

Registration number: 07476767

Anglian Water (Osprey) Financing Plc
Annual Report and Financial Statements
for the Year Ended 31 March 2024

Anglian Water (Osprey) Financing Plc

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Anglian Water (Osprey) Financing Plc

Company Information

Directors

Mr P J Simpson
Mr A Donnelly
Dr R C Rivaz
Mr P F G Whittaker

Company secretary

Mrs C T Russell

Registered office

Lancaster House
Lancaster Way
Ermine Business Park
Huntingdon
Cambridgeshire
PE29 6XU

Independent Auditor

Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom

Anglian Water (Osprey) Financing Plc
Strategic Report for the Year Ended 31 March 2024

The directors present their report for the year ended 31 March 2024.

Review of the business

The Company's primary purpose is to issue and hold debt listed on the London Stock Exchange and other borrowings used to fund the Osprey Acquisitions Limited (OAL) Group (the 'Group' headed by OAL), and the wider Anglian Water Group.

This year the company raised £nil (2023: £302.0 million) of new debt, and made £nil (2023: £337.0 million) of debt repayments, resulting in £nil (2023:£34.9 million) net debt repaid in the year.

As at 31 March 2024, the Company had £1,021.0 million (2023: £1,020.0 million) of debt, passed through with its "back-to-back" arrangement to Osprey Acquisitions Limited. The Company made a profit of £1.7 million (2023: £2.2 million) for the financial year.

The Company's net assets at 31 March 2024 were £1.1 million (2023 liabilities: £0.6 million).

The directors expect that the present level of activity will be sustained for the foreseeable future.

Anglian Water (Osprey) Financing Plc

Strategic Report for the Year Ended 31 March 2024

Section 172 Statement

Section 172 of the Companies Act 2006 requires the directors to act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole.

Being one of the OAL Group's financing companies, the stakeholders are limited to investors, banks and ratings agencies. The Company has no employees, customers or suppliers however there are other companies within the group with whom there are intercompany relationships. There are no environmental impacts.

As the Company does not operate separately to the OAL Group, the Company's values and reputation are highly integrated with that of Osprey Acquisitions Limited and therefore interested parties should read disclosures within the consolidated group annual report and financial statements.

Investors, banks and ratings agencies

The funding advanced by investors and banks is crucial to the delivery of the OAL Group's operating performance. Engagement is vital to understand their requirements, demonstrate our long-term sustainable vision and help them understand what makes Anglian Water a sound investment.

How we engage

For the wider group, we hold investor presentations at least twice a year to coincide with preliminary and interim company results, and periodically hold additional events and site visits for investors. In addition, Peter Simpson, Anthony Donnelly and the Company's Treasurer hold regular face-to-face meetings and telephone conferences with banks and investors. We also engage with banks and investors through written reports, including the Annual Report and the semi-annual report.

Key areas of engagement in 2023/24

Board members discuss key areas of Group risk with investors and banks to facilitate the continued funding of the business. Engagement with banks and investors also informs our approach to sustainable financing. Anglian Water is committed to financing capital investment sustainably, while for their part, banks and investors have a clear appetite to invest in purpose-led, sustainable businesses such as ours.

Principal decisions made by the Board

Approval of annual financial statements

The Board approves the annual financial statements. The Board is engaged on any key issues impacting the Company throughout the year and gives appropriate time and consideration to the approval. To give support to the Directors and enable them to discharge their duties, all new Directors receive a thorough induction programme on appointment which includes receiving a full background information pack, visits to operational sites and briefings from Executive Directors and senior managers.

The Company offers the Directors in-house training as necessary to aid their professional development and awareness of business and sector-specific issues. In addition, the Company offers to fund participation on externally provided training courses. All Directors are entitled to receive, at the Company's expense, independent professional advice on any matters relating to their responsibilities as a Director.

Anglian Water (Osprey) Financing Plc

Strategic Report for the Year Ended 31 March 2024

Principal risks and uncertainties

The management of the business and execution of the Company's strategy are subject to a number of risks, the principal risks being management of liquidity and interest rate exposure.

Liquidity

As at March 2024 Anglian Water has access to £1,025.0 million of undrawn facilities (March 2023: £975.0 million), to finance working capital and capital expenditure requirements. In addition, Anglian Water has access to a further £425.0 million of liquidity facilities (March 2023: £375.0 million), consisting of £294.0 million to finance debt service costs and £131.0 million to finance operating expenditure and maintenance capital expenditure in the event that the company was in an Event of Default on its debt obligations and had insufficient alternative sources of liquidity.

Osprey Acquisitions Limited Group's borrowing facilities, additionally, consists of £324.0 million undrawn revolving loan facilities for general corporate requirements.

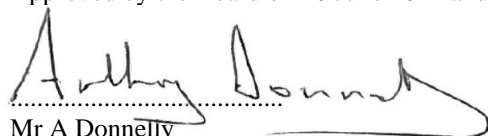
Interest rates

The Company has a "back-to-back" arrangement with OAL whereby all borrowings are replicated on identical terms. Any exposure to interest rate risk is passed onto OAL, hence, this arrangement eliminates interest rate risk and results in a net neutral impact on the profit and loss account.

Key performance indicators

The Anglian Water Group, whose ultimate parent company is Anglian Water Group Limited, operates a three-tier debt structure, referred to as OpCo, MidCo and HoldCo. The aim of this company is to raise debt and lend it to its parent company in the MidCo part of the structure in order to maintain a certain net debt to capital ratio (net debt expressed as a percentage of Anglian Water's regulated capital value). As such the KPI for AWOF is the related net debt to capital ratio. At 31 March 2024 OAL's net debt to capital value was 78 per cent (2023: 75 per cent)

Approved by the Board on 10 June 2024 and signed on its behalf by:



Mr A Donnelly
Director

Anglian Water (Osprey) Financing Plc

Directors' Report for the Year Ended 31 March 2024

The directors present their report and the audited financial statements for the year ended 31 March 2024.

Directors of the company

The directors who held office during the year were, and up to the date of signing the financial statements unless otherwise stated, as follows:

Mr P J Simpson

Mr S J Buck (resigned 22 November 2023)

Mr J R Hirst (resigned 24 January 2024)

Mr R S Napier (resigned 31 July 2023)

Mr A Donnelly (appointed 23 November 2023)

Dr R C Rivaz (appointed 25 January 2024)

Mr P F G Whittaker (appointed 1 August 2023)

Financial Risk Management

Objectives and policies

The Company does not operate separately to the OAL Group and therefore its financial risks are governed by the OAL's policies and procedures. These policies and procedures are discussed within the OAL consolidated group financial statements.

Liquidity risk and cash flow risk

Liquidity and interest rate exposure risk are detailed within the Strategic Report.

Future developments

No changes to the Company's principal activity is anticipated.

Post Balance sheet events

There have been no events between the balance sheet date, and the date on which the financial statements were approved by the Board, which require adjustment to the financial statements or any additional disclosures.

Anglian Water (Osprey) Financing Plc

Directors' Report for the Year Ended 31 March 2024

Going concern

Under the terms of the Company's financing arrangements, its parent, Osprey Acquisitions Limited (OAL) guarantees unconditionally and irrecoverably all the Company's borrowings. As the Company does not operate separately to the OAL group (the Group headed by Osprey Acquisitions Limited), the Directors have undertaken a detailed review of the OAL Group to meet its liabilities as they fall due for a period of at least 12 months from the date these financial statements are approved.

The Directors have undertaken a detailed review to assess the liquidity requirements of the Group compared against the cash and borrowing facilities available to the Group, as detailed below.

Given the relative size and importance of Anglian Water Services Limited (AWS) to the Group, the assessment initially focused on the going concern of AWS and is then updated to include wider Group considerations, including the Anglian Venture Holdings businesses and its ability to support the Wave joint venture if required.

The Directors have considered the potential impacts of the current market volatility and uncertainties within the sector in relation to proposed PR24 Business Plan to Ofwat, and on-going investigations.

The base forecast, which has been updated for the latest internal and external information has been subjected to a range of severe but plausible downside scenarios as noted below. These forecasts include the additional £350 million Totex over and above what was allowed by Ofwat.

The CTA introduces two terms, a Trigger Event and an Event of Default. The intention of a Trigger Event is that it is an early warning event designed to reinforce credit worthiness and to protect the Company and its finance creditors from an Event of Default occurring and consequently it is not considered to be a going concern event. It does not enable creditors to destabilise the Company through enforcing their security.

We have identified three stretching scenarios to stress test our base forecast. These scenarios, low, medium and severe focus on the impact of the cost-of-living crisis and higher unemployment, the impacts of lower inflation and higher interest rates, as well as specific risks to the business, such as cyber-attacks or increased costs/reduced revenue due to adverse weather events.

In assessing Going Concern the Directors have considered a number of perspectives, including liquidity and debt covenants and tested these against both the base scenario and the three downside scenarios.

- Liquidity – the Group holds sufficient liquidity to cover the going concern period even under the most severe downside scenario.
- Debt covenants – The business has significant headroom against Default Events (where EBITDA to net interest cover ratio is less than 2.0x or where net debt to RCV ratio is less than 95 per cent) under its securitised covenants with no plausible scenario identified that would cause an Event of Default. Whilst undesirable, a Trigger Event would not impact on the going concern assumption for the reasons noted below.

While certain worst-case scenarios indicate the potential for a Trigger Event, the Directors do not consider this possibility to constitute a material uncertainty related to going concern. As noted, a Trigger Event is not considered a going concern event and whilst it would result in dividend lock-up and prevent the business from raising new debt we have sufficient liquidity during the going concern period in this event even when including planned debt repayments.

In October the business submitted its PR24 Business Plan for consideration by Ofwat. Whilst this falls outside of the going concern period it is worth noting that the plan submitted is financeable and financially resilient to downside stress tests performed.

In addition to the impact of current volatility in debt markets on interest rates the Directors have considered the ability of the Company to raise debt and note that there is no requirement to do so in the Going Concern period.

Based on the above, the Directors believe that the business has sufficient liquidity to meet its liabilities as they fall due. For these reasons, the Directors believe it appropriate to continue to adopt the going concern basis in preparing the financial statements.

Anglian Water (Osprey) Financing Plc

Directors' Report for the Year Ended 31 March 2024

Directors' liabilities

The company maintains directors' and officers' liability insurance which gives appropriate cover for legal action brought against its directors. The company has also provided an indemnity for its directors, which is a qualifying third party indemnity provision for the purpose of section 234 (2) - (6) of the Companies Act 2006. Both of these were in place throughout the financial year and up to the date of signing the financial statements.

Disclosure of information to the auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Reappointment of auditor

The auditor Deloitte LLP is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Anglian Water (Osprey) Financing Plc

Directors' Report for the Year Ended 31 March 2024

Statement of directors' responsibilities

The Directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

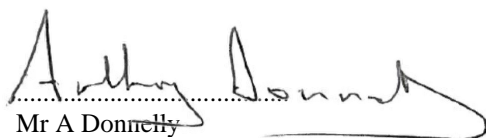
Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including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

Under Company law the 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 loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board on 10 June 2024 and signed on its behalf by:


.....
Mr A Donnelly
Director

Anglian Water (Osprey) Financing Plc

Independent Auditor's Report to the Members of Anglian Water (Osprey) Financing Plc

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Anglian Water (Osprey) Financing Plc (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and Loss account;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the company for the year are disclosed in note 4 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Anglian Water (Osprey) Financing Plc

Independent Auditor's Report to the Members of Anglian Water (Osprey) Financing Plc

3. Summary of our audit approach

Key audit matters The key audit matter that we identified in the current year relates to borrowings.

Newly identified



Increased level of risk



Similar level of risk



Decreased level of risk

Within this report, key audit matters are identified as follows:

Materiality The materiality that we used was £27.7m (2023: £26.4m) which was determined on the basis of 3% of borrowings capped to 90% of the materiality of Osprey Acquisitions Limited (“OAL”), 2023: (3% of borrowings, capped to 90% of the materiality of OAL).

Scoping Audit work to respond to the risks of material misstatement as performed directly by the audit engagement team.

Significant changes in our approach No significant changes were noted to the key audit matter or our overall audit approach as compared to the prior year.

4. Conclusions relating to going concern

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

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

- Testing key controls over the cashflow forecasting and going concern assessment;
- Understanding Management’s process to model the impact of going concern and agreeing relevant data points in the model to supporting documentation;
- Assessing the sophistication of the model used to prepare the forecasts, testing of the clerical accuracy of those forecasts and assessing the historical accuracy of forecasts prepared by Management;
- Assessing the assumptions used in establishing Management’s base case, including comparison of key assumptions to plans for the remainder of the Asset Management Period (“AMP”) 7, the submitted AMP 8 business plan and independent data sources where relevant;
- Evaluating liquidity, including in the scenario where future financing is restricted;

Anglian Water (Osprey) Financing Plc

Independent Auditor's Report to the Members of Anglian Water (Osprey) Financing Plc

- Evaluating the external financing to establish and assess the covenant requirements attached to this financing;
- Confirming the availability of committed undrawn borrowing facilities;
- Recalculating and assessing the amount of headroom in the forecasts (liquidity and covenants) and recalculating compliance with covenants during the year ended 31 March 2024;
- Evaluating the sensitivity analysis including downside risks prepared by Management in the context of operational performance challenges, additional spend on capital projects, cyber risks and the broader socio-economic conditions; and
- Assessing the appropriateness of the disclosures in the financial statements.

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

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

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) that we identified. These matters included 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 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.

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Independent Auditor's Report to the Members of Anglian Water (Osprey) Financing Plc

5.1. Borrowings

Key audit matter description

The company issues external borrowings on behalf of the Osprey Acquisitions group companies. This has resulted in the recognition of material borrowings of £1,021m (2023: £1,020m) as disclosed in Note 13.

These external borrowings are recognised as financial liabilities measured at amortised cost, net of transaction costs.

Due to the magnitude of the external borrowings held by the company, we have identified a key audit matter with respect to the carrying value of the borrowings.

How the scope of our audit responded to the key audit matter

In response to this matter, we have performed the following procedures:

- obtained an understanding of the relevant controls over the financial reporting process;
- agreed new borrowing proceeds, borrowing costs and interest terms where applicable to the underlying agreements;
- assessed the appropriateness of the accounting treatment applied for borrowings included the recognition at amortised cost; and
- evaluated the appropriateness of disclosures in respect to these liabilities included in the notes in the financial statements.

Key observations

Based on the work performed above, we are satisfied that borrowings and the related disclosures are appropriately stated.

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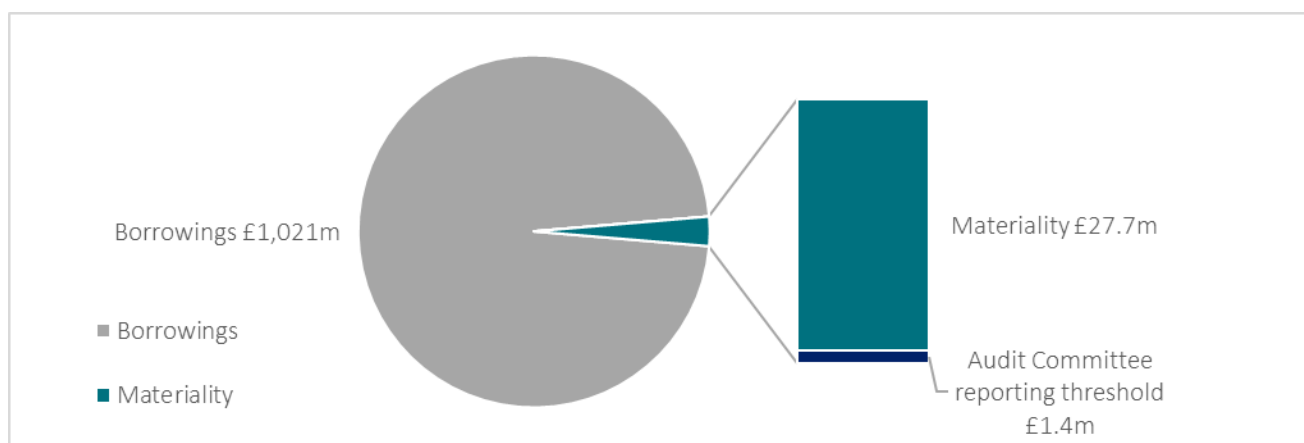
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

Materiality	£27.7m (2023: £26.4m)
Basis for determining materiality	In both years, we considered 3% of borrowings, capped to 90% of the materiality of OAL for determining materiality.
Rationale for the benchmark applied	The primary purpose of the company is to raise funding from external sources and provide funding to OAL. We have therefore used total borrowings as the most appropriate benchmark. The applied materiality is capped at 90% of OAL materiality.



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Independent Auditor's Report to the Members of Anglian Water (Osprey) Financing Plc

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 65% of materiality for the 2024 audit (2023: 70%). We decreased the performance materiality in response to the increased engagement risk arising from the public scrutiny and increased risk associated with the water sector. We also considered the following factors that were consistent with the prior year;

- our consideration of the company's control environment;
- the company's control environment and functioning of the key business operations;
- changes to the business, turnover of management and key accounting personnel during the year; and
- the level of corrected and uncorrected misstatements identified in previous periods.

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the committee all audit differences in excess of £1.4m (2023: £1.3m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

7.2. Our consideration of the control environment

The company's accounting records are contained within the Anglian Water Group's accounting system. Our work in relation to the group's internal control environment involved testing of the group's key reporting system. With the involvement of our IT specialists, we tested, relevant General Information Technology Controls (GITCs) within the group's key reporting system, including the access controls, change management controls and controls around segregation of duties. We identified control weaknesses in the environment of a service provider and performed substantive audit procedures which responded to the risks presented.

We tested the relevant controls within the borrowings business process, which are supported by the group's key reporting system.

Anglian Water (Osprey) Financing Plc

Independent Auditor's Report to the Members of Anglian Water (Osprey) Financing Plc

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

9. Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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.

10. Auditor's 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 auditor's 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.

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Independent Auditor's Report to the Members of Anglian Water (Osprey) Financing Plc

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 auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of Management, the internal audit function and the Audit Committee about their own identification and assessment of the risks of irregularities including those that are specific to the company's sector;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations.
- the matters discussed among the audit engagement team and relevant internal specialists with consideration of group wide matters, including IT specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits under ISAs (UK), we are required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules and tax legislation.

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In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

11.2. Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of Management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing any correspondence with HMRC and Ofwat; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' Report.

Anglian Water (Osprey) Financing Plc

Independent Auditor's Report to the Members of Anglian Water (Osprey) Financing Plc

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. Other matters which we are required to address

14.1. Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by Board of Directors on 1 September 2016 to audit the financial statements for the year ending 31 March 2017 and we were reappointed in subsequent financial periods, including following a formal tender in 2021. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is eight years, covering the years ending 31 March 2017 to 31 March 2024.

14.2. Consistency of the audit report with the additional report to the audit committee

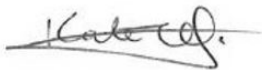
Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

Anglian Water (Osprey) Financing Plc

Independent Auditor's Report to the Members of Anglian Water (Osprey) Financing Plc

15. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Kate Hadley (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Birmingham, United Kingdom

10 June 2024

Anglian Water (Osprey) Financing Plc

Profit and Loss Account for the Year Ended 31 March 2024

	Note	2024 £'000	2023 £'000
Other operating income		51	50
Operating profit		51	50
Interest receivable	5	41,944	42,156
Interest payable and similar expenses	6	(40,769)	(39,781)
Expected credit movement on intercompany loan		772	224
Net finance cost		1,947	2,599
Profit before tax		1,998	2,649
Tax on profit	9	(307)	(460)
Profit for the financial year		1,691	2,189

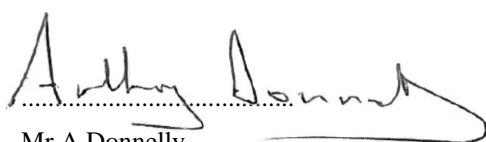
The above results were derived from continuing operations.

Anglian Water (Osprey) Financing Plc

(Registration number: 07476767)
Balance Sheet as at 31 March 2024

	Note	31 March 2024 £'000	31 March 2023 £'000
Fixed assets			
Investments	10	942,725	1,016,956
Current assets			
Investments	10	85,606	-
Investments – cash deposits	11	20,041	15,000
Cash at bank	11	7,692	9,887
		113,339	24,887
Creditors: Amounts falling due within one year			
Other payables	12	(33,645)	(21,962)
Loans and borrowings	13	(76,000)	(75,000)
Income tax liability		(307)	(460)
		(109,952)	(97,422)
Total creditors: Amounts falling due within one year			
Net current assets/(liabilities)		3,387	(72,535)
Total assets less current liabilities		946,112	944,421
Creditors: Amounts falling due after more than one year			
Loans and borrowings	13	(945,000)	(945,000)
Total liabilities		(1,054,952)	(1,042,422)
Net assets/(liabilities)		1,112	(579)
Capital and reserves			
Called up share capital	14	50	50
Profit and loss account		1,062	(629)
Shareholders' funds/(deficit)		1,112	(579)

The financial statements on pages 20 to 30 were approved by the Board on 10 June 2024 and signed on its behalf by:



Mr A Donnelly

Director

The notes on pages 23 to 30 form an integral part of these financial statements.

Anglian Water (Osprey) Financing Plc

Statement of Changes in Equity for the Year Ended 31 March 2024

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 April 2023	50	(629)	(579)
Profit for the year	-	1,691	1,691
Total comprehensive income	-	1,691	1,691
At 31 March 2024	50	1,062	1,112
	Share capital £'000	Retained earnings £'000	Total £'000
At 1 April 2022	50	(2,818)	(2,768)
Profit for the year	-	2,189	2,189
Total comprehensive income	-	2,189	2,189
At 31 March 2023	50	(629)	(579)

The notes on pages 23 to 30 form an integral part of these financial statements.

Anglian Water (Osprey) Financing Plc

Notes to the Financial Statements for the Year Ended 31 March 2024

1 General information

The company is a private company limited by share capital, incorporated and domiciled in UK.

The address of its registered office is:

Lancaster House
Lancaster Way
Ermine Business Park
Huntingdon
Cambridgeshire
PE29 6XU

These financial statements were authorised for issue by the Board on 10 June 2024.

2 Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 (the Act). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of IFRS.

The Company is a qualifying entity for the purposes of FRS 101. Note 15 gives details of the Company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

FRS 101 sets out amendments to IFRS that are necessary to achieve compliance with the Act and related Regulations.

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. Given the nature of the Company no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, have been identified by management.

The financial statements are prepared in accordance with the historical cost convention and have been prepared on the going concern basis, further detail can be found in the Director's report. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The company's functional currency is Great British Pounds (GBP) which is the currency of the primary economic environment in which the company operates.

Anglian Water (Osprey) Financing Plc

Notes to the Financial Statements for the Year Ended 31 March 2024

Summary of disclosure exemptions

In these financial statements, the company has taken advantage of the exemptions available under FRS 101 in respect of the following disclosures:

- IFRS 7 - 'Financial instruments: Disclosures'.
Paragraph 8(d) of FRS 101
- Paragraph 38 of IAS 1 - 'Presentation of financial statements' (comparative information requirements in respect of):
 - paragraph 79(a)(iv) of IAS 1
(reconciliation of number of shares at the beginning and end of the period)
- The following paragraphs of IAS 1 - 'Presentation of financial statements' (removing the requirement to present):
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (minimum of two primary statements, including cash flow statements);
 - 111 (cash flow statement information);
 - 134-136 (capital management disclosures)
- IAS 7 - 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- The requirements in IAS 24, 'Related party disclosures' (to disclose related party transactions entered into between two or more members of a group).

New standards, amendments and interpretations

None of the standards, interpretations and amendments effective for the first time from 1 April 2023 have had a material effect on the financial statements.

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Anglian Water (Osprey) Financing Plc

Notes to the Financial Statements for the Year Ended 31 March 2024

Fixed asset investments

Investments represent loans to the immediate parent undertaking (Osprey Acquisitions Limited) and reflect the “back-to-back” arrangement with the Company. After initial recognition at fair value, financial investments are held at amortised cost. This is based on the business’ practice of acquiring financial assets to collect their contractual cash flows and the simple nature of the investments made, which consist solely of principal payments and interest on the principal outstanding.

The expected credit loss (ECL) model requires the Company to account for ECLs and changes in those ECLs at each reporting date to reflect changes in credit risk since initial recognition of the financial assets, therefore this is no longer dependent on the company first identifying a credit loss event. This requires consideration of a broader range of information when assessing credit risk and measuring ECLs, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- where credit risk is low or has not increased significantly since recognition (‘Stage 1’);
- where credit risk is not low or has increased significantly since initial recognition (‘Stage 2’); and
- where the financial asset is credit impaired (Stage 3).

‘12-month expected credit losses’ are recognised for Stage 1 while ‘lifetime expected credit losses’ are recognised for Stage 2.

Expected credit losses are defined as the weighted average of credit losses with the respective risk of default occurring as the weights.

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments with original maturities of three months or less.

Other receivables

Other debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of other debtors is established in line with expected credit loss model under IFRS 9.

Other payables

Other creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Anglian Water (Osprey) Financing Plc

Notes to the Financial Statements for the Year Ended 31 March 2024

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The Company's activity of the raising of listed debt to on-lend to Osprey Acquisitions Limited constitutes a single class of business and, as such, no segmental reporting is required.

3 Critical accounting judgements and key sources of estimation uncertainty

There are no key accounting judgements or critical sources of estimation.

4 Operating profit

Other operating income relates to management fees charged to other group companies. The auditor's remuneration of £2,000 (2023 - £2,000) for audit services is borne by another group undertaking with no recharge to the Company.

5 Interest receivable and similar income

	2024	2023
	£'000	£'000
Other finance income	1,175	2,375
Interest on loans to immediate parent	40,769	39,781
	<u>41,944</u>	<u>42,156</u>

6 Interest payable and similar expenses

	2024	2023
	£'000	£'000
Interest on loans and borrowings	<u>40,769</u>	<u>39,781</u>

The notes on pages 23 to 30 form an integral part of these financial statements.

Anglian Water (Osprey) Financing Plc

Notes to the Financial Statements for the Year Ended 31 March 2024

7 Staff costs

There were no employees of the Company in this or the preceding year.

8 Directors' remuneration and employee information

None of the directors received any emoluments for their services to the Company in this or the preceding year.

9 Tax on loss

Tax charged in the profit and loss account

	2024	2023
	£'000	£'000
Current taxation		
UK corporation tax	307	460

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2023 - lower than the standard rate of corporation tax in the UK) of 25% (2023 - 19%).

	2024	2023
	£'000	£'000
Profit before tax	1,998	2,649
Corporation tax at standard rate	500	503
Decrease from effect of expenses not deductible in determining taxable profit (tax loss)	(193)	(43)
Total tax charge	307	460

The notes on pages 23 to 30 form an integral part of these financial statements.

Anglian Water (Osprey) Financing Plc

Notes to the Financial Statements for the Year Ended 31 March 2024

10 Fixed assets investments

Investments represent loans to the immediate parent undertaking, Osprey Acquisitions Limited, and reflect the "back-to-back" arrangements with external finance providers. These loans mirror the external loans and are on terms equal to those set out in Note 13.

Amounts receivable from group companies are measured at amortised cost.

Cost	2024	2023
	£'000	£'000
At 1 April	1,020,003	1,055,000
Repayments	-	(34,997)
Additions	1,000	-
Other movements in the year	9,603	-
At 31 March	1,030,606	1,020,003
Provision for impairment		
At 1 April	(3,047)	(3,271)
Impairment in financial year	772	224
At 31 March	(2,275)	(3,047)
Net Book Value		
At 1 April	1,016,956	1,051,729
At 31 March	1,028,331	1,016,956

The company has total borrowings of £1,028.3 million (2023: £1,016.9 million), with £85.6 million (2023: £nil) in current liabilities and £942.7 million (2023: £1,016.9 million) in non-current liabilities.

11 Cash at bank and in hand

	2024	2023
	£'000	£'000
Cash and cash equivalents		
Cash at bank	7,692	9,887

The notes on pages 23 to 30 form an integral part of these financial statements.

Anglian Water (Osprey) Financing Plc

Notes to the Financial Statements for the Year Ended 31 March 2024

12 Other payables

	2024	2023
	£'000	£'000
Amounts due to parent undertaking	24,029	12,825
Social security and other taxes	9	5
Accrued Interest on external loan payable	9,607	9,132
Other payables	33,645	21,962

Amounts due to parent undertaking are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13 Loans and borrowings

	2024	2023
	£'000	£'000
Current loans and borrowings		
Borrowings	76,000	75,000

	2024	2023
	£'000	£'000
Non-current loans and borrowings		
Borrowings	945,000	945,000

Current and non-current borrowings comprise the following:

	2024	2023
	£'000	£'000
Financial instrument description		
£240 million 4.0% fixed rate bond 2026	240,000	240,000
£300 million 2.0% fixed rate bond 2028	300,000	300,000
£100 million 2.37% private placements 2031	100,000	100,000
£100 million 6.96% private placement 2033	100,000	100,000
£105 million 2.2% private placements 2028	105,000	105,000
£100 million floating term facility 2026	-	100,000
£100 million floating term facility 2027	100,000	-
RCF £250m	76,000	75,000
	1,021,000	1,020,000

The notes on pages 23 to 30 form an integral part of these financial statements.

Anglian Water (Osprey) Financing Plc

Notes to the Financial Statements for the Year Ended 31 March 2024

13 Loans and borrowings (continued)

A security agreement dated 16 June 2021 between Anglian Water (Osprey) Financing Plc, Osprey Acquisitions Limited, Osprey Investco Limited and Deutsche Trustee Company Limited (as agent and trustee for itself and each of the Secured Parties) creates a fixed and floating charge over the assets of Anglian Water (Osprey) Financing Plc, Osprey Acquisitions Limited and Osprey Investco Limited. In addition, there is a mortgage over the issued share capital of Anglian Water (Osprey) Financing Plc, Osprey Acquisitions Limited and AWG Parent Co Limited. At 31 March 2024 this mortgage applies to £1,021.1 (2023: £1,018.4) million of the debt listed above.

In accordance with IFRS 9, 'Financial instruments', Anglian Water (Osprey) Financing Plc has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. There were no amounts recorded in the profit and loss account for gains and losses on embedded derivatives in the year ended 31 March 2024 (2023: £nil).

Borrowing facilities

The Company has a £400.0 million syndicated revolving credit facility (2023: £250.0 million), of which £76.0 million (2023: £75.0 million) was drawn at year end.

14 Called up share capital

Authorised, called up and fully paid shares

	2024	2023
	£	£
50,000 ordinary shares of £1 each	50,000	50,000

The company has one class of ordinary shares which carries no right to fixed income.

15 Parent and ultimate parent undertaking

The Company's immediate parent undertaking is Osprey Acquisitions Limited, a company registered in England.

Osprey Acquisitions Limited is the parent company of the smallest group to consolidate the financial statements of the company, copies of which can be obtained from the Company Secretary at the registered address: Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire PE29 6XU.

Anglian Water Group Limited, whose registered address is 44 Esplanade, St. Helier, Jersey, JE4 9WG, is the parent company of the largest group to consolidate the financial statements of the company, copies of which can be obtained from the Company Secretary, Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire PE29 6XU.

The Directors consider Anglian Water Group Limited to be the ultimate parent undertaking and controlling party. Anglian Water Group Ltd is itself owned by a consortium of investors consisting of: CPP Investment Board Private Holdings (6) Inc., Global InfraCo (HK) E. Limited, First Sentier Investors (Luxembourg) Infrastructure (B) GP S.a.r.l. as managing general partner of Infrastructure Lux (B) SCSp, Camulodunum Investments Ltd, and Infinity Investments S.A.