,354.140
50	Capital projects (cradle-to-build)	n/a	553,625.530	553,625.530

Purchased goods and services

51	Purchased goods and services	n/a	466,354.140	466,354.140
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11A Notes to line items

Line Note

- 1-48** Tideway does not have operational greenhouse gas emissions during the construction period.
- 49-51** All reported figures are Project Total to Date, not financial year figures.
- 49** Tideway's cradle to gate emissions include emissions associated with manufacture of our construction materials – aggregate, asphalt, concrete, timber, steel – by our Main Works Contractors to construct the tunnel i.e. System boundary A1 – A3.
- 50** Tideway's cradle to build emissions include cradle to gate plus site activities, including electricity consumption, use of liquid fuels, HVO, waste disposal and water consumption. It also includes emissions related to the import and export of materials and waste to and from site by road or river i.e. system boundary A1 – A5.
- 51** Purchased goods and services is as per cradle to gate and relates to the emissions associated with the purchase of construction materials – aggregate, asphalt, concrete, timber, steel – by Tideway's Main Works Contractors to construct the tunnel.
- 49-51** A SWOT analysis of Tideway's embedded emissions reporting can be found in our Sustainability report: see <https://www.tideway.london/corporate-info/financial-publications/>. As noted in that report, we have carefully reviewed Ofwat's traffic light system for embedded GHG emissions reporting and consider that Tideway's reporting would be categorised as 'Green'.

TABLE TTTA – REVENUE ANALYSIS

		£m							
Year	Allowed Revenue	Payment from TWUL received in period						Total	
		2023/24		2022/23		Previous years			
		Apr-Sep	Oct-Mar	Apr-Sep	Oct-Mar	Apr-Sep	Oct-Mar		
1	2015/16	11.164							
2	2016/17	22.439	0.001	0.000	0.007	0.002	17.121	14.953	32.084
3	2017/18	28.559	0.006	0.000	-0.013	0.002	12.014	16.063	28.072
4	2018/19	49.236	0.012	0.000	-0.006	0.001	26.511	21.384	47.902
5	2019/20	63.431	0.000	0.000	0.057	0.055	31.728	28.915	60.755
6	2020/21	76.465	0.191	0.000	0.466	0.176	29.029	38.274	68.136
7	2021/22	87.029	1.046	-0.056	21.817	4.684	24.698	30.622	82.811
8	2022/23	86.316	11.461	-0.641	24.486	34.932	n/a	n/a	70.238
9	2023/24	117.947	39.379	55.145	n/a	n/a	n/a	n/a	94.524

TTTA Notes to line items
Line
Notes

- 1-8** All items are in outturn prices. Tideway's allowed revenue is calculated in respect of each charging year (equal to the financial year in 2016/17 and beyond) using the methodology set out in its Licence. The allowed revenue is notified to Thames Water, which bills and collects this revenue from its wastewater customers and as it is collected passes it through to Tideway, which may be during or after the relevant charging year. This table records the cash amounts received from Thames Water during the periods shown. Total payments received from Thames Water during the period 2023/24 were £106.5m.
- 1-2** Tideway's allowed revenue was first billed by Thames Water for the 2016/17 charging year, as this could only be calculated following the award of Tideway's Licence in August 2015. Tideway did not receive any payments from Thames Water in 2015/16. As both 2015/16 and 2016/17 allowed revenue were billed together in 2016/17, these amounts are collected together and are not recorded separately in the table above.
- 1-7** The 'Total' column outlines the total payments received from Thames Water as at 31 March 2024 in respect of each charging year, to show that payments received do not exceed the respective Allowed Revenue. As explained in the notes to Table 1A, the Company will recognise all revenue as deferred income during the construction phase. This table is prepared on a cash basis and therefore only revenue payments received in the year are included. The negative payments received in respect of the 2017/18 and 2018/19 charging years reflects corrections made by Thames Water.

TABLE TTTB – EXPENDITURE ANALYSIS

		£m, 2014/15 prices				£m, outturn prices		
		2023/24	2022/23	Previous Years	Total since Licence Award	2023/24	2022/23	Previous Years
1	Annual Base Case Forecast	77.128	116.415	2,805.233	2,998.776	113.433	159.299	3,090.083
2	Total expenditure	244.398	421.875	3,413.788	4,080.062	359.439	577.282	3,790.814
3	Excluded Project Spend	4.528	48.561	460.431	513.520	6.659	66.449	501.428
4	Non-regulated expenditure	0.675	0.832	17.942	19.449	0.993	1.138	19.697
5	Annual Actual Project Spend	239.195	372.482	2,935.415	3,547.092	351.787	509.695	3,269.689
6	Variance from Base Case (£m)	162.067	256.067	130.182	548.316	238.354	350.396	179.606
7	Variance (%)				18.3%			
8	RCV	3,547.091	3,307.897	2,935.415		5,292.998	4,732.440	3,699.767

TTTB Notes to line items

Line	Note
1-8	The 'Previous Years' column consolidates 2015/16, 2016/17, 2017/18, 2018/19, 2019/20, 2020/21 and 2021/22 data. These are all consistent with definitions in Tideway's Licence
1-8	This table is prepared on a cash basis and therefore only expenditure in the year is included.
1	Tideway's Annual Base Case Forecast, its annually profiled regulatory baseline, is included in its Licence. The figure reported for each financial year is subject to defined inflationary adjustments, as set out in Appendix 1 of Tideway's Licence. For this report, the adjustments for 2022/23 and 2023/24 have been applied using the inflation data as at 17 April 2024. For this reason, the figures reported above differ from the £117.3m and £83.35m set out in the Licence. The 2022/23 figure also differs slightly from that in the last annual report, as certain construction indices which were provisional at the time of calculation have now been finalised.
3	Excluded Project Spend is defined in Tideway's Licence and includes certain specified categories of spending that are not included in Tideway's RCV. In 2023/24, Excluded Project Spend related primarily to financing costs.
4	Non-regulated expenditure relates to activity that is neither Allowable nor Excluded Project Spend. For example, this includes office facilities and software for Thames Water staff working on the interface between the two organisations. To avoid customers paying twice for the same expenditure, it is not included in Tideway's Regulatory Capital Value but is recorded as non-regulated expenditure at the point the money is recovered from Thames Water, and Annual Actual Project Spend for the year is correspondingly lower.
3-4	The excluded costs of £7.7m presented in the "Costs and Net Cash Outflow Comparison" table in the Financial Performance Review within the Annual Report and Accounts includes £6.7m of excluded spend and £1.0m of non-regulated spend as shown in table TTTB.
5	Annual Actual Project Spend, defined in Tideway's Licence, is the total of Allowable Project Spend incurred by Tideway and verified by the Independent Technical Assessor (ITA) during the reporting period. This amount becomes part of Tideway's RCV, which drives its revenues.
6-7	Tideway's spending on the project has a different profile from that assumed in the Annual Base Case Forecast, with more actual spending incurred in later years. The 'Total since Licence Award' column shows variance since the start of the project.
1-7	Expenditure is in both outturn and 2014/15 prices. The figures in outturn prices are deflated to 2014/15 prices using the financial year average RPI.
8	RCV is in both outturn and 2014/15 prices. The figures in 2014/15 prices are the cumulative Annual Actual Project Spend deflated using the financial year average RPI. The RCV for each year is inflated at the year-end price and therefore differs from the sum of outturn Annual Actual Project Spend (line 5). Previous Years' RCV is RCV at 31 March 2022.

TABLE TTTC – ALLIANCE AGREEMENT PAYMENTS

		£m, 2014/15 prices				£m, outturn prices		
		2023/24	2022/23	Previous Years	Total since Licence Award	2023/24	2022/23	Previous Years
1	Alliance Agreement payments received	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2	Alliance Agreement payments made	0.000	0.000	13.742	13.742	0.000	0.000	14.441

TTTC Notes to line items

Line Note

- 1&2** The 'Previous Years' column consolidates 2015/16, 2016/17, 2017/18, 2018/19, 2019/20, 2020/21 and 2021/22 data.
- 1** Expenditure funded by Alliance Agreement payments received will be Excluded Project Spend and therefore excluded from the RCV.
- 2** This figure includes all Alliance Agreement payments verified by the Independent Technical Assessor. This table is prepared on a cash basis and therefore only payments received and made in the year are included.

Interest analysis

RAG 3.14, section 4.19-4.20, requires analysis of the appointed interest expense reported in 1A.7 and the appointed other interest expense reported in 1A.8.

Interest Expense Reported in FY2023/4	2024 £m
1A.7 Interest Expense	-232.0
Breakdown of Interest Expense Components	
External borrowings – Interest expense	-67.0
Intra-group borrowings – Interest expense	-165.0
Lease liabilities under IFRS 16 – Interest expense	0.0
Total	-232.0

We have no appointed other interest expense, as reported in 1A.8.

Transfer Pricing Information

To demonstrate that it is operating at arm's length from other companies in the same group and that no cross-subsidies exist, Tideway is required by Regulatory Accounting Guideline 3.14 to disclose details of transactions with associated companies. The Tideway group structure is described in the Governance section of the annual report.

Service received by regulated business	Company	Turnover of associate	Terms of supply	Value
Shareholder loans	Bazalgette Holdings Ltd	-	<p>The shareholder loans were included in the financing plan that was part of the bid Tideway's owners made for the company. Bids were evaluated as part of the procurement process for the infrastructure provider, against criteria that included the rate of return required by bidders and the financial resilience of the proposed financing structure.</p> <p>The shareholder loans have a maturity date of 2064, and an annual interest rate of 8% (for further details refer to note 10 to the financial statements within the Annual Report and Accounts).</p>	<p>£922.740m outstanding at 31 March 2024 (2023:£836.115m)</p> <p>Interest expense for the year ended 31 March 2024 of £70.316m (2023:£65.490m)</p>
Intra-group loans	Bazalgette Finance Plc	-	<p>Tideway has £2,148.396m of loans payable to its sister company Bazalgette Finance plc, which operates with the sole purpose of raising finance through a multi-currency bond platform for the purposes of the Company's licenced activities. The proceeds from bonds issued under this platform are lent to Tideway through a series of back to back loans, which have substantively the same economic terms and effectively pass to Tideway the financing arrangements of the external debt held by Bazalgette Finance plc. These intra-group loans have maturity dates ranging from 2027 to 2054 (please refer to note 10 to the financial statements within the Annual Report and Accounts for further details on the interest rates associated with these intra-group borrowings along with their respective maturity dates).</p>	<p>£2,148.396m outstanding at 31 March 2024 (2023: £2,010.077m)</p> <p>Interest expense for the year ended 31 March 2024 of £94.633m (2023: £167.106m).</p>

Service provided by regulated business	Company	Turnover of associate	Terms of supply	Value
Intra-group loans	Bazalgette Holdings Ltd	-	Tideway has a £0.058m loan receivable from its immediate parent Bazalgette Holdings Limited, lent for the purposes of Bazalgette Holdings Limited's capitalisation of Bazalgette Finance plc during 2016/17. The loan is on arm's length commercial terms, bearing an annual interest rate of SONIA +78bp and a maturity date of 2027.	£0.058m outstanding at 31 March 2024 (2023: £0.055m) Interest income for the year ended 31 March 2024 of £0.003m (2023:£0.001m)
Intra-group loans	Bazalgette Finance Plc	-	Tideway has a £23.414m loan receivable from its sister company Bazalgette Finance plc, lent for the purposes of funding Bazalgette Finance plc's debt service reserve account. The loan is on arm's length commercial terms, bearing an annual interest rate of SONIA +78bp, and a maturity date of 2025.	£23.414m outstanding at 31 March 2024 (2023:£22.555m) Interest income for the year ended 31 March 2024 of £1.322m. (2023:£0.639m)

Tideway's shareholder loans are made by an associated company, Bazalgette Holdings Limited, in line with arrangements agreed with Government and Ofwat before Licence Award, and are therefore a relevant transaction. The loan arrangement meets all regulatory requirements for transactions with associated companies. The information in the form required by Ofwat is shown above.

RAG 3.14 requires companies to report:

- corporation tax group relief received or surrendered by the regulated business; and
- the basis of the recharge made by the appointed business, where appointed business assets have been used to carry out non-appointed activities.

Tideway had no such transactions to report in 2023/24.

Risk and Compliance Statement

This section relates to Tideway's compliance with its statutory, licence and regulatory obligations. Tideway has identified four sources of obligations, capturing the major regulatory and legal obligations applicable to Tideway that are specific to the Thames Tideway Tunnel or to the water industry. These are:

- the Project Licence;
- a modified version of the Water Industry Act 1991, as amended;
- the "SIP Regulations";⁶ and
- the Project Specification Notice.

The listed instruments are considered to define the major obligations on Tideway. Any obligations not covered are considered to be at low risk of non-compliance.

This statement complements a number of other Tideway reporting practices, such as quarterly reporting of project information to the Liaison Committee, which is attended by representatives from Ofwat, Government, the Environment Agency and TWUL as well as the Independent Technical Assessor (ITA), and regular information sharing with the ITA and other sources of scrutiny. These practices help to ensure transparency and accountability regarding Tideway's compliance with its statutory, licence and regulatory obligations.

Tideway's Board confirms that:⁷

- The Board considers that Tideway has full understanding of, and with one exception as set out below, has had no material breaches of, the above listed statutory, licence and regulatory obligations throughout the financial year ending 31 March 2024.


In respect of the 2022/23 reporting year, Tideway did not comply with the RAG requirement to submit an annual performance report by 15 July 2023. As Tideway's licence requires compliance with the RAGs, the company contravened condition F6.2 of its licence for the period from 16 July 2023 to 8 September 2023.

In lieu of enforcement, Ofwat accepted an undertaking provided by the company. The undertaking covered the provision of draft information to Ofwat by 15 July 2023 and final audited information by 22 September. Additional information is available on the Ofwat website.⁸ Tideway provided the specified information before these deadlines and Ofwat confirmed by letter in September 2023 that Tideway had complied with the requirements of the undertaking. During the course of the financial year, Tideway's Board appointed PricewaterhouseCoopers LLP (PwC) as external auditors.

⁶ The Water Industry (Specified Infrastructure Projects) (English Statutory Undertakers) Regulations 2013 (as amended by the Water Industry (Specified Infrastructure Projects) (English Statutory Undertakers) (Amendment) Regulations 2015) (the "SIP Regulations").

⁷ Statements in relation to customer expectations that Ofwat expects companies to include within their risk and compliance statements are not included here as they are not relevant to Tideway.

⁸ <https://www.ofwat.gov.uk/tideway-undertaking-under-section-19-for-breach-of-licence/>

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- Tideway has satisfied itself that it has sufficient processes and internal systems of control to fully meet its obligations, other than the contravention as described above in relation to condition F6.2. Tideway is committed to continuous improvement and as such we will continue to refine all relevant processes, to support ongoing compliance.

Under its assurance policy, strategy and plan, Tideway has a range of processes for ensuring compliance and these are captured in the integrated assurance framework overseen by the Compliance and Assurance Review Group, led by the CEO (see the Risk Management section of Tideway's Annual Report).

Tideway allocates each Licence obligation to an owner within Tideway with the most relevant expertise. These owners are responsible for ensuring compliance and putting in place appropriate processes and first line of defence reviews (defined in the Board Statement on Accuracy and Completeness of Data and Information). The assurances given in this statement are underpinned by the Regulation team's risk-based reviews of compliance, in which the frequency and degree of scrutiny applied and the level of evidence requested in relation to each obligation reflects the likelihood and potential severity of breach, as assessed using a common set of standards. This approach is supplemented by quarterly management reviews. Tideway's internal audit function carried out a review of Licence compliance in relation to 2023/24 and concluded that the controls in place were effective.

Tideway monitors and supports compliance with its legal obligations on an ongoing basis, undertakes periodic audits, and identifies and prepares for legislative changes that may impact it. To support compliance, Tideway promotes awareness of key legislative requirements across the business. Training is provided on specific topics such as fraud awareness and the General Data Protection Regulation. Tideway also scrutinises procurements, to ensure compliance with the applicable procurement regime.

The results of the assurance processes underlying this Risk and Compliance Statement have been reported to Tideway's Audit and Finance Committee, which recommended to the Board that it make the statements in this section.

- The Company has appropriate systems and processes in place to allow it to identify, manage, mitigate and review its risks.

The steps taken to manage or mitigate material risks are covered in the Risk Management section of the annual report. At the Board Risk Committee meeting in March 2024, the Committee reviewed Tideway's approach to corporate risk management covering all business areas. Committee members discussed the principal and corporate risks facing the business, reflecting the current stage of the project and relevant external influences. The Committee also reviewed Tideway's risk appetite, to ensure it remains appropriate and reflects the current business environment. The Committee reviewed the risk section of the Annual Report, including the Principal Risks, at its June 2024 meeting.

Condition K Reporting

SUFFICIENCY OF NON-FINANCIAL RESOURCES

Condition K4.4A of Tideway's Licence requires it to make an annual statement regarding the sufficiency of its non-financial resources, in case of special administration. The Board confirms that as at 31 March 2024, as far as reasonably practicable, Tideway had available to it sufficient rights and resources other than financial resources so that if, at any time, a special administration order were to be made in relation to it, the special administrator would be able to manage Tideway's affairs, business and property in accordance with the purposes of the special administration order.

SUFFICIENCY OF RESOURCES AND FACILITIES (CONDITION K CERTIFICATE)


Tideway has submitted a Condition K Certificate to Ofwat stating that in the Board's opinion:

- Tideway will have available to it sufficient financial resources and facilities to enable it to carry on the Licensed Activities for at least the 12-month period following the date of submission.
- Tideway will have available to it sufficient management resources and systems of planning and internal control to enable it to carry on the Licensed Activities for at least the 12-month period following the date of submission.
- All contracts entered into between Tideway and any associated company include the necessary provisions and requirements in respect of the standard of service to be supplied to Tideway, to ensure that it is able to carry on the Licensed Activities.

Tideway's Board endorsed the above statements at its June 2024 meeting. Before doing so, the Board:

- Reviewed and discussed a draft Condition K Certificate and supporting paper at a workshop in May 2024; and
- Reviewed a final version of the certificate and accompanying PwC report at its June 2024 meeting, prior to submission to Ofwat.

The Board's review was supported by papers in which for each area listed in the table below the most relevant Tideway Director or internal expert confirmed whether Tideway has sufficient resources for at least the next 12 months and described the processes, systems and evidence that led them to this view. The confirmations and supporting material were also reviewed by the CFO, CTO and Director of Strategy & Regulation for consistency with other internal and external reporting. The Board considers that this combination of internal and external assurance means that checks have been carried out by parties with the most appropriate skills and knowledge.



The Board considers that Tideway has sufficient resources in all areas. In reaching this conclusion it paid particular attention to the following:

- Adequacy of processes such as Tideway's Financing Plan, Annual Budget, Annual Business Plan, Financing Reviews and resource planners that provide the Board with an overall view on sufficiency of resources;
- Resources considered critical to mitigating the Principal Risks identified in the Risk Management section of the annual report, or potentially vulnerable to their impacts;
- Progress and outcomes of work to ensure Tideway is suitably resourced (e.g. Tideway and Programme Manager staff; external expertise; stakeholder support) to deliver the later stages of the Tideway project; and
- Governance, assurance and risk management processes that test the robustness of Tideway processes and conclusions on sufficiency of resources.

Tideway is monitoring the impact of Thames Water's corporate position. In endorsing this certificate, the Board has had regard to confirmation from Ofwat that existing statutory and regulatory protections would continue to apply should Thames Water's status change. These include that the TTT is seen as essential for enabling Thames Water to comply with its sewerage duties under the Water Industry Act 1991 and that it has a licence obligation to pass revenues to Tideway under the Revenue Agreement. A licence breach by Thames Water is enforceable by Ofwat.

The table on the following pages summarises the processes, systems and evidence considered in confirming sufficiency of resources in each area.

Area	Factor	Summary of information considered
Financial resources and facilities	Financial details, e.g. cash position, financial headroom, refinancing undertaken/ planned	Forward looking liquidity; covenants in financing documents; Treasury policies, plans and reports. Further detail in Financing section of Strategic Report. Board confirmation regarding going concern basis for financial statements.
	Performance against Final Determinations (FDs) set at the last price review	As Tideway was not part of the last Ofwat price review, the Board considered performance against Tideway's regulatory baseline and potential direct and indirect impacts of the forecast overspend.
	Credit related factors e.g. credit facilities, ratings, compliance with covenants etc.	Regular reviews with rating agencies; re-affirmation of ratings by Moody's and Fitch; credit metrics; Treasury policies; financing document compliance; investor reporting.
	Business plans, long-term viability statements, etc.	2024/25 business plan approved by Board in March 2024; scenarios modelled and results of Long Term Viability Statement.
	Any relevant reports – internal or third-party.	PwC review of Condition K Certificate for consistency with audit findings. Internal reports considered under other factors wherever relevant.
Management resources	Management skills, experience and relevant qualifications	Human Resources (HR) processes in place to identify and meet skill, experience and qualification requirements. Review of all roles during 2023/24 with reference to current and anticipated company needs.
	Recruitment process, staff engagement	HR processes in place; results of six-monthly staff engagement and wellbeing surveys. See also Company and People section of strategic report within the annual report.
	Succession planning for key management/staff	Annual reviews of senior roles; scrutiny by Nomination Committee. Risk from shocks to the business mitigated by team business continuity plans.
	Quality of management/staff induction and other training and development	Results of staff engagement surveys; regular reviews of induction process by HR function.
	Process for ensuring diversity of perspectives	For staff and management: approach to recruitment; internal activities to promote inclusivity; results of staff engagement surveys. For the Board: current Board composition; Board considered diversity as part of its annual evaluation. Succession planning will consider diversity of perspectives, and the needs of current and future phases of the project.
	Board or management activities, reports or statements	Board: see Governance section of Annual Report. Management: monthly performance reviews led by CEO; reporting to Liaison Committee (full reports quarterly; key metrics and issues monthly); annual business planning process.
Independence of Board	See Governance section of Annual Report. Board changes expected to take effect in 2024 may reduce the number of independent non-executive directors; succession planning will consider appropriate Board composition including with regard to the independence of the Board.	

Systems of planning and internal control	Governance procedures; risk management frameworks, oversight procedures	<p>Governance: Board independence; internal control and delegated authority procedures; contract approval process.</p> <p>Risk management: see strategic report section of annual report.</p> <p>Oversight: Compliance and Assurance Review Group (CARG) and Tideway's Integrated Assurance Framework; status of discussions regarding assurance arrangements in post-construction period.</p>
	Internal and/or external audit policies, processes, activities and/or reports	<p>Internal audit policy, strategy, procedures and reporting; audit plan drives resources required.</p> <p>External audit summarised in Board statement on accuracy and completeness of data and information. During the course of the financial year Tideway's Board appointed PwC as external auditors.</p>
	Systems for maintaining supply / business continuity, stated action plans	Emergency Preparedness and Resilience Framework, Incident/Crisis Management and Business Continuity Management Process; arrangements for review and integration of lessons learned.
	Policies to prevent fraud and other unethical behaviour; whistleblowing policy	Ethical behaviours and whistleblowing policies; mandatory training on antifraud, bribery and corruption. Additional awareness, procedures and checks on high risk areas are introduced as sites close down.
	Risk, compliance other assurance statements	See Risk and Compliance Statement and Board statement on accuracy and completeness of data and information.
Rights and resources other than financial resources	Corporate missions and/or values	See 'Our vision, purpose and values' in the Strategic Report of the Annual Report.
	Technology and other systems for ensuring checks and balances	IS department's processes to ensure the business is supported through the Commissioning, Handover and System Acceptance milestones. Continued focus on Cyber Security including additional governance and enhanced reporting. Examples of how these systems are being used to ensure checks and balances.
	Policies to encourage an integrated approach and 'systems thinking'	<p>Arrangements for integrating our delivered tunnel with the Lee Tunnel and Beckton for operations; regular internal and external progress reporting.</p> <p>Broader context for delivery, including legacy commitments (see the Strategic Report in the Annual Report.).</p> <p>Integration across the Alliance.</p>
	Planning systems	<p>Role of the Programme Manager in integration of planning and scheduling activities; planning resources available.</p> <p>Tideway's Programme Integrated Management System (single source of project delivery information) and Tideway assurance. CARG and Integrated Assurance Framework – as above. Status of discussions regarding assurance arrangements in post-construction period.</p> <p>Resources available for construction certification and assurance of certification, appropriate to the stage of the project.</p> <p>Arrangements developed for long term asset management, including computerised maintenance management system.</p>
	Assets maintenance / insurance factors	<p>Insurances in place and renewal arrangements.</p> <p>Third party asset protection arrangements in place; risk is declining as construction work finishes.</p> <p>Arrangements in place for Tideway asset protection including engagement with neighbouring developments.</p> <p>Arrangements for long term asset management as above; status of maintenance strategy and procurement progress.</p>

Contracting	Position/status of key contracts in place	Most key contracts were in place at Licence Award; new contracts being procured as needed for post-construction period. Legal team manages new contracts or variations to existing contracts. Contract approval form and other processes ensure compliance of contract terms with our licence, project documents and financing agreements.
	All contracts between the Appointee and all Associated Companies were checked for compliance with licence requirements on standards	Assurance via the licence compliance process (see Risk and Compliance Statement).
	Note on transactions between the Appointee and any Associated Company	See 'Transfer Pricing Information' section of this document.
	Compliance with licence provision on cross-subsidies between the Appointee and any Associated Company (Condition I)	Assurance via the licence compliance process (see Risk and Compliance Statement).
	No Guarantees or Cross-Default Obligations given without Ofwat's written consent	Assurance via the licence compliance process (see Risk and Compliance Statement)
Material issues or circumstances	Supply chain availability	Key risks and mitigations, including consideration of Ukraine war, inflation, Brexit and other market impacts. See Risk Management section of strategic report within annual report.
	Stakeholder and community support	Assessment of relationships with local communities and key stakeholders, including any current and upcoming challenges. Resource plans aligned to anticipated level of risk in this area. Further detail within 'Engaging with our stakeholders & partners' and 'Vision, Legacy and Reputation' sections in the Annual Report.
	Office premises	Availability of sufficient, suitable office premises for Tideway's needs at current and future stages of the project.
	Schedule and commercial alignment	Agreements in place bringing all contractors into line with overall programme; progress of discussions with Thames Water on resourcing for system commissioning and activation. Outstanding areas of discussion with MWCs and TWUL are not expected to challenge Tideway's ability to deliver its licensed activities. Oversight is provided by Tideway's Commercial Strategy Forum, Executive and Board.
	Resources required for transition from construction phase to operating as a live utility	Resources in place; plans for review and (where necessary) adjustment of provision as commissioning progresses.

Tideway has procured a report from its auditor PwC, stating whether it was aware of any inconsistencies between this Condition K Certificate and the financial statements or any information obtained in the course of their work. This report, with no issues noted, has been provided separately to Ofwat.

OPEN DATA

The Thames Tideway Tunnel is a major infrastructure project. Our business model, and the data we collect, are different from regional water and sewerage companies, and we are not subject to the same Ofwat performance commitments.

Once the tunnel is operational, its impact on pollution is expected to be collected and reported by Thames Water and/ or the Environment Agency. We are engaging with Thames Water to ensure that data is shared between our companies as needed. During 2024/25, as the commissioning phase of the TTT progresses, Tideway intends to publish information that will allow stakeholders and the public to track how the tunnel is starting to clean up the River Thames.

The standard tables published in this document contain information on Tideway's financial performance and embedded greenhouse gas emissions. We also publish these tables in Excel form: see <https://www.tideway.london/corporate-info/financial-publications>.

We will engage with any industry initiatives to publish relevant data in other formats or on a common platform. The platform would need to provide suitable context to enable users to understand the Tideway data.

Tideway is committed to ensuring that information gathered on the TTT project is shared across the construction industry and beyond. For example:

- We share comprehensive asset information with the National Underground Asset Register (NUAR), previously the London Underground Asset Register. Tideway liaises with NUAR on a regular basis to provide a major client perspective on proposed developments to the register.
- Tideway played a key role in establishing i3p, the platform for sharing innovation information across the infrastructure industry and has published a number of digital innovations including the development of a Digital Benefits Toolkit and a Digital Leadership Training Programme.
- We participate in information and knowledge sharing forums run by the Infrastructure Client Group and Major Projects Association, covering issues such as Digital Transformation, Digital Twins, Data and Digital Maturity, use of GPS data, sustainability, and social value.
- This year marked the substantial completion of Tideway's legacy programme. To date, 48 commitments have been active, with 44 or 92% achieved. Further details can be found in our Sustainability Report.⁹ During 2022/23 we published a comprehensive social value assessment of Tideway's legacy programme.

⁹ Tideway's sustainability report can be found here: <https://www.tideway.london/corporate-info/financial-publications/>



STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR REGULATORY INFORMATION

The Directors are responsible under Condition F of Tideway's Licence for:

- ensuring that Tideway keeps appropriate accounting records which are consistent with guidelines published by Ofwat;
- preparing a set of regulatory accounting statements each financial year in accordance with the Regulatory Accounting Guidelines issued by Ofwat; and
- complying with all other requirements that are set out in the Regulatory Accounting Guidelines.

The directors of the company hereby confirm that the company has kept appropriate accounting records, which comply with the guidelines published by Ofwat, has prepared a set of regulatory accounting statements in accordance with the Regulatory Accounting Guidelines, and has complied with all other requirements set out in the guidelines, except where an alternative approach has been confirmed in writing by Ofwat, including as part of the undertaking described in the Risk and Compliance Statement relating to 2022/23 reporting.

Condition K 'Regulatory ring-fence' of Tideway's licence requires the company to submit a 'Condition K certificate' to Ofwat no later than the date on which the company is required to submit a set of regulatory accounting statements in accordance with Condition F. The Condition K Certificate must confirm that specified statements on sufficiency of resources and contracts with associated companies are true, in the opinion of Tideway's Board. The Directors have issued a Condition K Certificate, which is reproduced in this document.

The above responsibilities are additional to those already set out in Tideway's statutory financial statements.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

All disclosures in this annual performance report including the regulatory accounting statements, Risk and Compliance Statement and Condition K Certificate, were approved by the Board on at its June 2024 meeting and the report was signed on its behalf by:



Andy Mitchell CBE
Chief Executive Officer



Sir Neville Simms
Chairman



Richard Morse
Deputy Chairman and Independent
Non-Executive Director
(Chair of the Audit and Finance Committee)

DISCLOSURE OF INFORMATION TO THE AUDITOR¹⁰

The Directors who held office at the date of approval of the 'Directors' Report' confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is 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 auditor is aware of that information.

¹⁰ This information is included in the Directors' Report within the Annual report for statutory purposes. It is repeated here in line with Ofwat's requirement that companies make this statement within their annual performance reports.

Board Statement on Accuracy and Completeness of Data and Information

Background

Tideway recognises the importance of providing accurate and complete information throughout the reporting year and the importance of Board engagement to secure the trust of our stakeholders. Tideway has adopted an 'Integrated Assurance Framework', where the Board's role includes satisfying itself as to the identification and addressing of any risks that impact the provision of accurate and complete data. We are required under Ofwat's "RAG 3.14 – Guideline for the format and disclosures for the annual performance report",¹¹ to provide a statement, signed by, or on behalf of the Board, stating that the data and information, which the company has provided to Ofwat in the reporting year and/or has been published in our role as an infrastructure provider, is accurate and complete and setting out any exceptions to this. This statement is accompanied by a description of how the Board has:

- engaged and challenged on the assurance approaches, which have been taken;
- taken action to ensure that any exceptions and weaknesses in the assurance approaches have been addressed;
- satisfied itself that the approaches have appropriately identified and addressed any risks to the provision of accurate and complete data and information; and
- utilised individual directors and committees in carrying out its activities in this area.

Integrated Assurance Framework

Tideway has adopted a Compliance and Assurance Policy. This provides assurance to the Board that our external obligations: legal, statutory, regulatory, contractual and other internal requirements are complied with for the delivery of the project. The policy is supported by the:

- Compliance and Assurance Strategy, which defines how we demonstrate compliance, by using a risk-based approach, based on the 'three lines of defence'; and
- The Integrated Assurance Plan, which maps our Assurance Framework in line with Tideway's Operating Model.

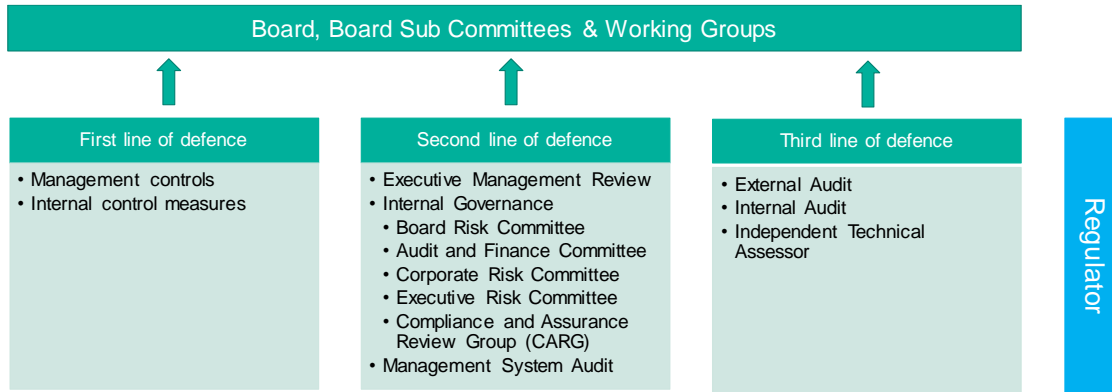
The accountability for compliance and assurance sits with the Executive Directors. The policy is endorsed by both the Board and the Audit and Finance Committee. The framework for all assurance activities is provided by Tideway's Programme Integrated Management System (PIMS) and implemented by the functions and disciplines within Tideway.

¹¹ RAG 3.14 – Guidance for the format and disclosures for the annual performance report (Ofwat April 2024)

Our Risk-based Approach

We adopt the 'three lines of defence' approach to risk management.

Three Lines of Defence Model



Scope of our Board Statement

Our Board Statement covers all data and information, which the company has provided to Ofwat in the reporting year and / or has been published in our role as an infrastructure provider. We provide details of the approach for: the 2023/24 Annual Report, Annual Performance Report, Annual Revenue Statement and Liaison Committee. We confirmed that there were no material exceptions or weaknesses in our approach during the year.

2023/24 Annual Report

The 'three lines of defence' approach to our Annual Report is overseen by our Board and Audit and Finance Committee, including engagement at a Board workshop and Board sub-committees reviewing specific aspects of the report.

Tideway's Internal Audit function reviewed our assurance methodology and provided a written opinion on the approach described here.



First and Second Line of Defence

The functional areas responsible for sections of the report undertook the first line of defence:

- Each section owner provided the source of all their data items and described the relevant assurance activities through the reporting year;
- A peer review of each section by a colleague within the business function, with any comments fed back to the section owner to be addressed; and
- Section owners, their head of department and the appropriate member of the executive management team certified the accuracy, reliability and completeness of the section.

The second line of defence consisted of oversight by the wider business. An independent central team, with representatives from across Tideway tested the robustness of the first line of defence by verifying data items in the report, using the source information provided by the section owner, and by checking consistency within the report.

The team decided which data items to check based on the likelihood and potential impact of error, and any internal stakeholder views on areas requiring additional review. This determined the depth and breadth of review, with all high-risk items checked back to an assured source. Lower-risk items were subject to spot checks. Any comments arising were addressed by section owners.

Other second line of defence activities included:

- Executive management review of each section;
- Board Committee Chairs review of relevant sections of the governance report;
- Board Risk Committee review of the risk management framework and principal risks.
- Audit and Finance Committee review of the long-term viability statement;
- Board workshop held to review the Annual Report in advance of finalising it; and
- Audit and Finance Committee review and approve the Annual Report in advance of Board.

Since 2022/23 there has been no external assurance of the tables in the Annual Performance Report sections 4 and TTT. In previous years our external auditors carried out a series of agreed checks (known as “agreed upon procedures”) on these tables to verify their accuracy. These procedures are now carried out internally as part of the second line of defence, as in respect of these relatively mechanistic checks, internal assurance is judged to provide a similar degree of confidence.

Third Line of Defence

The third line of defence consisted of the audits carried out by PwC, for the Statutory Accounts and regulatory accounting statements. They also reviewed various other sections of the report, by carrying out an audit and/or other checks. Internal audit reviewed the methodology set out in this statement and checked that it had been followed. Internal audit also audited the year-end licence compliance process, which underpins the risk and compliance statement.

PwC's opinions in the Annual report and the Annual Performance Report cover the results of its statutory and regulatory audits. Other independent third line of defence reviews included:

- Internal audit function covering financial and non-financial processes across the business;
- External auditor audits our Financial Statements and carries out a series of agreed upon procedures on our Revenue Statement submissions to Ofwat; and
- Independent Technical Assessor (ITA) reviews information on the progress of the project, verifies Tideway's Allowable Project Spend and produces quarterly reports on Tideway's reporting to Government.

The ITA is co-located with Tideway and is given full access to information needed to carry out the ITA services.

PwC review

Section	PwC review
Strategic report	Consistency with the accounts
Governance	Within scope of statutory audit opinion where the Corporate Governance Code has been adopted and the element forms one of the provisions of the Code.
Directors' report	Statutory audit opinion covers preparation in accordance with the requirements of the Companies Act 2006.
Regulatory reporting – tables in sections 1 and 2	Regulatory audit (in line with Ofwat guidance)
Condition K certificate	Review in line with licence requirement
Regulatory reporting – narrative	Consistency with the accounts
Financial statements	Companies Act/statutory audit



Revenue Regulation – Annual Revenue Statement

Tideway's revenue collection process is governed by the Revenue Agreement. The process is segmented into three activities: (i) derivation of the annual infrastructure provider charge estimate, (ii) the Annual Revenue Statement and (iii) the revenue, billing and collection process. Each stage is subject to an agreed process, which includes governance and assurance.

The Annual Revenue Statement sets out the charges for the next year and follows our 'three lines of defence' approach. The statement is first derived internally and subject to internal review, and external review (agreed upon procedures). It is also subject to executive level review, which provides further assurance and confidence to the Board that it can approve a complete and accurate revenue statement for Ofwat.

This process has been established since licence award and has been applied for each revenue statement published.

Liaison Committee Reporting

Tideway provides a quarterly performance report to key stakeholders. The report sets out the latest forecast cost Estimate at Completion (EAC) and schedule.

To ensure the completeness and accuracy of historical information and the strength of forecasts the report is subject to internal review and challenge, including teams led by Board Members. Only on completion of the review and challenge process is the report released to stakeholders. The ITA also provides a quarterly report for presentation to the Liaison Committee, as set out under the ITA Deed.

Board Oversight and Endorsement

The Audit and Finance Committee has shared the outcome of the assurance carried out with the Board. This has enabled the Audit and Finance Committee to assure the Board, that the Annual report and Annual Performance Report are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy is in line with the UK Corporate Governance Code requirements.

On the basis of this assurance, the Audit and Finance Committee has recommended the Annual Report and Annual Performance Report to the Board for its approval. The Board has:

- adopted our three lines of defence approach to assurance;
- taken action to ensure that any exceptions and weaknesses in the assurance approaches have been addressed;
- satisfied itself that the approach has appropriately identified and addressed any risks to the provision of accurate and complete data and information; and
- utilised individual directors and committees in carrying out its activities in this area.

The Board and its committees have overseen and approved the data and information, which the company has provided to Ofwat in the reporting year and /or has been published in our role as an infrastructure provider, for accuracy and completeness.

The report was signed on its behalf by:



Richard Morse
Deputy Chairman and Independent
Non-Executive Director
(Chair of the Audit and Finance Committee)

INDEPENDENT AUDITOR'S REPORT (REGULATORY ANNUAL PERFORMANCE REPORT – SECTION 1 AND 2 TABLES)

Independent Auditor's report to the Water Services Regulation Authority (the WSRA) and the Directors of Bazalgette Tunnel Limited

OPINION

We have audited the sections of/tables within Bazalgette Tunnel Limited Annual Performance Report for the year ended 31 March 2024 ("the Regulatory Accounting Statements") which comprise:

- the regulatory financial reporting tables comprising the income statement (table 1A), the statement of comprehensive income (table 1B), the statement of financial position (table 1C), the statement of cash flows (table 1D), the net debt analysis (table 1E), and the related notes; and
- the historical cost analysis of fixed assets for wholesale and retail (table 2D), and the related notes.

We have not audited the additional regulatory information in tables 4B, 4H, 4I 4V and 11A or the bespoke information tables TTTA to TTTC.

In our opinion, Company's Regulatory Accounting Statements have been prepared, in all material respects, in accordance with Condition F, the Regulatory Accounting Guidelines issued by the WSRA (RAG 1.09, RAG 2.08, RAG 2.09, RAG 3.14, RAG 4.12 and RAG 5.07) and the accounting policies, set out on pages 68 to 69 of the annual report.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800, and applicable law, except as stated in the section on Auditors' responsibilities for the audit of the Regulatory Accounting Statements below, and having regard to the guidance contained in ICAEW Technical Release Tech 02/16 AAF 'Reporting to Regulators on Regulatory Accounts' issued by the Institute of Chartered Accountants in England & Wales.

Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the Regulatory Accounting Statements within the Annual Performance Report section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit, including the Financial Reporting Council's (FRC's) Ethical Standard and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER – SPECIAL PURPOSE BASIS OF PREPARATION

We draw attention to the fact that the Regulatory Accounting Statements have been prepared in accordance with a special purpose framework, Condition F, the Regulatory Accounting Guidelines, the accounting policies set out in the statement of accounting policies and under the historical cost convention. The nature, form and content of the Regulatory Accounting Statements are determined by the WSRA. As a result, the Regulatory Accounting Statements may not be suitable for another purpose. It is not appropriate for us to assess whether the nature of the information being reported upon is suitable or appropriate for the WSRA's purposes. Accordingly, we make no such assessment.

The Regulatory Accounting Statements are separate from the statutory financial statements of the Company and have not been prepared under the basis of United Kingdom adopted international accounting standards ("UK IASs"). Financial information other than that prepared on the basis of UK IASs does not necessarily represent a true and fair view of the financial performance or financial position of a Company as shown in statutory financial statements prepared in accordance with the Companies Act 2006.

The Regulatory Accounting Statements on pages 8 to 17 have been drawn up in accordance with Regulatory Accounting Guidelines with a number of departures from UK IASs. A summary of the effect of these departures in the Company's statutory financial statements is included in the tables within section 1.

Our opinion is not modified in respect of this matter.

CONCLUSIONS RELATING TO GOING CONCERN

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

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;
- Evaluated management's models used in going concern assessment, and how these models capture events and conditions that may cast doubt on ability to continue as a going concern;
- Reviewed and challenged 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;
- Assessed the plausible but severe downside scenarios;
- Performed 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 verifying 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

- Evaluated 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.

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.

OTHER INFORMATION

The other information comprises all of the information in the Annual Performance Report other than the Regulatory Accounting Statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the Regulatory Accounting Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Regulatory Accounting Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Regulatory Accounting 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 Regulatory Accounting 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 the other information, we are required to report that fact.

We have nothing to report based on these responsibilities.

RESPONSIBILITIES OF THE DIRECTORS FOR THE ANNUAL PERFORMANCE REPORT

As explained more fully in the Statement of Directors' Responsibilities set out on pages 42-43, the directors are responsible for the preparation of the Annual Performance Report in accordance with Condition F, the Regulatory Accounting Guidelines issued by the WSRA and the Company's accounting policies.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of the Annual Performance Report that is free from material misstatement, whether due to fraud or error.

In preparing the Annual Performance Report, 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 REGULATORY ACCOUNTING STATEMENTS WITHIN THE ANNUAL PERFORMANCE REPORT

Our objectives are to obtain reasonable assurance about whether the Regulatory Accounting 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 the Regulatory Accounting 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.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the Regulatory Accounting Statements. These included Regulatory Accounting Guidelines as issued by the WRSA, UK Companies Act 2006, Tax legislation, Employment law and Environmental legislation; and
- do not have a direct effect on the Regulatory Accounting Statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's operating licence, regulatory solvency requirements and environmental regulations.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- Discussions and enquiries of management, the internal audit function and legal, 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 judgments;
- 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 including testing for manipulation of key inputs related to covenant compliance, understatement of costs in the year and consideration of unexpected users who may have posted journals during the year.

A further description of our responsibilities for the audit of the Regulatory Accounting Statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF THIS REPORT

This report is made, on terms that have been agreed, solely to the Company and the WSRA in order to meet the requirements of Condition F of the Project Licence granted by the WSRA to the Company as an infrastructure provider under section 17FA of the Water Industry Act 1991 (as has effect under paragraph 3(2) of Schedule 1 of the Water Industry (Specified Infrastructure Projects) (English Undertakers) Regulations 2013) (the "SIP Regulations") ("Condition F"). Our audit work has been undertaken so that we might state to the Company and the WSRA those matters that we have agreed to state to them in our report, in order (a) to assist the Company to meet its obligation under Condition F to procure such a report and (b) to facilitate the carrying out by the WSRA of its regulatory functions, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the WSRA, for our audit work, for this report or for the opinions we have formed.

Our opinion on the Regulatory Accounting Statements is separate from our opinion on the statutory financial statements of the Company for the year ended 31 March 2024 on which we reported on 20 June 2024, which are prepared for a different purpose. Our audit report in relation to the statutory financial statements of the Company (our "Statutory audit") was made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our Statutory audit work was undertaken so that we might state to the Company's members those matters we are required to state to them in a statutory audit report and for no other purpose. In these circumstances, to the fullest extent permitted by law, we do not accept or assume responsibility for any other purpose or to any other person to whom our Statutory audit report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
20 June 2024