

# **Anglian Water Services Financing Plc**

## **Annual Report and Financial Statements**

**for the year ended 31 March 2019**

**Registration number: 04330322**

# Anglian Water Services Financing Plc

## Strategic Report for the year ended 31 March 2019

The Directors present the Strategic Report for the year ended 31 March 2019.

### Business review

#### *Fair review of the business*

The principal activity of the Company is the raising of listed debt to lend to Anglian Water Services Limited (AWSL). It forms part of the group of four companies referred to as the Anglian Water Services Financing Group ("AWSFG") as shown below.

Anglian Water Services Holdings Limited



Anglian Water Services UK Parent Co Limited



Anglian Water Services Limited



**Anglian Water Services Financing Plc**

The Company repaid £112.7 million (2018: £321.6 million) of debt in the year. £450.1 million of new debt was raised in the year (2018: £250.0 million). The monies raised were lent to AWSL on a back-to-back basis. As at 31 March 2019 the Company had cash and deposits amounting to £1.8 million (2018: £1.7 million).

The Company is a wholly owned subsidiary of AWG Group Limited and was put in place in 2002, when AWSL's covenanted and ring-fenced debt structure was established. The AWSFG provides protection for the customers of the principal trading company in the group, AWSL, and bond holders of the Company from risks associated with other non-regulated Anglian Water Group companies outside of the ring-fence.

The statement of comprehensive income on page 14 shows the Company's results for the year. For the financial year ended 31 March 2019 the Company made a loss on ordinary activities before taxation of £0.7 million (2018: profit of £0.4 million). The Company has made a loss for the current year as a result of the adoption of IFRS 9 and the expected credit loss now being recognised through the income statement. Given the nature of the business, the Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

#### **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, interest rate and foreign currency exposure.

#### **Liquidity**

The Company's objective is to maintain flexibility, diversification and continuity of funding through access to different markets and debt instruments. At the year end the Company held cash at bank and in hand of £1.8 million (2018: £1.7 million) and had undrawn committed working capital and capital expenditure facilities of £600.0 million (2018: £600.0 million). Cash is held on deposit by the Company to the extent required to meet near term debt repayments. These resources are maintained to ensure liquidity and the continuation of the AWSL investment programme. The maturity profile of the Company's borrowings is set out in note 11 to the financial statements. In addition the Company has access to a further £400.0 million (2018: £390.0 million) of 'liquidity facilities': £279.0 million (2018: £279.0 million) to finance AWSL debt service costs; and £121.0 million (2018: £111.0 million) to finance AWSL operating expenditure and maintenance capital expenditure. These facilities address the risk of AWSL being in default of its debt obligations and having insufficient liquidity.

# Anglian Water Services Financing Plc

## Strategic Report for the year ended 31 March 2019 (continued)

### *Principal risks and uncertainties (continued)*

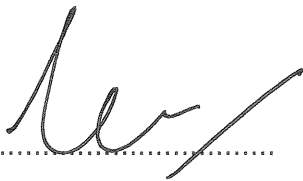
#### **Interest rates**

The Company's policy for the management of interest rate risk is to achieve a balanced mix of funding at indexed (to RPI and CPI), fixed and floating rates of interest. To guard against the adverse movements in interest rates having a detrimental impact on the business and to enable covenanted obligations and credit ratings to be met, the overall underlying debt portfolio is maintained at circa 50 per cent of RCV for index-linked debt and between 5 per cent and 15 per cent for floating rate debt, with the remaining being fixed rate. Within these hedging levels, the Company endeavours to obtain the finest rates (lowest borrowing and finest depositing rates) consistent with ensuring that the relevant treasury objectives are met in full, i.e. the provision of adequate finance for Anglian Water Services Financing Plc at all times and maintaining security of principal.

#### **Foreign currency**

The Company has currency exposures resulting from debt raised in currencies other than sterling and very small purchases in foreign currencies. The Company uses a range of instruments to hedge such exposures. All hedges are undertaken for commercial reasons with the objective of minimising the impact of exchange rate fluctuations on net assets and profits. The Company has no material unhedged monetary assets and liabilities denominated in a currency different from the local currency of the Company.

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



Claire Russell

Company Secretary

## **Anglian Water Services Financing Plc**

### **Directors' Report for the year ended 31 March 2019**

The Directors present their report and the audited financial statements for the year ended 31 March 2019.

#### **Future developments**

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

#### **Directors of the Company**

The Directors who held office during the year and up to the date of signing the financial statements were as follows:

Stephen Billingham  
Natalie Ceeney (appointed 14 May 2018)  
Polly Courtice  
Steve Good (resigned 31 October 2018)  
John Hirst  
Scott Longhurst  
Chris Newsome (resigned 11 August 2018)  
Zarin Patel (appointed 31 October 2018)  
Jane Pilcher (appointed 11 August 2018)  
Alex Plant (appointed 11 August 2018)  
Peter Simpson  
Jean Spencer (resigned 11 August 2018)  
Paul Whittaker

#### **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.

#### **Dividends**

No dividend was paid during the year (2018: £nil). The Directors are not recommending the payment of a final dividend (2018: £nil).

#### **Financial risk management**

##### *Objectives and policies*

The Company does not operate separately to the AWSFG and therefore its financial risks are governed by the AWSFG's policies and procedures. These policies and procedures are discussed within the Anglian Water Services Limited consolidated group financial statements.

##### *Liquidity risk and cash flow risk*

Liquidity, interest rate and foreign currency risk are detailed within the Strategic Report.

#### **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 to be appropriate to adopt the going concern basis in preparing the 2019 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 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 auditors**

Deloitte LLP have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed to the board.

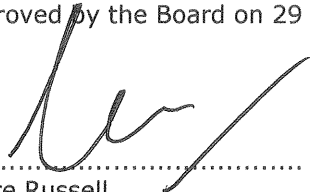
## **Anglian Water Services Financing Plc**

### **Directors' Report for the year ended 31 March 2019 (continued)**

#### **Corporate Governance**

The Board are appointed by the shareholders and meet regularly to review the financial and operational performance of the Company. The Company does not operate separately to the AWSFG and is specifically established for the raising of listed debt to on-lend to Anglian Water Services Limited as noted in its principal activities in the Strategic report. The risk management process includes clear accountabilities, delegated authority limits and well-defined policies and procedures.

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



.....  
Claire Russell  
Company Secretary

## **Anglian Water Services Financing Plc**

### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Strategic Report, the 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 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.

# Anglian Water Services Financing Plc Independent Auditors' Report to the Members of Anglian Water Services Financing Plc

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLIAN WATER SERVICES FINANCING PLC

### Report on the audit of the financial statements

#### Opinion

**In our opinion the financial statements of Anglian Water Services Financing PLC (the 'company'):**

- **give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss 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 statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 14.

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 as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.



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

#### Summary of our audit approach

##### Key audit matters

The key audit matters that we identified in the current year were:

- Derivative accounting; and
- Management override of controls.

Within this report, any new key audit matters are identified with  and any key audit matters which are the same as the prior year identified with .

# **Anglian Water Services Financing Plc** **Independent Auditors' Report to the Members of** **Anglian Water Services Financing Plc**

<b>Materiality</b>	The materiality that we used in the current year was £13.5m (2018: £10m) which was determined on the basis of 0.2% of total borrowings (2018: 0.2% of total borrowings).
<b>Scoping</b>	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
<b>Significant changes in our approach</b>	There have been no significant changes to our audit approach.

## **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.**

## **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.

## **Derivative accounting**

### **Key audit matter description**



The company has a gross derivative liabilities of £1,200.8m (2018: £1,005m) and gross derivative assets of £1,200.8m (£1,005m), disclosed in note 11, including interest rate swaps, index linked swaps and cross currency swaps.

IFRS 9 "Financial Instruments" allows for a business to account for derivatives at fair value with movements recognised in profit or loss, unless designated in a hedge relationship.

Management judgement is required in relation to the derivative valuation,



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and in particular the credit risk adjustments, and therefore together with the accounting and disclosure requirements of IFRS 7 and IFRS 13 the valuation of the derivatives has been identified as key audit matters.

We have focussed audit effort on the risk of material misstatement arising on the valuation of the index-linked swaps, as well as swap locks, due to their complexity.

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

We, with the involvement of our financial instruments specialists, performed the following audit procedures:

- assessed the key controls around the valuation techniques used in determining the fair value of derivatives;
- performed independent valuation testing on a sample of derivative financial instruments, including an assessment of the credit risk adjustment;
- reviewed the accounting for all derivative positions, both external to the group and the intercompany arrangements, to assess whether they are in accordance with IFRS 9; and
- in addition, we have audited the disclosures required by IFRS 7 and IFRS 13 to assess whether compliant with the standards and observed industry practice.

**Key observations**

Based on our sample of valuations across the derivative contracts, no material misstatements were identified. We conclude that the disclosures made under IFRS 7 and IFRS 13 are appropriate.

**Management override of controls**

**Key audit matter description**



Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Although management is responsible for safeguarding the assets of the business, we planned our audit so that we had a reasonable expectation of detecting material misstatements to the financial statements and accounting records.

In particular the risk of management override of control arises in the extraction of the company's accounting records from the wider group's general ledger.

Further details are included within the directors' report on page 3 of the financial statements under 'financial risk management'.

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

We substantively tested the extraction of the company's accounting records from the wider group's general ledger, and assessed the appropriateness of the adjustments made to record the company's financial statements on a stand-alone basis, such as the reversal of hedge accounting adopted within the group but not by the company.

We also assessed the design and implementation of the company's controls over the preparation of its financial statements.

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Additionally, we focus on the financial reporting process and the significant number of journal entries being posted along with other adjustments being made to the financial statements.

**Key observations** Based on the work done, we found no matters that were reportable to those charged with governance.

**Our application of 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:

<b>Materiality</b>	£13.5m (2018: £10.0m)
<b>Basis for determining materiality</b>	Approximately 0.2% of total borrowings (2018: 0.2% of total borrowings)
<b>Rationale for the benchmark applied</b>	The primary purpose of the Company is to raise funding from external sources and provide funding to Anglian Water Services Limited. We have therefore used total borrowings as the benchmark. The applied materiality is capped at the component materiality determined as part of the Anglian Water Services Limited group audit.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.675m (2018: £0.5m), 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.

**An overview of the scope of our audit**

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

# **Anglian Water Services Financing Plc**

## **Independent Auditors' Report to the Members of**

### **Anglian Water Services Financing Plc**

#### **Other information**

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

***We have nothing to report in respect of these matters.***

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.

#### **Responsibilities of directors**

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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**

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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.

Details of the extent to which the audit was considered capable of detecting irregularities,

# Anglian Water Services Financing Plc

## Independent Auditors' Report to the Members of Anglian Water Services Financing Plc

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including fraud are set out below.

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](http://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**

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

- enquiring of management, internal audit and the audit committee, including obtaining and reviewing supporting documentation, concerning the company's 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;
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team and involving relevant internal specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
- obtaining an understanding of the legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the company. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules and tax legislation. In addition, compliance with terms of the company's operating licence and the regulatory solvency requirements are fundamental to the company's ability to continue as a going concern.

#### *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 relevant laws and regulations discussed above;
- 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 correspondence with HMRC; 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.

# Anglian Water Services Financing Plc

## Independent Auditors' Report to the Members of Anglian Water Services Financing Plc

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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

### Opinions on other matters prescribed by the Companies Act 2006

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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.

### Matters on which we are required to report by exception

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#### *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.***

#### *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.***

### Other matters

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#### *Auditor tenure*

Following the recommendation of the Audit Committee, we were appointed by the company on 1 September 2016 to audit the financial statements for the year ending 31 March 2017 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 3 years, covering the years ending 31 March 2017 and 31 March 2019.

#### *Consistency of the audit report with the additional report to the audit committee*

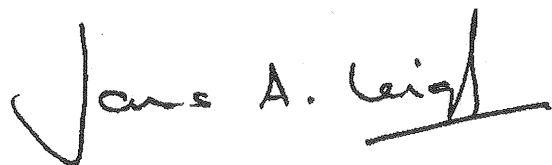
Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

**Anglian Water Services Financing Plc  
Independent Auditors' Report to the Members of  
Anglian Water Services Financing Plc**

**Use of our report**

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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, reading "James A. Leigh". The signature is written in a cursive style with a long horizontal stroke at the end.

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

**29 May 2019**

**Anglian Water Services Financing Plc**  
**Statement of Comprehensive Income**  
**for the year ended 31 March 2019**


Notes	2019 £m	2018 £m
Revenue	-	-
Operating costs	-	-
<b>Operating result</b>	-	-
<b>Finance activities</b>		
5 Finance income	<b>351.6</b>	350.7
6 Finance costs including fair value movements on derivative financial instruments	<b>(351.2)</b>	(350.3)
8 Expected credit loss on intercompany loan	<b>(1.1)</b>	-
<b>Net finance (costs)/income</b>	<b>(0.7)</b>	0.4
<b>(Loss)/profit on ordinary activities before taxation</b>	<b>(0.7)</b>	0.4
7 Tax on (loss)/profit on ordinary activities	-	-
<b>(Loss)/profit for the period and total comprehensive income</b>	<b>(0.7)</b>	0.4

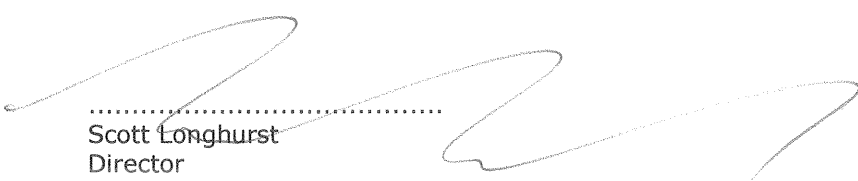
**Anglian Water Services Financing Plc**  
**Balance Sheet**  
**(Registration number: 04330322)**  
**At 31 March 2019**

Notes		2019 £m	2018 £m
	<b>Non-current assets</b>		
8	Investments	<b>6,607.9</b>	6,240.9
11	Derivative financial instruments	<b>1,168.6</b>	944.6
		<b>7,776.5</b>	7,185.5
	<b>Current assets</b>		
8	Investments	<b>306.9</b>	212.5
11	Derivative financial instruments	<b>32.2</b>	60.4
9	Trade and other receivables	<b>46.6</b>	46.3
	Cash and cash equivalents	<b>1.8</b>	1.7
		<b>387.5</b>	320.9
	<b>Current liabilities</b>		
11	Short-term borrowings	<b>(306.9)</b>	(212.5)
11	Derivative financial instruments	<b>(32.2)</b>	(60.4)
		<b>(339.1)</b>	(272.9)
	<b>Net current assets</b>	<b>48.4</b>	48.0
	<b>Total assets less current liabilities</b>	<b>7,824.9</b>	7,233.5
	<b>Non-current liabilities</b>		
11	Loans and other borrowings	<b>(6,624.5)</b>	(6,240.9)
11	Derivative financial instruments	<b>(1,168.6)</b>	(944.6)
		<b>(7,793.1)</b>	(7,185.5)
	<b>Net assets</b>	<b>31.8</b>	48.0
	<b>Capital and reserves</b>		
12	Share capital	-	-
	Reserves	<b>31.8</b>	48.0
	<b>Total equity</b>	<b>31.8</b>	48.0

Notes 1 to 14 are an integral part of these financial statements.

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

  
 .....  
 Peter Simpson  
 Director

  
 .....  
 Scott Longhurst  
 Director



**Anglian Water Services Financing Plc**  
**Statement of Changes in Equity**  
**for the year ended 31 March 2019**

	Share capital £m	Retained earnings £m	Total equity £m
<b>For the year ended 31 March 2019</b>			
<b>At 1 April 2018</b>	-	<b>48.0</b>	<b>48.0</b>
Change in accounting policy - IFRS 9 (note 2)	-	<b>(15.5)</b>	<b>(15.5)</b>
At 1 April 2018 (restated)	-	<b>32.5</b>	<b>32.5</b>
Total comprehensive income	-	<b>(0.7)</b>	<b>(0.7)</b>
<b>At 31 March 2019</b>	-	<b>31.8</b>	<b>31.8</b>
<b>For the year ended 31 March 2018</b>			
<b>At 1 April 2017</b>	-	47.6	47.6
Total comprehensive income	-	0.4	0.4
<b>At 31 March 2018</b>	-	48.0	48.0

**Anglian Water Services Financing Plc**  
**Cash Flow Statement**  
**for the year ended 31 March 2019**

		2019	2018
Notes		£m	£m
<b>Investing activities</b>			
8	Loan repayment from parent	112.7	321.6
	Loans to parent	(450.1)	(250.0)
	Interest received	221.6	212.2
<b>Net cash (used in)/generated from investing activities</b>		<b>(115.8)</b>	<b>283.8</b>
<b>Financing activities</b>			
	Interest paid	(221.5)	(212.1)
	Increase in amounts borrowed	450.1	250.0
	Repayment of amounts borrowed and RPI swaps <sup>1</sup>	(112.7)	(321.6)
<b>Net cash generated from/(used in) financing activities</b>		<b>115.9</b>	<b>(283.7)</b>
<b>Net increase in cash and cash equivalents</b>		<b>0.1</b>	<b>0.1</b>
Cash and cash equivalents at the beginning of the year		1.7	1.6
<b>Cash and cash equivalents at 31 March</b>		<b>1.8</b>	<b>1.7</b>

<sup>1</sup> Comprises £139.7 million (2018: £247.7 million) of debt repayment and £27.0 million (2018: £73.9 million) of swap repayments.

# Anglian Water Services Financing Plc

## Notes to the Financial Statements for the year ended 31 March 2019

### 1 Accounting policies

#### General information

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

The address of the 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 29 May 2018.

#### 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 EU-adopted IFRS.

The Company is a qualifying entity for the purposes of FRS 101. Note 14 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.

#### Summary of disclosure exemptions

The Company has utilised the following exemptions:

Paragraph 30-31 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 of IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group;

Paragraph 17 of IAS 24 'Related party Disclosures' (key management compensation); and

Paragraph 8(d) of FRS 101 the requirements of IFRS 7 'Financial Instruments: Disclosures'.

**1 Accounting policies (continued)**

**New standards, amendments and interpretations**

The group has adopted the new accounting standard IFRS 9 'Financial Instruments' that became applicable for the current reporting period.

The relevant new accounting policy is set out below, with the financial impact of adopting this new accounting standard set out in note 2.

**Borrowings**

Borrowings are recognised initially at fair value. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

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 balance sheet date.

**Dividends**

Dividends are recognised as a liability in the period in which they are approved. Interim dividends are recognised in the period in which they are paid.

**Foreign currencies**

Individual transactions denominated in foreign currencies are translated into local currency at the actual exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into local currency at the balance sheet date.

Profits and losses on both individual foreign currency transactions during the year and monetary assets and liabilities are dealt with in the statement of comprehensive income.

**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.

**Financial instruments**

The Company uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from financing activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised and subsequently re-measured at fair value. However, within the Company, hedge accounting is not applied and therefore the movements in the fair value of these derivatives are included in the statement of comprehensive income within interest payable.

There is a "back-to-back" intercompany loan agreement in place between Anglian Water Services Limited and Anglian Water Services Financing Plc, which passes the financing arrangements of the external debt and derivative positions held by Anglian Water Services Financing Plc to Anglian Water Services Limited. Accordingly, the majority of external balances are mirrored by corresponding balances due from Anglian Water Services Limited. Following the adoption of IFRS 9, the Company is now recognising an expected credit loss on the intercompany loan with AWSL shown within investments (note 8).

Anglian Water Services Limited lends cash back to the Company to provide the funds for the company to repay its external debt, normally 12 months in advance of debt falling due for payment.

**1 Accounting policies (continued)**

**Investments**

Investments represent loans to the immediate parent undertaking (Anglian Water Services 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 principle payments and interest on the principle outstanding.

The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses 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 expected credit losses, 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 increase 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.

**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.

**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 Anglian Water Services Limited constitutes a single class of business and, as such, no segmental reporting is required.

**Finance income and costs**

Finance income and costs are recognised in the period to which they relate using the effective interest rate method. Finance income receivable from Anglian Water Services Limited relates to the "back-to-back" arrangement with Anglian Water Services Limited whereby all borrowings and derivatives are replicated, thus resulting in net neutral impact on the income statement. Management fees receivable from Anglian Water Services Limited are treated as interest receivable as they relate directly to the cost of financing in accordance with the 2002 intercompany loan agreement, resulting in net profit in the company.

**1 Accounting policies (continued)**

**Receivables**

Receivables are measured at fair value on initial recognition. If there is objective evidence that the amount receivable is impaired it is written down to its recoverable amount, with the irrecoverable amount being recognised as an expense in operating costs.

The group makes use of a simplified approach in accounting for receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the receivable.

In calculating the expected loss, the group applies expected recovery rates, based on actual historical cash performance and forward looking information.

**2 Changes in accounting policies**

As set out in note 1, the company has adopted IFRS 9 'Financial Instruments' with effect from 1 April 2018. The impact of adopting this standard on the Company's financial statements is set out below.

In accordance with IFRS 9 7.2.1 and 7.2.15 we have applied this standard retrospectively but have elected not to re-state prior periods.

**Derivative financial instruments**

There is no material impact on the financial statements.

**Financial assets**

In accordance with IFRS 9 5.5 'Recognition of expected credit losses', as at 1 April 2018 the Company has recorded an expected credit loss in relation to the intercompany loan between Anglian Water Services Limited (AWSL) and Anglian Water Services Financing Plc of £15.5 million. The amount has been recorded as a cumulative adjustment to reserves at 1 April 2018 with the subsequent change in the impairment recorded in the income statement during the period.

The expected credit loss is calculated based on a one year credit spread of AWSL of 24 basis points (1 April 2018: 24 basis points), however, as the only business of the entity is to raise funds for Anglian Water Services any losses due to a credit event in AWSL would effectively be incurred by the external debt holders and as such the expected credit loss provision reflects a mismatch in accounting treatment between assets and liabilities and, in the view of the directors, is not a true economic exposure for the entity.

**3 Auditor's remuneration**

The remuneration for the audit of the company financial statements of £5,000 (2018: £5,000) is borne by Anglian Water Services Limited and not recharged to the company.

**4 Particulars of employees**

The monthly average number of persons employed by the Company (including Directors) during the year was nil (2018: nil). Anglian Water Services Limited 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 (2018: none).

# Anglian Water Services Financing Plc

## Notes to the Financial Statements for the year ended 31 March 2019 continued

### 5 Finance income

	2019 £m	2018 £m
Interest receivable from Anglian Water Services Limited	351.2	350.3
Management fees treated as interest receivable	0.3	0.3
Other interest receivable	0.1	0.1
	<b>351.6</b>	<b>350.7</b>

### 6 Finance costs

	2019 £m	2018 £m
Indexation on index-linked loans and RPI swaps	(129.6)	(136.5)
Interest payable on external loans	(221.6)	(213.8)
	<b>(351.2)</b>	<b>(350.3)</b>

The Company holds index-linked swaps to enable the group to hedge against inflation movement in the Regulated Capital Value (RCV) and revenues of Anglian Water Services Limited. These index-linked swaps do not qualify for hedge accounting under IFRS 9 and consequently are held at fair value with movements taken to the statement of comprehensive income, however, it is the opinion of the Directors that they remain highly effective economic hedges.

The Company holds interest rate swaps and cross currency swaps to enable the Company to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activity in the Company. Within the Company hedge accounting is not applied and therefore the movements in the fair value of these derivatives are included in the statement of comprehensive income.

The Company has a "back-to-back" arrangement with Anglian Water Services Limited whereby all borrowings and derivatives are replicated on identical terms. As a result, derivative fair value gains and losses are fully offset within finance costs above.

# Anglian Water Services Financing Plc

## Notes to the Financial Statements for the year ended 31 March 2019 continued

### 7 Taxation

	<b>2019</b>	2018
	<b>£m</b>	£m
<b>Tax on profit on ordinary activities comprises:</b>		
UK corporation tax - current year	-	-

#### Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

The differences are reconciled below:

	<b>2019</b>	2018
	<b>£m</b>	£m
(Loss)/profit on ordinary activities before taxation	<b>(0.7)</b>	0.4
Corporation tax at standard rate of 19% (2018: 19%)	<b>(0.1)</b>	0.1
Items not deductible for tax purposes:		
Expected credit loss on inter-company loan	<b>0.2</b>	-
Group relief not paid for	<b>(0.1)</b>	(0.1)
<b>Total tax</b>	<b>-</b>	-

It has been agreed that companies within the Anglian Water Services Financing Group (AWSFG) will not pay each other for tax losses.



# Anglian Water Services Financing Plc

## Notes to the Financial Statements for the year ended 31 March 2019 continued

### 8 Investments

	2019 £m	2018 £m
Amounts due after one year	6,607.9	6,240.9
Amounts due within one year	306.9	212.5
	<b>6,914.8</b>	6,453.4

#### Loans to immediate parent undertaking

	£m
At 1 April 2018	6,453.4
Change in accounting policy - expected credit loss provision	(15.5)
Restated 1 April 2018	6,437.9
Increase in loans	450.1
Repaid	(139.7)
Movement on back to back arrangement with Anglian Water Services Limited	167.6
Movement on expected credit loss	(1.1)
<b>At 31 March 2019</b>	<b>6,914.8</b>

The loan to AWSL mirrors the external loan and is on terms equal to that set out in note 11.

### 9 Trade receivables

	2019 £m	2018 £m
Amounts owed by immediate parent undertaking	46.6	46.3
	<b>46.6</b>	46.3

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

# Anglian Water Services Financing Plc

## Notes to the Financial Statements for the year ended 31 March 2019 continued

### 10 Cash and cash flow

#### Movement in net debt excluding derivatives

	Cash and cash equivalents £m	Borrowings £m	Year ended 31 March 2019 £m	Year ended 31 March 2018 £m
<b>At 1 April</b>	1.7	(6,453.4)	<b>(6,451.7)</b>	(6,440.9)
Increase in cash	0.1	-	<b>0.1</b>	0.1
Increase in amounts borrowed	-	(450.1)	<b>(450.1)</b>	(250.0)
Repayment of amounts borrowed	-	139.7	<b>139.7</b>	247.7
Indexation of loan stock and RPI swaps	-	(97.7)	<b>(97.7)</b>	(110.3)
Movement in interest accruals on borrowings	-	(5.4)	<b>(5.4)</b>	1.5
Exchange rate adjustment to borrowings	-	(64.5)	<b>(64.5)</b>	100.2
<b>At 31 March</b>	1.8	(6,931.4)	<b>(6,929.6)</b>	(6,451.7)
Current assets	1.8	-	<b>1.8</b>	1.7
Current liabilities	-	(306.9)	<b>(306.9)</b>	(212.5)
Non-current liabilities	-	(6,624.5)	<b>(6,624.5)</b>	(6,240.9)
	1.8	(6,931.4)	<b>(6,929.6)</b>	(6,451.7)

# Anglian Water Services Financing Plc

## Notes to the Financial Statements for the year ended 31 March 2019 continued

### 11 Loans, other borrowings and financial instruments

	2019 £m	2018 £m
<b>Loans and other borrowings</b>		
£200m 6.875% fixed rate 2023	208.4	208.4
£200m 6.625% fixed rate 2029	202.8	202.8
£150m 4.125% Index Linked 2020	257.5	249.3
£246m 6.293% fixed rate 2030	256.4	256.4
£250m 5.837% fixed rate 2022	259.8	259.8
£200m 3.07% index linked 2032	326.6	316.3
£60m 3.07% index linked 2032	99.0	96.1
£75m 3.666% index linked 2024	122.6	118.7
£402m 2.40% index-linked 2035	611.0	592.0
£50m 1.7% index-linked 2046 (Deutsche)	73.1	70.8
£50m 1.7% index-linked 2046 (RBS)	73.0	70.6
£40m 1.7146% index linked 2056	58.6	56.8
£50m 1.6777% index linked 2056	73.3	71.0
£60m 1.7903% index linked 2049	87.9	85.1
£100m 1.3784% index linked 2057	146.0	141.3
£50m 1.3825% index linked 2056	73.0	70.6
£100m Class A wrapped floating rate bonds	100.2	100.2
£75m 1.449% index linked 2062	103.8	100.2
£50m 1.52% index linked 2055	69.4	66.9
JPY 15bn 2.925% fixed rate 2018/2037 <sup>1</sup>	-	101.6
£110m Class A unwrapped floating rate bonds 2043	110.2	110.1
JPY 5bn 3.22% fixed rate 2019/2038 <sup>1</sup>	35.1	34.0
£25m 6.875% private placements 2034	25.4	25.4
EIB £50m 1.626% term facility 2019	67.2	65.4
EIB £50m 1.3% term facility 2020	66.2	64.2
£130m 2.262% index linked 2045	169.6	164.7
US\$160m 4.52% Private Placement 2021	124.2	115.6
US\$410m 5.18% Private Placement 2021	319.7	297.4
EIB £75m 0.53% index linked amortising term facility 2027 <sup>2</sup>	72.0	78.7
EIB £75m 0.79% index linked amortising term facility 2027 <sup>2</sup>	72.0	78.7
£250m 4.5% 2027	255.5	255.5
£15m 1.37% IL Private Placement 2022	17.7	17.2
£50m 2.05% IL Private Placement 2033	59.2	57.5
£31.9m 4.0% Private Placement 2022	32.5	32.5
£73.3m 4.4% Private Placement 2028	74.9	74.9
£22.3m 4.0% Private Placement 2022	22.8	22.8
US\$47m 5% Private Placement 2022	37.0	34.4
<b>Sub-total carried forward</b>	<b>4,763.6</b>	<b>4,763.6</b>

# Anglian Water Services Financing Plc

## Notes to the Financial Statements for the year ended 31 March 2019 continued

### 11 Loans, other borrowing and financial instruments (continued)

	2019 £m	2018 £m
<b>Sub-total brought forward</b>	<b>4,763.6</b>	4,763.6
EIB £150m 0% 2028 <sup>3</sup>	<b>157.1</b>	169.6
£200m Class B 4.5% 2026	<b>200.9</b>	200.9
£35m 1.141% IL Bond 2042	<b>40.6</b>	39.4
US\$170m 3.84% Private Placement 2023	<b>132.7</b>	123.5
£93m 3.537% Private Placement 2023	<b>94.5</b>	94.5
US\$160m 4.99% Private Placement 2023	<b>124.9</b>	116.1
EIB £65m 0.41% index linked amortising term facility 2029 <sup>4</sup>	<b>73.5</b>	71.5
EIB Tranche 2 £125m 0.1% 2029 <sup>4</sup>	<b>139.6</b>	135.8
EIB Tranche 3 £60m 0.01% 2030 <sup>5</sup>	<b>66.7</b>	64.9
£500m RCF 2020	<b>0.1</b>	-
US\$150m 3.29% Private Placement 2026	<b>116.7</b>	108.5
£55m 2.93% fixed rate Private Placement 2025	<b>55.7</b>	55.7
£20m 2.93% fixed rate Private Placement 2025	<b>20.3</b>	20.3
£35m floating rate Private Placement 2031	<b>35.0</b>	35.0
£200m Class B 2.6225% fixed rate 2027	<b>201.5</b>	201.5
£250m GRN 1.625% 2025	<b>252.6</b>	252.6
£300 million Green bond 2.75% 2029	<b>303.6</b>	-
£25 million 3.0% fixed rate 2031	<b>25.1</b>	-
US\$53 million 3.053% fixed rate 2029	<b>40.9</b>	-
£85 million 2.88% fixed rate 2029	<b>85.4</b>	-
Liquidity Facilities	<b>0.4</b>	-
<b>Total loans and other borrowings</b>	<b>6,931.4</b>	6,453.4
Less amounts included in short term borrowings	<b>(306.9)</b>	(212.5)
<b>Loans and other borrowings due after more than one year</b>	<b>6,624.5</b>	6,240.9

<sup>1</sup> Legal maturity of these instruments is the second of the two years quoted. Coupon 'step-up' is in the first of the years quoted in accordance with the pricing terms agreed at issue. These notes have been called in line with the terms at issue and therefore have already redeemed or will redeem at the earlier date quoted.

<sup>2</sup> These instruments are amortising from 2017 until the date of maturity shown.

<sup>3</sup> This instrument is amortising from 2018 until the date of maturity shown.

<sup>4</sup> This instrument is amortising from 2019 until the date of maturity shown.

<sup>5</sup> These instruments are amortising from 2020 until the date of maturity shown.

The value of the capital and interest elements of the index-linked loans is linked to movements in the Retail Price Index. The increase in the capital value during the year of £129.6 million (2018: £136.5 million) has been taken to the statement of comprehensive income as part of interest payable.

Legal maturity of these instruments is the second of the two years quoted. Coupons increase for the first of the years quoted in accordance with the pricing terms agreed at issue.

Under a security agreement dated 30 July 2002 between Anglian Water Services Financing Plc (AWSF), Anglian Water Services Limited (AWSL), Anglian Water Services Overseas Holdings Limited (AWSOH), Anglian Water Services Holdings Limited (AWSH) and Deutsche Trustee Company Limited a fixed and floating charge was created over the assets of Anglian Water Services Limited to the extent permissible under the Water Industry Act 1991. In addition there is a fixed charge over the issued share capital of AWSL, AWSOH and AWSF. At 31 March 2019 this charge applies to £6,614.9 million (2018: £6,240.9 million) of the debt listed above.

# Anglian Water Services Financing Plc

## Notes to the Financial Statements for the year ended 31 March 2019 continued

### 11 Loans, other borrowing and financial instruments (continued)

In accordance with an intercompany loan agreement made in 2002, debt issue costs are excluded from the amounts disclosed in these financial statements. This is because under the loan agreement all debt issue costs are borne by the parent company, Anglian Water Services Limited. As at 31 March 2019 unamortised debt issue costs totalled £32.5 million (2018: £30.6 million).

#### Derivative financial instruments

	2019		2018	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Interest rate swaps and cross currency	422.0	(422.0)	466.4	(466.4)
Index-linked swaps	778.8	(778.8)	538.6	(538.6)
Total	1,200.8	(1,200.8)	1,005.0	(1,005.0)

Derivative financial instruments can be analysed as follows:

	2019		2018	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Current	32.2	(32.2)	60.4	(60.4)
Non-current	1,168.6	(1,168.6)	944.6	(944.6)
Total	1,200.8	(1,200.8)	1,005.0	(1,005.0)

In accordance with IFRS 9 the Company 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 statement of comprehensive income for gains and losses on embedded derivatives in the year ended 31 March 2019 (2018: £nil).

The notional principal amount of the outstanding interest rate swap contracts, including the GBP leg of the cross currency interest rate swap contracts below, at 31 March 2019 was £4,447.6 million (2018: £4,242.1 million).

The notional foreign currency principal amount of the outstanding cross currency interest rate swap contracts at 31 March 2019 was USD 1,150.0 million (2018: USD 1,097.0 million), EUR nil (2018: EUR nil), JPY 5.0 billion (2018: JPY 20.0 billion).

At 31 March 2019 the fixed interest rates vary from 2.84 per cent to 5.99 per cent, floating rates vary from 0.85 per cent (LIBOR plus 0.00 bp) to 3.94 per cent (LIBOR plus 298.70 bp) and RPI-linked interest rates vary from 0.81 per cent plus RPI to 2.97 per cent plus RPI and CPI-linked interest rates vary from (0.90) per cent plus CPI to 1.69 per cent plus CPI. Gains and losses recognised in the hedging reserve in equity on interest rate and cross-currency interest rate swap contracts will be continuously released to the income statement within operating costs in line with the repayment of the related borrowings, or in the case of highly probable forecast transactions, the release from the reserve will occur over the period during which the hedged forecast transaction affects the income statement. Gains and losses recognised in the hedging reserve in equity on energy hedges will be released to the income statement within finance costs in line with the expiry of the power season to which the gains and losses relate.

## **Anglian Water Services Financing Plc**

### **Notes to the Financial Statements for the year ended 31 March 2019** continued

#### **12 Called up share capital**

The issued share capital is 50,000 (2018: 50,000) ordinary shares of £1 each (2018: £1), of which 49,998 (2018: 49,998) have been issued, a quarter paid-up and two shares are fully paid-up, giving an issued share capital of £12,502 (2018: £12,502).

#### **13 Contingent liabilities**

The Company, as part of the AWSFG, guarantees unconditionally and irrevocably all the borrowings of Anglian Water Services Limited, Anglian Water Services Holdings Limited and Anglian Water Services UK Parent Co Limited, which at 31 March 2019 amounted to £21.3 million (2018: £27.8 million) relating solely to finance leases owed by Anglian Water Services Ltd to third parties.

The Company had no other material contingent liabilities at 31 March 2019 or 31 March 2018.

#### **14 Ultimate parent company**

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

Anglian Water Services 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, 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 registered 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.