



Announcement of unaudited preliminary financial results for the year ended 31 March 2024

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

On 1st February 2023 the Company’s licence, trading, assets and liabilities were transferred to South West Water Limited. Post this statutory transfer the only transactions in the income statement relate to the remaining preference shares, debentures and pension asset. The remaining obligations relating to these are met from matching intra-group contracted assets and related receipts.

The Company announces its unaudited preliminary results for the twelve months ending 31 March 2024, which are set out below and can also be accessed via the Company’s website.

FINANCIAL PERFORMANCE

	2023/24	2022/23 (10 months trading)
Revenue	-	£109.0m
Underlying revenue ^{1,2}	-	£115.6m
Underlying profit/(loss) before tax ¹	£0.2m	(£3.8m)
Non-underlying items before tax ¹	-	(£20.9m)
Profit/(loss) before tax	£0.2m	(£24.7m)
Earnings per share		
Statutory loss per share	(1.67p)	(336.7p)

During the period the Company declared a dividend of £143.0m, payable to the parent company, South West Water Limited, as part of the planned group restructuring steps post statutory transfer. This dividend reduced the intercompany debtor balance owed by South West Water Limited.

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1 Non-underlying items are adjusted for by virtue of their size, nature or incidence to enable a full understanding of financial performance

2 The Company’s statutory revenue for 2022/23 of £109m included non-underlying revenue reductions of £6.6m in respect of a customer bill credit under WaterShare+



BRISTOL WATER PLC
UNAUDITED PRELIMINARY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

INCOME STATEMENT (UNAUDITED)

for the year ended 31 March 2024

	Notes	2024 £m	2023 £m
Revenue before non underlying items	4	-	115.6
Non underlying revenue	4	-	(6.6)
Total revenue		-	109.0
Operating costs excluding impairment losses on trade receivables	5	(0.5)	(84.6)
Impairment losses on trade receivables	5	-	(3.5)
Operating costs before non underlying items		(0.5)	(88.1)
Non underlying operating costs	5	-	(1.2)
Total net operating costs	5	(0.5)	(89.3)
Operating (loss) / profit		(0.5)	19.7
Interest payable and similar charges before non underlying items	6	(1.1)	(34.0)
Interest receivable and similar charges before non underlying items	6	1.8	2.7
Non underlying interest payable and similar charges	6	-	(13.1)
Total net interest payable and similar charges	6	0.7	(44.4)
Profit / (loss) before tax		0.2	(24.7)
Taxation on profit / (loss) on ordinary activities	7	(0.3)	4.5
Loss for the financial year		(0.1)	(20.2)
Loss per ordinary share	8	(1.67)p	(336.7)p

Substantially all of the Company's operations were discontinued in the prior year.

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the year ended 31 March 2024

	Notes	2024 £m	2023 £m
Loss for the financial year		(0.1)	(20.2)
Other comprehensive income:			
Items that will not be reclassified to profit and loss			
Actuarial gain on retirement benefit surplus		-	0.5
Remeasurement of defined benefit pension scheme restriction	10	1.2	(0.1)
Other comprehensive income for the year, net of tax		1.2	0.4
Total comprehensive profit / (loss) for the year		1.1	(19.8)

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

at 31 March 2024

	Notes	2024 £m	2023 £m
Non-current assets			
Other receivables	9	26.6	26.6
Retirement benefit surplus	10	9.5	8.2
		<u>36.1</u>	<u>34.8</u>
Current assets			
Trade and other receivables		0.1	144.5
Current tax asset		0.5	0.7
Cash and cash equivalents		0.7	0.1
		<u>1.3</u>	<u>145.3</u>
Total assets		<u>37.4</u>	<u>180.1</u>
Non-current liabilities			
Borrowings and derivatives	11	(1.6)	(1.6)
8.75% irredeemable cumulative preference shares	11	(12.5)	(12.5)
		<u>(14.1)</u>	<u>(14.1)</u>
Current liabilities			
Trade and other payables		(0.1)	(0.9)
		<u>(0.1)</u>	<u>(0.9)</u>
Total liabilities		<u>(14.2)</u>	<u>(15.0)</u>
Net assets		<u>23.2</u>	<u>165.1</u>
Equity			
Called-up share capital		6.0	6.0
Share premium account		4.4	4.4
Other reserves		5.8	5.8
Retained earnings		7.0	148.9
Total Equity		<u>23.2</u>	<u>165.1</u>

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the year ended 31 March 2024

	Called up share capital	Share premium account	Capital redemption reserve	Retained earnings	Total
	£m	£m	£m	£m	£m
Balance at 1 April 2022	6.0	4.4	5.8	232.9	249.1
Loss for the year	-	-	-	(20.2)	(20.2)
Other comprehensive loss for the year:					
Actuarial loss recognised in respect of retirement benefit obligations	-	-	-	0.5	0.5
Remeasurement of defined benefit pension scheme	-	-	-	(0.1)	(0.1)
Total comprehensive loss for the year	-	-	-	(19.8)	(19.8)
Ordinary dividends	-	-	-	(64.3)	(64.3)
Share based payments	-	-	-	0.1	0.1
Balance as at 31 March 2023	6.0	4.4	5.8	148.9	165.1
Balance as at 1 April 2023	6.0	4.4	5.8	148.9	165.1
Loss for the year	-	-	-	(0.1)	(0.1)
Other comprehensive income for the year:					
Actuarial profit recognised in respect of retirement benefit obligations	-	-	-	-	-
Remeasurement of defined benefit pension scheme	-	-	-	1.2	1.2
Total comprehensive profit for the year	-	-	-	1.1	1.21
Ordinary dividends	-	-	-	(143.0)	(143.0)
Balance as at 31 March 2024	6.0	4.4	5.8	7.0	23.2

The Board has not proposed a final dividend in respect of the financial year 2023/24 (2023: £nil).

CASH FLOW STATEMENT (UNAUDITED)

For the year ended 31 March 2024

	Notes	2024 £m	2023 £m
Cash flows from operating activities			
Profit / (loss) before taxation		0.2	(24.7)
Adjustments for:			
Share based payments		-	0.1
Deferred income amortisation		-	(3.3)
Depreciation		-	21.4
Amortisation of intangibles		-	2.9
Difference between pension charges and contributions paid		0.5	0.6
Loss on disposal of assets	5	-	0.1
Interest income	6	(1.2)	(2.4)
Interest expense	6	1.1	47.1
Pension interest income	6	(0.6)	(0.3)
Increase in inventory		-	(0.5)
Decrease in trade and other receivables		1.4	0.5
(Decrease) / increase in trade and other creditors and provisions		(1.1)	9.5
Cash generated from operations		0.3	51.0
Interest paid		(0.1)	(21.4)
Corporation taxes paid		(0.1)	(1.6)
Contributions received		-	2.8
Net cash generated from operating activities		0.1	30.8
Cash flows from investing activities			
Purchase of property, plant and equipment and intangibles		-	(40.7)
Interest received	6	1.6	2.4
Repayment of intercompany loan receivable		-	61.1
Disposal of trade and assets		-	(5.1)
Net cash used in investing activities		1.6	17.7
Cash flows from financing activities			
Proceeds from loans and borrowings		-	81.1
Repayment of loans and borrowings		-	(75.8)
Payment of lease liabilities		-	(0.3)
Preference dividends paid	6	(1.1)	(1.1)
Equity dividends paid		-	(64.3)
Net cash used in financing activities		(1.1)	(60.4)
Net increase/(decrease) in cash and cash equivalents		0.6	(11.9)
Cash and cash equivalents, beginning of year		0.1	12.0
Cash and cash equivalents, end of year		0.7	0.1

Substantially all of the Company's operations were discontinued in the prior year.

NOTES TO THE FINANCIAL STATEMENTS

1 General information

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

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

The financial information for the year ended 31 March 2024 does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. The statutory accounts for the year ended 31 March 2024 will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be delivered to the Registrar of Companies in due course.

2 Basis of preparation

The unaudited financial statements of the Company are prepared on a historical cost basis in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework – Disclosure exemptions from EU-adopted IFRS for qualifying entities' ("FRS 101") and with the provisions of the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The accounting policies adopted have not changed significantly from those adopted in the Company's 2023 Annual Report and Financial Statements (which are available on the Company's website www.bristolwater.co.uk).

New standards and interpretations not yet adopted

New standards or interpretations which were mandatory for the first time in the year beginning 1 April 2023 did not have a material impact on the net assets of the Company.

New standards or interpretations due to be adopted from 1 April 2024 are not expected to have a material impact on the Company's net assets or results.

3 Going concern

Following the transfer of the Company's licence, trade, assets and obligations to South West Water Limited ("SWW") on 1 February 2023, the Company's remaining obligations will be met by matching intra-group contracted assets and related receipts. The Company has received confirmation from Pennon Group plc that it will provide support to the Company should it be required, to meet its liabilities as they fall due for the period which covers the period from approval of these financial statements through to 20 May 2025. As a result, the Directors have concluded that the Company has adequate resources, or the reasonable expectation of raising further resources as required, to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements. Further information on the Company's borrowings is given in note 11.

4 REVENUE

	2024 £m	2023 £m
Appointed income		
Household - measured	-	50.0
Household - unmeasured	-	36.1
Non-household - measured	-	22.2
Non-household – unmeasured	-	0.3
Contributions from developers	-	3.3
Third party services	-	1.8
Rental income	-	1.0
	-	114.7
Non-appointed income		
Recreations	-	0.5
Rental income	-	0.2
Other	-	0.2
	-	0.9
Underlying income	-	115.6
Non-underlying income		
Watershare +	-	(6.6)
Total income	-	109.0

Appointed income was income earned under the Company's licence to supply water for the period until 1 February 2023 when the licence was transferred to SWW. Non-appointed income related to activities that do not require a water supply licence. All revenue in the prior year relates to the trade and assets transferred to SWW.

The total revenue in the year ended 31 March 2023 included £107.9m for revenue from contracts with customers under IFRS 15 and £1.1m of leasing income under IFRS 16 "Leases".

In the year ending 31 March 2023, the Company offered Pennon Group plc's, its parent company, WaterShare+ scheme to its customers whereby customers could choose to accept a credit on their bill or take shares in Pennon Group plc. The value of the rebate equated to £13 per customer and the total value of £6.6 million was recognised in full as a non-underlying reduction to revenue. This item was non-underlying in nature given its individual size and its non-recurring nature.

5 OPERATING COSTS

(a) Operating costs include:

	2024 £m	2023 £m
Wages and salaries	-	19.0
Social security costs	-	2.1
Defined contribution scheme costs	-	2.2
Defined benefit scheme costs	-	0.4
Share-based payments	-	0.1
Total payroll cost	-	23.8
Less capitalised as tangible and intangible assets	-	(9.8)
Net staff costs	-	14.0
Inventory recognised as an expense	-	4.5
Depreciation of tangible assets including impairment		
On owned assets	-	21.0
On leased assets	-	0.4
Amortisation of intangible assets		
On owned assets	-	2.9
Other operating charges		
Auditor's remuneration	-	0.3
Loss on disposal of tangible assets	-	0.1
Other charges less recoveries	0.5	41.4
Operating costs excluding impairment losses on trade receivables	0.5	84.6
Impairment of trade receivables	-	3.5
Total operating costs before non underlying items	0.5	88.1
Legal costs	-	1.0
Integration costs	-	0.2
Total non underlying items in the income statement	-	1.2
Total net operating costs	0.5	89.3

In the prior year £40m bonds due to be repaid in March 2041 were redeemed as part of the statutory transfer of the Company's business to South West Water. Associated legal costs of c£1m were incurred in relation to the bond redemption. The redemption of the bonds was non-recurring and of a material value, hence the cost was treated as non-underlying.

In the prior year the Company incurred expenses of £0.2m relating to the integration and statutory transfer of the Company's trade, assets and obligations to South West Water. These costs were classified as non-underlying due to their non-recurring nature.

5 OPERATING COSTS (continued)

(b) Employee details

From the 1 February 2023 the Company has no employees. The monthly average number of employees by activity, including Directors on a service contract, (on a full-time equivalents basis) during the year to 31 January 2023 is shown as follows for 2023.

	2024 No.	2023 No.
Water treatment and distribution	-	215
Support services	-	141
Administration	-	181
Non-appointed activities	-	14
	<hr/>	<hr/>
	-	551

(c) Directors' emoluments

	2024 £m	2023 £m
Aggregate emoluments of Directors, being remuneration, bonus, pension, LTIP and benefits in kind	-	0.7
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	-	0.7

The highest paid Director during the year ended 31 March 2023 was Mr Karam.

(d) Independent auditors' remuneration

During the year the Company obtained the following services from the Company's auditors and its associates:

	2024 £m	2023 £m
Fees payable for the audit of the Company's annual statutory financial statement	-	0.3
	<hr/>	<hr/>
	-	0.3

6 NET INTEREST PAYABLE AND SIMILAR CHARGES

	2024 £m	2023 £m
Interest payable and similar charges relate to:		
Bank borrowings	-	3.7
Term loans and debentures:		
Interest charges	-	9.4
Indexation	-	20.0
Leases	-	0.1
Capitalisation of borrowing cost	-	(0.9)
Dividends on 8.75% irredeemable cumulative preference shares	1.1	1.1
Loan from Pennon Group plc	-	0.6
	<u>1.1</u>	<u>34.0</u>
Less interest receivable and similar income:		
Interest income in respect of retirement benefit scheme	(0.6)	(0.3)
Interest income on intercompany loans	(1.2)	(2.4)
	<u>(1.8)</u>	<u>(2.7)</u>
Total underlying net interest (receivable)/payable and similar charges	<u>(0.7)</u>	<u>31.3</u>
Bond redemption costs	-	13.1
Total net interest (receivable)/payable and similar charges	<u>(0.7)</u>	<u>44.4</u>

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

In the prior year bonds with a carrying value of £59.2m were redeemed for £72.3 million. The difference of £13.1m arising on early settlement was debited to finance costs in the year ended 31 March 2023. The redemption of the bonds is non-recurring and of a material value, hence the debit was treated as non-underlying.

The rate used to determine the amount of borrowing costs eligible for capitalisation in the prior year was 7.8% which was the weighted average interest rate of applicable borrowings.

7 TAXATION

	2024 £m	2023 £m
Tax expense included in Income Statement		
Current tax:		
Corporation tax on profits for the year	0.3	0.4
Adjustment to prior years	-	(0.1)
Total current tax	<u>0.3</u>	<u>0.3</u>
Deferred tax:		
Origination and reversal of timing differences	-	(4.9)
Adjustment to prior years	-	0.1
Total deferred tax	<u>-</u>	<u>(4.8)</u>
Tax expense/(income) on profit	<u>0.3</u>	<u>(4.5)</u>

7 TAXATION (continued)

Reconciliation of the tax on profit on ordinary activities

The tax charge for the year differs from the theoretical amount which would arise using the standard rate of corporation tax in the UK of 25% (2022/23:19%), as follows:

	2024	2023
	£m	£m
Profit before tax	0.2	(24.7)
At statutory income tax rate of 25% (2023: 19%)	0.1	(4.7)
Adjustment in respect of prior years' current tax	-	0.1
Adjustment in respect of prior years' deferred tax	-	(0.1)
Non-deductible expenses for tax purposes:		
8.75% irredeemable cumulative preference share	0.2	0.2
Non-qualifying asset depreciation	-	0.1
Other	-	0.1
Capital expenditure tax depreciation super deduction allowances	-	(0.2)
Total taxation expense included in income statement	0.3	(4.5)

From 1 April 2021 to 31 March 2023, a "super-deduction" on qualifying plant and machinery equivalent to 130% of spend on expenditure relating to contracts entered into after 3 March 2021 was available in respect of qualifying expenditure. Prior to the statutory transfer of trade and assets to SWW, the Company incurred significant capital expenditure each year as it maintained and enhanced its assets for the benefit of its customers, communities and the environment. The first year allowance on certain other types of assets, including long-life was boosted to 50% for the same period, again for contracts entered into after 31 March 2021. These enhanced allowances increased capital allowance claims for the year ended 31 March 2023. There was also a consequently higher deferred tax liability and charge due to the additional capital allowance deductions prior to the transfer to SWW.

8 LOSS PER ORDINARY SHARE

	2024	2023
	m	m
Basic loss per ordinary share have been calculated as follows:		
Loss attributable to ordinary shares	£0.1	£20.2
Weighted average number of ordinary shares	6.0	6.0
	1.67p	336.7p

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

9 OTHER RECEIVABLES

Other receivables comprise loan notes issued to the Company on 1 February 2023 by SWW.

		2024	2023
		m	m
£25,000,000 fixed rate loan note	6%	25.0	25.0
£1,405,218 fixed rate loan note	4%	1.4	1.4
£72,900 fixed rate loan note	3.5%	0.1	0.1
£54,875 fixed rate loan note	4%	0.1	0.1
£36,740 fixed rate loan note	4.25%	-	-
		26.6	26.6

The amounts included above relate to loan notes issued on 1 February 2023 by SWW to the Company. The loan notes reflect the external borrowings held by the Company and as such any maturity dates are linked to the maturity of these external borrowings. All loan notes are unsecured. No expected credit loss provision has been recognised in respect of amounts owned by group undertakings.

10 RETIREMENT BENEFITS

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

The gross pension surplus of £12.7m at 31 March 2024 (31 March 2023 £12.6m) relates to the market value of assets still held by the scheme other than the annuity policy/insurance asset.

Looking ahead, we expect the insurer will take over responsibility for the payment and administration of member benefits. Once this has happened members will no longer be members of the Section, instead they will have individual policies with the insurer. At this point the Section will be wound up.

In June 2023, the High Court handed down a decision (*Virgin Media Limited v NTL Pension Trustees II Limited and others*) which potentially has implications for the validity of amendments made by schemes, including the Company defined benefit scheme, which were contracted-out on a salary-related basis between 6 April 1997 and the abolition of contracting-out in 2016. This decision has been appealed and is due to be reconsidered by the Court of Appeal in June 2024. The impact will therefore be uncertain for some time to come. Given this uncertainty, the updated valuation as at 31 March 2024 does not reflect the High Court ruling as it is currently unclear as to whether any additional liabilities might arise, and if they were to arise, how they would be reliably measured. The case is subject to appeal in 2024 and following the outcome of the appeal and any DWP response, management will conclude whether any subsequent actions or amendments to IAS 19 liabilities are required.

Risks of the scheme

Following the purchase of the bulk annuity policy, the balance sheet asset is now largely only exposed to changes in the value of the invested assets. This is because the value of the insurance policy is set to equal the value of the corresponding obligations meaning that any changes in financial conditions or other assumptions will affect the value of the insurance policy and the corresponding obligations by broadly the same amount.

The value of the pension scheme surplus has been restricted by refund tax of 25% (2023: 35%) under UK tax legislation. An increase in the income tax rate will reduce the net pension scheme surplus.

Basis of valuation

The formal actuarial valuation of the Company's section of the WCPS as at 31 March 2017 was updated to 31 March 2024, by and independent actuary Lane, Clarke & Peacock, "LCP", using the following major assumptions in accordance with IAS 19 'Employee Benefits':

	2024	2023
Assumptions:		
RPI Inflation	3.2%	3.3%
CPI Inflation	2.6%	2.7%
Discount rate	4.8%	4.7%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in the UK. These assumptions translate into the following average life expectancies in years:

	2024	2023
Life expectancy at age 60 at the balance sheet date		
- Men	27.2	27.3
- Women	29.6	29.5
Life expectancy at age 60, 25 years from balance sheet date		
- Men	30.0	30.2
- Women	31.9	31.8

10 RETIREMENT BENEFIT SURPLUS (continued)
Reconciliation of scheme assets and liabilities:

	Assets £m	Liabilities £m	Total £m
Pension scheme surplus at 1 April 2022	161.2	(148.8)	12.4
Section expenses	(0.6)	-	(0.6)
Interest income (note 6)	4.3	(4.0)	0.3
Remeasurements:			
Return on plan assets, excluding amounts included in interest income	(32.7)	-	(32.7)
Changes in financial assumptions	-	40.6	40.6
Changes in demographic assumption	-	1.8	1.8
Experience adjustments on obligation	-	(9.2)	(9.2)
	(32.7)	33.2	0.5
Benefits paid	(7.6)	7.6	-
Pension scheme surplus at 31 March 2023	124.6	(112.0)	12.6

	Assets £m	Liabilities £m	Total £m
Pension scheme surplus at 1 April 2023	124.6	(112.0)	12.6
Section expenses	(0.5)	-	(0.5)
Interest income (note 6)	5.7	(5.1)	0.6
Remeasurements:			
Return on plan assets, excluding amounts included in interest income	(1.7)	-	(1.7)
Changes in financial assumptions	-	2.4	2.4
Changes in demographic assumption	-	0.9	0.9
Experience adjustments on obligation	-	(1.6)	(1.6)
	(1.7)	1.7	-
Benefits paid	(7.7)	7.7	-
Pension scheme surplus at 31 March 2024	120.4	(107.7)	12.7

	2024 £m	2023 £m
Total amount recognised on the statement of financial position:		
Fair value of plan assets	120.4	124.6
Pension scheme obligation	(107.7)	(112.0)
Pension scheme surplus	12.7	12.6
Less: restriction of surplus	(3.2)	(4.4)
Net pension scheme surplus	9.5	8.2

In accordance with IAS19 'Employee Benefits' the value of the net pension scheme surplus that can be recognised in the statement of financial position is restricted to the present value of economic benefits available in the form of refunds from the scheme or reductions in future contributions. As defined under IFRIC 14, the Company believes that it has an unconditional right to a refund of surplus and that the gross pension surplus can be recognised.

10 RETIREMENT BENEFIT SURPLUS (continued)

This benefit is only available as a refund as no additional defined pension benefits are being earned. Under UK tax legislation a refund tax deduction of 25% is applied to a refund from a UK pension scheme, before it is passed to the employer. This tax deduction has been shown above as a restriction to the value of the net pension scheme asset that can be recognised for this scheme. Legislation enacted in the year reduced this tax rate from 35% to 25%. This change resulted in a one-off gain of £1.2m which has been recognised in OCI.

Sensitivity

The sensitivity of the pension scheme obligation at 31 March 2024

	Change in assumption	Increase in assumption £m
Discount rate	0.1% pa	(1.2)
Inflation assumption (CPI)	0.1% pa	1.1
Life expectancy	1 year	5.1

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Following the purchase of the bulk annuity policy, any changes in the value of the obligations would largely be matched by a corresponding change in the value of the Section's assets.

Total cost recognised as (income)/ expense:

	2024 £m	2023 £m
Interest income (note 6)	(0.6)	(0.3)
Section expenses	0.5	0.6
	<u>(0.1)</u>	<u>0.3</u>

The market value of the plan assets was:

	2024				2023			
	Quoted £m	Unquoted £m	2024 £m	%	Quoted £m	Unquoted £m	2023 £m	%
Liquidity funds	-	13.2	13.2	11	-	13.7	13.7	11
Insurance policy	-	107.2	107.2	89	-	110.9	110.9	89
Cash	-	-	-	-	-	-	-	-
	<u>-</u>	<u>120.4</u>	<u>120.4</u>	<u>100</u>	<u>-</u>	<u>124.6</u>	<u>124.6</u>	<u>100</u>

The return on the plan assets was:

	2024 £m	2023 £m
Interest income	5.7	4.3
Remeasurements	(1.7)	(32.7)
Total return on plan assets	<u>4.0</u>	<u>(28.4)</u>

The current weighted average duration of the expected benefit payments from the Section is around 12 years.

11 BORROWINGS

	2024 £m	2023 £m
Irredeemable		
Debentures	1.6	1.6
8.75% irredeemable cumulative preference shares	12.5	12.5
	14.1	14.1
Total	14.1	14.1

None of the bank and other term loans included within creditors are payable in instalments.

Bonds with a carrying value of £59.2m were redeemed on 17 November 2022 for £72.3 million. The difference of £13.1m arising on early settlement was debited to finance costs in the prior year.

	Interest rate	Maturity	Total 2024 £m	Total 2023 £m
Non current loans and borrowings				
£1,405,218 Consolidated debentures	4.00%	irredeemable	1.4	1.4
£36,740 perpetual debentures	4.25%	irredeemable	-	-
£54,875 perpetual debentures	4.00%	irredeemable	0.1	0.1
£72,900 perpetual debentures	3.50%	irredeemable	0.1	0.1
£12,500,000 cumulative preference shares	8.75%	irredeemable	12.5	12.5
Total non- current loans and borrowings			14.1	14.1

12 COMMITMENTS

The Company had no commitments at 31 March 2024 (2023: £nil).

13 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

As at 31 March 2023 and 31 March 2024 the immediate parent company for this entity was South West Water Limited.

As at 31 March 2023 and 31 March 2024 the Directors considered the ultimate parent and controlling party to be Pennon Group plc.

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

14. RELATED PARTY TRANSACTIONS

Related parties include members and joint ventures of the Pennon Group plc group of companies and key management personnel.

The principal related parties are:

Pennon Group plc ("PG"), registered in England and Wales, whose year end is 31 March, and is the Company's ultimate UK holding company.

Southwest Water Limited, the Company's immediate parent, registered in England and Wales, whose year end is 31 March.

Bristol Water Holdings UK Limited ("BWHUK"), registered in England and Wales, whose year end is 31 March.

Bristol Water Core Holdings Limited, registered in England and Wales, whose year end is 31 March.

Bristol Wessex Billing Services Limited ("BWBSL"), registered in England and Wales, whose year end is 31 March. The joint venture interest is held by Bristol Water Holdings Limited, an intermediate holding company within the BWHUK group of companies, which owns 100 class 'B' shares in the company, representing a holding of 50% of the voting and equity rights of the company. BWBSL is a joint venture undertaking between Bristol Water Holdings Limited and Wessex Water Services Limited, and provides meter reading, billing, debt recovery and customer contact management services to this Company and Wessex Water Services Limited, under a cost sharing arrangement.

Water 2 Business Limited ("W2B"), registered in England and Wales, whose year end is 30 June. The interest is held by BWH Limited, an intermediate holding company, which owns 30 class 'B' shares in the company representing a holding of 30% of equity rights and 40% of voting rights of the company. W2B has a retail water and sewerage supply licence and provides retail water services to non-household customers.

Pennon Water Services Limited ("PWS"), registered in England and Wales, whose year end is 31 March. The interest is held by PG, the ultimate parent company, which owns 80% of PWS. On 3 June 2021, following the acquisition by Pennon Group plc, PWS became a related party of the Company. PWS has a retail water and sewerage supply licence and provides retail water services to non-household customers.

Trading transactions

During the prior year the Company entered into trading transactions with related parties. In the year ended 31 March 2024 there was no trade with these related parties:

	Sales of goods and services		Purchases of goods and services	
	2024	2023	2024	2023
	£m	£m	£m	£m
Joint ventures and associates of the Pennon Group plc group				
BWBSL				
- management charges	-	-	-	2.5
- capital expenditure	-	-	-	0.3
- other recharges	-	-	-	0.1
W2B				
- non-household supply of water	-	16.2	-	-
PWS				
- non-household supply of water	-	0.9	-	-
	-	17.1	-	2.9

The prior year amounts above relate to the period to 31 January 2023. The trade and assets of the Company were transferred to SWW on 1 February 2023. Consequently, year end balances at 31 March 2024 were £nil (2023: £nil)

15. CIRCULATION

This unaudited announcement is available on the Bristol Water website. Paper copies are also available from the Company's parent company's registered office at Peninsula House, Rydon Lane, Exeter EX2 7HR.