Bazalgette Holdings Limited

Interim Report and Unaudited Consolidated Financial Statements for the six months ended 30 September 2023

Interim Operational Review

The Group

The Directors present the Interim Operational Review for Bazalgette Holdings Group (the Group) for the six months ended 30 September 2023.

The Group comprises Bazalgette Holdings Limited (BHL), Bazalgette Tunnel Limited (BTL) and Bazalgette Finance plc (BF). BTL began operating as an independent regulated water company when it was awarded its licence by Ofwat in August 2015. The principal activity of the Group is to design, build, commission, finance and maintain the Thames Tideway Tunnel (TTT). The emphasis given to BTL, which trades under the name 'Tideway', throughout this report reflects its importance to the overall performance of the Group.

Overview

Tideway continues to make good progress towards its ambition to safely deliver the Thames Tideway Tunnel at the right quality and to best value.

Tideway remains committed to completing the programme with zero fatalities or serious injuries on or off site. Overall accident frequency rates (AFR), which measure lost-time injuries over a rolling 12-month period have fluctuated during the period. The AFR3 and AFR7 reduced (injuries resulting in over three days and over seven days absence), although there was a marginal increase in AFR1 – injuries which resulted in one working day lost time.

Total project costs incurred for the six-month period were £330.2m (2022: £418.0m), taking the total capitalised costs incurred at 30 September 2023 to £5,163.4m (2022: £4,434.9m).

The project is over 90 per cent complete and in line with the 2023/24 Business Plan. This includes the completion of the tunnel secondary lining works, other civils work at 95 per cent complete and architecture and landscaping at 49 per cent complete.

The project remains on track for System Commissioning Commencement in 2024 with handover in 2025.

The estimate at completion remains at £4.5bn. Within this estimate there has been a marginal increase of £25m over the last six months primarily associated with river works and related consents in the central contract and the conclusion of commercial discussions with the east contractor. The annual bill impact for Thames Water customers remains well within the pre-licence award estimate of £20-25 per household (2014/15 prices).

We have continued to hand back areas on completion of construction. During the period, we opened our first two public realm sites at Putney and Barn Elms.

Investment grade credit ratings were affirmed at Baa1 by Moody's and BBB+ by Fitch with both agencies having a stable outlook.

Health, Safety and Wellbeing (HSW)

Objectives	We are targeting zero fatalities or serious injuries, off or on-site. We will achieve this by setting new standards for health, safety and wellbeing. This is the right thing to do for those involved, as well as improving productivity and reducing the chance of delays or stoppages.
Priorities	Continue to reinforce HSW in the construction phase, to achieve positive improvements on previous performance in all areas but specifically high-risk activities including marine, and secondary lining. Ensure Tideway transformational HSW behaviours and standards are realised in the forthcoming worksite testing and commissioning phases. Implement the HSW strategy for MEICA installation and site commissioning risks and review to determine effectiveness.

Tideway remains committed to completing the programme with zero fatalities or serious injuries on or off site.

Accident frequency rates (AFR), which measure lost-time injuries over a rolling 12-month period, have fluctuated during the period. There has been a marginal increase in AFR1 – injuries which have resulted in one working day lost time, the AFR3 and AFR7 (injuries resulting in over three days and over seven days absence) have reduced.

Q4 FY 2022/23*			Q2 FY 2023/24**		
AFR1	AFR3	AFR7	AFR1	AFR3	AFR7
0.23	0.14	0.13	0.27	0.12	0.10

*AFR as measured on 17 March 2023

**AFR as measured at 15 September 2023

During the first six months of 2023/24, 2.26 million hours were worked and there were eight lost time injuries (LTI) three of which resulted in +7-days lost time with the remainder +1-day lost time.

Health, Safety & Wellbeing (HSW) improvement strategies and action plans remain in place for each contract to address any trends emerging from incident occurrences and subsequent investigations, to consider the forthcoming works' risk profile and to continually improve HSW performance. These are monitored each period to assess their continued suitability and effectiveness.

With the commencement of the transition to Mechanical, Electrical, Instrumentation, Control and Automation (MEICA) activities, worksite testing and commissioning, a number of dedicated working groups have been established to ensure collaboration and ensure safe and effective management of these works. The working groups include: Safety in Commissioning; Safe Asset Access; and Security and Marine Logistics.

Supporting the health and wellbeing of the workforce continues to be a major driver for the project and our journey has been supported with the Mates in Mind charitable programme and our Occupational Health Service provider. To complement this, a further working group has been established to focus specifically on Stress Management as we move to the latter phases of the project.

Schedule, Cost and Quality (SCQ)

Objective	We want to deliver the Thames Tideway Tunnel safely, at the right quality, and efficiently. Critical to the final year of main construction will be maintaining control and predictability so that all stakeholders' relationships and interfaces can be managed well.
Priorities	Working with the Programme Manager, all three Main Works Contractors (MWCs), the System Integrator Contractor (SIC) and Thames Water to safely deliver the most efficient schedule. Maintaining Thames Water's commitment through the joint approach, to the agreed programme for Preliminary Commissioning Commencement Date (PCCD), Start of Systems Activation, System Commissioning Commencement Date (SCCD), Handover and Acceptance. Obtaining commitment from the Environment Agency (EA), OFWAT, Thames Water and Department for Environment, Food & Rural Affairs (DEFRA) to an approach and programme that best achieves early and successful outcomes. Ensuring that the asset being delivered is of the right quality, demonstrated by contemporaneous timely, quality certification and particularly certification to achieve Systems Activation. Commercial status of all three MWCs, SIC and Thames Water aligned to Tideway's objectives for cost and schedule which support an efficient, clean project close out. Continue to hand back areas on completion of construction (including architecture and landscaping), and / or worksite testing and commissioning (as applicable).

Tideway continues to work with the Programme Manager, all three MWCs, the SIC and Thames Water to safely deliver the most efficient schedule. This has been demonstrated with the successful completion of the tunnel secondary lining on the east contract thereby concluding all secondary lining work across the programme. These critical path works were completed more than two months ahead of the 2023/24 Business Plan forecast.

As we look towards commissioning and achieving the associated successful project outcomes, it is important that we continue to maintain the commitment from Thames Water, Environment Agency, OFWAT, and DEFRA.

Together with our MWCs, Thames Water are an integral part of the ongoing T-26 reviews that will validate the methodology and programme ahead of System Commissioning Commencement. Agreement in principle has been reached with Thames Water on a 'Strategic Intent' that includes optimising the approach through to System Acceptance.

Delivering the asset to the right quality, demonstrated by contemporaneous timely, quality certification and particularly certification to achieve Systems Activation is of the utmost importance to Tideway. A robust certification process is in place across the programme with particularly good progress recorded on the west and central contracts in support of System Commissioning Commencement. Both west and central contracts are forecasting to achieve their incentive milestones associated with certification by the end of 2023 and in advance of commissioning commencement. Achieving similar certification performance on the east contract will be critical to supporting the early commencement of commissioning. Water ingress through the completed secondary lining into the Greenwich Connection Tunnel and Main Tunnel D in the East is currently greater than anticipated and remedial injection works are being undertaken to improve the situation.

Tideway has continued to progress the implementation of commercial agreements with the MWCs and the System Integrator resolving historical commercial issues, aligning their schedules with the Tideway Business Plan whilst ensuring objectives remain aligned through effective cost and schedule incentives. Tideway is continuing to progress further agreements where required to ensure schedule and cost objectives remain aligned and without distraction.

We have continued to hand back areas on completion of construction. During the period, we marked completion of work at two sites, with the opening of the new public realm at Putney Embankment and the unveiling of a new artwork and giant bug hotel, housed in the mechanical and electrical kiosk at Barn Elms.

Vision, Legacy and Reputation (VLR)

Objective	We want to maintain a supportive environment for delivering the project and develop a positive reputation with our stakeholders. We want to continue to be a responsible business in all that we do and demonstrate our Environmental, Social and Corporate Governance (ESG) credentials in order to build and retaintrust.
Priorities	Continue to ensure our stakeholder engagement programme supports successful completion of the project, which includes engagement with Thames Water and critical stakeholders. Communicate the benefits of Tideway within the context of the heightened public awareness of sewage pollution and growing calls for it to be tackled. Ensure that we deliver on our essential ESG commitments and sign off our legacy, sustainability and community programmes effectively.

Tideway continued to follow a proactive engagement and communications strategy, with the aim of building positive relationships and a positive environment for the delivery of the project. As we get closer to completion, we have taken opportunities to showcase the underground infrastructure to a wide variety of stakeholders; highlight the project legacy; and talk about Tideway's innovative delivery model.

Over a period of nearly three weeks in the summer Tideway welcomed more than 600 visitors underground into the new Tunnel, including stakeholders, charity partners, investors, members of the public who won tickets in a public ballot and people working on the project. The campaign, 'Loo Gardens', attracted widespread national media coverage enabling Tideway to reach more people with its messages about the benefits of the project. Tideway published varied news stories during the period, highlighting key construction milestones (such as secondary lining progress); corporate achievements (including an improvement in Tideway's S&P ESG evaluation rating); and charity partnership outcomes (such as £10,000 raised by staff for London Youth Rowing). We hosted several other stakeholder site visits including Members of Parliament, senior members of government, Members of the London Assembly, representatives from the charity Water Aid, the Office for Environmental Protection and industry figures. We continued to actively post and share news of the project, including video content, on our social channels.

We marked the completion of two Tideway sites, with an opening event for the new public realm at Putney Embankment – a first for the project – and an event at Barn Elms with two local schools getting up close to the giant bug hotel which is housed by the mechanical and electrical kiosk structure. We also unveiled the project's first completed public artwork at Hammersmith Pumping Station, 'Smart Queen Caroline' by Sarah Staton.

The independently chaired Thames Tideway Tunnel Forum, which brings together key project stakeholders including consent-granting bodies, met three times in the period. Contacts to our 24-hour Helpdesk (including complaints) continue to be tracked and we held five community meetings during this period. The total number of contacts and complaints were very similar to the first half of last year but the second quarter saw a 16 per cent fall in complaints compared with the first. Our legacy programme, underpinned by 54 measurable commitments, remains on track with a total of 91 per cent of our live legacy commitments on track against a target of 85 per cent. As part of our continued commitment to promoting STEM careers we hosted a live stream lesson from the tunnel to hundreds of classrooms and thousands of primary school students, highlighting the benefits of the project. We also provided display and other materials for a Tideway exhibition at the Brunel Museum in east London aimed at engaging school children during the summer holidays. At the end of our community investment programme, we highlighted how we have supported organisations across the project with an interactive map on our website.

Company and People

Objective	Deliver effective organisation change in line with project requirements. Continue to support a high-performing, motivated and engaged workforce which will deliver better value and help us retain key skills.
Priorities	Continue to manage the capabilities of the organisation to support and encourage efficient delivery through a motivated and empowered team and deliver restructuring activities in line with project requirements. Refine our strategy for the future of the company.

Tideway has seen a good overall performance against this objective. We have continued with a hybrid way of working, allowing teams to set their own patterns for office attendance and have seen an increase in office attendance, particularly around staff events focused on wellbeing, safety, mental health and diversity and inclusivity.

Diversity and inclusion remain core to our actions. Our employee network Encompass focused on a smaller number of events and activities, whilst signposting a vast range of support material already in place or partnering with other organisations (Jacobs).

Our gender numbers ended the half-year at 34.52 per cent female across Tideway (including Jacobs) up from 32.58 per cent at year-end 2023. As we work towards completion and handover our ability to impact the actual percentages will be constrained by a reducing headcount. However, we will maintain our focus on supporting our female and minority ethnic employees to develop their careers within and beyond Tideway.

As the project heads towards commissioning, the planned head office move is anticipated to occur in Q4. A staff survey in April, provided a good insight into staff engagement and wellbeing with high favourable scores, compared to the previous survey in June 2022, across a range of questions, including “I am treated with Respect” increased from 90% to 94.3%, “I feel proud to work for Tideway” increased from 90% to 97.5%, “Tideway is open and honest in its communication” increased from 83.8% to 89.3%. The survey also asked several wellbeing questions, 20% of those responding said that at times they feel stressed, tense or worried at work. Workshops have been put in place across the organisation to understand the issues behind this. Factors such as resourcing and workload are the most common reasons cited and teams are being encouraged to put action plans in place to address this. Tideway continues to monitor overall resourcing levels and makes changes as required to effectively deliver the project.

The external employment market and number of open vacancies has generally contracted, but construction remains relatively flat. Our annualised attrition rate (including Jacobs) decreased to 9.09 per cent down from 10.16 per cent at 2023 year end. We continue to monitor, and work with employees to understand their career aspirations and development needs, as well as having appropriate retention tools available as required.

Tideway reviewed the impact of inflation and the cost-of-living increases on our people during the annual pay and bonus review. In addition to an increase to base pay, the Board endorsed the continuation of a temporary Cost of Living Allowance to support those on lower incomes and ensure the benefits package remains competitive.

Work has commenced on our Digital Strategy which will enable Tideway to prioritise and plan for future initiatives to achieve the intended target state, which will ensure contractual obligations are met for Handover and System Acceptance. The Tideway Digital Strategy will provide a comprehensive roadmap for all Information Services (IS) and data, outlining the current state, the expected lifecycle and the future target state of all future service needs and data.

Financing

Objective	We aim to deliver efficient sustainable financing and financial risk management, which minimises our cost of capital and supports our investment grade credit rating.
Priorities	Maintain the Company credit rating & deliver IRR and shareholder distributions in line with the financing plan. Liquidity and investment management – continue to focus on capital preservation and liquidity and seek to optimise return.

Since Licence Award the Tideway group has raised £3.0bn of long-term debt all of which has been drawn following the settlement of the last deferred bond in May 2023.

In June 2023 Tideway secured £250m of additional funding in the form of green fixed rate notes with the transaction closing and funding in October 2023. This will take the long-term debt balance to £3.3bn.

Tideway continues to benefit from strong financial resilience, with sufficient liquidity, taking into account the undrawn £160m Revolving Credit Facility (RCF), expected to cover all construction costs up to Handover with the additional funds settling in October providing further liquidity for the post-Handover phase. On 30 September 2023, total liquidity stood at £657.2m, comprising £247.2m of unrestricted cash, the £160m undrawn RCF and the £250m from the latest borrowing transaction.

On 30 September 2023, Tideway's financial ratios remain healthy and fully compliant with covenants. Gearing (Net debt/Adjusted RCV) was 68.2 per cent and the interest coverage ratio was 9.24x, compared to covenants of 70.0 per cent and 1.3x respectively (see the Interim Financial Performance Review section for more details on debt covenants triggers).

Cash and liquidity continued to be managed effectively and prudently, in accordance with our Investment Management Strategy.

In August 2023, we published our annual Sustainability Report summarising our progress against our legacy plan and how our commitments are aligned to the UN Sustainability Development Goals (SDGs). The Sustainability Report also incorporates our assessment against the Task Force on Climate Related Financial Disclosures (TCFD) framework.

S&P Global Ratings completed an updated Environmental, Social and Governance Evaluation of Tideway in June 2023. Tideway achieved a score of 77/100, a one-point uplift from the previous assessment in 2022.

Our green debt issuance is covered by a Second Party Opinion from S&P Global Ratings and was updated in 2023. Tideway was awarded Dark Green status, the best possible shade based on the Shades of Green methodology, with an Excellent governance score.

This year Tideway informed Ofwat that, in respect of the 2022/23 reporting year, it would not be able to comply with the Regulatory Accounting Guidelines requirement for companies to submit an annual performance report by 15 July, due to the availability of its then auditors KPMG. As companies' licences require compliance with the RAGs, the company would be in breach of its licence. In lieu of enforcement, Ofwat accepted an undertaking provided by the company. The company's undertaking covered the provision of draft information to Ofwat by 15 July and final audited information by 22 September. Ofwat has confirmed that Tideway has fully complied with the undertaking.

Investment grade credit ratings were affirmed at Baa1 by Moody's and BBB+ by Fitch with both agencies having a stable outlook.

No distributions were paid in the six months to 30 September 2023 and £50.7m were capitalised, taking the overall shareholder loan balance to £886.8m.

Risk Management

Risk management is embedded in Tideway's culture and is central to achieving its objectives. The Group has implemented a clearly defined process for identifying, analysing and controlling risk throughout the business. This includes quantification of project risks, and the potential cost and impact to the schedule. This approach allows us to challenge the effectiveness of our mitigating actions.

Tideway's principal risks are those that could have a material, adverse impact on the business, reputation and/or financial condition of the project. The principal risks are: health, safety and wellbeing; programme delivery; supply chain failure; high impact, low probability events; credit rating; inflation; reputation; the performance of Thames Water; and regulatory and political.

During the period Tideway's focus for its risks remained broadly unchanged. These principal risks are under continual review as part of the Risk Management Framework.

The identified principal risks have not changed since they were reported in the Annual Report and Financial Statements for the period ended 31 March 2023. Further detail can be found at www.tideway.london.

Our Risk Management Framework

*CARG – Compliance and Assurance Review Group

Interim Financial Performance Review

Accounting basis

Our condensed consolidated interim financial statements have been prepared and approved by the Directors in accordance with International Standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs). The Group's accounting policies are consistent with those disclosed in the Group's Annual Report for the period ended 31 March 2023.
During the construction phase of the project, expenditure which is directly attributable to bringing the Thames Tideway Tunnel into its intended use will be capitalised as an asset under construction within the Statement of Financial Position. Similarly, during the construction phase, any regulated revenue amounts received from Thames Water, will be deferred onto the Statement of Financial Position. This is because the performance obligation for recognising these amounts as revenue in the Income Statement will not be met until the tunnel is operational and being used by Thames Water. Post System Acceptance we consider that accounting for the Thames Tideway Tunnel as a finance lease is the most appropriate accounting basis under IFRS.

Non-GAAP Measures:

In our financial reporting, we use certain measures that are not required under IFRS, the Generally Accepted Accounting Principles (GAAP). We believe these measures are valuable to the users of the accounts in helping them understand our underlying business performance. Our principal non-GAAP measure is Allowable and Excluded Project Spend.

Under our Licence, our costs are classified as either 'Allowable Project Spend' or 'Excluded Project Spend'. Allowable Project Spend (on a cash basis) is added to our Regulatory Capital Value (RCV). Excluded Project Spend (on a cash basis), such as financing costs, is not added to the RCV.

Allowable costs are stated on an accruals basis, which form part of the Allowable Project Spend when the underlying assets or liabilities are cash settled. Excluded costs are costs stated on an accruals basis which will be Excluded Project Spend when the underlying assets or liabilities are cash settled.

For the purposes of calculating net debt, borrowings include all intra-group and third-party borrowings with the exclusion of shareholder loan notes.

Income Statement

During the six-month period ended 30 September 2023, the Group reported a gain of £47.3m (2022: £172.6m gain) with no dividends paid or proposed (2022: £nil). We did not recognise any taxable profits in the period (2022: £nil) and the estimated current tax charge for the period is £nil (2022 £nil).

We do not consider that the reported gain in the year reflects our business performance, as it results from the movement in the fair value in the Company's derivative financial instruments. These are long-term swaps which we entered into with commercial banks to economically hedge the interest costs of the Company's debt. The swaps fix finance costs for the Company's regulatory period and ensure that we benefit from low-cost financing.

The movement in fair value of these financial instruments is recognised in the Income Statement because, under International Accounting Standards (IAS) 23, these do not represent current borrowing costs incurred for financing the project and so, unlike our other expenditure, cannot be capitalised.

Statement of Financial Position

The total carrying value of the tunnel asset under construction is shown in the table below.

Asset Under Construction (£m)	6 months ended 30 September 2023	6 months ended 30 September 2022
Net Book Value Brought Forward	4,833.2	4,016.9
Additions (Capitalised Costs)*	330.2	418.0
Net Book Value Carried Forward	5,163.4	4,434.9

** Capitalised Costs is the GAAP measure and aligns with the property, plant and equipment note in the financial statements*

At 30 September 2023, costs of £5,163.4m were capitalised within the asset under construction in the Statement of Financial Position. This represents £330.2m of costs during the six months and £4,833.2m for the prior periods to 31 March 2023 (refer to note 6 to the Interim Financial Statements).

The table below reflects the split of this years capitalised costs between the Direct costs, Indirect costs and Excluded costs.

Analysis of Capitalised Costs (£m)	6 months ended 30 September 2023	6 months ended 30 September 2022
Direct Costs	158.7	201.4
Indirect Costs	34.6	31.5
Total Allowable	193.3	232.9
Excluded costs	136.9	185.1
Total Capitalised Costs	330.2	418.0

For the six-month period ended 30 September 2023, total capitalised costs were £330.2m (2022: £418.0m). The decrease in capitalised costs primarily results from lower Direct costs as secondary lining has now been completed. Also Excluded costs decreased largely as a result of lower accretion on our interest costs for our index linked debt versus that in the prior year.

Our Allowable Costs of £193.m (2022: £232.9m) includes £158.7m of Direct costs and £34.6m of Indirect costs. These are explained further below.

Direct costs

Direct costs are primarily the Main Works Contractor costs and the System Integrator Contract so reflect costs directly related to the tunnelling programme such as secondary lining works and also other related construction activities such as shaft works and marine works.

Indirect costs

The largest indirect costs are resource costs of £22.9m. This represents the cost to employ an average of 236.5 Full Time Equivalents (FTEs) across the six-month period. These FTEs are either employed directly by the Group or contracted by the Group via our programme manager Jacobs. Other indirect costs include non-resource costs such as information systems, office, insurance, Government Support Package and other running costs. Indirect costs have increased compared with 2022, largely because of Insurance & GSP costs in the period.

Excluded costs

Excluded costs for the six-month period to 30 September 2023 were £136.9m (2022: £185.1m). These comprise £135.3m of net interest expense (including shareholder loan interest of £34.4m) and £1.5m of costs which mainly related to financing activities. These costs have decreased in the period compared with 2022 as falling inflation indices have decreased our index linked debt interest costs along with higher interest income earned on cash balances and short-term cash deposits.

Costs and net cash outflow comparison

The table below shows both the Allowable costs and Excluded costs and the equivalent Allowable Project Spend and Excluded Project Spend for the six months ended 30 September 2023.

	6 months ended 30 September 2023			6 months ended 30 September 2022		
Analysis of Project Costs and the equivalent Net Cash Outflows (£m)	Costs	Timing Differences	Cash Outflow	Costs	Timing Differences	Cash Outflow
Direct Costs	158.7	8.4	167.1	201.4	17.6	219.0
Indirect Costs	34.6	(4.6)	30.0	31.5	1.1	32.6
Total Allowable	193.3	3.8	197.1	232.9	18.7	251.6
Excluded Costs	136.9	(139.5)	(2.6)	185.1	(161.4)	23.7
Total	330.2	(135.7)	194.5	418.0	(142.7)	275.3

The timing differences between Allowable Costs and Allowable Project Spend are mainly due to the timing of monthly payments to our three Main Works Contractors and the System Integrator. Timing differences between Excluded Costs and Excluded Project Spend are principally due to the accretion cost of index-linked third-party borrowings and the shareholder loan interest accrual.

Cash

Cash at 30 September 2023 was £220.9m, which was £146.7m higher than the £367.6m cash at 30 September 2022. The tables below show the movements in cash as per the IFRS Cash Flow Statement.

Cash Flow (£m)	6 months ended 30 September 2023	6 months ended 30 September 2022
Cash generated from operations before changes in working capital	-	-
Decrease in trade and other receivables	26.4	8.3
Increase in trade and other payables	(21.4)	(32.2)
Increase in advance payment liability	52.0	46.8
Net cash from operating activities	**57.0**	**22.9**
Construction of infrastructure asset	(190.2)	(252.0)
Transfers from/(to) short-term deposits	160.0	(80.0)
Net cash used in investing activities	**(30.2)**	**(332.0)**
Proceeds from new borrowings	65.7	323.2
Repayment of lease liabilities	(1.0)	(1.0)
Net cash from financing activities	**64.7**	**322.2**
Net increase in cash and cash equivalents during the period	**91.5**	**13.1**
Cash and cash equivalents at the start of the period	129.4	354.5
Cash and cash equivalents at the end of the period	**220.9**	**367.6**

Net cash flows from operating activities of £57.0m (2022: £22.9m) represent movements in working capital and are chiefly driven by timing of payments to our MWCs and the receipt of regulated revenue payments from Thames Water which are deferred on the Statement of Financial Position during the construction phase of the project.

Net cash flows used in investing activities of £30.2m (2022: £332.0m) show the gross cash outflows used in constructing the TTT as well as movements to and from short-term deposits which represent money market funds where cash is held on deposit for a period longer than three months.

The net cash inflows from financing activities of £64.7m (2022: £322.2m) relate to the final deferred bonds draw down in the period.

Financial key performance indicators (KPIs)

Under its Common Terms Agreement (CTA), Tideway must comply with a set of financial covenants including to calculate two key ratios, Senior Regulatory Asset Ratio (Senior RAR) and Funds from Interest Cover Ratio (FFO ICR) and report compliance with certain thresholds in specified circumstances. The performance of the two ratios at 30 September 2023 are provided below.

1 - Senior RAR

This ratio compares the net debt to the RCV. It is calculated as long-term senior borrowings, less cash and short-term deposits to the RCV. The Senior RAR trigger in the CTA is 70%.

			30 September	
Senior RAR			**2023**	**2022**
a	Net Debt - Per CTA		3,301.7	2,687.4
b	RCV - Per CTA [1]		4,839.5	4,200.3
c	Senior RAR	a/b	68.2%	64.0%

1 RCV is per the CTA definition not the Regulatory Accounts definition.

Reconciliation to the financial statements	2023	2022
Cash	220.8	367.6
Short term deposits	60.0	225.0
Borrowings	(3,554.3)	(3,261.8)
Lease liabilities	(0.3)	(2.4)
Other adjustments [1]	(27.9)	(15.8)
Net Debt - Per CTA	(3,301.7)	(2,687.4)

1 Adjustment for discount on £250m fixed rate bond 2027, discount on £300m fixed rate bond 2034, premium on £150m index linked bonds 2032, premium on £75m index linked bond 2036 and along with cash held in designated debt service service accounts

2 - FFO ICR

This ratio compares the level of cash interest cover compared with the funds from operations. The FFO ICR trigger in the CTA is 1.3 times. The test period is twelve months to the reporting date.

			12 months to 30 September	
FFO ICR			2023	2022
d	Net Cash Flow - per CTA		93.6	75.5
e	Debt Interest - per CTA		10.1	14.2
f	FFO ICR	d/e	9.2	5.3

Reconciliation to the financial statements (£m)	2023	2022
Increase in Advance payment liability 2023/24	52.1	
Increase in Advance payment liability 2022/23	39.9	41.3
Increase in Advance payment liability 2021//22	-	34.0
VAT adjustment per CTA	1.6	0.2
Net Cash Flow per CTA	93.6	75.5

Reconciliation to the financial statements (£m)	2023	2022
Net interest (exc. shareholder interest) paid 2023/24	(3.0)	
Net interest (exc. shareholder interest) paid 2022/23	12.8	2.6
Net interest (exc. shareholder interest) paid 2021/22		11.2
Commitment fees paid 23/24	0.1	0.3
Commitment fees paid 22/23	0.1	0.1
Debt Interest per CTA	10.1	14.2

Directors Responsibility Statement

The directors confirm that these condensed interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority 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 Bazalgette Holdings Limited are as listed in the Bazalgette Holdings Annual Report for the year ended 31 March 2023. The Bazalgette Holdings Limited Annual Report is available at www.tideway.london

For and on behalf of the Board of Directors:

Sebastian Schwengber

Director

23 November 2023

Consolidated Income Statement

	Note	Six months ended 30 September 2023 Unaudited £m	Six months ended 30 September 2022 Unaudited £m	Year ended 31 March 2023 Audited £m
Net operating costs		-	-	-
Operating result		**-**	**-**	**-**
Net finance income	2	47.3	172.6	144.7
Profit before tax		**47.3**	**172.6**	**144.7**
Taxation	3	-	-	-
Profit for the period		**47.3**	**172.6**	**144.7**

Consolidated Statement of Other Comprehensive Income

	Six months ended 30 September 2023 Unaudited £m	Six months ended 30 September 2022 Unaudited £m	Year ended 31 March 2023 Audited £m
Profit for the period	47.3	172.6	144.7
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	**47.3**	**172.6**	**144.7**

Consolidated Statement of Financial Position

	Note	30 September 2023 Unaudited £m	30 September 2022 Unaudited £m	31 March 2023 Audited £m
Non-current assets				
Property, plant and equipment	4	5,164.2	4,437.7	4,835.0
Trade and other receivables	5	23.7	31.7	29.1
Derivative financial instruments	9	98.0	78.7	50.7
		5,285.9	4,548.1	4,914.8
Current assets				
Trade and other receivables	5	45.9	41.4	59.8
Cash and cash equivalents	6	220.9	367.6	129.4
Short-term cash deposits	6	60.0	225.0	220.0
		326.8	634.0	409.2
Total assets		**5,612.7**	**5,182.1**	**5,324.0**
Current liabilities				
Trade and other payables	7	(116.5)	(109.8)	(117.0)
Lease liabilities		(0.2)	(2.1)	(1.1)
		(116.7)	(111.9)	(118.1)
Non-current liabilities				
Other payables	7	(16.8)	(58.2)	(37.7)
Lease liabilities		(0.1)	(0.3)	(0.3)
Advance payment liability	7	(430.0)	(338.1)	(378.0)
Borrowings	8	(4,441.1)	(4,085.0)	(4,229.2)
		(4,888.0)	(4,481.6)	(4,645.2)
Total liabilities		**(5,004.7)**	**(4,593.5)**	**(4,763.3)**
Net assets		**608.0**	**588.6**	**560.7**
Equity				
Share capital		509.7	509.7	509.7
Retained earnings		98.3	78.9	51.0
Total equity		**608.0**	**588.6**	**560.7**

The above condensed consolidated Statement of Financial Position should be read in conjunction with the accompanying notes on pages 20 to 27 which are an integral part of these condensed consolidated Interim Financial Statements.

Consolidated Statement of Changes in Equity

	Share capital £m	**Retained earnings £m**	**Total equity £m**
Balance at 1 April 2023	509.7	51.0	560.7
Profit for the period	-	47.3	47.3
Total comprehensive income for the period	-	**47.3**	**47.3**
Transactions with owners recorded directly in equity:			
Issue of ordinary shares	-	-	-
Total contributions by and distributions to owners of the parent	**-**	**-**	**-**
Balance at 30 September 2023 (unaudited)	**509.7**	**98.3**	**608.0**

	Share capital £m	**Retained earnings £m**	**Total equity £m**
Balance at 1 April 2022	509.7	(93.7)	416.0
Profit for the period	-	172.6	172.6
Total comprehensive income for the period	-	**172.6**	**172.6**
Transactions with owners recorded directly in equity:			
Issue of ordinary shares	-	-	-
Total contributions by and distributions to owners of the parent	**-**	**-**	**-**
Balance at 30 September 2022 (unaudited)	**509.7**	**78.9**	**588.6**

The accompanying notes on pages 20 to 27 which are an integral part of these condensed consolidated Interim Financial Statements.

Consolidated Statement of Changes in Equity *(continued)*

	Share capital £m	Retained earnings £m	Total equity £m
Balance at 1 April 2022	509.7	(93.7)	416.0
Profit for the year	-	144.7	144.7
Total comprehensive income for the period	**-**	**144.7**	**144.7**
Transactions with owners recorded directly in equity:			
Issue of ordinary shares	**-**	-	**-**
Total contributions by and distributions to owners of the parent	**-**	**-**	**-**
Balance at 31 March 2023 (audited)	**509.7**	**51.0**	**560.7**

The accompanying notes on pages 20 to 27 which are an integral part of these condensed consolidated Interim Financial Statements.

Consolidated Cash Flow Statement

	Six months ended 30 September 2023 Unaudited £m	Six months ended 30 September 2022 Unaudited £m	Year ended 31 March 2023 Audited £m
Cash generated from operations before changes in working capital	**-**	**-**	**-**
Decrease/(increase) in trade and other receivables	26.4	8.3	(4.3)
(Decrease) in trade and other payables	(21.4)	(32.2)	(45.5)
Increase in advance payment liability	52.0	46.8	86.7
Net cash from operating activities	**57.0**	**22.9**	**36.9**
Cash flows used in investing activities			
Construction of infrastructure asset	(190.2)	(252.0)	(508.2)
Transfer from/(to) short-term cash deposits	160.0	(80.0)	(75.0)
Net cash used in investing activities	**(30.2)**	**(332.0)**	**(583.2)**
Cash flows from financing activities			
Proceeds from borrowings	65.7	323.2	323.2
Lease liability payments	(1.0)	(1.0)	(2.0)
Net cash from financing activities	**64.7**	**322.2**	**321.2**
Net increase/(decrease) in cash and cash equivalents during the period	**91.5**	**13.1**	**(225.1)**
Cash and cash equivalents at the start of the period	129.4	354.5	354.5
Cash and cash equivalents at the end of the period	**220.9**	**367.6**	**129.4**

Construction of infrastructure asset includes capitalised interest paid of £5.2m (Six months ended September 2022: £22.0m, Year ended 31 March 2023: £44.7m) and capitalised interest received of £8.2m (Six months ended September 2022: £2.3m, Year ended 31 March 2023: £8.5m).

The accompanying notes on pages 20 to 27 which are an integral part of these condensed consolidated Interim Financial Statements.

Notes to the condensed consolidated interim financial statements

1. General Information

Basis of preparation

The unaudited consolidated Bazalgette Holdings Limited financial statements comprise Bazalgette Holdings Limited (BHL), Bazalgette Tunnel Limited, and Bazalgette Finance plc.

These condensed interim financial statements consolidate those of BHL and its subsidiaries (together referred to as the "Group") and comprise the unaudited financial statements for the six months to 30 September 2023.

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted for use in the UK and as issued by the International Accounting Standards Board (IASB) and the Disclosure Transparency Rules issued by the Financial Conduct Authority. These condensed consolidated financial statements do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 and they should be read in conjunction with the Group's last audited consolidated financial statements for the year ended 31 March 2023. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last financial statements.

These condensed consolidated financial statements have been prepared under the historical cost convention, except in respect of certain financial instruments, and have been prepared on a basis consistent with the IFRS accounting policies as set out in the Group's Annual Report for the year ended 31 March 2023.

In preparing these condensed consolidated interim financial statements, the directors have made certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by the directors in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those applied to the consolidated financial statements for the year ended 31 March 2023.

After considering current financial projections and facilities available to the Group, the directors consider it appropriate to adopt the going concern basis of accounting in preparing these interim financial statements. The Group has sufficient liquidity, via its available cash balances and undrawn financing facilities, to meet its operational needs and its liabilities as they fall due and there have been no other material uncertainties identified that would impact the Group's operational ability over the going concern period from the date of approval of the financial statements.

Notes to the condensed consolidated interim financial statements

2. Finance income and costs

	Six months ended 30 September 2023 £m	Six months ended 30 September 2022 £m	Year ended 31 March 2023 £m
Finance income			
Interest income	(7.4)	(3.7)	(10.9)
Finance costs			
Interest expense on borrowings	142.7	187.2	364.1
Interest expense on lease liabilities	-	-	0.1
Financing fees	0.9	1.0	1.9
Financial instruments at fair value through profit or loss:			
- Index-linked swaps	(47.3)	(172.6)	(144.6)
Capitalised finance income and costs into asset under construction	(136.2)	(184.5)	(355.3)
Net finance (income)/costs	**(47.3)**	**(172.6)**	**(144.7)**

3. Taxation

Income tax expense is recognised based on management's estimate of the weighted average annual corporation tax rate expected for the full financial year applied against the loss before tax for the period. The Group capitalises all costs incurred in relation to its tunnel asset and derivative fair value gains and losses are disregarded for current tax purposes. As a result, the calculated profits attributable to corporation tax are £nil (2022: £nil) and therefore the estimated average annual tax rate used for the six months to 30 September 2023 is 0% (2022: 0%).

As at the Statement of Financial Position date, unrecognised deferred tax assets of £234.4m (2022: £182.7m) have been calculated with regards to the Group's unused carried forward tax losses and reliefs based on the future tax rate of 25%. These deferred tax assets have not been recognised due to uncertainty around the timing of their recoverability against future taxable profits.

4. Property, plant and equipment

Property, plant and equipment comprised the following:

	Right-of-use Assets (ROU) £m	Asset under construction £m	Total £m
Net book value at 1 April 2023	1.8	4,833.2	4,835.0
Additions for the period	-	330.2	330.2
Depreciation charge for the period	(1.0)	-	(1.0)
Balance at 30 September 2023	**0.8**	**5,163.4**	**5,164.2**

Notes to the condensed consolidated interim financial statements

4. Property, plant and equipment (*continued*)

	Right-of-use Assets (ROU) £m	Asset under construction £m	Total £m
	3.8	4,016.9	4,020.7
Net book value at 1 April 2022	-	418.0	418.0
Additions for the period	(1.0)	-	(1.0)
Depreciation charge for the period			
Balance at 30 September 2022	**2.8**	**4,434.9**	**4,437.7**
Net book value at 1 April 2022	3.8	4,016.9	4.026.6
Additions for the period	-	816.3	816.3
Re-measurement of ROU asset	-	-	-
Depreciation charge for the period	(2.0)	-	(7.9)
Balance at 31 March 2023	**1.8**	**4,833.2**	**4,835.0**

Asset under construction

During the construction phase of the project which commenced in 2015 and which will be completed at System Acceptance, all expenditure which is directly attributable to bringing the TTT asset into its working condition for its intended use will be capitalised. All expenditure, excluding fair value movements in the Income Statement, is considered to have met this requirement in the six months ended 30 September 2023. The total amount of finance interest capitalised during the period was £136.2m with a capitalisation rate of 100% (2022: £183.5m).

5. Trade and other receivables

	30 September 2023 £m	30 September 2022 £m	31 March 2023 £m
Trade receivables	11.6	8.2	7.5
Accrued income	21.0	17.3	22.5
Other receivables	5.2	6.9	21.4
Prepayments	31.8	40.7	37.5
	69.6	**73.1**	**88.9**
Non-current assets	**23.7**	**31.7**	**29.1**
Current assets	**45.9**	**41.4**	**59.8**

Accrued income of £21.0m (2022: £17.3m) relates to cumulative revenue earned on the project to date that has not been invoiced to Thames Water as at the Statement of Financial Position date.

Prepayments include £12.6m (2022: £16.2m) in relation to the Government Support Package, £2.0m (2022: £5.9m) in relation to insurance contracts and £16.3m (2022: £17.8m) financing related costs.

Notes to the condensed consolidated interim financial statements

6. Cash and cash equivalents

	30 September 2023 £m	30 September 2022 £m	31 March 2023 £m
Cash and bank balances	44.9	31.1	35.4
Cash equivalents	176.0	336.5	94.0
Cash and cash equivalents per cash flow statement	**220.9**	**367.6**	**129.4**

Cash equivalents comprise deposits and investments in money market funds with an original maturity of three months or less. The carrying value of cash and cash equivalents approximates their fair value. Short-term deposits with a maturity of greater than three months are shown separately on the Statement of Financial Position. At the Statement of Financial Position date these totalled £60.0m (2022: £225.0m).

Restricted Cash

The Group holds Debt Service Reserve Accounts to maintain committed liquidity facilities with regards to the prospective financing cost payments for a period of 12 months from the Statement of Financial Position date. The restricted cash value in Debt Service Reserve Accounts was £33.7m at 30 September 2023 (2022: £25.0m).

7. Trade and other payables

	30 September 2023 £m	30 September 2022 £m	31 March 2023 £m
Trade payables	2.1	0.7	38.6
Contract retentions payable	12.4	53.8	16.4
Accrued expenses	88.4	89.5	71.1
Deferred income	30.3	24.0	28.6
Advanced payment liability	430.1	338.1	378.0
	563.3	**506.1**	**532.7**
Non-current liabilities	**446.8**	**396.3**	**415.7**
Current liabilities	**116.5**	**109.8**	**117.0**

The advance payment liability represents deferred revenue that has been invoiced to and settled by Thames Water. This revenue is deferred until System Acceptance as the services associated with the revenue will not be delivered until this time. The deferred income of £30.3m (2022: £24.0m) represents the cumulative balance on the project to date of revenue accrued and revenue invoiced to Thames Water, less the revenue that has been settled by Thames Water at the Statement of Financial Position date.

Notes to the condensed consolidated interim financial statements

8. Borrowings

The Group raises finance under a multi-currency financing platform in both a loan and bond format. Some of the finance raised by the Group is in a deferred format which means that the proceeds from the borrowing are not received until a future settlement date to align when funds are required for the construction expenditure profile of the project. Where bonds are issued with deferred draw dates, the proceeds from these bonds are only received from the bond purchaser on the future settlement dates.

This note provides information about the Group's borrowings, which are measured at amortised cost.

	30 September 2023 £m	30 September 2022 £m	31 March 2023 £m
Third party borrowings			
£250m 2.375% fixed-rate bond 2027	248.7	248.4	248.6
£75m 0.828% index-linked bond 2047 [a, b]	95.6	88.8	92.6
£200m 0.740% index-linked bond 2042 [a, c]	227.0	220.4	222.8
£100m 0.688% index-linked bond 2050 [a]	134.4	121.9	129.5
£100m 0.755% index-linked bond 2051 [a, d]	130.5	118.4	125.8
£100m 0.249% index-linked bond 2040 [a, d]	131.6	119.3	126.6
£125m 0.192% index-linked bond 2049 [a, e]	173.5	157.2	167.0
£300m 2.860% fixed-rate loan 2032 [f]	326.8	317.5	322.7
£300m 2.750% fixed-rate bond 2034	298.9	298.8	298.8
£700m Sonia+0.360% floating-rate loan 2051 [g, h]	895.7	810.6	860.8
£150m 0.010% index-linked bond 2032 [a]	176.4	161.4	170.1
£100m 0.010% index-linked loan 2049 [a, i]	129.3	118.5	124.5
£25m 1.035% index-linked bond 2048 [a, j]	32.1	29.0	30.8
£25m 0.951% index-linked bond 2054 [a, k]	32.1	29.0	30.8
£25m 1.042% index-linked bond 2048 [a, j]	31.3	28.4	30.2
£25m 0.954% index-linked bond 2054 [a, k]	31.3	28.4	30.2
£50m 0.787% index-linked bond 2052 [a]	64.2	58.2	61.9
£50m 0.074% index-linked bond 2049 [a, m]	67.2	61.1	64.7
£75m 0.010% index-linked bond 2036 [a]	101.3	93.1	97.9
£75m 2.418% fixed-rate loan 2041	75.0	75.0	75.0
£75m 0.949% index-linked bond 2052 [a, n]	84.2	78.4	81.8
£50m index linked bond 2049 [a]	67.2	-	-
Intra-group borrowings			
Shareholder loan notes 8.000 % fixed-rate 2064 [l]	886.8	823.2	836.1
Total borrowings	**4,441.1**	**4,085.0**	**4,229.2**
Current liabilities	-	-	-
Non-current liabilities	**4,441.1**	**4,085.0**	**4,229.2**

a) The value of the capital and interest elements of these index-linked bonds and loans are linked to movements in either the Consumer Price Index (CPI) or Retail Price Index (RPI)

b) This debt amortises (requires repayment of debt accretion) from 2038

c) This debt amortises from 2033 and contains a collar mechanism that limits total accretion repayment within a predetermined range

d) This debt amortises from 2036

e) This debt amortises from 2045

f) The Group has entered into swap agreements that convert £70.0m of this debt into index-linked debt

Notes to the condensed consolidated interim financial statements

8. Borrowings (continued)

g) The Group has entered into swap agreements that convert £620m of this debt into index-linked debt

h) This debt amortises from 2025

i) This debt amortises from 2040

j) This debt amortises from 2043

k) This debt amortises from 2049

l) Borrowing from the BHL's immediate parent Bazalgette Ventures Limited

m) This debt amortises from 2034

n) This debt amortises from 2042

9. Fair value of financial instruments

The fair value of financial instruments represents the price that would be received to sell an asset or paid to transfer a liability between informed and willing parties, other than in a forced or liquidation sale, at the measurement date.

The fair value of financial instruments and a comparison to their carrying value is shown in the table below. The Group has not disclosed the fair values for cash and cash equivalents, short-term deposits, trade receivables and trade payables as their carrying amounts are a reasonable approximation of the fair value.

	30 September 2023		30 September 2022		31 March 2023	
	Book value £m	Fair value £m	Book value £m	Fair value £m	Book value £m	Fair value £m
Financial assets at fair value through profit and loss						
Non- Current						
Derivatives – Index-linked swaps	98.0	98.0	78.7	78.7	50.7	50.7
Financial Liabilities at amortised cost						
Non-current						
Borrowings – Fixed-rate sterling loans	(1,288.6)	(989.8)	(1,215.7)	(999.8)	(1,233.8)	(1,046.1)
Borrowings – Fixed-rate sterling bonds	(547.6)	(443.9)	(547.2)	(428.7)	(547.4)	(466.6)
Borrowings – Index-linked bonds and loans	(1,709.2)	(1,205.2)	(1,511.5)	(1,222.1)	(1,587.2)	(1,361.5)
Borrowings – Floating-rate sterling loans	(895.7)	(663.3)	(810.6)	(653.7)	(860.8)	(671.4)
Total	**(4,343.1)**	**(3,204.2)**	**(4,006.3)**	**(3,225.6)**	**(4,178.5)**	**(3,494.9)**

Financial liabilities at amortised cost

Borrowings include index-linked bonds, fixed-rate bonds, floating-rate loans and fixed-rate loans. The fair value of borrowings is determined using observable quoted market prices where this is available or by discounting the expected future cash flows using appropriate available market data and a credit risk adjustment representative of the Group.

Notes to the condensed consolidated interim financial statements

9. Fair value of financial instruments (*continued*)

Financial instruments at fair value through profit and loss

The Group's index-linked swaps are measured at fair value through profit and loss. Where an active market exists, swaps are recorded at fair value using quoted market prices. Otherwise, they are valued using a net present value model. As there is no quoted market price, the fair value of each swap is calculated as the net present value of the expected future cash flow associated with each leg of the swap, discounted to the reporting date using market rates and adjusted for the credit risk of the Group. Estimates of future cash flows are based on well-defined and traded market references.

The valuation techniques for determining the fair values of financial instruments are classified under the hierarchy defined in IFRS 13 which categorises inputs to valuation techniques into Levels 1-3 based on the degree to which the fair value is observable.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included for Level 1, that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or liability are categorised across different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group considers all its derivative financial instruments to fall within level 2 of the fair value hierarchy as the calculation of the estimated fair value is based on market data inputs which are observable directly or indirectly. The calculation does include unobservable inputs with regards to the determination of credit risk for the Group but these are not considered significant to the valuation. The table below sets out the valuation basis of financial instruments carried at fair value at the Statement of Financial Position date.

Financial instruments at fair value	30 September 2023 Level 2 £m	30 September 2022 Level 2 £m	31 March 2023 Level 2 £m
Derivative financial assets			
Index-linked swaps	98.0	78.7	50.7
Financial instruments at fair value			
Derivative financial liabilities			
Index-linked swaps	-	-	-
	98.0	**78.7**	**50.7**

The carrying value of the derivative financial instruments is equal to the fair value.

10. Contingent assets and liabilities

There was no change in contingent assets or liabilities for the six months to 30 September 2023 to that disclosed in the annual report and financial statements for the year ended 31 March 2023.

Notes to the condensed consolidated interim financial statements

11. Related party transactions

Transactions between BHL and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Amounts outstanding on borrowings from the immediate parent company, Bazalgette Ventures Limited were £886.8m of loan principal (2022: £823.2m) and £0.2m of interest (2022: £nil) at 30 September 2023. During the period £50.7m (2022: £23.7m) of loan interest was capitalised back into the intercompany loan principal.

During the six-month period ended 30 September 2023, £nil interest (2021: £17.1m) was paid on these borrowings and £nil (2022: £nil) of principal repayments were made.