

Registration number: 11294507

Anglian Water Services UK Parent Co Limited

Annual Report and Financial Statements

for the period from incorporation to 31 March 2019

Anglian Water Services UK Parent Co Limited

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Anglian Water Services UK Parent Co Limited

Company Information

Directors

Stephen Billingham
Natalie Ceeney
Polly Courtice
John Hirst
Scott Longhurst
Zarin Patel
Jane Pilcher
Alex Plant
Peter Simpson
Paul Whittaker

Company secretary

Claire Russell

Registered office

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

Auditors

Deloitte LLP
Statutory Auditor
2 New Street Square
London
EC4A 3BZ
United Kingdom

Anglian Water Services UK Parent Co Limited

Strategic Report for the Period Ended 31 March 2019

The directors present their strategic report for the period from incorporation to the period ending 31 March 2019.

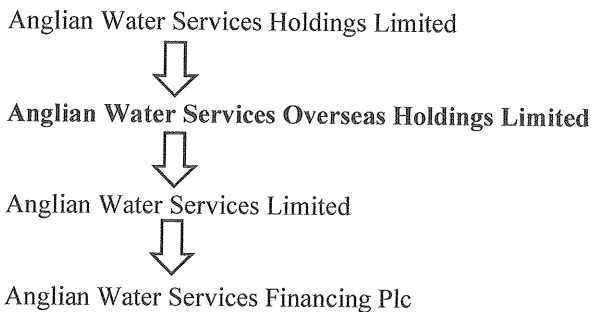
Fair review of the business

The company was incorporated on 5 April 2018. The principal activity of the company is to hold the shares of Anglian Water Services Limited and it forms part of the group of four companies referred to as the Anglian Water Services Financing Group (“AWSFG”).

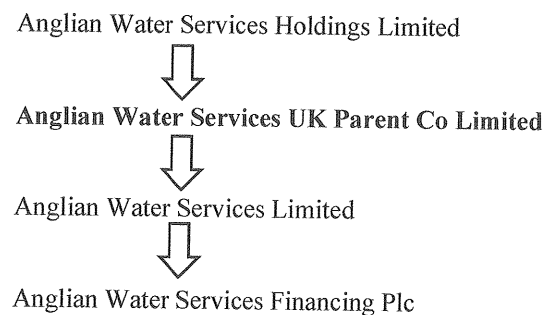
The company is a second holding company in the ring-fenced structure, providing protection for the customers and bond holders of the principal trading company in the group, Anglian Water Services Limited, from risks associated with other non-regulated Anglian Water Group companies outside of the ring-fence.

On 28 May 2018 the company replaced Anglian Water Services Overseas Holdings Limited in the AWSFG group of companies as shown below.

Year ended 31 March 2018



Period ended 31 March 2019



This restructure resulted in the acquisition of 100 per cent of the share capital of Anglian Water Services Limited (“AWSL”). This investment was initially recorded at £300 million, the existing carrying value of the investment in AWSL, and was funded by issuing 300 million Ordinary shares for £300 million.

On 5 October 2018 the company issued a further 22 million Ordinary shares for £22 million to fund a further increase in the investment in AWSL. This is the first stage of an equity injection programme intended by the directors to reduce the gearing of Anglian Water Services Limited over the period to 2025. Further explanation on the movement in investments and share capital within the period can be found in notes 9 and 10 respectively.

Other than receiving and paying dividends, the company does not trade and therefore the directors are of the opinion that key performance indicators are not relevant for an understanding of the company’s performance. During the period from incorporation to 31 March 2019, the company received a dividend of £68.0 million from its subsidiary undertaking, Anglian Water Services Limited, and paid a dividend of £68.0 million to its immediate parent, Anglian Water Services Holdings Limited.

Principal risks and uncertainties

From the perspective of the company, principal risks and uncertainties are integrated with the principal risks and uncertainties of the AWSFG, which are discussed in the Anglian Water Services Limited consolidated group annual report and financial statements.

Approved by the board on 29 May 2019 and signed on its behalf by:



Claire Russell
Company Secretary

Anglian Water Services UK Parent Co Limited

Directors' Report for the Period Ended 31 March 2019

The directors present their report and the audited financial statements for the period ended 31 March 2019.

Directors of the company

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

Stephen Billingham (appointed 28th May 2018)
Natalie Ceeney (appointed 28th May 2018)
Polly Courtice (appointed 28th May 2018)
Stephen Good (appointed 28th May 2018, resigned 31st October 2018)
John Hirst (appointed 28th May 2018)
Scott Longhurst (appointed 5th April 2018)
Zarin Patel (appointed 31st October 2018)
Jane Pilcher (appointed 5th April 2018)
Alex Plant (appointed 5th April 2018)
Peter Simpson (appointed 5th April 2018)
Paul Whittaker (appointed 28th May 2018)

Dividends received

Dividends received during the period which flow up to the ultimate parent company amounted to £68.0 million.

Dividends paid

Dividends paid during the period which were available for distribution to investors in the ultimate parent company amounted to £68.0 million.

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. This was in force for the full period and up to the date of signing.

Financial instruments

Objectives and policies

The company does not operate externally to the Anglian Water Services Financing Group ("AWSFG") and therefore its financial risks are governed by AWSFG's policies and procedures. These policies and procedures are discussed within the Anglian Water Services Limited consolidated group financial statements.

Future developments

The directors expect the activities as detailed in the Strategic Report to continue for the foreseeable future without material change.

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.

Anglian Water Services UK Parent Co Limited

Directors' Report for the Period Ended 31 March 2019

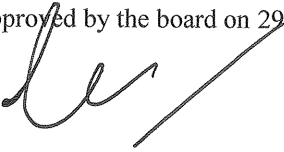
Appointment of auditors

During the period Anglian Water Services UK Parent Co Limited appointed Deloitte LLP as its external auditor with effect from the date of incorporation. The auditors Deloitte LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Going concern

The directors believe, after due and careful enquiry that the company has sufficient resources to continue in operational existence for the foreseeable future and, therefore, consider it appropriate to adopt the going concern basis in preparing the 2019 financial statements.

Approved by the board on 29 May 2019 and signed on its behalf by:



Claire Russell
Company Secretary

Anglian Water Services UK Parent Co Limited

Statement of Directors' Responsibilities

The directors are responsible 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

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

Anglian Water Services UK Parent Co Limited

Independent Auditor's Report to the Members of Anglian Water Services UK Parent Co Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Anglian Water Services UK Parent Co Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the period from incorporation date 5 April 2018 to period ending 31 March 2019;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; 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;
- the cash flow statement and;
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Anglian Water Services UK Parent Co Limited

Independent Auditor's Report to the Members of Anglian Water Services UK Parent Co Limited

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities 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.

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 period 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.

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.

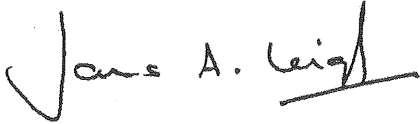
We have nothing to report in respect of these matters.

Anglian Water Services UK Parent Co Limited

Independent Auditor's Report to the Members of Anglian Water Services UK Parent Co

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.

A handwritten signature in black ink that reads "James A. Leigh". The signature is written in a cursive style with a horizontal line underneath the name.

James Leigh (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

29 May 2019

Anglian Water Services UK Parent Co Limited

Profit and Loss Account for the Period Ended 31 March 2019

	Note	2019 £ 000
Revenue		-
Operating profit		-
Income from shares in group undertakings	5	68,000
Profit before tax		68,000
Tax on profit on ordinary activities	7	-
Profit for the financial period		68,000

The company has no recognised gains or losses for the period other than the results above and therefore no separate statement of comprehensive income has been presented.

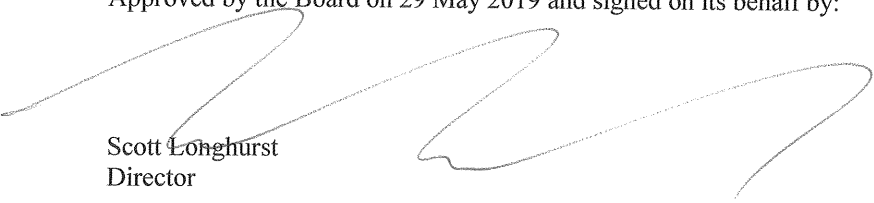
The above results were derived from continuing operations.

Anglian Water Services UK Parent Co Limited


(Registration number: 11294507)
Balance Sheet as at 31 March 2019

	Note	2019 £ 000
Non-current assets		
Investments	9	<u>322,000</u>
Net assets		<u><u>322,000</u></u>
Capital and reserves		
Share capital	10	<u>322,000</u>
Total equity		<u><u>322,000</u></u>

Approved by the Board on 29 May 2019 and signed on its behalf by:



Scott Longhurst
Director



Peter Simpson
Director

Anglian Water Services UK Parent Co Limited

Statement of Changes in Equity for the Period Ended 31 March 2019

	Note	Share capital £ 000	Retained earnings £ 000	Total equity £ 000
At 5 April 2018		-	-	-
Profit for the period		-	68,000	68,000
Total comprehensive income		-	68,000	68,000
Issue of share capital	10	322,000	-	322,000
Dividends paid	8	-	(68,000)	(68,000)
At 31 March 2019		322,000	-	322,000

Anglian Water Services UK Parent Co Limited

Statement of Cash Flows for the Period Ended 31 March 2019

	Note	2019 £ 000
Cash flows from operating activities		
Profit for the period		68,000
Adjustments for:		
Finance income		(68,000)
Net cash flow from operating activities		-
Cash flows from investing activities		
Increase in investment in subsidiary		(22,000)
Dividends received		68,000
Net cash flow from investing activities		46,000
Cash flows from financing activities		
Proceeds from issue of share capital		22,000
Dividends paid	8	(68,000)
Net cash flow used in financing activities		(46,000)
Net increase/(decrease) in cash and cash equivalents		-
Cash and cash equivalents at 5 April 2018		-
Cash and cash equivalents at 31 March 2019		-

Anglian Water Services UK Parent Co Limited

Notes to the Financial Statements for the Period Ended 31 March 2019

1 General information

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

The address of its registered office is:

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

The company was incorporated on 5 April 2018 and its first period end is 31 March 2019. These financial statements were authorised for issue by the Board on

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements is 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

These financial statements are prepared in accordance with the historical cost convention and have been prepared on the going concern basis.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Summary of disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions.

The company has taken advantage of the following exemptions in its individual financial statements:

- i. from the financial instrument disclosures, required under FRS 102 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures;
- ii. from disclosing share based payment arrangements, required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23, concerning its own equity instruments. The company financial statements are presented with the consolidated financial statements and the relevant disclosures are included therein; and
- iii. from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Anglian Water Services UK Parent Co Limited

Notes to the Financial Statements for the Period Ended 31 March 2019

Exemption from preparing group financial statements

The financial statements contain information about Anglian Water Services UK Parent Co Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Osprey Acquisitions Limited, a company incorporated in England.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

Taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income.

Dividends

Dividends are recognised in the period in which they are paid or when the company has a constructive or legal commitment to pay the dividend.

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 10.

3 Key assumptions and significant judgements

Significant judgements

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Investment in subsidiaries

The investment in Anglian Water Services Limited was initially recorded at an amount equal to the carrying value in the accounts of Anglian Water Services Overseas Holdings Limited, from which the investment was transferred. This approach is acceptable under s611 of the Companies Act 2006 (see note 9).

Areas involving estimation

No significant estimates were required in the preparation of these financial statements.

Anglian Water Services UK Parent Co Limited

Notes to the Financial Statements for the Period Ended 31 March 2019

4 Employee information and Directors' remuneration

The directors received no remuneration for the services to the company. The directors are remunerated through another group company and no recharges are made.

There were no employees of the company during the period.

5 Income from shares in group undertakings

Income from shares in group undertakings relates to dividends received from subsidiary undertakings.

6 Auditor's remuneration

The remuneration for the audit of the company financial statements of £2,000 is borne by Anglian Water Services Limited and not recharged to the company.

7 Taxation

The company is subject to UK tax law. The company's income in the period relates entirely to non-taxable dividends and therefore no tax charge arises in the period.

8 Dividends

	2019
	£ 000
Dividends available for distribution to investors in the ultimate parent company	
Dividend of 22.7p per ordinary share	68,000

Anglian Water Services UK Parent Co Limited is an intermediate holding company in the Anglian Water Services Financing Group. All dividends received were from the company's subsidiary, Anglian Water Services Limited (AWSL), and were equal to the dividends paid by the company.

The directors have proposed a final dividend for the period ended 31 March 2019 of £0.21 per share, which is a total of £67.8 million. This distribution has not been accounted for within the 2019 financial statements as it was proposed and approved after the period end.

Anglian Water Services UK Parent Co Limited

Notes to the Financial Statements for the Period Ended 31 March 2019

9 Investments

	2019 £ 000
Shares in subsidiary undertaking	
Cost and carrying amount	
At 5 April 2018	-
Investment acquired	300,000
Additions	22,000
At 31 March 2019	<u>322,000</u>

The investment acquired represents 100 per cent of the ordinary share capital of Anglian Water Services Limited (“AWSL”), whose principal activity is the provision of drinking water and the treatment of waste water. AWSL in turn holds 100 per cent of the ordinary shares in Anglian Water Services Financing Plc (“AWSF”) whose principal activity is the raising of listed debt to on-lend to AWSL. AWSL and AWSF are incorporated in England and Wales.

Under s611 of the Companies Act 2006, the company has applied group reconstruction relief in the initial measurement of the investment. This relief is available to UK wholly owned companies that issue shares in order to acquire non-cash assets from a fellow group company, and allows the company to record the cost of investment at the nominal value of the shares plus a premium (the premium being calculated as the excess in the investment carrying value above the nominal value of shares issued).

This resulted in the investment being initially recorded at £300.0 million, the existing carrying value of the investment in the accounts of Anglian Water Services Overseas Holding Limited, and was acquired as payment for the issue of 300 million £1 ordinary shares to Anglian Water Services Holdings Limited (“AWSH”).

Subsequently the company purchased a further 22 million newly issued £1 ordinary shares in AWSL for cash. On the same day the company issued 22 million £1 shares to AWSH for cash consideration totalling £22.0 million. These steps form the first stage of an equity injection programme intended by the directors to reduce the gearing of AWSL over the period to 2025.

10 Share capital

	2019 £ 000
Allotted, called up and fully paid shares	
At 5 April 2018	-
Shares issued	322,000
At 31 March 2019	<u>322,000</u>

At incorporation on 5 April 2018, 1 ordinary share was issued for £1.

On 28 May 2018 300 million ordinary shares were issued for £300 million, and on 5 October 2018 22 million ordinary shares were issued for £22 million. As part of these transactions the company acquired investment in Anglian Water Services Limited, as disclosed in note 9 above.

Anglian Water Services UK Parent Co Limited

Notes to the Financial Statements for the Period Ended 31 March 2019

11 Contingent liabilities

The company, as part of the Anglian Water Services Financing Group of companies, guarantees unconditionally and irrevocably all the borrowings and derivatives of Anglian Water Services Financing Plc, which at 31 March 2019 amounted to £7,921.6 million. In addition there is a fixed charge over the issued share capital of the company in respect of these borrowings.

The borrowings of Anglian Water Services Limited and Anglian Water Services Holdings Limited are also guaranteed unconditionally and irrevocably by the company which at 31 March 2019 amounted to £21.3 million. These borrowings relate to finance leases owed by Anglian Water Services Limited to third parties.

12 Parent and ultimate parent undertaking

The company's immediate parent undertaking is Anglian Water Services Holdings Limited, a company registered in England and Wales.

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

Anglian Water Group Limited 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 at the above address.

The directors consider Anglian Water Group Limited, a company which is incorporated in Jersey but domiciled in the UK, to be the ultimate parent undertaking. Anglian Water Group Limited is itself owned and controlled by a consortium of investors consisting of the Canada Pension Plan Investment Board, Colonial First State Global Asset Management, IFM Investors, Camulodunum Investments Limited (CIL) and Infinity Investments S.A. ('Infinity'). 3i sold its holding in Anglian Water Group Limited to CIL on 21 February 2018 and Colonial First State sold part of its holding to Infinity on 22 June 2018.