



## **Announcement of unaudited interim results for the six months ended 30 September 2022**

Bristol Water plc (the “Company”) announces its interim unaudited financial statements for the six months ending 30 September 2022.

The Company's interim financial results are set out below and can also be accessed via the Company's website.

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## FINANCIAL HIGHLIGHTS

	Six months to 30 September 2022 (unaudited) £m	Six months to 30 September 2021 restated (unaudited) £m
Turnover	69.7	62.8
EBITDA	32.9	31.2
Profit before taxation	0.4	11.2
Profit after taxation	0.3	(14.1)
Net debt (excluding 8.75% irredeemable cumulative preference shares)	400.5	378.3
Capital investment in the period	23.9	17.6

## Financial Performance

Bristol Water financial performance in this period has been encouraging despite the operational and financial pressures, with EBITDA increasing by 5% compared to the same period last year. The business has contributed underlying revenue of £69.7 million, underlying EBITDA of £32.9 million and underlying profit before tax of £0.4 million. This reflects higher revenue from regulatory bill increases offset by higher power costs as a result of both price inflation, and resource costs incurred to avoid restrictions in the very hot summer. The impact of Bristol Water's transformation programme in 2020/21 has enabled some mitigation of these increases.

Bristol Water has delivered increased revenues of c.11% in the half year to 30 September 2022, compared to the same 6 month period last year. Overall household demand in the Bristol region has remained relatively stable with reductions in household demand being offset by increases as a result of the higher regulatory allowances in its business plan determined by the CMA. Non-Household demand has recovered further in the first half of the year in addition to tariff increases.

Bristol Water operating costs were above expectations as a result of the increase in power costs in the year which were around 90% hedged prior to the start of this financial year. In addition the hot summer resulted in water resource action being taken to protect its Mendip resources which resulted in more expensive northern water sourcing being utilised and therefore resulting in further power usage.

Bristol Water's net debt has increased by £22.2m over the period mainly as a result of significant RPI inflation with around 50% of the debt being RPI index linked.

Bristol Water's capital programme totalled £23.9m (excluding capitalised interest) for the six month period and includes resilience focused investment across the network, new development expenditure and initiatives to stabilise supply interruptions and leakage performance.



### Operational Performance

Operationally the hot summer has been challenging with ground movement and high temperatures resulting in an elevated number of bursts, impacting our targeted performance in this area. The number of bursts we repair per 1000km and Supply interruptions are both currently underperforming versus target as a result of this, despite a significant “Continuous Water Supply” effort to ensure customers remain in supply through these incidents

In addition to the impact on customers’ supply, the increase in network incidents has an impact on the appearance of the water delivered and as a result the volume of contacts relating to water quality has increased above target.

Leakage performance continues to be industry leading, and investment continues to ensure that leaks are identified and fixed quickly through both technological and manual methods.

C-Mex (customer experience measure) rank is 7th place across the industry in the year to date. This result is disappointing and is not in line with recent performance and action plans are underway to ensure that performance reverts to the forecast performance of 5<sup>th</sup> for the year, and we continue to drive a focus on putting the customer first in everything we do.

It is fundamental to performance that all our employees go home safe at the end of each working day. Performance in this area continues to be challenging, with the lost time accident frequency rate higher than targeted. Focus continues on this area and to ensure the culture and actions we take, every day, encourage an open culture and a focus on continued improvement.



# BRISTOL WATER PLC

## INCOME STATEMENT

For the six months ended 30 September 2022

		Six months to 30 September 2022	Six months to 30 September 2021 restated*	Year to 31 March 2022 restated*
	Note	(unaudited) £m	(unaudited) £m	(unaudited) £m
<b>Revenue</b>	6	<b>69.7</b>	62.8	125.5
Operating costs	7	(49.1)	(44.2)	(88.8)
Impairment losses on trade receivables		(2.1)	(1.5)	(2.7)
Operating costs before exceptional items		(51.2)	(45.7)	(91.5)
Exceptional operating costs		-	(0.1)	(0.1)
Total net operating costs		(51.2)	(45.8)	(91.6)
<b>Operating profit</b>		<b>18.5</b>	17.0	33.9
Net interest payable and similar charges	8	(17.6)	(5.3)	(17.8)
Dividends on 8.75% irredeemable cumulative preference shares	8	(0.5)	(0.5)	(1.1)
Net interest payable and similar charges		(18.1)	(5.8)	(18.9)
<b>Profit on ordinary activities before taxation</b>		<b>0.4</b>	11.2	15.0
Taxation on profit on ordinary activities	9	(0.1)	(25.3)	(25.5)
<b>Profit/(loss) for the period/year</b>		<b>0.3</b>	(14.1)	(10.5)
<b>Earnings per ordinary share</b>	10	<b>5p</b>	(235.0)p	(175.0)p

All activities above relate to the continuing activities of the Company.

\* See note 5 for details of the restatement due to a change in accounting policies.

## STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2022

		Six months to 30 September 2022	Six months to 30 September 2021 restated*	Year to 31 March 2022 restated*
	Note	(unaudited) £m	(unaudited) £m	(unaudited) £m
<b>Profit/(loss) for the period/year</b>		<b>0.3</b>	<b>(14.1)</b>	(10.5)
<b>Other comprehensive expense:</b>				
<b>Items that will not be reclassified to profit and loss</b>				
Actuarial losses on retirement benefit surplus		0.1	(0.8)	(1.0)
Re-measurement of defined benefit pension scheme	9	-	0.3	0.4
<b>Other comprehensive income/(expense) for the period/year, net of tax</b>		<b>0.1</b>	<b>(0.5)</b>	(0.6)
<b>Total comprehensive income/(expense) for the period/year</b>		<b>0.4</b>	<b>(14.6)</b>	(11.1)

\* See note 5 for details of the restatement due to a change in accounting policies.

The notes on pages 8 to 19 form part of this condensed half year financial information.



# BRISTOL WATER PLC

## STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

		30 September 2022	30 September 2021 restated*	31 March 2022 restated*
		(unaudited)	(unaudited)	(unaudited)
	Note	£m	£m	£m
<b>Non-current assets</b>				
Property, plant and equipment	11	689.6	687.0	696.6
Intangible assets	12	13.3	12.8	12.7
Other investments – Loans to a UK holding Company		61.1	61.1	61.1
Deferred tax assets		0.1	0.1	0.1
Retirement benefit surplus	13	8.0	8.4	8.1
		<b>772.1</b>	<b>769.4</b>	<b>778.6</b>
<b>Current assets</b>				
Inventory		2.2	1.7	1.9
Trade and other receivables		35.9	33.0	29.5
Cash and cash equivalents		14.3	14.8	12.0
		<b>52.4</b>	<b>49.5</b>	<b>43.4</b>
<b>Total assets</b>		<b>824.5</b>	<b>818.9</b>	<b>822.0</b>
<b>Non-current liabilities</b>				
Lease liabilities	14	(0.9)	(1.3)	(1.1)
Deferred income tax liabilities		(93.9)	(101.6)	(99.5)
Borrowings and derivatives	15	(413.5)	(382.4)	(399.7)
8.75% irredeemable cumulative preference shares	15	(12.5)	(12.5)	(12.5)
Deferred income		(1.6)	(19.3)	(18.5)
Government Grants		(0.3)	(0.3)	(0.3)
		<b>(522.7)</b>	<b>(517.4)</b>	<b>(531.6)</b>
<b>Current liabilities</b>				
Lease liabilities	14	(0.4)	(0.4)	(0.4)
Current portion of borrowings and derivatives		-	(9.0)	-
Current portion of deferred income		(2.7)	(2.7)	(2.7)
Trade and other payables		(48.9)	(36.3)	(38.0)
		<b>(52.0)</b>	<b>(48.4)</b>	<b>(41.1)</b>
<b>Total liabilities</b>		<b>(574.7)</b>	<b>(565.8)</b>	<b>(572.7)</b>
<b>Net assets</b>		<b>249.8</b>	<b>253.1</b>	<b>249.3</b>
<b>Equity</b>				
Called-up share capital		6.0	6.0	6.0
Share premium account		4.4	4.4	4.4
Other reserves		5.8	5.8	5.8
Retained earnings		233.6	236.9	233.1
<b>Total Equity</b>		<b>249.8</b>	<b>253.1</b>	<b>249.3</b>

\* See note 5 for details of the restatement due to a change in accounting policies.

The notes on pages 8 to 19 form part of this condensed half year financial information.



## BRISTOL WATER PLC

### STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Total £m
Balance at 1 April 2021 (restated*)	6.0	4.4	5.8	253.0	269.2
Loss for the year	-	-	-	(14.1)	(14.1)
<b>Other comprehensive expense for the year:</b>					
Actuarial losses recognised in respect of retirement benefit obligations	-	-	-	(0.8)	(0.8)
Re-measurement of defined benefit scheme	-	-	-	0.3	0.3
<b>Total comprehensive expense for the year</b>	-	-	-	(0.5)	(0.5)
Ordinary dividends	-	-	-	(1.5)	(1.5)
<b>Balance as at 30 September 2021</b>	6.0	4.4	5.8	236.9	253.1
Balance at 1 April 2022 (restated*)	6.0	4.4	5.8	233.1	249.3
Profit for the period	-	-	-	0.3	0.3
<b>Other comprehensive expense for the period:</b>					
Actuarial losses recognised in respect of retirement benefit obligations	-	-	-	0.1	0.1
Re-measurement of defined benefit scheme	-	-	-	-	-
<b>Total comprehensive expense for the period</b>	-	-	-	0.4	0.4
Ordinary dividends	-	-	-	-	-
Share-based payments	-	-	-	0.1	0.1
<b>Balance as at 30 September 2022</b>	6.0	4.4	5.8	233.6	249.8

The Board has not proposed interim dividends on the ordinary shares in respect of the period ended 30 September 2022 (6 months ended 30 September 2021: £nil).

\* See note 5 for details of the restatement due to a change in accounting policies.

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## CASH FLOW STATEMENT

For the six months ended 30 September 2022

		Six months to 30 September 2022	Six months to 30 September 2021 restated*	Year to 31 March 2022 restated*
		(unaudited) £m	(unaudited) £m	(unaudited) £m
<b>Cashflows from operating activities</b>	Note			
Profit before taxation		0.4	11.2	15.0
Adjustments for:				
Share based payments		0.1	-	0.1
Deferred income amortisation	6	(2.0)	(1.5)	(3.2)
Depreciation	7	12.7	12.3	25.0
Amortisation of intangibles	7	1.7	1.9	3.9
Difference between pension charges and contributions paid		0.2	0.4	0.9
Profit on disposal of assets		-	-	(0.1)
Interest income	8	(1.8)	(1.8)	(3.6)
Interest expense	8	20.1	7.7	22.8
Pension interest income	8	(0.2)	(0.1)	(0.3)
Increase in inventory		(0.3)	-	(0.2)
Increase in trade and other receivables		(4.4)	(4.0)	(1.3)
Increase /(decrease) in trade and other creditors and provisions		5.7	2.0	(0.7)
Cash generated from operations		32.2	28.1	58.3
Interest paid		(7.2)	(6.2)	(12.4)
Corporation taxes paid		(1.5)	(1.6)	(1.9)
Contributions received		1.5	1.2	2.1
<b>Net cash inflows from operating activities</b>		25.0	21.5	46.1
<b>Cash flows from investing activities</b>				
Purchase of property plant and equipment and intangibles		(23.0)	(19.2)	(40.4)
Proceeds from sale of fixed assets		-	-	0.2
Interest received		-	1.8	3.6
<b>Net cash used in investing activities</b>		(23.0)	(17.4)	(36.6)
<b>Cash flows from financing activities</b>				
Proceeds from loans and borrowings		8.0	2.0	11.0
Repayment of loans and borrowings		(7.0)	-	(9.0)
Payment of finance lease liabilities		(0.2)	(0.2)	(0.4)
Preference dividends paid		(0.5)	(0.5)	(1.1)
Equity dividends paid		-	(1.5)	(8.9)
<b>Net cash from financing activities</b>		0.3	(0.2)	(8.4)
<b>Net increase in cash and cash equivalents</b>		2.3	3.9	1.1
Cash and cash equivalents, beginning of period		12.0	10.9	10.9
<b>Cash and cash equivalents, end of period</b>		14.3	14.8	12.0

\* See note 5 for details of the restatement due to a change in accounting policies.

The notes on pages 8 to 19 form part of this condensed half year financial information.



## NOTES TO THE INTERIM ACCOUNTS

For the six months ended 30 September 2022

### 1 General Information

Bristol Water plc ("the Company") is a regulated Water only supply company holding an instrument of appointment as set out by the Water Industry Act 1991. The company is the licensed monopoly provider of water services in the Bristol area, and as such is regulated by the Water Services Regulation Authority – Ofwat.

The Company is a public liability company, limited by shares with irredeemable preference shares and debenture stock listed on the London Stock Exchange.

The address of its registered office is Bridgwater Road, Bristol, BS13 7AT, England.

### 2 Basis of preparation

The financial information contained in this interim announcement does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. The interim accounts have been prepared in accordance with Financial Reporting Standard 104 "Interim Financial Reporting" issued by the Financial Reporting Council and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

The Company has adopted FRS 101 "Reduced disclosure framework – Disclosure exemptions from EU-adopted IFRS for qualifying entities".

### 3 Accounting policies

The same accounting policies and methods of computation used in preparing the annual financial statements as at 31 March 2022 have been used in preparing these interim accounts, except as disclosed in note 5.

#### 3.1 Going concern

The Company meets its day-to-day working capital requirements through its cash reserves and borrowings. The Company's forecasts and projections show that the Company will be able to operate within the level of its current cash reserves and borrowing facilities. After making enquiries, the Directors have an expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements. Further information on the Company's borrowings is given in note 15.

### 4 Critical accounting estimates and judgments

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimate uncertainty were the same as those applied to the financial statements for the year ended 31 March 2022, except as disclosed in note 5.





## 5 Change in accounting policies

As a result of the acquisition of the Company by Pennon Group Plc on 3 June 2021, the Company's accounting policies adopted for the statutory financial statements have been aligned with those of Pennon Group Plc. This note explains the impact of these accounting policies on the Company's financial statements.

### Reconciliation of equity as at 1 April 2021 and 31 March 2022

	Note	31 March 2021 as originally presented £m	change £m	31 March 2021 restated (unaudited) £m	31 March 2022 as originally presented £m	change £m	31 March 2022 restated (unaudited) £m
<b>Non-current assets</b>							
Property, plant and equipment	A	682.9	-	682.9	696.6	-	696.6
Intangible assets		13.3	-	13.3	12.7	-	12.7
Investments		61.1	-	61.1	61.1	-	61.1
Deferred tax assets	C	5.9	(5.8)	0.1	7.9	(7.8)	0.1
Retirement benefit surplus		9.1	-	9.1	8.1	-	8.1
		772.3	(5.8)	766.5	786.4	(7.8)	778.6
<b>Current assets</b>							
Inventory		1.7	-	1.7	1.9	-	1.9
Trade and other receivables		29.6	-	29.6	29.5	-	29.5
Cash and cash equivalents		10.9	-	10.9	12.0	-	12.0
		42.2	-	42.2	43.4	-	43.4
<b>Total assets</b>		814.5	(5.8)	808.7	829.8	(7.8)	822.0
<b>Non-current liabilities</b>							
Lease liabilities		(1.5)		(1.5)	(1.1)	-	(1.1)
Deferred tax liabilities	C	(72.3)	(6.2)	(78.5)	(93.2)	(6.3)	(99.5)
Borrowings and derivatives		(379.2)	-	(379.2)	(399.7)	-	(399.7)
8.75% irredeemable cumulative preference shares		(12.5)	-	(12.5)	(12.5)	-	(12.5)
Deferred income	B	(82.9)	63.3	(19.6)	(83.0)	64.5	(18.5)
Government grants		(0.3)	-	(0.3)	(0.3)	-	(0.3)
		(548.7)	57.1	(491.6)	(589.8)	58.2	(531.6)
<b>Current liabilities</b>							
Lease liabilities		(0.4)	-	(0.4)	(0.4)	-	(0.4)
Borrowings and derivatives		(9.0)	-	(9.0)	-	-	-
Deferred income	B	(1.8)	(0.9)	(2.7)	(1.9)	(0.8)	(2.7)
Trade and other payables		(35.3)	-	(35.3)	(38.0)	-	(38.0)
Provisions for liabilities		(0.5)	-	(0.5)			
		(47.0)	(0.9)	(47.9)	(40.3)	(0.8)	(41.1)
<b>Total liabilities</b>		(595.7)	56.2	(539.5)	(630.1)	57.4	(572.7)
<b>Net assets</b>		218.8	50.4	269.2	199.7	49.6	249.3
<b>Equity</b>							
Called-up share capital		6.0	-	6.0	6.0	-	6.0
Share premium account		4.4	-	4.4	4.4	-	4.4
Other reserves		5.8	-	5.8	5.8	-	5.8
Retained earnings	A,B,C	202.6	50.4	253.0	183.5	49.6	233.1
<b>Total Equity</b>		218.8	50.4	269.2	199.7	49.6	249.3



5 Change in accounting policies (continued)

Reconciliation of equity as at 30 September 2021

		30 September 2021 as originally presented	change	30 September 2021 restated (unaudited)
	Note	£m	£m	£m
<b>Non-current assets</b>				
Property, plant and equipment	A	687.0	-	687.0
Intangible assets		12.8	-	12.8
Investments		61.1	-	61.1
Deferred tax assets	C	7.8	(7.7)	0.1
Retirement benefit surplus		8.4	-	8.4
		777.1	(7.7)	769.4
<b>Current assets</b>				
Inventory		1.7	-	1.7
Trade and other receivables		33.0	-	33.0
Cash and cash equivalents		14.8	-	14.8
		49.5	-	49.5
<b>Total assets</b>		826.6	(7.7)	818.9
<b>Non-current liabilities</b>				
Lease liabilities		(1.3)	-	(1.3)
Deferred tax liabilities	C	(95.2)	(6.4)	(101.6)
Borrowings and derivatives		(382.4)	-	(382.4)
8.75% irredeemable cumulative preference shares		(12.5)	-	(12.5)
Deferred income	B	(83.1)	63.8	(19.3)
Government grants		(0.3)	-	(0.3)
		(574.8)	57.4	(517.4)
<b>Current liabilities</b>				
Lease liabilities		(0.4)	-	(0.4)
Current portion of borrowings and derivatives		(9.0)	-	(9.0)
Deferred income	B	(1.9)	(0.8)	(2.7)
Trade and other payables		(36.3)	-	(36.3)
		(47.6)	(0.8)	(48.4)
<b>Total liabilities</b>		(622.4)	56.6	(565.8)
<b>Net assets</b>		204.2	48.9	253.1
<b>Equity</b>				
Called-up share capital		6.0	-	6.0
Share premium account		4.4	-	4.4
Other reserves		5.8	-	5.8
Retained earnings	A,B,C	188.0	48.9	236.9
<b>Total Equity</b>		204.2	48.9	253.1



## 5 Changes in accounting policies (continued)

## Reconciliation of total comprehensive income for the year ended 31 March 2022

		Year to 31 March 2022 as originally presented	change	Year to 31 March 2022 restated (unaudited)	Period to 30 September 2021 as originally presented	change	Period to 30 Sept 2021 restated (unaudited)
	Note	£m	£m	£m	£m	£m	£m
<b>Revenue</b>	B	124.2	1.3	125.5	62.2	0.6	62.8
Total operating costs		(91.6)	-	(91.6)	(45.8)	-	(45.8)
<b>Operating profit</b>		32.6	1.3	33.9	16.4	0.6	17.0
Net interest payable and similar charges		(18.9)	-	(18.9)	(5.8)	-	(5.8)
<b>Profit on ordinary activities before taxation</b>		13.7	1.3	15.0	10.6	0.6	11.2
Taxation on profit on ordinary activities	C	(23.4)	(2.1)	(25.5)	(23.2)	(2.1)	(25.3)
<b>Profit for the period /year</b>		(9.7)	(0.8)	(10.5)	(12.6)	(1.5)	(14.1)
Other comprehensive income for the year, net of tax		(0.6)	-	(0.6)	(0.5)	-	(0.5)
<b>Total comprehensive income for the year</b>		(10.3)	(0.8)	(11.1)	(13.1)	(1.5)	(14.6)

## Notes to the reconciliation of equity as at 1 April 2021 and 31 March 2022 and total comprehensive income for the year ended 31 March 2022

## Developer contributions

The Company previously recognised all contributions received from developers in respect of network and other assets as deferred income and amortised this to revenue over a period of 60 years. This policy has been changed to align with the Penmon Group plc's policy.

## A Contributions relating to the construction of infrastructure network assets

These contributions are now recognised in property, plant and equipment along with the asset to which they relate, with amortisation being recognised in depreciation.

Where assets are constructed or provided by the Company or assets transferred to the Company, it is considered that there is an explicit or implied performance obligation to provide an ongoing water service, with the result that the revenue is recognised over a time no longer than the economic life of assets provided by or transferred to the company.

Contributions relating to assets not yet completed are treated as a contract liability and are recognised in deferred income on the balance sheet.



### Notes to the reconciliation of equity as at 1 April 2021 and 31 March 2022 and total comprehensive income for the year ended 31 March 2022 (continued)

It was impracticable to determine the period-specific or cumulative effect of the prior periods presented and therefore the new accounting policy has been applied from the 1 April 2022 onwards with none of the comparative periods restated.

£16.4m has been reclassified from deferred income to property, plant and equipment as at 30 September 2022. £0.2m of amortisation relating to these assets has been reclassified from revenue to depreciation for the 6months ending 30 September 2022.

#### **B Contributions relating to connections or alterations to the water network**

Where the performance obligation relates solely to a connection to the network, revenue is recognised at the point of connection when the customer is deemed to obtain control.

Contributions paid in advance where the connection has not yet completed are treated as a contract liability and are recognised in deferred income on the balance sheet.

As at 31 March 2022, £63.7m (1 April 2021: £62.4m and 30 September 2021: £63.0m) additional revenue has been recognised.

Revenues and profit before tax for the year ended 31 March 2022 in the comparative Income Statement was increased by £1.3m (30 September 2021 £0.6m).

#### **C Taxation**

The adjustments per notes A and B lead to different temporary taxation differences. In line with the Company's accounting policies, the Company has accounted for such differences and recognised the related net deferred tax and corporation tax liabilities.

At 31 March 2022, an increase in deferred tax liability of £14.1m (1 April 2021: £12.0m and 30 September 2021: £14.1m) was recognised, resulting in a reclassification from assets to liabilities on the balance sheet.



**6 Revenue**

	Six months to 30 September 2022 (unaudited) £m	Six months to 30 September 2021 restated (unaudited) £m	Year to 31 March 2022 restated (audited) £m
<b>Appointed income</b>			
Household – measured	30.6	28.1	55.3
Household - unmeasured	21.6	20.8	40.9
Non-household- measured	13.2	10.3	22.2
Non-household – unmeasured	0.2	0.2	0.3
Contributions from developers	2.0	1.5	3.2
Third party services	0.9	0.8	1.4
Rental income	0.6	0.5	1.0
	<b>69.1</b>	<b>62.2</b>	<b>124.3</b>
<b>Non-appointed income</b>			
Recreations	0.3	0.3	0.7
Rental income	0.1	0.1	0.2
Other	0.2	0.2	0.3
	<b>0.6</b>	<b>0.6</b>	<b>1.2</b>
	<b>69.7</b>	<b>62.8</b>	<b>125.5</b>

**7 Operating expenses**

	Six months to 30 September 2022 (unaudited) £m	Six months to 30 September 2021 (unaudited) £m	Year to 31 March 2022 (audited) £m
<b>Operating expenses include -</b>			
Payroll cost, net of recharges to fixed assets and including retirement benefit costs	<b>8.6</b>	8.6	17.0
Depreciation and amortisation	<b>14.4</b>	14.2	28.9
Profit on disposal of assets	-	-	(0.1)
<b>Exceptional costs include -</b>			
Acquisition costs	-	0.1	0.1

The acquisition costs relate to costs incurred in relation to the acquisition of the Company by Pennon Group plc and the review of the acquisition by the Competition and Markets Authority.

**8 Net interest payable and similar charges**

	Six months to 30 September 2022 (unaudited)	Six months to 30 September 2021 (unaudited)	Year to 31 March 2022 (audited)
	£m	£m	£m
<b>Interest payable and similar charges:</b>			
Bank borrowings	1.7	1.0	2.0
Term loans and debentures:			
interest charges	5.6	5.1	10.4
indexation	12.8	1.2	9.6
Leases	-	-	0.1
Capitalisation of borrowing cost	(0.5)	(0.1)	(0.4)
Dividends on 8.75% irredeemable cumulative preference shares	0.5	0.5	1.1
	<b>20.1</b>	<b>7.7</b>	<b>22.8</b>
<b>Interest receivable and similar income:</b>			
Interest income in respect of retirement benefit scheme	(0.2)	(0.1)	(0.3)
Loan to Bristol Water Holdings UK Ltd – interest receivable	(1.8)	(1.8)	(3.6)
Other external investments and deposits income	-	-	-
	<b>(2.0)</b>	<b>(1.9)</b>	<b>(3.9)</b>
<b>Total net interest payable and similar charges</b>	<b>18.1</b>	<b>5.8</b>	<b>18.9</b>

The rate used to determine the amount of borrowing costs eligible for capitalisation was 9.16% (30 September 2021: 3.5%), which is the weighted average interest rate of applicable borrowings.

Dividends on the 8.75% irredeemable cumulative preference shares are payable at a fixed rate of 4.375% on 1 April and 1 October each year. Payment by the Company to the share registrars is made two business days earlier. The payments are classified as interest in accordance with IAS 39 "Financial Instruments – Recognition and Measurement".



9 Taxation

	Six months to 30 September 2022  (unaudited) £m	Six months to 30 September 2021 restated (unaudited) £m	Year to 31 March 2022 restated (unaudited) £m
<b>Tax expense included in Income Statement</b>			
<b>Current tax:</b>			
Corporation tax on profits for the period /year	5.7	2.2	1.3
Adjustment in respect of prior period	-	-	3.3
Total current tax	5.7	2.2	4.6
<b>Deferred tax:</b>			
Origination and reversal of timing differences	(5.6)	0.2	1.6
Adjustment to prior periods	-	-	(3.1)
Effect of change in UK corporation tax rate	-	22.9	22.4
Total deferred tax	(5.6)	23.1	20.9
Tax expense on profit	0.1	25.3	25.5
<b>Tax income (included in other comprehensive income)</b>			
Remeasurement of post-employment benefit liability	-	(0.3)	(0.4)
Total tax income included in other comprehensive income	-	(0.3)	(0.4)

10 Earnings per ordinary share

	At 30 September 2022  (unaudited) m	At 30 September 2021 restated (unaudited) m	At 31 March 2022 restated (unaudited) m
Basic earnings per ordinary share have been calculated as follows -			
Earnings attributable to ordinary shares	£0.3	£(14.1)	£(10.5)
Weighted average number of ordinary shares	6.0	6.0	6.0
	5p	(235.0)p	(175.0)p

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

**11 Property, plant and equipment**

	<b>Six months to 30 September 2022 (unaudited) £m</b>	Six months to 30 September 2021 (unaudited) £m	Year to 31 March 2022 (audited) £m
Net book value, beginning of period	<b>696.6</b>	682.9	682.9
Effect of accounting policy change	<b>(16.4)</b>	-	-
Additions	<b>22.1</b>	16.4	38.7
Disposals	-	-	-
Depreciation charge for the period	<b>(12.7)</b>	(12.3)	(25.0)
Net book value, end of period	<b>689.6</b>	687.0	696.6

The net book value of property, plant and equipment includes £6.9m (30 September 2021: £6.3m) of borrowing costs capitalised in accordance with IAS 23. During the six months ended 30 September 2022 £0.5m was capitalised using 9.16% prorated annual capitalisation rate (30 September 2021 £0.2m, 3.5%).

**12 Intangible assets**

	<b>Six months to 30 September 2022 (unaudited) £m</b>	Six months to 30 September 2021 (unaudited) £m	Year to 31 March 2022 (audited) £m
Net book value, beginning of period	<b>12.7</b>	13.3	13.3
Additions	<b>2.3</b>	1.4	3.4
Disposal	-	-	(0.1)
Amortisation charge for the period	<b>(1.7)</b>	(1.9)	(3.9)
Net book value, end of period	<b>13.3</b>	12.8	12.7





### 13 Retirement benefits

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

The gross pension surplus of £12.4m at 30 September 2022 (30 September 2021 £12.9m) relates to the market value of assets still held by the scheme, and is stated after including a £0.7m estimation of the liability arising to adjust certain scheme benefits to compensate for the effect of unequal Guaranteed Minimum Pensions for men and women.

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

In summary, assets and liabilities under IAS 19 were:

	At 30 September 2022 (unaudited)	At 30 September 2021 (unaudited)	At 31 March 2022 (audited)
	£m	£m	£m
Fair value of section assets	123.7	191.2	161.2
Present value of liabilities	(111.3)	(178.3)	(148.8)
Surplus in the section	12.4	12.9	12.4
Less: restriction of surplus	(4.4)	(4.5)	(4.3)
Net pension asset on IAS 19 basis	8.0	8.4	8.1

### 14 Leases

#### a) Amounts recognised in the Statement of Financial Position

The Statement of Financial Position shows the following amounts relating to leases:

	At 30 September 2022 (unaudited)	At 30 September 2021 (unaudited) (restated)	At 31 March 2022 (audited)
	£m	£m	£m
<b>Included in Property, Plant and Equipment</b>			
Cost	14.0	14.4	14.0
Accumulated depreciation	(12.3)	(12.2)	(12.0)
	1.7	2.2	2.0
<b>Included in Intangible assets</b>			
Cost	1.3	1.3	1.3
Accumulated depreciation	(1.3)	(1.3)	(1.3)
	-	-	-

**14 Leases (continued)****b) Amounts recognised in the income statement**

The Income Statement shows the following amounts relating to leases:

	At 30 September 2022 (unaudited) £m	At 30 September 2021 (unaudited) £m	At 31 March 2022 (audited) £m
Depreciation charge relating to assets under leases	0.2	0.2	0.4
Interest expense (included in finance cost)	-	-	0.1
Expense relating to short-term leases (included in administrative expenses)	-	-	0.1

**15 Net borrowings**

	At 30 September 2022 (unaudited) £m	At 30 September 2021 (unaudited) £m	At 31 March 2022 (audited) £m
Net borrowings comprise -			
Borrowings and derivatives due after one year	413.5	382.4	399.7
Lease liabilities due after one year	0.9	1.3	1.1
Borrowing and derivatives due under one year	-	9.0	-
Current portion of lease liabilities	0.4	0.4	0.4
	<b>414.8</b>	<b>393.1</b>	<b>401.2</b>
Cash and cash equivalents	(14.3)	(14.8)	(12.0)
Net borrowings excluding 8.75% irredeemable cumulative preference shares	<b>400.5</b>	<b>378.3</b>	<b>389.2</b>
8.75% irredeemable cumulative preference shares	<b>12.5</b>	<b>12.5</b>	<b>12.5</b>
Net borrowings	<b>413.0</b>	<b>390.8</b>	<b>401.7</b>

**Borrowing facilities**

At the period end the Company had unutilised borrowing facilities of £26.0m.

**Fair value of financial assets and liabilities measured at amortised cost.**

The fair value of borrowings are as follows:

	Six months to 30 September 2022 (unaudited) £m	Six months to 30 September 2021 (unaudited) £m	Year to 31 March 2022 (audited) £m
Non-current	487.4	551.1	551.3
Current	6.2	9.3	0.4
	<b>493.6</b>	<b>560.4</b>	<b>551.7</b>



### 16 Commitments and contingent liabilities

Capital commitments at 30 September 2022 contracted for but not provided were £3.4m (2021: £4.6m).

### 17 Ultimate parent company and controlling party

The immediate parent company for this entity is Bristol Water Core Holdings Limited, a company incorporated in England and Wales.

As at 31 March 2022, the Directors considered the ultimate parent and controlling party of the Company to be Pennon Group plc.

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

### 18 Related party transactions

During the six months to 30 September 2022 the Company spent £1.4m (2021: £1.6m) on the purchase of customer related services from BWBSL, a joint venture company between Bristol Water Holdings Limited and Wessex Water Services Limited. At 30 September 2022 £0.6m (2021: £1.2m) was receivable from BWBSL and £1.7m (2021: £1.4m) was payable to BWBSL.

During the six months to 30 September 2022 the Company recognised sales of £8.9m (2021 £6.4m) to Water 2 Business Limited (W2B), an associate company within the BWHUK group of companies. At 30 September 2022 £1.5m (2021: £1.4m) was receivable from W2B primarily in respect of water supply charges.

On 3 June 2021, following the acquisition by Pennon Group plc, Pennon Water Services Limited ("PWS") became a related party of the Company. During the six months to 30 September 2022 the Company recognised sales of £0.5m, (for the period from 3 June 2021 to 30 September 2021 £0.3m to PWS). At 30 September 2022 £0.1m (2021: £0.1m) was receivable from PWS primarily in respect of water supply charges.

### 19 Events after the end of the reporting period

On 17 October 2022 the Company gave notice of redemption of the £40m bonds due to be repaid in March 2041, the carrying value of the bonds at 30 September 2022 was £58.3 million. The bonds were redeemed on 17 November 2022 for £72.3 million, the difference arising on early settlement will be charged to non-underlying interest in the second half of the financial year. The repayment was funded by a related party loan from Pennon Group plc.

On 14 November 2022, the Group offered an extension of its WaterShare+ scheme to Bristol Water plc customers whereby customers could choose to accept a credit on their bill or take shares in Pennon Group plc. The value of the rebate equates to £13 per customer and the total value of c.£7 million will be recognised in full as a non-underlying reduction to revenue during H2 2022/23.

### 20 Circulation

This interim announcement is available on the Bristol Water web site: <http://www.bristolwater.co.uk>. Paper copies are also available from the Company's registered office at Bridgwater Road, Bristol, BS13 7AT.



### DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION OF INTERIM ACCOUNTS

The directors confirm that these condensed interim financial statements have been prepared in accordance with FRS104 'Interim Financial Reporting', and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The directors of Bristol Water Plc are listed in the Bristol Water Plc Annual Report for 31 March 2022. A list of current directors is maintained on the Bristol Water plc website: [www.bristolwater.co.uk](http://www.bristolwater.co.uk)

#### Going concern

The directors have a reasonable expectation that the Company has adequate resources available to it to continue in operational existence for the foreseeable future and have therefore continued to adopt the going concern policy in preparing the interim accounts. This conclusion is based upon, amongst other matters, a review of the Company's financial projections together with a review of the £14.3m cash and £26.0m unutilised committed borrowing facilities available to the Company as well as consideration of the Company's capital adequacy.

By order of the Board  
**P Boote**  
Chief Financial Officer  
29 November 2022