Bazalgette Holdings Group

Interim Report and Financial Statements for the six months ended 30 September 2021

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 2021.

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. This included establishing a new baseline for cost and schedule during the period and reflecting the impact of Covid-19. While we continue to develop our transformational approach to health, safety and wellbeing, we were disappointed to record a significant injury, when a marine operative sustained a hand injury during a lifting operation. We are also seeing higher accident frequency rates than before the Covid-19 pandemic.

Total project costs for the six-month period were £365.4m (2020: £316.8m), taking the total capitalised costs relating to the tunnel at 30 September 2021 to £3,596.5m (2020: £2,910.7m).

The review to establish a new baseline for the project (2021 Baseline) reflects significant engagement with our delivery partners including Main Works Contractors - MWCs, System Integration Contract - SIC and Thames Water. The 2021 Baseline has held the key project delivery date (2025) and the estimate at completion has been revised to £4.2bn (an increase of £39m). Reporting progress against the 2021 Baseline provides confidence in delivering the Thames Tideway Tunnel safely, at the right quality and to best value.

Tideway has continued to make good progress and construction activity on the project is now 70 per cent complete. Key achievements in the period have included the completion of shaft excavation on all sites, completion of 23.5km of primary tunnel lining against a half year target of 23.4km, completion of 9.8km of tunnel secondary lining versus a half year target of 9.1km and completion of 55 per cent of shaft secondary lining against a half year target of 56 per cent.

A total of 90 per cent of our live legacy commitments were on track by the mid-point of the year against a target of 85 per cent and we generated good momentum in delivering against our plan, closing out eight more commitments, taking the total number closed to 15 out of 54.

Our credit ratings remain at BBB+ with a stable outlook by Fitch and Baa1 with a negative outlook by Moody's.

Tideway's Board deferred distributions for the first two quarters of the year. This was the result of the company recognising the uncertainties caused by the Covid-19 disruption and on-going engagement with Ofwat as to the regulatory response. Furthermore, we have now reached an agreement with Ofwat on the Financing Cost Adjustment (FCA) which we expect Ofwat to consult upon soon.

Health, Safety and Wellbeing (HSW)

	Health, Safety and Wellbeing
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.
2021/22 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, tunnelling and secondary lining. 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. Even with the additional challenges of Covid-19, health, safety and wellbeing performance has remained strong and continues to be considered a core value of the programme. Unfortunately, in August 2021, a marine operative sustained a significant injury to his hand during a lifting operation. Lifting operations were suspended and a thorough investigation was undertaken to identify actions to prevent any recurrence.

Accident frequency rates (AFR, measuring lost-time injuries over a rolling 12-month window) increased during the period. AFR-1 increased by 22 per cent (0.44 up to 0.54), AFR-3 by 20 per cent (0.24 up to 0.29) and AFR-7 by 11 per cent (0.18 up to 0.20). There were 11 lost time injuries during 2.4 million hours worked, three of which resulted in over seven days lost time. Whilst the AFRs remain below the highs experienced on previous major infrastructure projects, since the start of the Covid-19 pandemic, it was been recognised that additional measures were required to manage the incident/accident rates back to pre-Covid levels. Improvement strategies have been implemented and progress is regularly reviewed with our senior management.

Tideway continues to manage the risks from the Covid-19 pandemic and we have maintained many of the control measures previously implemented in accordance with the Construction Leadership Council Site Operating Procedures. This approach remains under regular review.

As Covid-19 restrictions have relaxed, Tideway was able to recommence its full EPIC (Employer's Project Induction Centre Programme) induction programme.

Supporting the mental health of the workforce continues to be a major drive for the project and has been supported with the Mates in Mind charitable programme to improve and promote positive mental health and wellbeing in the workplace. This has been particularly important during the current pandemic, with many people continuing to work from home for prolonged periods. Tideway's mental health working group has developed a number of "tribes" to connect people that are facing similar challenges during the pandemic, bringing them together to share experiences and possible solutions.

The overarching HSW Strategy continues to be appraised and is evolving as the project progresses. Mechanical, Electrical, Instrumentation, Control and Automation (MEICA) and worksite testing and commissioning will be a focus for the second half of the year. A specific MEICA sub-group of the Transformational Health & Safety Group (THSG) has begun working to identify opportunities for implementation of industry best practices, with respect to safety during the design, manufacture, testing, installation and commissioning of the MEICA elements of the Tideway Programme.

Schedule, Cost and Quality (SCQ)

	Schedule, Cost and Quality
Objective	We want to deliver the Thames Tideway Tunnel safely at the right quality and to best value. Finishing earlier would reduce cost, benefiting bill payers and investors, and deliver environmental benefits more quickly and reduce disruption to local residents.
2021/22 Priorities	Working with the Programme Manager, all three MWCs, the SIC and Thames Water to deliver the best value for money schedule developed through the T-24 reviews. Start to handback areas on completion of construction (including architecture and landscaping) and/or worksite testing & commissioning (as applicable). Securing Thames Water's commitment, through the joint approach, to the earliest possible SCCD, Start of Systems Activation, Handover and Acceptance. Seeking and implementing all appropriate opportunities to increase efficiency, mitigate risk, and minimise the impact of Covid-19. Ensuring that the asset being delivered is of the right quality, demonstrated by contemporaneous quality certification. Commercial status of all three MWCs, SIC and Thames Water aligned to Tideway's objectives for cost and schedule.

The Programme Manager, MWCs, SIC and Thames Water concluded the T-24 reviews resulting in the establishment of the 2021 Baseline. This is the first baseline to be established and reported against since the 2018 Baseline. The 2021 Baseline has held the key project delivery date (2025) and the estimate at completion has been revised to £4.2bn (an increase of £39m). The bill impact on customers remains within the £20-25 range. Establishing the 2021 Baseline has allowed for a detailed review of the schedule and all associated risks. Reporting progress against the 2021 Baseline provides confidence in delivering the Thames Tideway Tunnel safely, at the right quality and to best value. Key achievements in the period have included the completion of shaft excavation on all sites, completion of 23.5km of primary tunnel lining against a half year target of 23.4km, completion of 9.8km of tunnel secondary lining versus a half year target of 9.1km and completion of 55 per cent of shaft secondary lining against a half year target of 56 per cent.

The Handback of areas on completion of construction has commenced with the first area at Hammersmith Pumping Station being successfully handed back to the residential developer St George. This was the first real test of the land handback processes and used a new land handback certification module within the ASITE collaborative platform.

Thames Water's commitment has been secured for the 2021 Baseline, Thames raised a number of queries particularly relating to phased commissioning they wish to have resolved. The teams need to work through the changes during the second half of the year to fully align with Thames Water.

The completion of the T-24 reviews and establishment of the 2021 Baseline allowed for a comprehensive assessment of threats and opportunities on the programme, this has allowed increases in efficiency to be realised and mitigation plans to be put in place for the identified risks. Tideway's site establishments and operating procedures were changed in the initial period of the pandemic (March 2020). The impact assessment of schedule delay due to Covid-19 has seen a significant reduction in disruption with only isolated instances occurring on sites rather than programme wide.

In relation to certification, there is good evidence that the required quality is being achieved in delivering the Tideway assets with only some exemptions not conforming. However, those exemptions were identified in a timely manner and are being worked to satisfactory resolution through agreed processes, thereby leaving us with no legacy concerns. Quality certification packages are provided by the MWCs that demonstrate the 'as built quality' is being achieved.

Regarding the commercial status of MWCs, negotiations continue with both Central and East to provide an Estimate at Completion - EAC and schedule that is in line with the 2021 Baseline. Discussions with the West MWC are progressing at a slower pace as the contractor is focused on mitigating delays being experienced on main tunnel A secondary lining. The SIC works under a cost reimbursable contract; the SIC resources are under review, and the negotiation of the next annual works order is underway, this aims to ensure there is sufficient adequacy and availability for them to deliver their works in line with the 2021 Baseline.

Vision, Legacy and Reputation (VLR)

	Vision, Legacy and Reputation
Objective	We want to maintain a supportive environment for delivering the tunnel and build a positive reputation with our stakeholders. We want to continue to be a responsible business in all that we do and demonstrate these credentials in order to build trust.
2021/22 Priorities	Continue to ensure our stakeholder engagement programme supports efficient delivery of the project. Evolve the narrative and prepare our 'successful delivery' plan with the end point in mind. Includes engagement with Thames Water to agree a joint approach to communications, engagement and Corporate Responsibility to the end of the project. Ensure we deliver on our Environmental, Social and Governance (ESG) commitments and fulfill our reporting and governance requirements.

Tideway has continued with its proactive engagement and communications strategy, with the aim of building positive relationships and a positive environment for the delivery of the project.

We have continued to promote awareness and understanding of the project, engaging with a wide range of stakeholders through site visits, boat tours and other meetings and briefings and through our extensive internal and external communication channels. The Thames Tideway Tunnel Forum, which brings together c40 key project stakeholders, met twice during the period. Contacts to our 24-hour Helpdesk (including complaints) continue to be tracked and we held nine community meetings during this period. Complaint levels were a third lower during the first six months of the year compared with the first half of the year 2020/21. Our YouTube series 'Tunnel Vision' has garnered over 33,000 views since it began in 2020 and we published 31 news stories about project progress and corporate developments, including changes to the Tideway board.

Our legacy programme is underpinned by 54 measurable commitments grouped under the themes of environment; health, safety and wellbeing; place; people; and economy. A total of 90 per cent of our live commitments were on track by the mid-point of the year against a target of 85 per cent and we generated good momentum in delivering against our plan, achieving eight more commitments, taking the total number closed to 15.

We launched a new community fund in the London Borough of Wandsworth (where we have six construction sites) with five charities awarded grants to deliver local benefit programmes. We also extended our partnership with STEM engagement specialists Uptree and began a new one with Lewisham charity Urban Synergy to continue our work to inspire the next generation. Staff from London Youth Rowing and Tideway joined schools at the Olympic Park to celebrate the impact of the project's nine-year association with LYR, which has positively impacted more than 12,000 young people.

Tideway's community impact work was recognised externally, with short-listings for corporate engagement and business contribution awards, and our sustainability and finance teams were shortlisted for their collaboration with academics, industry and government to map our legacy commitments to the United Nations Sustainable Development Goals.

Tideway continues to explore how it can further reduce the environmental impacts of construction activities, including its carbon footprint. We delivered a communications campaign on our sustainability achievements and ongoing work to coincide with COP26. This included an announcement on Tideway funding for a programme supporting grassroots community organisations who are greening their neighbourhoods to tackle climate change.

Company and People

	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.
2021/22 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.

Tideway has seen a good overall performance against this objective. The organisation changes of March 2021 are now embedded with updates made to the Tideway Operating Model and briefed to teams to ensure that any changes to roles and responsibilities are clear.

During the period, Covid-19 restrictions have been relaxed across the country and the office is now fully open to all employees. We will continue with a hybrid way of working. Whilst numbers returning to the office have been low in the summer they are gradually increasing. A company-wide in person event in September, Reconnection Live, encouraged c250 to meet up and take a boat trip along the Thames to learn about updates on the Programme since lock-down.

Diversity and inclusion continue to be core to our actions, with a new structure to the employee network Encompass focussing activities across all the networks in recognition of reduced numbers on the project. Tideway was shortlisted for the third year in succession as an LGBT+ champion.

Our gender numbers have been negatively impacted by organisation changes, and we ended the half year at 34.5 per cent female across Tideway (including Jacobs) down from 36.3 per cent at year-end 2021. As we continue towards completion and handover our ability to impact the actual percentages will be constrained by a reducing headcount. However, our focus continues to be on supporting our female and minority ethnic employees develop their careers within and beyond Tideway.

Tideway is now actively using individuals trained to spot unconscious bias in management processes and activities through "live bias" reviews. This has been used in interview wrap up sessions, succession planning and external benchmarking activity and will continue to support our aim of being an inclusive employer.

The external employment market for individuals working at Tideway is very buoyant, and we therefore continue to be vigilant around skills or knowledge vulnerabilities we may have should individuals leave before their indicative end date. We were pleased to be able to award a performance bonus to all Tideway employees, although reduced to reflect the impacts of Covid-19.

Financing

	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.
2021/22 Priorities	Maintain the Company Credit rating & deliver IRR and shareholder distributions in line with the financing plan Liquidity and investment management –continue focus on capital preservation and liquidity and seek to optimise return To achieve appropriate regulatory treatment of Covid-19 impacts and an improvement in the Financing Cost Adjustment (FCA) mechanism.

Since Licence Award the Tideway group has raised £2,683 million of long-term debt finance, of which £2,278 million has been drawn and is outstanding to our lenders. Tideway continues to benefit from strong financial resilience, where sufficient liquidity, taking into account the undrawn £160 million Revolving Credit Facility (RCF), has been secured to cover anticipated construction costs up to handover. At 30 September 2021, we had total liquidity of £1bn, comprising £436.6m of cash, the £160m undrawn RCF, the £80m undrawn part of the European Investment Bank loan and £325m of undrawn bonds.

Debt covenants remain healthy and fully compliant with Net debt/Adjusted RCV (gearing) at 58.7 per cent and Interest Coverage Ratio at 5.2x (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.

Given the discontinuation of Libor planned for the end of 2021, we are finalising terms with our counterparties on the fallback approach for all of our transactions that currently reference Libor.

We have published an updated Sustainable Finance Report to inform investors of the allocation of proceeds and impact of the project. The reporting is aligned with the United Nations Sustainable Development Goals (SDGs) at target level. This year we have evolved our reporting once again to include a discussion about our negative impacts on some SDGs and actions that we are taking to minimise these.

Tideway recognises the importance and fully supports the Task Force on climate-related financial disclosures (TCFD). We have published our first Climate-related Financial Disclosures Report.

Our credit ratings remain at BBB+ with a stable outlook by Fitch and Baa1 with a negative outlook by Moody's.

Tideway deferred distributions for the first two quarters of the year. This was the result of the company recognising the uncertainties caused by the Covid-19 disruption and delays and uncertainty as to the regulatory response.

In April 2021, Ofwat consulted on amending Tideway's licence for the impact of Covid-19 on both cost and schedule. It indicated that 85 per cent of Covid-19 related expenditure up until 24 July 2020 would be borne by customers compared to the existing 60 per cent sharing rate. We continue to engage Ofwat on the regulatory treatment of Covid-19 impacts. In relation to our discussions with Ofwat on the Financing Cost Adjustment (FCA) we now have an agreed position between the two parties which we expect Ofwat to consult upon soon.

We have recognised some inaccuracies in the debt tables in our regulatory reporting which have no material impact on the company's financial performance. This information has been amended and discussed with Ofwat the regulator; the respective revised tables were published in October 2021.

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; regulatory and political, and impact of FCA.

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 2021. 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 2021.

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: Reporting of Allowable Project Spend

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.

Income Statement

During the six-month period ended 30 September 2021, the Group reported a loss of £13.1m (2020: £23.8m loss) with no dividends paid or proposed (2020: £nil).

We do not consider that the reported loss in the period reflects our business performance, as it results from the movement in the fair value of the Group's derivative financial instruments. These are long-term swaps which we have entered into with commercial banks to economically hedge the interest costs of the Group's debt. The swaps fix finance costs for the Group's regulatory period in a cost-effective manner 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 IAS 23 these do not represent current borrowing costs incurred for financing the project and so, unlike our other expenditure, cannot be capitalised.

We did not recognise any taxable profits in the period (2020: £nil) and the estimated current tax charge for the period is £nil (2020 £nil).

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 2021	6 months ended 30 September 2020
Net Book Value Brought Forward	3,231.1	2,593.9
Additions (Capitalised Costs)*	365.4	316.8
Net Book Value Carried Forward	3,596.5	2,910.7

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

At 30 September 2021, costs of £3,596.5m were capitalised within the asset under construction in the Statement of Financial Position. This represents £365.4m of costs during the six months and £3,231.1m for the prior periods to 31 March 2021.

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 2021	6 months ended 30 September 2020
Direct Costs	253.9	241.5
Indirect Costs	30.1	32.4
Total Allowable	284.0	273.9
Excluded costs	81.4	42.9
Total Capitalised Costs	365.4	316.8

For the six-month period ended 30 September 2021, total capitalised costs were £365.4m (2020: £316.8m). The increase in capitalised costs primarily results from higher Excluded costs in the period, largely as a result of higher interest costs for our index linked debt, and partly due to higher direct costs as the prior interim period reflected the impact of Covid-19 on our construction activities.

Our Allowable Costs of £284.0m (2020: £273.9m) includes £253.9m of Direct costs and £30.1m 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 primary tunnelling and secondary lining works and also other related construction activities such as shaft construction and marine works.

Indirect costs

The largest indirect costs are resource costs of £23.5m. This represents the cost to employ an average of 294 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 reduced compared with 2020, largely reflecting cost savings from lower FTEs and other running costs.

Excluded costs

Excluded costs for the six-month period to 30 September 2021 were £81.4m (2020: £42.9m). These comprise £79.7m of net interest expense (including shareholder loan interest of £27.9m) and £1.7m of costs which mainly related to financing activities. These costs have increased compared with 2020 as rising inflation indices have increased out index linked debt interest costs.

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 2021.

	6 months ended 30 September 2021			6 months ended 30 September 2020		
Analysis of Project Costs and the equivalent Net Cash Outflows (£m)	Costs	Timing Differences	Cash Outflow	Costs	Timing Differences	Cash Outflow
Direct Costs	253.9	(19.0)	234.9	241.5	10.5	252.0
Indirect Costs	30.1	(1.0)	29.1	32.4	3.1	35.5
Total Allowable	284.0	(20.0)	264.0	273.9	13.6	287.5
Excluded Costs	81.4	(70.3)	11.1	42.9	(31.1)	11.8
Total	365.4	(90.3)	275.1	316.8	(17.5)	299.3

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 interest accrual.

Cash

Cash at 30 September 2021 was £291.6m, which was £150.9m lower than the £442.5m cash at 30 September 2020. The tables below show the movements in cash as per the IFRS Cash Flow Statement.

Cash Flow (£m)	Six months ended 30 September 2021	Six months ended 30 September 2020
Cash generated from operations before changes in working capital	-	-
Decrease/(Increase) in trade and other receivables	2.7	(8.3)
Increase in trade and other payables	49.3	27.8
Increase in advance payment liability	38.9	26.1
Net cash from operating activities	**90.9**	**45.6**
Construction of infrastructure asset	(320.0)	(311.1)
Transfers (to)/from short-term deposits	(90.0)	137.5
Net cash used in investing activities	**(410.0)**	**(173.6)**
Proceeds from new borrowings	269.1	180.0
Repayment of lease liabilities	(1.1)	(1.0)
Net cash from financing activities	**268.0**	**179.0**
Net (decrease)/increase in cash and cash equivalents during the period	**(51.1)**	**51.0**
Cash and cash equivalents at the start of the period	342.7	391.5
Cash and cash equivalents at the end of the period	**291.6**	**442.5**

Net cash flows from operating activities of £90.9m (2020: £45.6m) represent movements in working capital and are chiefly driven by timing of payments to our Main Works Contractors 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 £410.0m (2020: £173.6m) 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 £268.0m (2020: £179.0m) are largely the result of new borrowings drawn in the period which included £134.1m of index linked bonds, £75.0m fixed rate loan and £60.0m of floating rate loans.

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 2021 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	**2021**	**2020**
a Net Debt - Per CTA	1,954.2	1,452.6
b RCV - Per CTA [1]	3,331.6	2,647.8
c Senior RAR a/b	58.7%	54.9%

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

Reconciliation to the financial statements (£m)	2021	2020
Cash	291.6	442.5
Short term deposits	145.0	20.0
Borrowings	(2,382.1)	(1,895.7)
Lease liabilities	(4.0)	(6.0)
Other adjustments [1]	(4.7)	(13.4)
Net Debt - Per CTA	(1,954.2)	(1,452.6)

1 Adjustment for discount on £250m fixed rate bond 2027, premium on £75m index linked bond 2036 and cash held by Bazalgette Finance plc

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	**2021**	**2020**
d Net Cash Flow - per CTA	83.3	51.6
e Debt Interest - per CTA	16.0	12.6
f FFO ICR d/e	5.2	4.1

Reconciliation to the financial statements (£m)	2021	2020
Increase in Advance payment liability 2021//22 [1]	38.9	-
Increase in Advance payment liability 2020/21 [1]	42.8	26.1
Increase in Advance payment liability 2019/20 [1]	-	26.1
VAT adjustment per CTA	1.6	(0.6)
Net Cash Flow per CTA	83.3	51.6

Reconciliation to the financial statements (£m)	2021	2020
Net interest (exc. shareholder interest) paid 2021/22	4.4	-
Net interest (exc. shareholder interest) paid 2020/21	10.9	3.3
Net interest (exc. shareholder interest) paid 2019/20	-	7.4
Commitment fees paid 21/22	0.3	-
Commitment fees paid 20/21	0.4	0.4
Commitment fees paid 19/20	-	1.5
Debt Interest per CTA [2]	16.0	12.6

1 Part of "Cash from operations" within the Consolidated Cash Flow Statement

2 Part of "Construction of infrastructure asset" within the Consolidated Cash Flow Statement

Directors Responsibility Statement

We confirm that to the best of our knowledge:

- The condensed set of financial statements has 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).
- The interim management report includes a fair review of the information required by:
  a. DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year 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 year; and
  b. DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Directors of Bazalgette Holdings Limited are as listed in the Bazalgette Holdings Annual Report for the year ended 31 March 2021 with the exception of Gavin Tait who resigned on 30 September 2021 and Chris Morgan who was appointed on 30 September 2021. The Bazalgette Holdings Limited Annual Report is available at www.tideway.london

For and on behalf of the Board of Directors:

Alistair Ray

Director

25 November 2021

Consolidated Income Statement

	Note	Six months ended 30 September 2021 Unaudited £m	Six months ended 30 September 2020 Unaudited £m	Year ended 31 March 2021 Audited £m
Net operating costs		-	-	-
Operating result		**-**	**-**	**-**
Net finance (costs)/income	2	(13.1)	(23.8)	6.0
(Loss)/profit before tax		**(13.1)**	**(23.8)**	**6.0**
Taxation	3	-	-	-
(Loss)/profit for the period		**(13.1)**	**(23.8)**	**6.0**

Consolidated Statement of Other Comprehensive Income

	Six months ended 30 September 2021 Unaudited £m	Six months ended 30 September 2020 Unaudited £m	Year ended 31 March 2021 Audited £m
(Loss)/profit for the period	(13.1)	(23.8)	6.0
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	**(13.1)**	**(23.8)**	**6.0**

Consolidated Statement of Financial Position

	Note	30 September 2021 Unaudited £m	30 September 2020 Unaudited £m	31 March 2021 Audited £m
Non-current assets				
Property, plant and equipment	4	3,600.9	2,917.1	3,236.5
Trade and other receivables	5	36.3	42.7	37.7
		3,637.2	2,959.8	3,274.2
Current assets				
Trade and other receivables	5	41.3	50.3	42.6
Cash and cash equivalents	6	291.6	442.5	342.7
Short-term cash deposits	6	145.0	20.0	55.0
		477.9	512.8	440.3
Total assets		**4,115.1**	**3,472.6**	**3,714.5**
Current liabilities				
Trade and other payables	7	(196.5)	(124.7)	(149.9)
Lease liabilities		(2.1)	(2.1)	(2.1)
		(198.6)	(126.8)	(152.0)
Non-current liabilities				
Other payables	7	(44.9)	(40.3)	(42.2)
Lease liabilities		(1.9)	(3.9)	(3.0)
Advance payment liability	7	(257.3)	(175.6)	(218.4)
Borrowings	8	(3,102.5)	(2,616.1)	(2,789.0)
Derivative financial instruments	9	(96.1)	(112.8)	(83.0)
		(3,502.7)	(2,948.7)	(3,135.6)
Total liabilities		**(3,701.3)**	**(3,075.5)**	**(3,287.6)**
Net assets		**413.8**	**397.1**	**426.9**
Equity				
Share capital		509.7	509.7	509.7
Retained earnings		(95.9)	(112.6)	(82.8)
Total equity		**413.8**	**397.1**	**426.9**

The above condensed consolidated Statement of Financial Position should be read in conjunction with the accompanying notes on pages 21 to 28 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 2021	509.7	(82.8)	426.9
Loss for the period	-	(13.1)	(13.1)
Total comprehensive income for the period	-	**(13.1)**	**(13.1)**
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 2021 (unaudited)	**509.7**	**(95.9)**	**413.8**

	Share capital £m	Retained earnings £m	Total equity £m
Balance at 1 April 2020	509.7	(88.8)	420.9
Loss for the period	-	(23.8)	(23.8)
Total comprehensive income for the period	**-**	**(23.8)**	**(23.8)**
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 2020 (unaudited)	**509.7**	**(112.6)**	**397.1**

Consolidated Statement of Changes in Equity (continued)

	Share capital £m	Retained earnings £m	Total equity £m
Balance at 1 April 2020	509.7	(88.8)	420.9
Profit for the year	-	6.0	6.0
Total comprehensive income for the period	**-**	**6.0**	**6.0**
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 2021 (audited)	**509.7**	**(82.8)**	**426.9**

The accompanying notes on pages 21 to 28 which are an integral part of these condensed consolidated Interim Financial Statements.

Consolidated Cash Flow Statement

	Six months ended 30 September 2021 Unaudited £m	Six months ended 30 September 2020 Unaudited £m	Year ended 31 March 2021 Audited £m
Cash generated from operations before changes in working capital	-	-	-
Decrease/(Increase) in trade and other receivables	2.7	(8.3)	4.4
Increase in trade and other payables	49.3	27.8	54.9
Increase in advance payment liability	38.9	26.1	68.9
Net cash from operating activities	**90.9**	**45.6**	**128.2**
Cash flows used in investing activities			
Construction of infrastructure asset	(320.0)	(311.1)	(617.5)
Transfer (to)/from short-term cash deposits	(90.0)	137.5	102.5
Net cash used in investing activities	**(410.0)**	**(173.6)**	**(515.0)**
Cash flows from financing activities			
Proceeds from borrowings	269.1	180.0	340.0
Lease liability payments	(1.1)	(1.0)	(2.0)
Net cash from financing activities	**268.0**	**179.0**	**338.0**
Net (decrease)/increase in cash and cash equivalents during the period	**(51.1)**	**51.0**	**(48.8)**
Cash and cash equivalents at the start of the period	342.7	391.5	391.5
Cash and cash equivalents at the end of the period	**291.6**	**442.5**	**342.7**

Construction of infrastructure asset includes capitalised interest paid of £4.5m (six months ended September 2020: £4.8m, Year ended 31 March 2021: £15.9m) and capitalised interest received of £0.1m (six months ended September 2020: £1.5m, Year ended 31 March 2021: £1.7m).

The accompanying notes on pages 21 to 28 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 Bazalgette Holdings Group comprises 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 2021.

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 2021. 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 2021.

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 2021.

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 2021 £m	Six months ended 30 September 2020 £m	Year ended 31 March 2021 £m
Finance income			
Interest income	(0.1)	(0.6)	(0.8)
Finance costs			
Interest expense on borrowings	79.8	41.2	90.8
Interest expense on lease liabilities	0.1	0.1	0.1
Financing fees	1.0	1.2	1.8
Financial instruments at fair value through profit or loss:			
- Index-linked swaps	13.1	23.8	(6.0)
Capitalised finance income and costs into asset under construction	(80.8)	(41.9)	(91.9)
Net finance costs/(income)	**13.1**	**23.8**	**(6.0)**

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 fair value gains and losses are disregarded for current tax purposes. As a result, the calculated profits attributable to corporation tax are £nil (2020: £nil) and therefore the estimated average annual tax rate used for the six months to 30 September 2021 is 0% (2020: 0%).

As at the Statement of Financial Position date, unrecognised deferred tax assets of £107.6m (2020: £78.7m) have been calculated with regards to the Group's unused carried forward tax losses and reliefs. 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
Balance at 1 April 2021	5.4	3,231.1	3,236.5
Additions for the period	-	365.4	365.4
Depreciation charge for the period	(1.0)	-	(1.0)
Balance at 30 September 2021	**4.4**	**3,596.5**	**3,600.9**

Notes to the condensed consolidated interim financial statements

	7.4	2,593.9	2,601.3
Balance at 1 April 2020	-	316.8	316.8
Additions for the period	(1.0)	-	(1.0)
Depreciation charge for the period			
Balance at 30 September 2020	**6.4**	**2,910.7**	**2,917.1**
Balance at 1 April 2020	7.4	2,593.9	2,601.3
Additions for the period	-	637.2	637.2
Depreciation charge for the period	(2.0)	-	(2.0)
Balance at 31 March 2021	**5.4**	**3,231.1**	**3,236.5**

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 2021. The amount of net borrowing costs capitalised during the period was £79.7m with a capitalisation rate of 100% (2020: £40.6m).

5. Trade and other receivables

	30 September 2021 £m	**30 September 2020 £m**	**31 March 2021 £m**
Trade receivables	7.8	12.6	5.0
Accrued income	18.4	19.8	19.9
Other receivables	6.7	8.3	8.3
Prepayments	44.7	52.3	47.1
	77.6	**93.0**	**80.3**
Non-current assets	**36.3**	**42.7**	**37.7**
Current assets	**41.3**	**50.3**	**42.6**

Accrued income of £18.4m (2020: £19.8m) 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 £18.9m (2020: £23.2m) in relation to the Government Support Package, £6.9m (2020: £9.1m) in relation to insurance contracts and £17.8m (2020: £18.9m) financing related costs.

Notes to the condensed consolidated interim financial statements

6. Cash and cash equivalents

	30 September 2021 £m	30 September 2020 £m	31 March 2021 £m
Cash and bank balances	19.6	30.0	27.7
Cash equivalents	272.0	412.5	315.0
Cash and cash equivalents per cash flow statement	**291.6**	**442.5**	**342.7**

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 £145.0m (2020: £20.0m).

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 £15.5m at 30 September 2021 (2020: £16.8m).

7. Trade and other payables

	30 September 2021 £m	30 September 2020 £m	31 March 2021 £m
Trade payables	42.0	48.5	45.6
Contract retentions payable	39.3	31.2	34.6
Accrued expenses	49.6	26.3	30.2
Deferred income	24.8	30.1	24.0
Advanced payment liability	257.3	175.6	218.4
Interest payable on intra-group loans	85.7	28.9	57.7
	498.7	**340.6**	**410.5**
Non-current liabilities	**302.2**	**215.9**	**260.6**
Current liabilities	**196.5**	**124.7**	**149.9**

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 £24.8m (2020: £30.1m) 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 2021 £m	30 September 2020 £m	31 March 2021 £m
Third party borrowings			
£250m 2.375% fixed-rate bond 2027	248.2	247.9	248.0
£75m 0.828% index-linked bond 2047 [a, b]	81.0	78.9	79.4
£200m 0.740% index-linked bond 2042 [a, c]	213.8	208.6	209.9
£100m 0.688% index-linked bond 2050 [a]	109.0	104.9	106.0
£100m 0.755% index-linked bond 2051 [a]	105.8	101.9	103.0
£100m 0.249% index-linked bond 2040 [a, d]	107.0	103.2	104.2
£125m 0.192% index-linked bond 2049 [a, e]	140.3	135.1	136.4
£300m 2.860% fixed-rate loan 2032 [f]	308.1	305.3	305.9
£620m Libor+0.360% floating-rate loan 2051 [g, h]	649.1	408.2	572.7
£100m 0.010% index-linked loan 2049 [a, i]	105.4	101.6	101.8
£25m 1.035% index-linked bond 2048 [a, j]	26.0	25.0	25.3
£25m 0.951% index-linked bond 2054 [a, k]	26.0	25.0	25.3
£25m 1.042% index-linked bond 2048 [a, j]	25.4	-	-
£25m 0.954% index-linked bond 2054 [a, k]	25.4	-	-
£50m 0.787% index-linked bond 2052 [a]	52.0	50.1	50.7
£75m 0.010% index-linked bond 2036 [a]	84.6	-	-
£75m 2.418% fixed-rate loan 2041	75.0	-	-
Intra-group borrowings			
Shareholder loan notes 8.000 % fixed-rate 2064 [l]	720.4	720.4	720.4
Total borrowings	**3,102.5**	**2,616.1**	**2,789.0**
Current liabilities	-	-	-
Non-current liabilities	**3,102.5**	**2,616.1**	**2,789.0**

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

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

Notes to the condensed consolidated interim financial statements

9. Borrowings (continued)

j) This debt amortises from 2044

k) This debt amortises from 2050

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

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 2021		30 September 2020		31 March 2021	
	Book value £m	Fair value £m	Book value £m	Fair value £m	Book value £m	Fair value £m
Financial liabilities at amortised cost						
Non-current						
Borrowings – Fixed-rate sterling loans	1,103.5	1,190.9	1,025.6	1,187.6	1,026.3	1,110.3
Borrowings – Fixed-rate sterling bonds	248.2	264.6	247.9	270.9	248.0	265.9
Borrowings – Index-linked bonds and loans	1,101.7	1,613.4	934.4	1,323.7	942.0	1,303.5
Borrowings – Floating-rate sterling loans	649.1	591.2	408.2	372.5	572.7	531.0
Financial liabilities at fair value through profit and loss						
Non-current						
Derivatives – Index-linked swaps	96.1	96.1	112.8	112.8	83.0	83.0
Total	**3,198.6**	**3,756.2**	**2,728.9**	**3,267.5**	**2,872.0**	**3,293.7**

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.

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.

Notes to the condensed consolidated interim financial statements

9. Fair value of financial instruments (continued)

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 2021 Level 2 £m	30 September 2020 Level 2 £m	31 March 2021 Level 2 £m
Derivative financial liabilities			
Index-linked swaps	96.1	112.8	83.0
	96.1	**112.8**	**83.0**

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 2021.

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 £720.4m of loan principal (2020: £720.4m) and £85.7m of interest (2020: £28.9m) at 30 September 2021.

During the six-month period ended 30 September 2021, £nil interest (2020: £nil) was paid on these borrowings and £nil (2020: £nil) of principal repayments were made.

Notes to the condensed consolidated interim financial statements

There were no overpayments made to directors during the six months to 30 September 2021 (2020: £349k). The prior period overpayments were fully recovered by the Group by 31 March 2021.