

Registration number: 13379422

Osprey Investco Ltd
Annual Report and Financial Statements
for the Year Ended 31 March 2024

Osprey Investco Ltd

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Osprey Investco Ltd

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

Auditors

Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom

Osprey Investco Ltd

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

Osprey Investco Ltd's (OIL) main purpose in the group structure is to provide a buffer between the Holdco finance group and Osprey Acquisitions Limited (OAL), which helps to ensure the independence of the Midco financing group. Anglian Water (Osprey) Financing Plc is the Borrower under the Midco Finance Documents, and OIL and OAL are Guarantors.

The company received £18.7 million (2023: £136 million) of dividends from group companies in the year and £18.7 million (2023: £136 million) of dividends were paid in the year.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks and uncertainties of the Group, and are not managed separately.

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 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. As the Company does not operate separately to that of the Aigrette Financing Limited (AFL) Group the Company's values and reputation are highly integrated with that of AFL 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 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 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 and interim financial statements

The Board approves the annual or interim 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.

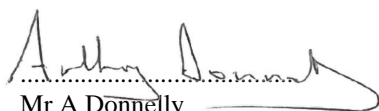
Osprey Investco Ltd

Strategic Report for the Year Ended 31 March 2024

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.

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

A handwritten signature in black ink, appearing to read 'Anthony Donnelly', written over a horizontal dotted line.

Mr A Donnelly
Director

Osprey Investco Ltd

Directors' Report for the Year Ended 31 March 2024

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

Directors of the company

The directors, who held office during the year, were as follows:

Mr S J Buck (resigned 22 November 2023)

Mr P J Simpson

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)

Future developments

The Directors expect the activities to continue in the foreseeable future without material change.

Dividends

During the financial year dividends received totalled £18.7 million (2023: £136 million), dividends paid during the year totalled £18.7 million (2023: £136 million). Refer to Note 11 for dividend declared after the year end.

Carbon Reporting

The Company has a very limited direct impact on the environment and is not a significant producer of greenhouse gas emissions. The Company consumed less than 40,000 kilowatt hours of energy in the financial year and is therefore exempt from the streamlined energy and carbon reporting disclosure requirements.

Going concern

Under the terms of the Company's financing arrangements, its parent, Aigrette Financing Limited (AFL), guarantees unconditionally and irrevocably all the Company's borrowings. As the Company does not operate separately to the Anglian Water Group, the Directors have undertaken the detailed review of the ability of the 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.

Osprey Investco Ltd

Directors' Report for the Year Ended 31 March 2024

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.

Post Balance sheet events

On 10 June 2024, the Board agreed to recommend an interim dividend of £41.0 million to the Aigrette Financing Limited which is to be paid on 14 June 2024.

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

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.

Disclosure of information to the auditors

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

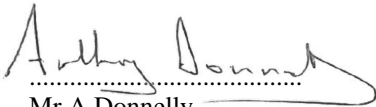
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that 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 auditors Deloitte LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

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

A handwritten signature in black ink, appearing to read 'Anthony Donnelly', written over a horizontal dotted line.

Mr A Donnelly
Director

Osprey Investco Ltd

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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.

Osprey Investco Ltd

Independent Auditor's Report to the Members of Osprey Investco Ltd

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Osprey Investco Limited (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 11.

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).

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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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:

- Understanding the company's position in the Anglian Financing Limited Group "AFLG" structure including the ability of the Directors to assess the going concern position of AFLG;
- 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;

Osprey Investco Ltd

Independent Auditor's Report to the Members of Osprey Investco Ltd

- 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;
- 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.

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.

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Independent Auditor's Report to the Members of Osprey Investco Ltd

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.

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.

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.

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework[s] that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This included UK Companies Act, tax legislation; and
- 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.

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Independent Auditor's Report to the Members of Osprey Investco Ltd

We discussed among the audit engagement team including relevant internal specialists such as tax, and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports

Report on other legal and regulatory requirements

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.

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Independent Auditor's Report to the Members of Osprey Investco Ltd

Matters on which we are required to report by exception


Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

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

Osprey Investco Ltd

Profit and Loss Account for the Year Ended 31 March 2024

	2024	2023
	£'000	£'000
Turnover	-	-
Operating profit/(loss)	-	-
Income from shares in group undertakings	18,700	136,000
	18,700	136,000
Profit before tax	18,700	136,000
Tax on profit	-	-
Profit for the year	18,700	136,000

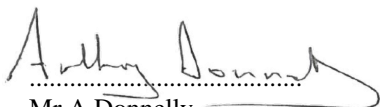
The above results were derived from continuing operations.

Osprey Investco Ltd

(Registration number: 13379422) Balance Sheet as at 31 March 2024

	Note	31 March 2024 £'000	31 March 2023 £'000
Fixed assets			
Investments	7	<u>1,796,300</u>	<u>1,796,300</u>
Net assets		<u>1,796,300</u>	<u>1,796,300</u>
Capital and reserves			
Called up share capital	9	1,199,800	1,199,800
Share premium reserve		396,500	396,500
Retained earnings		<u>200,000</u>	<u>200,000</u>
Shareholders' funds		<u>1,796,300</u>	<u>1,796,300</u>

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



Mr A Donnelly
Director

Osprey Investco Ltd

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

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 April 2023	1,199,800	396,500	200,000	1,796,300
Profit for the year	-	-	18,700	18,700
Total comprehensive income	-	-	18,700	18,700
Dividends	-	-	(18,700)	(18,700)
At 31 March 2024	1,199,800	396,500	200,000	1,796,300
	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 April 2022	1,199,800	396,500	200,000	1,796,300
Profit for the year	-	-	136,000	136,000
Total comprehensive income	-	-	136,000	136,000
Dividends	-	-	(136,000)	(136,000)
At 31 March 2023	1,199,800	396,500	200,000	1,796,300

The notes on pages 16 to 21 form an integral part of these financial statements.

Osprey Investco Ltd

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 the UK.

The address of its registered office is:

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

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

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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.

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 the Act.

The company is a qualifying entity for the purposes of FRS 101. Note 9 gives details of the Company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

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 straight-forward 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 on a going concern basis under the historical cost convention as modified by the revaluation of derivative financial instruments at fair value. 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.

No critical accounting judgements or key sources of estimation uncertainty were required in the preparation of these financial statements.

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:

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

- 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);
- 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).
- Disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities, in accordance with IFRS 13 'Fair Value Measurement'.

Changes in accounting policy

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.

Osprey Investco Ltd

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

Investments

Fixed asset investments

Investments represent shares in its subsidiary OAL. 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. Investments in securities are classified on initial recognition as available-for-sale and are carried at fair value, except where their fair value cannot be measured reliably, in which case they are carried at cost, less any impairment.

Unrealised holding gains and losses other than impairments are recognised in other comprehensive income. On maturity or disposal, net gains and losses previously deferred in accumulated other comprehensive income are recognised in income.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

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.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Capital management

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern and continue to pay dividends. The Company's capital is represented by its share capital as detailed in note 7.

Osprey Investco Ltd

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

3 Staff costs

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

4 Particulars of employees and directors' remuneration

The monthly average number of persons employed by the Company (including Directors) during the period was nil. Anglian Water Group employees carry out all the activities of the Company, there is no specific recharge for these services. None of the Directors receive emoluments for the provision of services to the company. The Directors are remunerated through another group company and no recharges are made.

5 Auditors' remuneration

The remuneration for the audit of the company financial statements of £10,500 (2023: £10,500) is borne by another group company and not recharged to the Company.

6 Income tax

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%).

The differences are reconciled below:

	2024	2023
	£'000	£'000
Profit before tax	18,700	136,000
Corporation tax at standard rate	4,675	25,840
Decrease from effect dividends from UK companies	(4,675)	(25,840)
Total tax charge/(credit)	-	-

Osprey Investco Ltd

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

7 Investments

Subsidiaries	£'000
Cost	
At 1 April 2022 and 2023	<u>1,796,300</u>
At 31 March 2023 and 2024	<u>1,796,300</u>
Carrying amount	
At 31 March 2023 and 2024	<u>1,796,300</u>

The investment represents 100 per cent of the ordinary share capital of OAL, the principal activities of this Company and its subsidiaries (together 'the Group') during the year were water supply, treatment and distribution; sewage collection and treatment; and retail services to water and water recycling customers.

All are incorporated in England and Wales, the registered office of Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire PE29 6XU.

8 Dividends

A dividend of £18.7 million (2023: £136 million) was received during the financial year from Osprey Acquisitions Limited. A dividend of £18.7 million (2023: £136 million) was paid out during the financial year to Aigrette Financing Limited.

9 Share capital

Allotted, called up and fully paid shares

	31 March 2024	31 March 2023
	£'000	£'000
1,199,800,000 Ordinary shares of £1 each	<u>1,199,800</u>	<u>1,199,800</u>

Osprey Investco Ltd

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

10 Parent and ultimate parent undertaking

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Anglian Water Group Limited.

The address of Anglian Water Group Limited is:

44 Esplanade, St Helier, Jersey, JE4 9WG.

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.

The parent of the smallest group in which these financial statements are consolidated is Aigrette Financing Limited.

The address of Aigrette Financing Limited is:

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

11 Events after the balance sheet date

On 10 June 2024, the Board agreed to recommend an interim dividend of £41.0 million to the Aigrette Financing Limited which is to be paid on 14 June 2024.

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