Bazalgette Finance plc

Annual report and financial statements

For the year ended 31 March 2025

Registered number 09698014

Contents

Directors and advisors

Directors holding office

Andrew Cox

Christopher Morgan

Alistair Ray

Company Secretary

Celia Carlisle

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Independent auditors

PricewaterhouseCoopers LLP

3 Forbury Place

23 Forbury Road

Reading

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Strategic report

The Directors present their Strategic report for Bazalgette Finance plc for the year ended 31 March 2025.

Business review

Bazalgette Finance plc (the "Company") operates for the sole purpose of raising finance through a multi-currency bond platform on behalf of the Company's sister company, Bazalgette Tunnel Limited, for the purposes of Bazalgette Tunnel Limited's licenced activities as the infrastructure provider for the design, construction and maintenance of the Thames Tideway Tunnel ("TTT").

The Company is a wholly owned subsidiary of Bazalgette Holdings Limited. As at 31 March 2025, the Bazalgette Holdings Group (the "Group") comprised the Company, Bazalgette Tunnel Limited and Bazalgette Holdings Limited.

The proceeds from bonds issued under the multi-currency bond platform are on-lent to Bazalgette Tunnel Limited through a series of back to back loans which have the same economic terms and effectively pass the financing arrangements of the external debt held by the Company to Bazalgette Tunnel Limited.

The Company issued some of the bonds in a deferred format so that the receipts of proceeds from the bond purchasers were aligned with the construction expenditures profile of the TTT project.

The financing was innovative in applying the deferred purchase structure to a regulated utility company in the sterling market. This structure enabled the Group to de-risk its finance plan and secured attractive borrowing terms, by locking in committed debt funding at then prevailing rates and managing negative carry costs associated with pre-funding.

During the prior year ended 31 March 2024, the Company drew down a nominal of £50m on its deferred 'Green Bond'. All green bonds issued to date are listed on the London Stock Exchange Green segment. Green bonds are debt instruments whose proceeds are used to fund projects with environmental benefits, such as the Thames Tideway Tunnel. The Sustainable Finance Framework, which is aligned with the International Capital Markets Association (ICMA) Green Bond Principles among others was last published in May 2025 and is available to view at www.tideway.london. The Company has aligned our legacy commitments to the UN Sustainable Development Goals (SDG). Fees and costs associated with the issue of the bonds were borne by Bazalgette Tunnel Limited.

At 31 March 2025, the overall total of bonds issued by the Company to date totalled £1,831.7m (2024: £1,831.7m). As at 31 March 2025, a total of £1,839.1m of bond proceeds had been settled by bond purchasers (2024: £1,839.1m).

During the current year, the Company, together with Bazalgette Tunnel Limited, secured a £75m committed liquidity facility that is designed, in combination with the Debt Service Reserve Account (DSRA) to cover the Liquidity Required Amount as defined in the Masters Definition Agreement (MDA). The liquidity facility remained undrawn as at 31 March 2025.

As the Company acts solely for the purpose of raising finance for Bazalgette Tunnel Limited, for the purpose of its activities as infrastructure provider for the Thames Tideway Tunnel, further information on the performance of the Thames Tideway Tunnel project (the "Project") can be found in the Bazalgette Tunnel Limited Annual Report (available at www.tideway.london).

Results and performance

The Company has recorded a loss of £0.2m (2024: £0.5m) for the year ended 31 March 2025. The Company's net liabilities were £1.6m as at 31 March 2025 (2024: £1.4m).

Principal risks and uncertainties

The Company acts with the sole purpose of raising finance under a multi-currency bond programme and then on-lends the proceeds to Bazalgette Tunnel Limited. The execution of this strategy exposes the Company to a number of risks, the principal risks being counterparty risk, credit risk, liquidity risk and inflation risk.

Strategic report (continued)

Counterparty risk

The operations of the Company depend upon a number of third parties such as the Account Banks and Liquidity Facility Providers. The Company is exposed to the credit risk of the counterparty in respect of any payments made under agreements with such parties. These counterparts are expected to have a rating at least equal to the minimum ratings defined in the financing documents. The Company may in future enter into a number of financing agreements with various counterparties, including Deferred Bond Purchasers, under which there were long deferral periods for the purchase dates. The Company is therefore exposed to the credit risk of such counterparties on whom it relied on to provide funds on the pre-agreed dates. The Company evaluates counterparty risk prior to entering such transactions and manages concentration risk in respect of deferred funding commitments. As part of its risk management, the Company has agreed information requirements and covenants with the Deferred Bond Purchasers, and the Company monitors on an ongoing basis the Deferred Bond Purchasers' ability to honour their obligations, allowing it to assess any potential liquidity exposure in advance of settlement dates, and to make alternative funding arrangements if necessary. As of 31 March 2025, there were no undrawn deferred bonds. The bond prospectus (Multicurrency Programme for the Issuance of Bonds published on our website) has further details about the nature and how the Company manages such risks.

Credit risk

The Company is exposed to credit risk in relation to the financial assets recognised on its Statement of Financial Position. As these assets relate largely to intra-group debt owed by a regulated water company which is characterised by stable and predictable cash flows and which has significant liquidity and preserves investment grade credit ratings, the credit risk is considered low.

Liquidity risk

As part of its financing arrangements to on-lend the proceeds of the deferred bonds, the Company has entered into back to back loans with Bazalgette Tunnel Limited. The Company's obligations to repay principal and interest on its borrowings are intended to be met primarily from the payment of principal and interest by Bazalgette Tunnel Limited under these loans. The Company therefore has liquidity risk with regards to not being able to service the debt commitments to the Bond Purchasers should Bazalgette Tunnel Limited fail to honour its obligations under the loans. The Company has limited capitalisation and is therefore reliant on the support of the Group to meet any liabilities as they fall due. The risk is mitigated by the Company's obligation to maintain a Liquidity Required Amount, as this is defined in the Masters Definition Agreement (MDA), sufficient to cover its financial obligations for a 12-month period. During the year, the Company, together with Bazalgette Tunnel Limited, secured a Liquidity Facility (LF) of £75m, which in combination with the Debt Service Reserve Account (DSRA) covers the Liquidity Required Amount.

Inflation risk

The finance costs of the Company's index-linked debt instruments vary with changes in RPI (Retail Price Index) and CPI (Consumer Price Index) rather than interest rates. The principal aim of funding under index-linked rates is to appropriately address the economic risks in Bazalgette Tunnel Limited, whose Regulatory Capital Value (RCV) and revenues are exposed to RPI fluctuations. The Group's financing strategy has involved issuing RPI and CPI linked debt to ensure that reductions in revenue due to low inflation will be partially offset by reductions in interest costs.

The Company continues to recognise the expected transition from RPI to CPIH from the next regulatory period starting in 2030 as the underlying measure of inflation for price control periods. It also understands the risk that CPI could diverge from RPI in a way that the correlation between RCV and nominal debt weakens. As a result, the Company continues to issue long date index-linked bonds in both formats.

Inflation risk is monitored and reported monthly to the Executive Funding and Financing Committee and subsequently to the Group's Audit and Finance Committee. Given the proceeds from bonds are on-lent to Bazalgette Tunnel Limited through a series of back to back loans which have the same economic terms this effectively passes on the associated inflation risk of the debt held by the Company to Bazalgette Tunnel Limited.

Strategic report (continued)

Principal risks and uncertainties (continued)

Economic risk

During the year the Company has continued to meet its debt obligations with third parties. The impact of the current relatively high inflationary environment is not expected to significantly impact the ability to access and raise debt finance or meet debt obligations in the future, please see Bazalgette Tunnel Limited Annual Report for further details.

Future outlook

The Company is expected to continue to act on behalf of the Company's sister company Bazalgette Tunnel Limited for the purpose of providing finance.

Section 172(1) Statement

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

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

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

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

This Strategic report was approved by the board of Directors on 17 June 2025 and signed on its behalf by:

Celia Carlisle
Company Secretary
17 June 2025

Directors' report

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

The registered company number is 09698014.

Results and dividend

During the year ended 31 March 2025, the Company reported a loss of £0.2m (2024: £0.5m). The Company did not pay any dividends in the year (2024: £nil).

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Andrew Cox
Christopher Morgan
Alistair Ray

Directors' indemnities

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

Going Concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons:

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's fellow subsidiary company, Bazalgette Tunnel Limited. Furthermore, the Directors note that there is no reason to believe that Bazalgette Tunnel Limited cannot honour its commitments to Bazalgette Finance plc under its lending agreements. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

At the date of approval of these financial statements, the Company obtained a letter of support from Bazalgette Tunnel limited confirming continuation of financial support.

Therefore, it is considered to be appropriate to adopt the going concern basis in preparing the 31 March 2025 financial statements.

Employees

As of 31 March 2025, the Company had no employees (2024: none). Employees of Bazalgette Tunnel Limited carry out all the activities of the Company and there is no specific recharge to the Company.

Financial risk management

Counterparty risk, Credit risk, Liquidity risk and Inflation risk are considered to be the principal financial risks the Company is exposed to. Details and management of these risks can be found in the Strategic Report in the 'Principal risks and uncertainties' section.

Charitable and political contributions

The Company made no charitable donations during the year (2024: £nil). The Company made no political donations nor incurred any political expenditure during the year (2024: £nil).

Directors' report (continued)

Events occurring after the reporting period

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

Disclosure of information to auditors

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

Independent auditors

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

This Director's Report has been approved and is signed by order of the Board by:

Celia Carlisle
Company Secretary

6th Floor, Blue Fin Building
110 Southwark Street
London
SE1 0SU
17 June 2025

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

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

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

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

Each of the directors, whose names and functions are listed in the Directors' report confirm that, to the best of their knowledge:

- the company financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of the company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the directors' report is approved:

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

This responsibility statement has been approved and is signed by order of the Board by:

Celia Carlisle
Company Secretary

6th Floor, Blue Fin Building
110 Southwark Street
London
SE1 0SU
17 June 2025

Independent auditors' report to the members of Bazalgette Finance plc

Report on the audit of the financial statements

Opinion
In our opinion, Bazalgette Finance plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2025 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 March 2025; the Income Statement, the Statement of Comprehensive Income, the Statement of Cash Flows, and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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

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

Independence
We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company in the period under audit.

Our audit approach

Overview
Audit scope

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

Key audit matters

- Risk of Impairment in intercompany balances

Materiality

- Overall materiality: £22,066,700 (2024: £21,753,900) based on 1% of total assets.
- Performance materiality: £16,550,000 (2024: £10,876,900).

The scope of our audit

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

Key audit matters

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

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

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Risk of Impairment in intercompany balances Intercompany receivables at March 2025 is £2,206.5m (2024: £2,153.2m) and is required to be assessed annually for impairment. The recoverability of the receivable is a normal level of risk of misstatement, however due the size of the receivables balance in the context of the company financial statements, it is considered to be an area of focus. Refer to note 6 of the financial statements.	We obtained an understanding and assessed the design and implementation of financial controls relating to the recoverability of intercompany receivables. We performed the following audit procedures: • We reviewed management's IFRS 9 workings; • Audited and challenged the reasonableness of management assumptions; and • Recalculated the expected credit loss (ECL) provision using verified rates, the ECL provision is immaterial in Bazalgette Finance plc. From the testing performed we concur with the company's assessment of the recoverability of the intra-group receivables.

How we tailored the audit scope

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

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

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

Materiality

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

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

Overall company materiality	£22,066,700 (2024: £21,753,900).
How we determined it	1% of total assets
Rationale for benchmark applied	The entity functions to service the group financing requirements therefore using a total assets as a benchmark is appropriate, given that the entity does not trade.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2024: 50%) of overall materiality, amounting to £16,550,000 (2024: £10,876,900) for the company financial statements.

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

We agreed with the Audit and Finance Committee that we would report to them misstatements identified during our audit above £1,103,300 (2024: £1,087,600) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

- Testing the mathematical integrity of the cash flow forecast of the group, as headed by Bazalgette Equity Limited and which includes the company, together the "Group", used by

management to support their going concern assumption and reconciling these to the Board approved budget;
- Evaluating the Group cash flow forecast used in the going concern assessment and assessing the reasonableness of assumptions made and other key inputs such as whether any debt matured in the going concern assessment period;
- Performing sensitivity analysis on the Group's forecast cash flow;
- Obtaining covenant compliance certificates of the Group, confirming that all the key covenants that impact the continued access to finance have been considered over the relevant time periods and verified the mathematical accuracy, and testing inputs back to either the year end financial numbers or for forecasted information to the Board approved budget;
- Performing a comparison for the Group, of budget versus actual for the year ended 31 March 2025 and understanding where variances had arisen. Through this testing we obtained reasonable assurance over management's ability to forecast accurately;
- Evaluated the adequacy of the going concern disclosures in the financial statements; and
- Consideration of any known events that may cast doubt on ability to continue as a going concern.

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

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

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

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

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, Tax legislation and Employment law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of journal entries to manipulate the financial results in the year including journals to decrease the value of the asset under construction and journals that credit the profit and loss. Audit procedures performed by the engagement team included:

- Discussions and enquiries of management, the internal audit function and legal, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Challenging assumptions made by management in determining significant accounting estimates and judgements. We have tested significant accounting estimates and judgements

to supporting documentation, considering alternative information where available along with considering the appropriateness of the related disclosures in the financial statements;
- Identifying and testing a sample of journal entries throughout the whole year, which met our pre-determined fraud risk criteria;
- Reviewing minutes of meetings of those charged with governance and reviewing internal audit reports; and
- Performing unpredictable procedures.

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

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Finance Committee, we were appointed by the members on 8 September 2023 to audit the financial statements for the year ended 31 March 2024 and subsequent financial periods. The period of total uninterrupted engagement is 2 years, covering the years ended 31 March 2024 to 31 March 2025.

Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R - 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Andy Grimbly

Andy Grimbly (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
17 June 2025

Income Statement
For the year ended 31 March

	Notes	**2025 £m**	**2024 £m**
Net operating costs	2,3	-	-
Interest income	4	76.2	95.4
Interest expense	4	(76.4)	(95.9)
Loss before tax		(0.2)	(0.5)
Taxation	5	-	-
Loss for the year		(0.2)	(0.5)

Statement of Comprehensive Income
For the year ended 31 March

	2025 £m	**2024 £m**
Loss for the year	(0.2)	(0.5)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(0.2)	(0.5)

The notes 1 to 14 form an integral part of these financial statements.

Statement of Financial Position
As at 31 March

	Notes	2025 £m	2024 £m
Non-current assets			
Loans to Intra-group company	6	2,201.5	2,148.4
		2,201.5	2,148.4
Current assets			
Other receivables	6	5.0	4.8
Cash and cash equivalents	7	0.1	22.2
		5.1	27.0
Total assets		2,206.6	2,175.4
Current liabilities			
Other payables	8	(4.8)	(28.4)
		(4.8)	(28.4)
Non-current liabilities			
Other payables	8	(1.8)	-
Borrowings	9	(2,201.6)	(2,148.4)
		(2,203.4)	(2,148.4)
Total liabilities		(2,208.2)	(2,176.8)
Net liabilities		(1.6)	(1.4)
Equity			
Share capital	11	-	-
Accumulated Losses		(1.6)	(1.4)
Total equity		(1.6)	(1.4)

These financial statements on pages 16 to 30 were approved by the board of Directors on 17 June 2025 and signed on its behalf by:

Andrew Cox
Director
Company registered number: 09698014

The notes 1 to 14 form an integral part of these financial statements.

Statement of Changes in Equity
For the year ended 31 March

	Share capital £m	Accumulated losses £m	Total equity £m
Balance at 1 April 2023	-	(0.9)	(0.9)
Loss for the year	-	(0.5)	(0.5)
Total comprehensive loss for the year	-	(0.5)	(0.5)
Total contributions by and distributions to owners	-	-	-
Balance at 31 March 2024	-	(1.4)	(1.4)
Balance at 1 April 2024	-	(1.4)	(1.4)
Loss for the year	-	(0.2)	(0.2)
Total comprehensive loss for the year	-	(0.2)	(0.2)
Total contributions by and distributions to owners	-	-	-
Balance at 31 March 2025	-	(1.6)	(1.6)

The notes 1 to 14 form an integral part of these financial statements.

Statement of Cash Flows
For the year ended 31 March

	Note	2025 £m	2024 £m
Loss before income tax		(0.2)	(0.5)
Changes in working capital			
Increase in other receivables		(0.2)	(0.2)
Increase in other payables		0.4	0.6
Net cash used in operating activities		-	(0.1)
Cash flows from investing activities			
Loans to intra-group company		-	(65.7)
Interest received		22.6	22.7
Net cash from/(used in) investing activities		22.6	(43.0)
Cash flows from financing activities			
Proceeds from new borrowings		-	65.7
Proceeds from intra-group loans		-	0.4
Repayment of intra-group loans		(22.3)	(0.8)
Interest paid		(22.4)	(21.9)
Net cash (used in)/from financing activities		(44.7)	43.4
Net (decrease)/increase in cash and cash equivalents during the year		(22.1)	0.3
Cash and cash equivalents at the beginning of the year		22.2	21.9
Cash and cash equivalents at the end of the year	7	0.1	22.2

The notes 1 to 14 form an integral part of these financial statements.

Notes to the financial statements

1 Material accounting policy information

Basis of preparation

Bazalgette Finance plc (the "Company") is a private company incorporated and domiciled in England, the UK. The Company's registered address is 6th Floor, Blue Fin Building, 110 Southwark Street, London, SE1 0SU. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

These financial statements were prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. Where items are sufficiently significant by virtue of their size or nature, they are disclosed separately in the financial statements in order to aid the reader's understanding of the Company's financial position.

The Company's parent undertaking Bazalgette Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Bazalgette Holdings Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained online at www.tideway.london or from the address disclosed in note 13 to these financial statements.

Judgements and estimates

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

Measurement convention

The financial statements are prepared on a historical cost basis. The financial statements are presented in Pounds Sterling.

Going concern

Notwithstanding net liabilities of £1.6m as at 31 March 2025 and a loss for the year ended of £0.2m, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the Company's fellow subsidiary company, Bazalgette Tunnel Limited. Furthermore, the Directors note that there is no reason to believe that Bazalgette Tunnel Limited cannot honour its commitments to Bazalgette Finance plc under its lending agreements. As with any company placing reliance on other group entities for financial support, this support not to seek repayments of amounts currently due including interest payable, for at least the next twelve month from the date of approval of the financial statements, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

At the date of approval of these financial statements, the Company obtained a letter of support from Bazalgette Tunnel limited confirming continuation of financial support.

Consequently, the Directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes to the financial statements (continued)

1 Material accounting policy information (continued)

New accounting standards and future changes

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

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

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

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

- Amendments to IFRS 9 & IFRS 7 – Classification and Measurement of Financial Instruments; and
- IFRS 18 Presentation and Disclosure in Financial Statements.

The Company has decided not to early adopt any accounting standards or amendments.

Financial instruments

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

Other receivables:

Other receivables include intra-group loan receivables which represent the cumulative financing proceeds that have been on-lent to Bazalgette Tunnel Limited via back to back loans. Other receivables do not have a significant financing component are classified as amortised cost under IFRS 9; initially recognised at fair value. Subsequent to initial recognition they are measured at amortised cost and any expected credit loss impairments or reversals are recognised through profit or loss.

Other payables:

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

Cash and cash equivalents:

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

Borrowings:

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

Deferred purchase bonds:

No financial asset or liability is recorded on the initial issue date. The commitment for the bond proceeds to be received from the bond purchaser on the future settlement date is accounted for as a loan commitment. As a result, there is no Income Statement impact from any movements in the fair value between the initial issue date and the deferred settlement date.

Notes to the financial statements (continued)

1 Material accounting policy information (continued)

Impairment

For non-financial assets, the Company reviews the individual carrying amount of those assets to determine whether there is any indication of impairment in those assets. If any such impairment exists, the recoverable amount of the asset is calculated in order to determine the extent of any impairment loss.

Financial assets under IFRS 9 are assessed under the forward looking 'expected loss model' at each reporting date to determine whether there are impairment losses.

Any impairment losses are recognised in the Income Statement.

Fair value measurements

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

The valuation techniques for determining the fair values of financial instruments are classified under the hierarchy defined in IFRS 13 which categorises inputs to valuation techniques into Levels 1-3 based on the degree to which the fair value is observable.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included for Level 1, that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or liability are categorised across different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Taxation

Tax on the profit or loss for the year comprises the current tax charge or credit for the year. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

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

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

2 Auditors' remuneration

The auditors' remuneration for the audit of these financial statements was £8,400 (2024: £8,000) and was borne wholly by Bazalgette Tunnel Limited.

3 Directors' remuneration

The Directors of the Company did not receive any payment for their services during the year ended 31 March 2025 (2024: £nil). Any qualifying services the directors perform in respect of the Company are considered to be incidental and part of the Directors' overall management responsibilities within the Group.

Notes to the financial statements (continued)

4 Net finance costs

	2025 £m	2024 £m
Interest expense		
Interest on external borrowings	(22.1)	(21.9)
Intra-group interest	(0.8)	(1.3)
Accretion of financial liabilities measured at amortised costs	(53.5)	(72.7)
	(76.4)	(95.9)
Interest income		
Intra-group interest	75.8	94.6
Bank interest	0.4	0.8
	76.2	95.4
Net finance costs	(0.2)	(0.5)

The Company has a back to back arrangement with Bazalgette Tunnel Limited whereby all third-party borrowings are replicated via loans to Bazalgette Tunnel Limited on identical economic terms, resulting in a neutral impact in the Income Statement. The net finance costs of £0.2m for the year ended 31 March 2025 (2024: £0.5m) mainly represents interest expense related to the £1.8m (2024: £23.4m) intra-group borrowing from Bazalgette Tunnel Limited (see note 12) at year-end.

The year on year decrease in interest expense on other financial liabilities measured at amortised cost represents the accretion element of the Company's external index-linked borrowings which has decreased significantly during the current financial year as a result of changes in the inflationary environment.

5 Taxation

	2025 £m	2024 £m
Total current tax	-	-
Total Income Statement tax expense	-	-

Factors affecting tax charge for the year

The Company's effective tax rate for the year ended 31 March 2025 is 0% (2024: 0%) which is 25% lower than (2024: 25% lower than) the standard rate of corporation tax in the UK.

	2025 £m	2024 £m
Loss before tax	(0.2)	(0.5)
Expected tax credit using UK corporation tax rate of 25% (2024: 25%)	-	0.1
Items not taxable	-	(0.1)
Total Income Statement tax expense	-	-

The Company did not have any unrecognised deferred tax assets as at the Statement of Financial Position date (2024: £nil).

Notes to the financial statements (continued)

6 Other receivables

	2025 £m	2024 £m
Intra-group loans (see note 12)	2,201.5	2,148.4
Interest receivable from intra-group companies (see note 12)	5.0	4.8
	2,206.5	2,153.2
Non-current assets	2,201.5	2,148.4
Current assets	5.0	4.8

Intra-group loans represent the proceeds from borrowings that have been passed onto the Company's sister company Bazalgette Tunnel Limited via back to back loans including accretion. Intra-group loans are classified and measured at amortised cost under IFRS 9. An impairment assessment under the simplified expected credit loss model was immaterial at 31 March 2025 and at 31 March 2024, and therefore not recognised within the year.

Interest receivable from intra-group companies represents the coupon interest on these loans payable by Bazalgette Tunnel Limited which has not yet been received. The coupon interest terms are identical to the interest terms on the Company's external borrowings.

7 Cash and cash equivalents

	2025 £m	2024 £m
Cash and bank balances	0.1	22.2
Cash and cash equivalents per cash flows statement	0.1	22.2

The Company has an obligation to maintain a Liquidity Required Amount as defined in the Masters Definition Agreement (MDA), a CTA requirement, in the form of committed Liquidity Facilities and amounts standing to the credit of the Debt Service Reserve Account ("DSRA").

The Company holds a Debt Service Reserve Account to maintain committed liquidity facilities with regards to the prospective financing cost payments for a period of 12 months from the Statement of Financial Position date. During the current year, the Company, together with Bazalgette Tunnel Limited, secured a £75m Liquidity Facility to cover the Liquidity Required Amount under the CTA requirement. Following this, an amount of £22.2m standing to the credit of the DSRA to satisfy the same liquidity requirement was released.

The restricted cash value in the DSRA was £nil at 31 March 2025 (2024: £22.2m).

8 Other payables

	2025 £m	2024 £m
Interest payable on outstanding borrowings	4.8	5.0
Intra-group borrowing (see note 12)	1.8	23.4
	6.6	28.4
Non-current liabilities	1.8	-
Current liabilities	4.8	28.4

Notes to the financial statements (continued)

8 Other payables (continued)

The table below analyses the Company's non-current liabilities at 31 March 2025 and 31 March 2024 into relevant maturity groupings based on the remaining periods up to their future payable date.

	2025 £m	2024 £m
Between one and two years	-	-
Between two and five years	1.8	-
More than five years	-	-

9 Borrowings

The Company operates for the sole purpose of raising finance through a multi-currency bond platform on behalf of the Company's sister company, Bazalgette Tunnel Limited, for the purposes of Bazalgette Tunnel Limited's licenced activities as the infrastructure provider for the design and construction of the TTT project. The proceeds from bonds issued under this platform are on-lent to Bazalgette Tunnel Limited through a series of back to back loans which have the same economic terms and effectively pass the financing arrangements of the external debt held by the Company to Bazalgette Tunnel Limited. All deferred bonds have now been fully drawn down. This note provides information about the Company's borrowings, which are measured at amortised cost. Debt issue costs have been borne by Bazalgette Tunnel Limited.

	2025 £m	2024 £m
Third party borrowings		
£250m 2.375% fixed rate bond 2027	249.3	248.9
£75m 0.828% index-linked bond 2047 [a, b]	98.7	96.3
£200m 0.740% index-linked bond 2042 [a, c]	235.0	229.5
£100m 0.688% index-linked bond 2050 [a]	141.4	136.4
£100m 0.755% Index-linked bond 2051 [a]	137.3	132.5
£100m 0.249% index-linked bond 2040 [a, d]	139.0	134.0
£125m 0.192% Index-linked bond 2049 [a, e]	182.0	175.6
£25m 1.035% index-linked bond 2048 [a, f]	33.8	32.6
£25m 0.951% index-linked bond 2054 [a, g]	33.8	32.5
£50m 0.787% index-linked bond 2052 [a,]	67.5	65.1
£25m 1.042% index-linked bond 2048 [a, f]	33.0	31.9
£25m 0.954% index-linked bond 2054 [a, g]	33.0	31.9
£75m 0.010% index linked bond 2036 [a]	104.6	101.8
£300m 2.750% fixed rate bond 2034	299.0	298.9
£150m 0.010% Index linked bond 2032 [a]	184.9	178.4
£75m 0.949% Index linked bond 2052 [a, h]	87.5	85.3
£50m 0.074% Index linked bond 2049 [a, i]	70.9	68.4
£50m 0.174% index linked bond 2049 [a, i]	70.9	68.4
Total borrowings	2,201.6	2,148.4
Current liabilities	-	-
Non-current liabilities	2,201.6	2,148.4

Notes to the financial statements (continued)

9 Borrowings (continued)

a) The value of the capital and interest elements of these index-linked bonds are linked to movements in either the Consumer Price Index (CPI) or Retail Price Index (RPI)

b) This debt amortises (requires repayment of debt accretion) from 2038.

c) This debt amortises from 2033 and contains a collar mechanism that limits total accretion repayment within a predetermined range.

d) This debt amortises from 2036

e) This debt amortises from 2045

f) This debt amortises from 2043

g) This debt amortises from 2049

h) This debt amortises from 2042

i) This debt amortises from 2034

Deferred purchase bonds

There were no deferred bond drawn down during the year ended 31 March 2025 (2024: bond proceeds of £65.7m were drawn down with bond maturities of 2049). In total, the Company has issued £1,800.0m (2024: £1,800.0m) of deferred bonds to a range of investors.

10 Financial Instruments

The carrying values of the financial assets and liabilities of the Company are as follows:

Financial assets

	2025 £m	2024 £m
Other receivables (see note 6)	2,206.5	2,153.2
Cash and cash equivalents (see note 7)	0.1	22.2
	2,206.6	2,175.4

Other receivables above exclude prepayments and are classified and measured at amortised cost under IFRS 9. Impairment of these assets as assessed under the 12-months expected credit loss model was immaterial and therefore not recognised within the period.

Financial liabilities

	2025 £m	2024 £m
Other payables (see note 8)	6.6	28.4
Borrowings (see note 9)	2,201.6	2,148.4
	2,208.2	2,176.8

Notes to the financial statements (continued)

10 Financial Instruments (continued)

Fair value measurements

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

The fair values of financial instruments and a comparison to their carrying value is shown in the subsequent table. The Company has not disclosed the fair values for cash and cash equivalents, other receivables and other payables as their carrying amounts are a reasonable approximation of the fair value. The fair value of the intra-group loans included in other receivables approximates to the fair value of the bonds borrowings as disclosed below.

	2025 Book value £m	2025 Fair value £m	2024 Book value £m	2024 Fair value £m
Financial liabilities at amortised cost				
Non-current				
Borrowings – bonds	2,201.6	1,522.7	2,148.4	1,522.4
Borrowings - Intra-group loans	1.8	1.7	23.4	23.7
Total	2,203.4	1,524.4	2,171.8	1,546.1

Financial assets and liabilities at amortised cost

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

The Company discloses the fair value of its intra-group loans receivable and borrowings based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. The Company considers its intra-group loans receivable and borrowings to fall within Level 2, as the calculation of the estimated fair value is based on market data inputs which are observable directly or indirectly.

Capital risk management

The Company manages capital in line with the overall Group's objectives which are:

- Safeguard their ability to continue as a going concern;
- Maintain an optimal capital structure to reduce the cost of capital;
- To finance Bazalgette Tunnel Limited while minimising risk. The Company will adopt a low risk financing strategy and will maintain at all times a robust investment grade credit rating;
- Minimise financing risk through pre-funding, management of maturities and interest rate risk;
- Financing will be a mix of some or all of commercial bank debt, bonds (public and private), EIB loans, lease financing and other instruments. Financing could be raised on a real and/or nominal basis;
- The Group's weighted average cost of capital will be minimised by reducing risk, including interest rate, inflation, credit spread, maturity risk, liquidity and currency risk;
- Hedging and pre-financing may be used to reduce risk. The Group will not engage in speculative treasury activity; and
- The Group will manage its financing activities in compliance with the constraints imposed by the Government Support Package, financing documents and the Licence.

Notes to the financial statements (continued)

10 Financial Instruments (continued)

Capital risk management (continued)

The Company seeks to maintain a low risk financing position by preserving its investment grade senior secured debt ratings of Baa1 (Moody's) and BBB+ (Fitch). The credit rating was unchanged in the year with both agencies maintaining a stable outlook.

Management of financial risk

The Treasury team, which reports directly to the CFO, substantially manages the financing, including debt, cash management and interest costs for the Company on a day to day basis. The Audit & Finance Committee which includes the Directors of the Company, meets periodically to review and report on treasury policy, treasury strategies and financing strategy. The Company also has an executive level Funding and Financing Committee, chaired by the CFO, which considers financial, treasury, compliance, tax and regulatory matters in detail on a monthly basis.

The Company's funding to date has been achieved with a mix of indexed and fixed rates to appropriately address the risks in Bazalgette Tunnel Limited.

The Company's management of specific financial risks is dealt with as follows:

Liquidity risk

Details of the nature and management of the Company's liquidity risk is provided in the Strategic report.

The table below analyses the Company's interest-bearing borrowings into relevant maturity groupings based on the remaining period at the Statement of Financial Position date. The amounts disclosed in the table on the following page are the contractual undiscounted cash flows including interest payable and accretion.

	2025 £m	2024 £m
Within one year	(22.5)	(45.6)
Between one and two years	(22.7)	(22.4)
Between two and five years	(307.7)	(62.5)
More than 5 years	(3,179.1)	(2,928.6)
Total	(3,532.0)	(3,059.1)

Counterparty risk

Details of the nature and management of the Company's counterparty risk is provided in the Strategic Report.

Credit risk

The Company's maximum exposure to credit risk is the carrying amount of financial assets and therefore the maximum exposure at 31 March 2025 was £2,206.6m (2024: £2,175.4m). Analysis of this amount can be found in the financial assets section of this note.

As these assets relate largely to intra-group debt owed by a regulated water company which is characterised by stable and predictable cash flows and which has significant liquidity and preserves investment grade credit ratings, the credit risk is considered low.

Market risk - Inflation risk

Details of the nature and management of the Company's inflation risk is provided in the Strategic Report.

As the Company's borrowings are on-lent to Bazalgette Tunnel Limited on identical economic terms, the Company is itself not sensitive to fluctuations in inflation, as any increase in interest costs is offset by interest income on the back to back loans.

Notes to the financial statements (continued)

10 Financial Instruments (continued)

Net Debt Reconciliation

This section sets out an analysis of net debt and movements in net debt for each of the years presented:

	Notes	2025 £m	2024 £m
Cash and Cash Equivalents	7	0.1	22.2
Borrowings	9	(2,201.6)	(2,148.4)
Net Debt		**(2,201.5)**	**(2,126.2)**

	Notes	**Financing Liabilities**	**Other Assets**	
		Borrowings	**Cash and cash equivalents**	**Total**
		£m	**£m**	**£m**
Net Debt at 1 April 2023		**(2,010.1)**	**21.9**	**(1,988.2)**
Proceeds from new borrowings (Presented as cash flows from financing activities)		(65.7)	65.7	-
Other Changes*				
Accretion interest expense on index-linked borrowings	4	(72.9)	-	(72.9)
Intra-group payable classified as Other Payables		-	-	-
Proceeds from Intra-group payables as Other Payables		-	0.4	0.4
Bond premium/discount unwind	4	0.3	-	0.3
Cash flows from operating activities (Presented as cash flows from operating activities)		-	(0.1)	(0.1)
Cash flows from investing activities (Presented as cash flows from investing activities)		-	(43.0)	(43.0)
Proceeds from intercompany loans (Presented as cash flows used in financing activities)		-	(0.8)	(0.8)
Interest paid (Presented as cash flows used in financing activities)		-	(21.9)	(21.9)
Net Debt at 31 March 2024 and 1 April 2024		**(2,148.4)**	**22.2**	**(2,126.2)**
Proceeds from new borrowings (Presented as cash flows from financing activities)		-	-	-
Other Changes*				
Accretion interest expense on index-linked borrowings	4	(53.5)	-	(53.5)
Bond premium/discount unwind	4	0.3	-	0.3
Cash flows from investing activities (Presented as cash flows from investing activities)		-	22.6	22.6
Repayment of intra-group loans (Presented as cash flows used in financing activities)		-	(22.3)	(22.3)
Interest paid (Presented as cash flows used in financing activities)		-	(22.4)	(22.4)
Net Debt at 31 March 2025		**(2,201.6)**	**0.1**	**(2,201.5)**

Notes to the financial statements (continued)

11 Share capital

Allotted, called-up and fully paid ordinary shares of £1 each	Ordinary shares 2025 No.	Ordinary shares 2024 No.
At the beginning and end of year	50,000	50,000

Each share ranks equally for voting purposes for any dividend declared and distribution rights on a winding up.

12 Related party transactions

The Company was established for the sole purpose of raising finance on behalf of the Company's sister company, Bazalgette Tunnel Limited, for the purposes of Bazalgette Tunnel Limited's licenced activities and functions as the infrastructure provider for the design and construction of the Thames Tideway Tunnel. Loans receivable from related parties represent cumulative financing proceeds that have been lent to Bazalgette Tunnel Limited.

Amounts outstanding on loans made to Bazalgette Tunnel Limited are £2,201.5m (2024: £2,148.4m) and interest outstanding of £4.8m (2024: £4.8m).

During the year ended 31 March 2025, the Company received £22.2m (2024: £21.9m) of interest income from Bazalgette Tunnel Limited with regards to interest payments under the back to back loans.

During the year ended 31 March 2025, the Company repaid £22.4m of borrowings to Bazalgette Tunnel Limited. As at 31 March 2025, amounts outstanding on borrowings from Bazalgette Tunnel Limited are £1.8m (2024: £23.4m). The loan carries a floating charge based on 6-month SONIA plus 78bps and a maturity of 2030. Interest payable on the loan at 31 March 2025 totalled £nil (2024: £0.2m).

Key management personnel

The directors of the Company are considered to be the key management personnel. They did not receive any payment for their services during the year ended 31 March 2025 (2024: £nil). The Company had no employees during the year to 31 March 2025 (2024: no employees).

13 Immediate and ultimate parent company of a larger group

The Company is a wholly owned subsidiary of Bazalgette Equity Limited and Bazalgette Holdings Limited (both incorporated in the United Kingdom) which have its registered office address at 6th Floor, Blue Fin Building, 110 Southwark Street, London, SE1 0SU.

The Directors consider Bazalgette Equity Limited, (incorporated in the United Kingdom) to be the ultimate parent company. The smallest group in which the Company is incorporated is Bazalgette Holdings Limited. The largest group in which the results of the Company are consolidated is that headed by Bazalgette Equity Limited. No other group financial statements include the results of the Company.

Copies of consolidated financial statements of Bazalgette Equity Limited and Bazalgette Holdings Limited can be obtained at www.tideway.london.

14 Subsequent events occurring after the reporting date

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