

Bazalgette Holdings Limited

Annual report and financial statements
For the year ended 31 March 2025
Registered number 09553510

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Directors and advisors

Directors holding office

Andrew Cox

Christopher Morgan

Alistair Ray

Daniel Pires

Amanda Woods

Company Secretary

Celia Carlisle

Registered office

6th Floor, Blue Fin Building

110 Southwark Street

London

SE1 0SU

Independent auditors

PricewaterhouseCoopers LLP

3 Forbury Place

23 Forbury Road

Reading

RG1 3JH

Strategic report

The Directors present their Strategic report for Bazalgette Holdings Group (the Group) and Bazalgette Holdings Limited (the Company) for the year ended 31 March 2025.

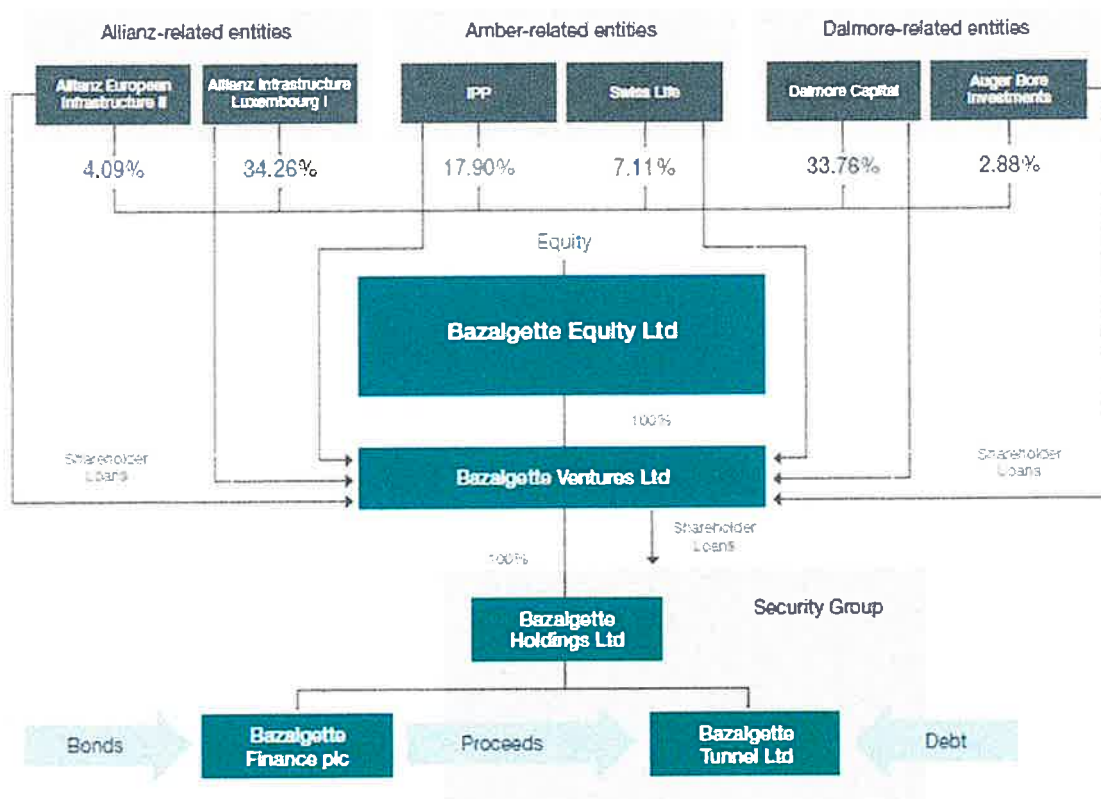
Introduction

Bazalgette Holdings Limited is an intermediate holding company in the Bazalgette Equity group of companies. The Company is a subsidiary of Bazalgette Ventures Limited (BVL) which itself is a subsidiary of the ultimate holding company, Bazalgette Equity Limited (BEL).

As at the 31 March 2025, the Group comprised the Company, Bazalgette Tunnel Limited (BTL) and Bazalgette Finance plc (BF). BTL, trading under Tideway, is an independent regulated company operating within the water sector since it was awarded a licence by Ofwat in August 2015. The emphasis given to BTL, which trades under the name 'Tideway', throughout this report reflects its importance to the overall performance of the Group.

The principal activity of the Company is to act as an intermediate holding company. It does not carry out any activities beyond this role.

As at 31 March 2025, the Bazalgette Equity Limited Group's investors include Allianz Infrastructure Luxembourg I S.a.r.l, Allianz European Infrastructure II Acquisition Holdings S.a.r.l, Dalmore Capital 14 GP Limited, Auger Bore Investments Limited, IPP (Bazalgette) Limited and Bazalgette (Investments) Limited. The Group structure is set out below:



Holding company governance

Each shareholder controlling 10 per cent or more of the ordinary shares of BEL and loan notes of BVL is entitled to appoint one director to the Boards of BEL, BVL and the Company. Each shareholder controlling 20% or more of the ordinary shares of BEL and loan notes of BVL is entitled to appoint an additional director to the Boards of BEL, BVL and the Company. The board of the Company is committed to best practice in corporate governance.

On a day to day basis the Chief Executive Officer, the Chief Financial Officer and the Chief Technical Officer of BTL also carry out duties on behalf of the Group with clear governance and controls in place to ensure that decisions that affect individual Group companies are taken in line with this governance framework.

Further information on our equity investors and their equity interests, as well as Board leadership, transparency and governance are disclosed in the Holding Company Principles statement which is available at www.tideway.london.

Business review

Our Purpose

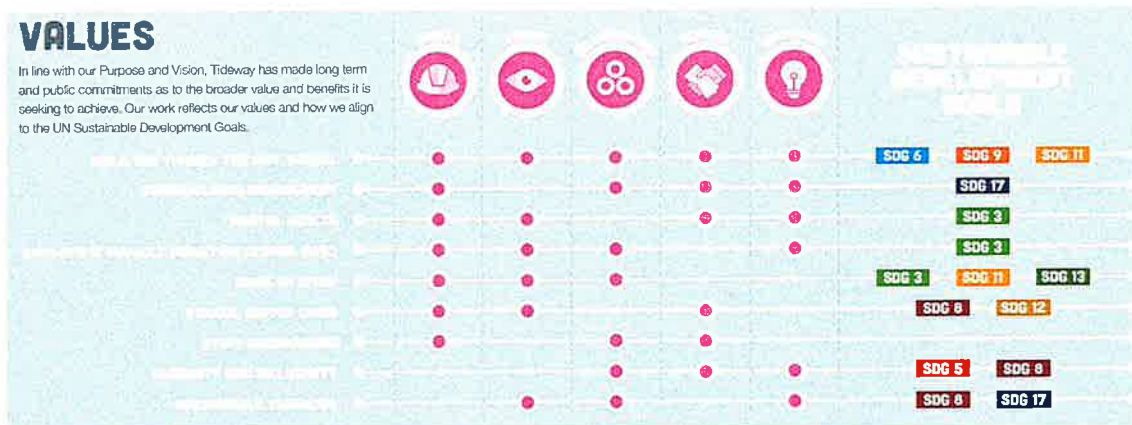
Tideway is responsible for the Thames Tideway Tunnel under the River Thames – creating a healthier environment for London by cleaning up the city's greatest natural asset, now and for the foreseeable future.

Our Vision

Reconnecting London with the River Thames.

Delivering our Purpose and Vision

We bring our purpose and values to life through what we do and how we do it. The way we treat each other, and our stakeholders is important to us successfully delivering the project. We have always aimed to transform the way the industry operates so we see a step change in the health and wellbeing of everyone involved in the project, whether that is through our focus on safety and wellbeing in the workplace, volunteering with our charity partners, collaborating with our partners, engaging residents on what we are doing or supporting people to develop skills and find employment.



Who We Are & What We Do

The 'super sewer' runs from the Acton Storm Tanks in West London to the Lee Tunnel at Abbey Mills in East London. The flow from over 30 combined sewer overflows (CSOs) is being diverted from the sewerage network into the main tunnel. From there it runs to the Tideway Pumping Station, to be pumped to Beckton sewage treatment works.



Our Shareholders

Our shareholder groups are represented on our Board, enabling them to support decision making and provide important project oversight and governance. They bring with them extensive experience of investing in and managing a wide range of infrastructure assets in the UK and overseas, knowledge that supports us in the delivery of the project.

Since Licence Award, our Shareholders have invested £1.3bn. Close to half the total equity has come from UK investors, including many pension funds, giving 2.6 million UK pension holders a stake in Tideway.

Our Delivery Partners

Tideway has an Alliance Agreement with Thames Water, the Programme Manager (PM), three consortia known as the Main Works Contractors (MWCs) and our System Integrator Contractor (SIC) who works closely with Thames Water and its team. Thames Water are responsible for important elements of the project and will ultimately operate the system.

The Alliance Agreement incentivises collaboration towards achieving the construction aims, milestones and outcomes, including the objective of meeting overall cost challenges. We have an experienced and competitive supply chain and we share lessons learned that enable us to best deliver the project.

Role	Partners
Programme Manager	<ul style="list-style-type: none"> Jacobs
West Contract SMB Joint Venture	<ul style="list-style-type: none"> Bentley & Co. Ltd Morgan Sindall Plc Balfour Beatty Group Ltd
Central Contract FLO Joint Venture	<ul style="list-style-type: none"> Forrester Agromat UK Ltd Lang & Rourke Construction Ltd
East Contract CVB Joint Venture	<ul style="list-style-type: none"> Costain Ltd Vinci Construction Brands Projects Bachy Solatanche Ltd
System Integrator	<ul style="list-style-type: none"> Amey GWR Ltd

The Delivery Model

The Thames Tideway Tunnel's innovative delivery model was established to attract private sector capital to finance infrastructure and deliver value for money to customers. It includes a bespoke regulatory framework, with a contingent Government Support Package, which recognises the unique nature of Tideway's business. This framework provides a revenue stream during both the construction and operational periods. Revenues are billed and collected by Thames Water from its wastewater customers and passed to Tideway. Principles of the delivery model are being considered for other major projects both in the water sector and beyond such as Sizewell C nuclear development and carbon capture, usage and storage.

For the period until 2030, our revenues are calculated according to the framework set out in our Licence, which is primarily based on a percentage return (2.497 per cent) on the regulatory value of our company (Regulatory Capital Value or RCV). From 2030, we expect to be regulated in line with the rest of the water industry.

The Timeline

Tideway maintains a schedule with our partners for delivery of the project. There are four main stages. We are in the System Commissioning stage.

Mobilisation of the MWCs

This started off site, with mobilisation of people, the start of detailed design work, consenting applications and moving on site.

Construction

Excavating deep shafts, followed by tunnelling, tunnel secondary lining and installing mechanical and electronic equipment, and architectural and landscaping works.

System Commissioning

After testing of the mechanical and electrical equipment the SIC completes the connection of the worksites to the overall London Tideway Tunnels (LTT) system, followed by extensive testing in the dry before sewage flows are received. The final physical isolation is removed between the existing Lee Tunnel and the Thames Tideway Tunnel and the CSOs are activated to the new LTT system. Then a series of storm tests are carried out incrementally over several weeks culminating in a 30-day period of automated operation. After this final test the tunnel is inspected, and the operation of the system handed over to Thames Water. Following completion of the MWC's activities, the contractors will be demobilised.

System Acceptance Period

This is a proving period of between 18 and 36 months in which the LTT will be operated across a variety of climatic conditions to demonstrate that it fulfils the project requirements. Once this is complete, Thames Water will become responsible for maintaining the near-ground structures and assets. Tideway will retain responsibility for the deep shafts and tunnel structures and ensure the TTT is available to allow flow to pass to the Lee Tunnel. This involves inspecting the deep tunnels and shafts and performing any maintenance as required.

Engaging with Our Stakeholders

In delivering a major infrastructure project across London we recognise the importance of engagement, transparency and building trust.

We listen to our stakeholders' views directly and through their representatives such as MPs and Members of the London Assembly. We continue to ensure that the communities we are working in are kept up to date on the progress being made, potential impacts and how they are being mitigated. We issue regular communications on individual site progress to our neighbours and we hold regular forums to give updates to, and get feedback from, them. These methods, plus a 24-hour Helpdesk, ensure that we are always accessible.

To support the project, we have established a range of independent parties and roles to ensure we engage fairly and effectively with each of our stakeholder groups and to support trust in the project.

As the project moved through its commissioning phase and towards Handover, the final Thames Tideway Tunnel Forum (with consenting bodies and delivery partners) was held in December 2024 and final Community Liaison Working Groups were held for a number of sites as work completed. Other stakeholder groups will continue into 2025/26, and services to support stakeholders such as the Independent Compensation Panel and Independent Complaints Commissioner will continue to be available.

"In this final year of substantial works on the Tideway project the company has continued to support and engage with stakeholders. This has been essential to the smooth delivery of the project and has been particularly important in the closing stages when the nature of the works has changed from "steady state" to demobilisation.

The Thames Tideway Tunnel Forum, bringing together statutory agencies and consent granting bodies, continued to meet during the year. It was well attended by stakeholders and well supported by the company, with the CEO and senior team leading and taking accountability for engagement.

The work of the Independent Compensation Panel (ICP) continued, with an increase in claims to the Panel for mitigation and support, which can be attributed to demobilisation works in particular locations. The ICP met regularly and with only one appeal to the Independent Complaints Commissioner (ICC) there is evidence that the process was efficient and fair. Complaints continued to decrease, which has been the trend since peak activity in 2020/21. There were no complaint appeals to the ICC which again signals that complaints are handled effectively by Tideway and its contractors.

In concluding the final meeting of the Tideway Reporting Group several lessons were identified.

Open and regular communication, where residents and stakeholders have direct dialogue with senior leaders and know that their concerns are being taken seriously, has been a critical success factor and other projects should look at Tideway's experience. However, when Tideway started construction there had been something of a hiatus in communication – the gap between the planning phase and mobilisation on site. This meant the teams had to work hard at the start to build trust. Projects should consider how to bridge this gap to start off on the most positive footing. A pragmatic and empathetic approach to compensation and mitigation for those most closely affected has also been essential for the delivery of Tideway. The ICP and the project should be commended for their willingness to be flexible and to consider a range of human experiences and impacts, whilst working within a clear framework.

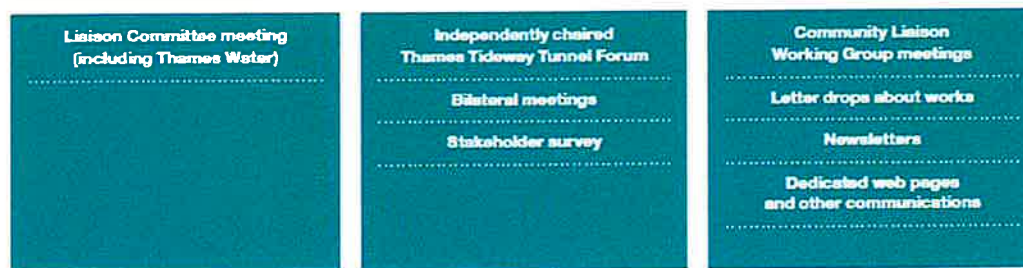
I would like to thank Ted Allett (Chair of the TTT Forum), Graham Parry (Chair of the ICP) and Stephen Turner (ICC) for their work throughout the project.

Rt Hon Nick Raysnford
Independent chair, Tideway Reporting Group"

STAKEHOLDER GROUPS



ENGAGEMENT CHANNELS



INDEPENDENT ROLES AND ASSURANCE



Our Business Model

PURPOSE WHAT WE DO

Tideway is building the Thames Tideway Tunnel under the River Thames – creating a healthier environment for London by cleaning up the city's greatest natural asset, now and for the foreseeable future.

OUR VALUES HOW WE DO IT



SAFETY
Transform the health, safety and wellbeing of all



LEGACY
Create a healthier future for London



COLLABORATION
Work together as an effective team



RESPECT
For people, places and resources



INNOVATION
Solve for excellence in project delivery

CLEANER THAMES

The Thames Tideway Tunnel will dramatically reduce CSO discharges, reducing sewage-related litter (and plastic) and improving water quality in the tidal Thames

MORE BY RIVER

Our river transport strategy aimed to keep over 300,000 lorries off London's congested roads, and produce 90% less CO₂ than the road equivalent

NEW PUBLIC SPACES

We are creating seven new areas of public land in the River Thames



ENABLERS

SAFE OPERATIONS/DELIVERY

We strive to create and maintain a culture of doing things safely or not at all
See Health, Safety & Wellbeing

EFFECTIVE GOVERNANCE, RESILIENCE AND OVERSIGHT

Our risk management systems and policy provide a clear framework for managing and reporting risks
See Risk Management section & Governance section

TALENTED AND PASSIONATE PEOPLE

We work to attract, motivate, develop and retain the best talent
See Company & People section

COLLABORATIVE PROCESSES

Tideway and Thames Water collaborate closely, while we maintain an experienced, competitive supply chain
See Who We Are & What We Do – Delivering with our partners

STAKEHOLDER FOCUS

We aim to build enduring relationships with government, local authorities, our neighbours, partners, suppliers and others we impact
See Engaging with our Stakeholders & Partners section

EFFICIENT FINANCING

We aim to finance the project as efficiently as possible to ensure that we minimise our impact on bill-payers
See Financing section

STAKEHOLDER VALUE

LONDON

- Reconnecting London with the River Thames
- Ensuring that we leave a positive legacy for London
- Developing the river economy

ENVIRONMENT

- A positive impact on the tidal River Thames
- Ensuring, where we can, that we reduce our environmental impact

COMMUNITIES

- Providing a river that locals deserve and can use
- Enhanced local landscapes for reclaimed land and public art

OUR PEOPLE

- A unique and innovative project with a focus on learning and development
- A safe and inclusive workplace
- A competitive and fair compensation package that incentivises delivery and rewards success

SUPPLY CHAIN

- Industry and supply chain with the right incentives across each of our three contract areas
- Providing opportunities for companies and for workers to develop skills and gain experience
- Industry leading innovations that we have shared via i3P

BILL PAYERS

- Finance the project efficiently, minimising impact on Thames Water bill payers

INVESTORS

- An appropriate return on investment

Our Strategy, Objectives & Priorities for 2025/26

As the Group completed main construction and activated all sites to enable sewage to be captured by the tunnel it is important to ensure that our approach reflects our future. The Board has agreed that while our objectives have served the company well for ten years, it is right that they evolve to reflect the move into operations and asset management.

These strategic objectives reflect our future challenges but also demonstrate a commitment to what has been and will be important to Tideway. This includes the safety of our people, the relationship we have with London and our partners and a resilient financial structure including regulatory environment with fair returns for investors. For the coming year we will focus on:

- Health and safety as we move into a new phase - commissioning activities and full operations
- The timely achievement of handover when Thames Water will be responsible for operating the system and contract close out
- Ensuring the tunnel operations are stable and reliable
- The approach to ensuring the timely achievement of System Acceptance
- Transitioning the company towards an operational utility
- Promoting the benefits of the system to protect the tidal River Thames

	Safe, Sustainable Asset Management	Connected People and Partners	Resilient Finance
Objective	We manage our infrastructure the right way, prioritising long-term safety and sustainability. We maximise availability of the Thames Tideway Tunnel for the benefit of London.	We are a responsible company that fosters a culture of respect and collaboration. We attract, develop and retain the right people, who are trusted by our partners.	We deliver efficient, sustainable financing and risk management. We work to secure a regulatory environment that supports us in our commitments.
Priorities	Deliver our operations safely Successful project completion <ul style="list-style-type: none"> • Timely Handover and System Acceptance • Efficient commercial closeout • Establishing steady state operations Reliable system performance <ul style="list-style-type: none"> • Maximise asset availability • Monitoring performance 	Deliver an effective people strategy Deliver an effective stakeholder engagement strategy Demonstrate and communicate our impact Maintain robust and reliable systems Manage an effective transition	Deliver an effective, resilient and sustainable financing plan which includes fair returns for investors Ensure financial control and risk management Maintain effective financial reporting and investor engagement Achieve a supportive regulatory regime
Relevant Principal Risks	<ul style="list-style-type: none"> • Health, safety and wellbeing • Programme delivery • High impact, low probability events • Supply chain failure • Thames Water • Regulatory and Political 	<ul style="list-style-type: none"> • High impact, low probability events • Reputation 	<ul style="list-style-type: none"> • Programme delivery • High impact, low probability events • Credit risk rating • Inflation • Regulatory and political

Health, Safety and Wellbeing

Objective	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 (HSW). 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 and achieve positive improvements on previous performance. This includes management of existing risks from completion of remaining construction activities and marine works for site demobilisation but also achieving transformational standards in Mechanical, Electrical, Instrumentations, Control and Automation (MEICA) and commissioning activities. Implement the RightWay strategy for commissioning and review to determine effectiveness of HSW arrangements.

MEASURE	TARGET	ACTUAL
Maintain strong HSW Performance	Safety record better than recent major projects Improved performance on 2023/24	On track
Number of major injuries	0	0
MEICA, Commissioning and Architecture and Landscaping (A&L) Works	Zero significant incidents due to MEICA, Commissioning or A&L activities	0
*Accident Frequency Rate 3 (AFR-3)	0	0.0
*Accident Frequency Rate 7 (AFR-7)	0	0.0

*Definitions: Major injury; any injury that could potentially lead to death, prolonged disability or permanently diminished quality of life.

AFR-3 12-month rolling average, per 100,000 hours worked, of injuries which occurred as a result of work activities and resulted in more than three days lost time for the individual involved. Excludes Road-Traffic accidents to ensure alignment with RIDDOR 2013

AFR-7: as above, for over seven days lost time for the individual involved. Excludes Road-Traffic accidents to ensure alignment with RIDDOR 2013. Injuries contributing to AFR-7 will automatically be included in AFR-3.

PERFORMANCE

There were no major injuries during construction and no significant incidents as a result of our marine, commissioning, MEICA or architecture and landscaping activities during the year. This confirmed our Accident Frequency Rates for injuries resulting in over three or seven-day absence (AFR-3 and AFR-7) of zero. This is testament to the continued efforts, made at every level, to eliminate and reduce accident and injury occurrences. There were five incidents which resulted in one day lost-time and there were eight high-potential near misses. Any incident classified as significant is subject to thorough investigation to determine immediate and root causes, so we can identify and implement actions to prevent recurrence and ensure lessons are shared and learned. Tideway is proud of the open and transparent reporting culture on the project and the depth of investigations that are subsequently undertaken. We nurture this positive culture and are committed to continuing to strive for transformational performance.

RIGHTWAY

With the transition from construction to commissioning, Tideway reflected on how we continue to recognise HSW performance and a RightWay Celebration was held in May 2025 to mark 10 successful years of Tideway's RightWay philosophy. The event paid tribute to award-winning individuals, teams, contractors and joint ventures from across the project and recognised the efforts of the teams involved in the more recent Commissioning activities.

Tideway continues to share experiences and lessons learned with other projects and organisations. This includes now making our award-winning EPIC (Employer's Project Induction Centre) induction programme available to the wider industry, ensuring there is a lasting legacy from our transformational RightWay programme.

HEALTH AND WELLBEING

We continue with our aim to focus on Health and Wellbeing to achieve relative parity with our work on Safety, seeking to minimise and mitigate any health risks arising from our work, whilst supporting the wider Health and Wellbeing of our workforce.

OCCUPATIONAL HEALTH INSPECTIONS (OHI)

With our Occupational Health (OH) Service Provider we continue to deliver targeted health and wellbeing education and support. Initiatives, supported by occupational hygienists, include noise, fatigue, drug and alcohol awareness campaigns, defibrillation demonstrations and continuing to engage the workforce with blood pressure, cholesterol, and glucose checks.

MENTAL HEALTH

Mental Health of the workforce is a major driver for the project and has been led by the Mental Health Working Group since 2018. We continue to work with the Mates in Mind charity and deliver "start the conversation" and "manage the conversation" training. The newly introduced Health & Safety Performance Index (HSPI) measure, related to managing stress, has been aligned to the Health & Safety Executive's Stress Management Standards and has encouraged teams to introduce and review specific stress management initiatives. As an example, Wellbeing Wednesday monthly gatherings allow teams to enjoy food and drink together and talk about things other than work.

RIVER SAFETY

Marine activities have transitioned towards the demobilisation of sites, for example supporting the removal of cofferdams which were originally constructed at sites adjacent to the river to allow site works to be undertaken. Observations and best practice are shared between contractors at the Marine Logistics Safety Forum.

Schedule, Cost & Quality

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 MWCs, the SIC and Thames Water to safely deliver the most efficient schedule whilst maintaining strong oversight and control over cost for 2024/25.		
	Maintaining TWUL's commitment to the agreed programme for Preliminary commissioning Commencement Date, System Activation Commencement Date, System Commissioning Commencement Date, 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.		
	MEASURE	TARGET	FORECAST
	Delivery against the best value for money schedule – Schedule Handover	Handover by quarter two 2025/26	Fully connected, tested and operational in 2025 with the 'handover' date likely to be in the second half of that year.

Delivery against the regulatory baseline – cost*	£3.5bn	£4.6bn
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*Tideway's element of the programme in outturn prices (based on current inflationary expectations), up to System Acceptance. Ofwat set a regulatory baseline of £3.1bn (in 2014/15 prices) which is equivalent to £3.5bn in outturn prices.

PERFORMANCE

This year has seen some of the project's biggest milestones delivered as the Thames Tideway Tunnel starts to do its job of cleaning up the River Thames.

With all sites operational, the tunnel has prevented more than 7 million metres cubed of sewage from entering the river. We continue to progress the project and consistent with our reporting last year we expect Handover to be in the second half of 2025. We continue to forecast achieving System Acceptance by the Planned System Acceptance Date of August 2027 as per our Licence.

The cost estimate is currently £4.6bn which is a one per cent increase from last year (2024 £4.5bn). This increase includes the impact of river works and related consents in the central contract, the conclusion of commercial discussions with the east and west contractors and forecasting of higher indirect costs. The impact on customer bills remains well within the pre-Licence award estimate of £20-25 (in 2014/15 prices).

Back in April 2024 the final major milestone of the construction phase had just been achieved, when the 1,200-tonne, 24m-wide cover was lifted onto the shaft at our Abbey Mills site, where the tunnel meets the existing Lee Tunnel.

In May 2024 we connected the new infrastructure with the Lee Tunnel, which had been separated by a thick reinforced concrete wall while construction of the new infrastructure was taking place. Joining the 25km super sewer to the 6.9km Lee Tunnel, which links Abbey Mills Pumping Station to Beckton Sewage Treatment Works, created the London Tideway Tunnels network. This marked the project moving into a new phase to commission the tunnel and associated system.

This was followed by a systematic programme of work to bring this new system online by connecting all the individual discharge points to the newly completed tunnel, with 20 more connections to complete after the initial connection to the Lee Tunnel. This phased approach allowed for the very technical and painstaking work to test the system progressively building confidence in the performance as more CSO connections were made.

These connections were completed in February 2025, and during this intervening period the first flows began entering the tunnel - when the final connection was made, Tideway announced that more than five million cubic metres of sewage had already been intercepted. At the time of writing, this has increased to almost seven million cubic metres of sewage prevented from overflowing into the River Thames. That's more than 2,800 Olympic sized swimming pools.

These vital commissioning milestones were achieved through a major collaboration between Tideway as client, Jacobs as Programme Manager, CVB as Commissioning Principal Contractor, BMB and FLO as the other Main Works Contractors, Amey as Systems Integrator and Thames Water as the ultimate operator of the tunnel.

As the year ended, the focus moved to a more structured testing phase, where the completed system is being tested in different weather conditions, initially at partial capacity and then full capacity, ahead of full operation.

While the project moved through vital phases below ground as the tunnel was brought online, significant milestones were also achieved above ground.

As work completed at a number of sites, hoardings were removed and new spaces were opened to the public, showcasing new public art that has been integrated into the functional design of the tunnel system.

In August we unveiled new sculptures, including one of Sir Joseph Bazalgette, as we completed work at Acton Storm Tanks. In the autumn, we opened new community spaces at King George's Park, and Falconbrook Pumping Station, in Wandsworth, and a riverside space was opened at Chelsea Embankment in December.

We substantially completed work at our Abbey Mills site in Stratford and ended the year by opening a new riverside space as we finished at Carnwath Road in Fulham.

One of the three main 'drive sites' for the project's tunnel boring machines; a section of the Thames Path, at Carnwath Road, west of Wandsworth Bridge was re-opened, along with a new space for the public.

Above-ground completion work continued at the remaining sites in the Central and East sections of the project, including:

- Cofferdams (the temporary areas of land built out into the river allowing us to build the structures below ground) removal at Albert Embankment Foreshore, Blackfriars Bridge Foreshore, Chelsea Quay and King Edward Memorial Park Foreshore. The last remaining cofferdam is at Chambers Wharf, where removal has begun.
- Soft landscaping and tree planting to create new public spaces progressed at sites including Blackfriars Bridge Foreshore, King Edward Memorial Park Foreshore and Deptford Church Street.
- Heritage design features were reinstated at riverside sites including Victorian 'sturgeon' lighting columns and large bronze lion heads at Blackfriars Bridge Foreshore.
- Site-specific artwork was installed at Victoria Embankment Foreshore and Earl Pumping Station by artists Richard Wentworth and Lubna Chowdhary, ready to be unveiled when the sites are finished.

CONSTRUCTION QUALITY

The level of non-conformance and re-work on the project remains at a satisfactory level, with no critical defects being reported this year and to date on the project. With major construction work drawing to a close, with the connection of the overflows to the tunnel, the focus is now on closing out any outstanding non-conformances and defects and ensuring the architectural and landscaping work is of the highest quality, with specific attention on the new public spaces. As noted in previous reports we have experienced infiltration of ground water into some of our tunnels. Independent assessments have confirmed the levels of infiltration and consequent exfiltration expected in service are unlikely to have any adverse environmental, structural or durability impact. Monitoring is being carried out to demonstrate satisfactory operational performance ahead of completion certification.

The site readiness process, previously adopted to assure the completeness of works and documentation ahead of the CSO connections, is now being used to track closeout of documentation and other deliverables, including the construction certificates, to provide confidence that all the required deliverables are appropriately assured for the remaining key milestones of storm testing, handover of operation and the completion of the works. This is a collaborative process with the involvement of Tideway and Thames Water and the Programme Manager ensuring alignment of progress and outstanding issues for resolution.

Construction quality is the responsibility of the Main Works Contractors and System Integrator Contractor who self-certify their works. This self-certification and associated documentation are overseen through regular reviews by the Programme Manager and New Engineering Contract ("NEC") Supervisor. The progress on the certification process is reported weekly allowing issues to be tracked to resolution. Further technical assurance is provided by inspections from Tideway's NEC Supervisor team with regular oversight by Tideway's Chief Technical Officer. Tideway's Quality Management System is subject to annual senior management review and internal audit. These levels of assurance provide the project with a robust framework to drive construction quality compliance and enable an integrated approach for dealing with quality related issues.

COMMERCIAL

The MWCs' target prices have been further adjusted to reflect compensation events through the year. With the achievement of key milestones during the year the programme is commercially well placed as the focus now looks forward to Handover and completion. The MWCs and System Integrator continue to work collaboratively with Tideway, with the parties aligned in their commercial approach to successfully deliver the final phase of works.

PROJECT RECOGNITION

The delivery success and innovation of the Tideway project was recognised externally with major construction and tunnelling industry award wins.

The Thames Tideway Tunnel was named 'Project of the Year' at the 2024 British Construction Industry Awards (BCIA) – one of three wins in the sector's most prestigious event – and Major Project of the Year in the 2024 International Tunnelling Association Awards.

The BCIA judging panel said: "Judges agreed this project had pushed boundaries in ways that delivered real success in every aspect of project delivery – be it stakeholder engagement, placemaking, remarkable EDI policy put into practice or decarbonisation through new practices and materials."

"The project set new standards for safety. Intensive practices that included extensive training requirements for permission to access the site, resulted in no life threatening or life changing injuries throughout its 40-million-person hours worked."

"And most crucially, judges felt the scale and intended longevity of the environmental and social impact built upon the legacy of Bazalgette's great sewer innovations and makes this infrastructure that over delivers, creates public realm and generates an identity. Really outstanding."

Tideway's hat-trick of wins at the 2024 BCIA's also included winning Environmental Project of the Year and the National Infrastructure Commission Design Principles award.

Global recognition followed at the 2024 International Tunnelling Association Awards, held in Genoa. The Thames Tideway Tunnel won Major Project of the Year (over 500 million Euros), ahead of a new rail link between Long Island and Manhattan, New York into second place, a 43km rail line in Singapore into third and a road project in Shenzhen, China into fourth.

The International Tunnelling Association has members from 80 countries and supports the industry by sharing best practice, highlighting new techniques and innovations and publishing guidelines.

Judges highlighted Tideway's vision for the wider benefits of the project and its innovations in building a safe and inclusive culture, as well as encouraging all Main Works Contractors to both innovate and collaborate to improve project delivery, including taking steps where possible to reduce the project's carbon footprint.

The Tideway project also featured in a new book called '50 Iconic Projects' published by the International Tunnelling Association to mark its 50th anniversary - one of three UK projects from the past 50 years that were chosen. The others were The Channel Tunnel and Crossrail / The Elizabeth Line.

SYSTEM COMMISSIONING

This year saw the project successfully move into the System Commissioning phase. Having started the Preliminary Commissioning period at the end of April 2024, the works to connect the Lee Tunnel and new Tideway Tunnels to create the London Tideway Tunnels (LTT) System were successfully completed, with the LTT back in operation after a two-week outage in May 2024 to commence the System Activation period. This allowed the interception sites to be progressively connected when deemed ready, this was predominately driven by confidence in the local controls of the mechanical and electrical equipment and visibility of this from the manned control room at Beckton Sewage Treatment Works.

The Systems Integration Contractor (SIC) played a key role in enabling these activations by completing the installation and testing of the control system equipment at the worksites and integrating them into the wider LTT control system. In addition, the interface between the existing Lee Tunnel and TWUL Regional control system with the new Tideway control system was successfully completed, allowing the Lee Tunnel and Tideway Tunnels to operate as a single system. The SIC also developed simulation software to allow comprehensive dry weather testing of the new single control system (Dry System Testing) to identify and rectify any further issues and refinements. Subsequently in March 2025, with all the new Combined Sewer Overflow (CSO) interception sites connected and in automatic operation via the newly developed LTT Control System the project was able to move into the Storm Testing phase of commissioning where the completed tunnel, interception and control system will be tested using rainfall events in various scenarios. Initially it will be operating at a reduced capacity until the full functionality is proven by these specific storm events.

Once the tunnel capacity is increased to its final design operating levels, the final Storm Tests will be undertaken followed by final asset inspections ahead of the completion of commissioning.

Vision, Legacy & Reputation

Objective	We want to maintain a supportive environment for completing 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 Governance (ESG) credentials in order to build and retain trust and deliver a lasting legacy.		
Priority	Continue to ensure our stakeholder engagement programme supports successful completion of the project, which includes engagement with TW 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.		
MEASURE		TARGET	ACTUAL
Support from Stakeholders		Active support from stakeholders in progressing the project to Handover	Achieved – see Performance and Engagement sections

PERFORMANCE

We completed another five of our 54 legacy commitments in 2024/25, bringing the total closed out to 43 – a total of 80 per cent. We expect to complete a further seven by Handover later in 2025.

We continued to communicate the benefits and progress of the project and engage with our stakeholders. Sir Sadiq Khan, Mayor of London said: "The Tideway project is a game-changer in relation to London cleaning up the River Thames. It's a way to make the Thames cleaner but also a way to make fantastic public realm – great improvements across our city."

We also received significant industry recognition, winning Project of the Year and two other major awards – see the Schedule, Cost and Quality section for more details.

LEGACY

Legacy commitments closed out this year included:

- Our commitments to ethical supply chain practices by making sure that everyone on the project is paid at least the London Living Wage (LLW) and that our Small and Medium-sized Enterprises (SMEs) are paid within 30 days of invoice under the Fair Payment Charter. Tideway and its contractors have met our targets under these commitments since the project began and committed to 100 per cent compliance until project completion.
- Our commitment to plant two trees for every one displaced. We increased our target from a two-to-one ratio, which would have meant planting almost 400 trees, to plant at least 550. We achieved that target at the end of the year, with some trees still to plant.

Of the remaining seven commitments directly controlled by Tideway, all are on track to achieve or exceed their targets and we expect them to be closed out by Handover. Four other legacy commitments relating to long-term environmental benefits will be tracked beyond Handover.

UN Sustainable Development Goals (UN SDGs)

Since 2018, our legacy programme has been tracked against its contribution to the UN SDGs, so that we can show our wider impact on society and the environment. In closing out five more commitments in 2024/25, we also completed our contribution to one more of the goals (Goal 8 – Decent Work and Economic Growth) and four more targets, bringing our completed contributions to six goals and 20

targets. We will ultimately support 10 goals and 28 targets, with the most significant contributions to Goal 6 (Clean Water and Sanitation) - where the project's benefits will be demonstrated by improvements in indicators for water quality and sewage-derived litter – and Goal 11 (Sustainable Cities and Communities).

More detail on our performance against all 54 commitments, including how they map to the UN SDGs and targets, is in our [ESG databook](#) – see the 'Legacy Commitments' tab.

ENGAGEMENT AND COMMUNICATION

Tideway's proactive engagement with stakeholders as the project reached major milestones, resulted in public support and significant positive commentary about the project – all supporting our approach to public accountability and demonstrating why Tideway is an essential investment.

Public statements from a range of stakeholders, including senior political figures, regulators and industry bodies, accompanied by widespread media coverage as we started to operate the tunnel helped to underline the importance of the Tunnel in tackling sewage discharges and its impact on the water quality of the Thames. Our communication focus shifted towards explaining the impact of the Tunnel, for example, our website now includes a tracker showing the latest volume of sewage captured by the tunnel. During our campaign to drive awareness that the tunnel was in operation, we saw social media engagement increase by more than 1,000 per cent and traffic to our website increase by almost 200 per cent.

As we reach the closing stages of the project, our communication activity has also shifted towards describing the lessons we have learned on the project and sharing our experiences, all as a means of positively influencing future infrastructure project delivery.

Community engagement also remained a high priority as we opened up new public spaces. The community took part as we formally opened new spaces at King George's Park, Falconbrook Pumping Station and Carnwath Road and unveiled artwork, including sculptures of Sir Joseph Bazalgette and local figure 'Colin', at Acton Storm Tanks. These close-out events also allowed us to assess community feeling, and the feedback was overwhelmingly positive. For example, we received this comment from a local resident after we completed at Carnwath Road, where community relations at the beginning of the project were challenging. The resident said: "Many thanks for keeping us so well informed during the construction, which was brilliantly managed with hardly any inconvenience to local residents. The new open park space onto the river is magnificent."

At Chelsea Quay, we celebrated the new public space with a stakeholder event officiated by HRH The Princess Royal in April and then the Governor of the Royal Chelsea Hospital switched on the Christmas lights at the site with an event with the Chelsea Pensioners in December.

We also engaged stakeholders through boat tours (for around 400 people), about 50 site visits, and our well-established engagement fora, with some groups coming to an end as their function was complete - for details see the Engaging our Stakeholders section.

The Tideway Helpdesk received 1807 contacts, of which 193 were complaints - this compares to 1841 and 275 respectively last year.

A particular focus for our communications was those who have played the biggest role in making the project a success – its people. We launched a new 'People Behind the Tunnel' series on YouTube and on our website to tell stories from some of those involved in delivering the project, and our people continued to present stories on our 'Tunnel Vision' film series. People reaction was also a feature of the positive online feedback after milestone announcements. Our people featured in a new one-part documentary which is expected to air later in the year.

COMMUNITY INVESTMENT AND CHARITABLE GIVING

Tideway's final major community investment before project completion was with the Active Thames programme, which encourages communities to get active on or beside the River Thames and its inland waterways. Tideway's support allowed 11 projects from across London and the Thames estuary to receive grants. A film about our support for Active Thames is [here](#).

Our year in fundraising was led by our support for longstanding partner London Youth Rowing (LYR). In July project crews raised more than £5,000 by rowing 16 miles through central London in LYR's Oarsome Challenge event and in February Tideway teams took part in Race The Thames, a week-long exercise challenge, helping LYR to raise £40,000. In October, Tideway CEO Andy Mitchell was appointed Chair of the board of Trustees at LYR, as a further commitment to skilled volunteering.

Total corporate giving was £5,537, with in-kind donations to a value of more than £7,600. Our people raised a total of £5,067 for charity.

SUSTAINABILITY IN DELIVERY

Carbon emissions

When the construction phase substantively completed at the end of 2023/24, a third-party Critical Review confirmed our Scope 3 (embedded) footprint as 553,625tCO₂e, a 28 per cent reduction on the original anticipated total of ~770,000 tCO₂e. We outlined how those savings were achieved in our [final Sustainability Report](#).

For the commissioning phase of the project, our Scope 3 emissions are based on energy usage from the new permanent, above ground assets used in the operation of the tunnel. Tideway does not have Scope 1 emissions, and our Scope 2 emissions are based on energy usage at our corporate offices. Data is summarised in the table below.

Scope area	2024/25 (tCO ₂ e)	Project To Date (tCO ₂ e)
Scope 1	N/A	N/A
Scope 2	21	542*
Scope 3	35	553,660

Carbon SWOT analysis

Each year in line with our role as a regulated water company, we review the strengths, weaknesses, opportunities and threats of our carbon reporting, performance and impact. You can see this analysis in BTL's Annual Performance Report.

More By River

Tideway has aimed to maximise river transportation, saving >700,000 two-way HGV journeys and therefore reducing congestion, safety risks to road users and carbon emissions. We have been tracking this benefit since the start of the project and the latest data is below.

Area	2024/25	Project To Date
Materials moved by river	134,557 tonnes	5,879,274 tonnes
HGV journeys avoided	15,958 two-way journeys	701,230 two-way journeys
HGVs on the road avoided	7,979 HGVs	350,615 HGVs
Carbon emissions avoided	296 tCO ₂ e	24,694 tCO ₂ e

* As a result of a correction in 23/24 Project To Date data, Scope 2 PTD up to March 2024 is 521 (corrected from 553) and up to March 2025 is 542.

Environmental Incidents

There were no major environmental incidents in the year and there was a reduction in lower-level incidents compared with 2023/24. Construction activities have substantially reduced but Tideway continues to monitor compliance with environmental obligations and encourages a strong reporting culture.

Incident level	2023/24	2024/25	Project To Date
4 (Near miss)	13	2	233
3 (Minor incident)	6	3	185
2 (Significant incident)	0	2	17
1 (Major incident)	0	0	0
Total	19	7	435

MATERIALITY STATEMENT

Although we are a mature project, with construction substantially complete and Handover expected in 2025, we continue to ensure that our sustainability topics remain material to us. We do this through performance reviews with a sub-committee of Tideway's Executive Committee and six-monthly reviews with the Tideway Board through its HSSE Committee. We identified the material topics for our legacy and sustainability programmes in 2013, in consultation with local communities, local and national government, London business groups and river organisations – at the time, this was the UK's largest public consultation on a construction programme, engaging around 300,000 people. Our stakeholder engagement also highlighted an opportunity to deliver a 'big picture' social benefit which we captured in our company vision statement: 'Reconnecting London with the River Thames', which became the over-arching theme of our legacy programme. We have kept this programme and its link to changing requirements and circumstances under review since then and outlined our achievements and learnings in a series of documents, including dedicated Sustainability Reports and a Social Impact Report, which are 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 to transition from construction to an operational organisation.					
MEASURE	TARGET	2024/25	2023/24	2022/23	2021/22	2020/21
Employee diversity* (percentage of women in Tideway at 31 March)	40%	38%	36%	33%	36%	36%
Organisation changes delivered against plan, whilst preserving a values driven, skilled, diverse and engaged workforce.	Subjective*	Green	Green	Green	Green	Green

PRESERVING OUR VALUES

*We have assessed our performance based on a number of indicators and agreed this with the Remuneration Committee. Feedback from Employee Forum representatives has been positive. A working group has made good progress towards establishing an organisational structure appropriate to the move to an operational organisation. All people whose roles will cease have been advised of their indicative end date. There has been no unplanned people turnover during the year and the Encompass group has continued to meet and champion diversity, equality and inclusivity initiatives.

Ateya Marshall, Site Engineer, Albert Embankment

"My love of engineering began at university because I loved to problem solve. I really wanted a career in STEM (Science, Technology, Engineering and Maths, and being a woman I felt even more motivated to pursue a career to pave the way for future generations.

"I feel incredibly proud and grateful to be part of a project that will have a lasting impact on people. I also feel incredibly proud to be part of creating new public spaces in London.

"My advice to the younger generation or for anyone entering the construction industry would be to be unapologetically yourself. Any experience you may have through your journey is good experience."

Darren Kehoe, Project Manager, Greenwich Pumping Station

"I kind of got pushed into tunnels when I was a young engineer, I immediately fell in love with the industry.

"Some of the people I'll remember the most were some of the young apprentices in the job...they brought so much joy and energy to the site.

"In terms of a standout hero, this job went through some tough times during the pandemic – in my eyes the heroes were the people who came into work every single day - living in bubbles, heroes, because this job wouldn't be where it was without all of them."

DIVERSITY EQUALITY AND INCLUSIVITY

We improved our performance over last year increasing the percentage of women within Tideway from 36% to 38% (against a target of 40%). Our Encompass steering group, open to all employees and attended by senior managers who sponsor specific areas, continues to meet and promote inclusivity events. We held workshops to promote women in engineering, have hosted an external speaker to celebrate IDAHOBIT (International Day Against Homophobia, Biphobia and Transphobia) and celebrated National Inclusion Week with all teams invited to participate in a murder mystery game designed by one of our people with the objective of identifying areas of unconscious bias.

Headcount*	Female 31 March 2023	Male 31 March 2023	Total 31 March 2023	Female 31 March 2024	Male 31 March 2024	Total 31 March 2024	Female 31 March 2025	Male 31 March 2025	Total 31 March 2025
Board **	1	11	12	1	10	11	2	9	11
Senior Management	10	17	27	8	12	20	8	12	20
Other Employees	78	158	236	78	139	217	72	119	191
Total *	89	186	275	87	161	248	82	140	223

*Includes Tideway employees and our project management contractors (Jacobs) and Shareholder Directors

** Includes shareholder Directors

* We assess our performance based on a number of indicators, including engagement survey and demographic data and agree our assessment with our Remuneration Committee.

REPORT FROM DESIGNATED WORKFORCE DIRECTOR MOHAMMED SADDIQ

I am excited to have joined the Tideway Board in November 2024 and to have taken on the role as the designated Non-Executive Director for workforce matters from Ruby McGregor-Smith.

Tideway remains committed to developing a supportive and inclusive culture across the organisation. The Employee Forum continues to serve as an effective platform for discussion, ensuring that executive management is responsive to issues that matter most to our workforce. This is particularly important during a period of significant organisational change, which impacts the roles and responsibilities of our people. Employees are kept well-informed about key dates affecting their positions and are provided with comprehensive support. This includes access to individual learning and development budgets, alongside career coaching, to help them navigate these changes and develop professionally.

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 and deliver IRR in line with the financing plan. Liquidity and Gearing management – continue focus on capital preservation and liquidity, ensure gearing ratios are maintained below 70% and seek to optimise returns on investment activities.	
MEASURE	TARGET	ACTUAL
Company credit rating	Baa1/ BBB+	Baa1/BBB+
Distribution	Achieve 2024/25 financing plan	In line
Liquidity	12 months liquidity	21 Months Liquidity
Gearing	Maintain gearing below 70 per cent RAR trigger	68 per cent

Our approach continues to be to deliver efficient sustainable financing and maintain a low risk financing position, protecting our credit ratings and ensuring in excess of 12 months liquidity. We achieved our financing priorities for the year. We currently benefit from 21 months of liquidity which covers our cash needs up to Handover and beyond. We continue to benefit from a £160m revolving credit facility (RCF) which remains undrawn. During the year Bazalgette Tideway Limited and Bazalgette Finance Plc secured a Liquidity Facility (LF) of £75m that is designed, together with amounts standing to the credit of the Debt Service Reserve Account, to cover the liquidity required amount covering twelve months of interest, fees and scheduled amortisation as defined in our financing platform. Tideway's long term debt funding stands at £3,674m in principal amount including accretion. Our multi-format debt platform supports the raising of long-term debt via structural enhancements that include a bankruptcy-remote structure and a package of covenants and restrictions protecting cash flows. The debt platform includes a multi-currency bond programme, which is listed on the regulated sustainable market of the London Stock Exchange.

Debt £m	Principal	Accretion	Total Drawn
RPI	1,112	346	1,458
CPI	350	71	421
Floating (EIB)	620	-	620
Nominal	1,175	-	1,175
Total	3,257	417	3,674

Debt covenants remain in line with our financing plan and fully compliant with our financing agreements. The ratio of Net debt to Adjusted RCV (gearing) was 68.0 per cent and the ratio of Net Cash Flow to Senior Debt Interest (interest cover ratio) was 5.8x as at 31 March 2025, compared to maximum and minimum covenants of 70.0 per cent and 1.3x respectively (see the 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.

TREASURY POLICY

Tideway's treasury policy incorporates the corporate objective to finance the Group while minimising risk. Our target is to maintain robust investment grade credit ratings. We manage our financing activities within the parameters set in the Government Support Package, the financing documents, and the Licence.

SUSTAINABLE FINANCING

Our sustainable financing strategy aligns Tideway's financing both with the long-term target of cleaning up the river and with the significant ESG efforts during construction which have been captured in Tideway's legacy commitments. All bonds issued to date are green and are listed in the London Stock Exchange Sustainable Bond Market. Tideway's total green debt issuance stands at £2,157m, which includes the 18 green bonds totalling £1,832m and £325m of green US private placements. The £160m RCF is structured as a sustainability-linked loan. We have published an [ESG databook](#) providing key information frequently requested by investors and other stakeholders in an accessible format. Please refer to the Sustainable Finance Reporting section for information on how we are meeting the various standards adopted as part of our Sustainable Finance Framework.

HEDGING

Tideway has entered into long-term swaps with commercial banks to hedge the interest rate for tranches one to eight of the £700m EIB loan and £70m of the £300m US Private Placement notes. These are all economic hedges, completed in previous financial years and no swaps were executed in 2024/25.

DISTRIBUTIONS

At Licence Award our shareholders committed a total of £1,274.2m in the form of £509.7m in equity and £764.5m as shareholder loan. This amount was fully injected into Tideway by 2019 and investments have been debt financed since. As a result, our gearing increased to our target capital structure as we delivered our investment programme and risks were gradually retired.

Prior to System Acceptance, Tideway will not generate distributable profits and as such it will not be able to pay dividends to its shareholders. As a result, during construction Tideway's shareholders receive a cash return on their investment through a combination of payments of interest on the loan and partial repayments of those loans. This mechanism was put in place during the Infrastructure Provider equity procurement process run by Thames Water and overseen by Ofwat and the UK Government and was key to achieving the low cost of capital bid by our shareholders. Ultimately, Thames Water's wastewater customers benefit from the low cost of capital achieved through the procurement through a lower charge in their bills.

The total distributions paid in the year were £26m in the form of a partial payment of interest on the shareholder loan; the remainder £49.9m interest due on the shareholder loan was capitalised. The shareholder loan now stands at £972.6m (no distributions were paid in 2023/24), taking the total shareholder funds to £1,482.3m when combined with the £509.7m in equity.

In August 2024, Amber Infrastructure Group Holdings Limited ("Amber Infrastructure") completed its previously announced strategic combination with Boyd Watterson Asset Management. The combination creates a diversified real estate, infrastructure, and fixed income asset management business. Amber Infrastructure manages INPP's and Swiss Life's investments in Tideway.

LIQUIDITY

At 31 March 2025, we had total liquidity of £409.9m, comprising £249.9m of unrestricted cash and short-term deposits, and the £160.0m undrawn RCF. This, combined with expected revenue collections, provides liquidity significantly in excess of our 12-month target, including all liquidity required to Handover and beyond.

CREDIT RATINGS

Credit ratings remain at BBB+ by Fitch Ratings and Baa1 by Moody's, both with a stable outlook.

INVESTMENT MANAGEMENT

We maintained substantial cash balances throughout the period, averaging £328m per daily close. We managed these cash balances by adhering to the set limits and criteria of our approved investment management strategy, prioritising the preservation of principal, ensuring adequate liquidity and striving to optimise the yield.

SUSTAINABLE FINANCE REPORTING

We have committed to provide an annual update to investors under the various standards adopted as part of our Sustainable Finance Framework.

In November 2017 we published a framework for the issuance of Green Bonds. In 2020 this framework was updated to a Sustainable Finance Framework under which Tideway and Bazalgette Finance Plc (BFP) can raise debt to support the financing and/or refinancing of assets and expenditures of a sustainable nature across its activities. The Framework was last updated in May 2025. The Framework follows the International Capital Markets Association (ICMA) Green Bond Principles (GBP) and the Loan Market Association Green Loan Principles (GLP). The Framework is also aligned with the Loan Market Association (LMA) Sustainability Linked Loan Principles (SLLP). A common principle to the various standards is the requirement to provide an annual update to investors about the:

- Allocation of proceeds in the case of green and blue bonds and green loans
- Compliance with the agreed KPI in the case of sustainability-linked loans
- Impact of the project

Current framework	Tideway's Sustainable Finance Framework May 2025
Reporting period	Fiscal year to 31 March 2025
Date of publication	June 2025
Reporting frequency	Annual
Reporting approach	ICMA Green Bond Impact Reporting - Handbook - Harmonized Framework for Impact Reporting, June 2024 APLMA, LMA and LSTA Sustainability Linked Loan Principles, March 2025

GREEN ISSUANCE

BFP has issued 18 green bonds to date and Bazalgette Tunnel Limited (BTL) has issued two green US private placements (USPPs). Please refer to the tables in our [ESG databook](#) for details of each green transaction.

The net proceeds from the issuance of green debt instruments have been used to finance the design, construction, commissioning and maintenance of the Thames Tideway Tunnel. This asset falls into the Green Bond Principles (2021 with 2022 appendix) use of proceeds for 'pollution prevention and control' and 'sustainable water and wastewater management' as published by ICMA. The 2025 framework has been updated to include the possibility of issuing Blue Bonds, which align well with Tideway's purpose and activities now that the super sewer has begun its work. Blue Bonds are also Green Bonds, as long as they align with the four Core Components of the GBP.

Second Party Opinion

Our green debt instruments are covered by a second party opinion by S&P Global Ratings which was last updated in June 2025. We were awarded the 'Dark Green' shade, the highest green rating based on S&P's Shades of Green methodology and it is a measurement of the green credentials of our financing and the project's contribution to sustainability.

Use of Proceeds

The proceeds from the 18 Green Bonds, all of which have funded, were on-loaned by BFP to BTL and deposited in BTL's sole operating bank account. BTL has also received the funds from the two green USPPs. The funds were subsequently drawn to fund the design and construction of the tunnel. While in the operating account, the funds were managed by Tideway's Treasury team in accordance with the company's investment management policy that aims to preserve capital and liquidity. Funds were invested in deposits with Tideway's banks and in liquid money market funds. Further to the Framework, funds were disbursed to pay for Allowable Project Spend, as defined in the Licence, which is the cumulative expenditure incurred for the Thames Tideway Tunnel, constituting the regulatory capital value. The Allowable Project Spend is calculated by Tideway and verified on a monthly basis by Mott McDonald, the Independent Technical Assessor (ITA), appointed in connection with the Liaison Agreement, establishing a Liaison Committee with Tideway, Department for Environment, Food and Rural Affairs (Defra) and Thames Water Utilities Limited (Thames Water) as members and the Water Services Regulation Authority (Ofwat) and the Environment Agency (EA) as observers.

The ITA has certified £3,720m of Allowable Project Spend (APS) during the period between August 2017 and March 2025 as follows:

	£m
Aug 2017 to Mar 2018	389
2018/19	583
2019/20	605
2020/21	542
2021/22	531
2022/23	510
2023/24	352
2024/25	208
Total	3,720

The £3,720m of certified APS is in excess of the £2,157m allocated to green issuance, which funded between 25 August 2017 and 31 March 2024, confirming that the use of proceeds of the drawn green issuance is in line with the requirements of the Green Bond Principles.

Impact Reporting

The expected environmental and economic benefits of the project remain as per the original Development Consent Order, which provided the overall permissions to the project, until the TTT is built and starts operations:

- In a typical year, the tunnel will reduce polluting discharges to river by circa 16 million cubic metres (diverted and captured for treatment)
- The three components of the London Tideway Improvements work conjunctively to reduce discharges in a typical year by about 37 million cubic metres, as described in the Framework.

Once the tunnel is fully operational, we will report the impact in accordance with the Handbook on Harmonized Framework for Impact Reporting published by the Green Bond Principles, in particular 'Core Indicator B. Wastewater Treatment Projects, #2) Annual amount of raw/untreated wastewater discharges avoided'. The construction phase is now substantially complete, and we are at the end of the commissioning phase. All the individual discharge points have been connected to the tunnel, with almost seven million cubic metres of sewage already intercepted and prevented from overflowing into the River Thames by the end of March 2025. We are now in the testing phase and expect the handover to Thames Water for operation towards the end of 2025.

Wastewater Management Project	Project Name	Thames Tideway Tunnel
Signed Amount	£ million	2,157
Share of Total Project Financing	%	100
Eligibility for green bonds/ loans	% of signed amount	100
Allocated Amount	£ million	2,157
Project lifetime	In years	120+
#2) Annual amount of raw/ untreated wastewater discharges avoided	Annual absolute (gross) amount of wastewater avoided before and after the project in m ³	To start in 2025/26 reporting cycle Ongoing reporting is already on our website
Other potential indicators (*)	Dissolved O ₂ levels <5mg/l at monitoring stations Amount of Sewage Derived Litter (SDL) intercepted (extrapolated from average SDL at Abbey Mills PS) Number of elevated health risk days	To start in 2025/26 reporting cycle

(*) We expect that Thames Water will publish some additional information as part of its Benefits Realisation Report, with the first report due to be published in 2026.

SUSTAINABILITY-LINKED REVOLVING CREDIT FACILITY

Our £160m Revolving Credit Facility (RCF) is structured as a sustainability-linked loan, in accordance with SLLP with a KPI linked to our Legacy commitments. This loan further aligns Tideway's financing, not only with the long-term target of cleaning the river, but also with the significant efforts during construction and commissioning, which have been captured in Tideway's legacy commitments.

Key Performance Indicator

Tideway's RCF includes the agreed sustainable KPI which is the meeting of at least 85 per cent of the live Legacy commitments. The target has continued to act as a strong stimulus for the company to focus on the long-lasting benefits from the project and keep creating a healthier and more sustainable future for London. The credit margin on the facility is reduced if the performance target is met. We completed another five of our 54 legacy commitments in 2024/25, bringing the total closed out to 43 – a total of 80 per cent. At the end of the fiscal year 100 per cent of the live legacy commitments were on track, meeting the 85 per cent KPI. Performance data against each commitment is in our [ESG databook](#) – see the 'Legacy Commitments' tab Verification. This includes how the commitments map to the UN SDGs and targets.

Assurance

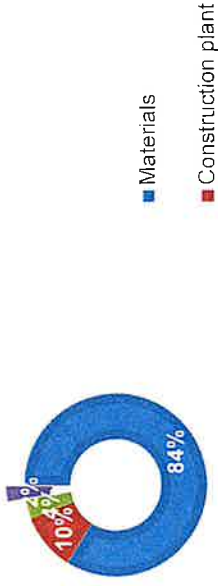
The May 2021 update to the SLLP (further updated in February 2023 and March 2025) requires borrowers to obtain independent and external verification of the borrower's performance level against each KPI at least once a year. This update included an exception to transactions completed prior to June 3, 2021 following the revised SLLP, and instead should be reviewed in conjunction with the SLLP published in May 2020. This is the case of Tideway's RCF. Tideway has developed a robust internal process to validate the calculation of its performance against the KPI. Furthermore, the social impact study published in 2023 provided a level of external scrutiny of our performance against the Legacy commitments. Our Scope 3 (embedded) carbon data for the project's construction phase has been third party verified. During the construction phase, Legacy information from across the three contract areas of the project was compiled into a standardised reporting workbook by assigned Legacy Managers within each MWCs Joint Venture (MWC JV) and submitted quarterly to Tideway for assurance. For the commissioning and testing phase, with significantly reduced number of live commitments and data, reporting from MWC JVs and Tideway's own commitment owners is six-monthly, with performance and commitment close-out rationale assured by a sub-committee of the Tideway executive committee. Performance reports are also subject to internal review and verification by Tideway's Regulation and Finance departments and are shared with Defra and Environment Agency, and with Tideway's Board semi-annually.

Taskforce on Climate Related Financial Disclosures

The Thames Tideway Tunnel has a significant carbon footprint due to the embedded carbon within the built asset. The [Energy and Carbon Footprint Report](#) that was produced for the Development Consent Order (DCO) in 2013 estimated a total carbon footprint in the decarbonised scenario of approximately 840,000 tCO₂e with the principal impact being the greenhouse gas (GHG) emissions arising from the construction of the infrastructure, in particular embodied carbon in manufacturing of materials.

This carbon in materials during the construction phase of the project, which has substantially completed, equated to approximately 83% of the total emissions, with emissions from construction plant and machinery (construction worksite activities e.g. tunnel boring and emissions from plant and machinery) being around 11.5% of the total emissions. The transport of excavated material and construction materials represents approximately 3%. Emissions during the 120-year operational life of the tunnel represent approximately 2.5% of the total GHG emissions, which we refer to as operational carbon. The assumption made for the baseline, is that the UK electricity emission factor would reduce as the grid is decarbonised until the zero carbon target in 2035. This is consistent with the Government's recent [Clean Power 2030 Action Plan](#) (updated in April 2025). Operation of the tunnel, expected to start in 2025, will be the responsibility of Thames Water who will report emissions relating to the above and near-ground shafts and kiosks that house the mechanical and electrical equipment to operate the tunnel. Tideway (Bazalgette Tunnel Limited) is the tunnel asset owner and will report emissions relating to its maintenance.

GREENHOUSE GAS EMISSIONS



Through the procurement process, the forecast carbon footprint was reduced to ~770,000 tCO₂e, an expected reduction of 8%. Our Main Works Contractors (MWCs) were required to minimise the carbon footprint of the project under the Works Information 1000 Environmental Management. This objective was also captured by Tideway in the Legacy Plan developed in 2014 and updated in 2017 which sets out targets for delivering a sustainable legacy. During the construction phase, MWCs reported their actual carbon on a quarterly basis, were held to a baseline figure and had their data verified by a third party. During the commissioning phase they report six-monthly on the above ground assets that they control and this data is reported annually.

In 2024 we appointed a third party to undertake a second critical review of our Scope 3 (embedded) emissions against the Greenhouse Gas Protocol guidance on assurance and verification. With construction substantially complete, this was the final critical review. The process did not uncover any material issues and has provided us with certainty in the robustness of our data and has confirmed that the final Scope 3 (embedded) carbon footprint for the construction phase is 553,625 tCO₂e, 28% below our anticipated carbon footprint. Further details can be found in our 2023/24 and final Sustainability Report.

The ability to change the carbon footprint of an infrastructure project of this nature in a significant manner is during the conceptual and design stages with reduced scope to effect further reductions during the construction and commissioning period. Once the tunnel is commissioned and operating, the operational carbon will be minimal as the tunnel is a relatively passive asset. Therefore, certain parts of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations cannot be applied easily to a single infrastructure project. In particular, it has not been possible to set carbon reduction targets that meet the

criteria of the Science Based Targets Initiative for example as the carbon footprint is concentrated during the construction and commissioning period, with a natural tailing off towards the end of construction.

Compliance statement

Tideway recognises the importance of, and supports, the TCFD. We are committed to ensuring that our climate change disclosures align with TCFD recommendations. Our fifth disclosure, set out below, is structured around the four TCFD themes of governance, strategy, risk management, metrics and targets. In line with the Directors' decision to voluntarily report on TCFD matters as if Tideway were required to comply with the Listing Rules, we confirm in line with the FCA Listing Rule 14.3.27, our disclosures are consistent with the TCFD recommendations and recommended disclosures in respect of the financial year ended 31 March 2025.

Tideway undertook climate scenario testing based on the UK Climate Projections 2009 (UKCP09), the best available climate projections for the UK at the time of the original route selection and design decisions. UKCP09 is based upon the Met Office Hadley Centre climate models and provide probabilistic projections of future climate for each decade up to 2100 in overlapping 30-year time periods, along with high, medium and low emissions scenarios. Tideway have used the 10, 50 and 90 percentiles to explore the implications of these uncertainties for the 2050s (2040 to 2069) and 2080s (2070 to 2099) time horizons. As well as climate change population growth was also assessed to test the resilience of this major infrastructure project to the wide variability of projected climate conditions.

There is an opportunity to update these projections with the UK Climate Projections 2018 (UKCP18) published in 2018 and last updated in 2022. UKCP18 includes for the first time Representative Concentration Pathways (RCPs), a method for capturing assumptions about the economic, social and physical changes to our environment that will influence climate change within a set of scenarios. The conditions of each scenario are used in the process of modelling possible future climate evolution. It provides datasets that represent UK climate in scenarios of 2 °C and 4 °C of global warming and includes the new UKCP Local (2.2km) providing for the first time national climate change information on a similar resolution to that of current operational weather forecast models. Such an update is likely to be undertaken once the tunnel has been operating for a few years.

The tunnel has a 120-year design life. Over its design life there will be significant changes in climate and population that will influence the performance of the tunnel and whilst the project has not been designed to withstand every possible future scenario, our modelling shows that the tunnel will continue to provide a good level of resilience for London as we see the impacts of climate change.

1. Governance

The governance around climate-related risks and opportunities

Recommended Disclosure	References	Response
a) Describe the Board's oversight of climate-related risks and opportunities	Annual Report Risk, HSSE Committee terms of reference	<p>The Board is responsible for setting the strategy and risk appetite for the Company and its approach to risk management. Important aspects of Tideway's business are subject to scrutiny by the Board's committees, which report their findings to the Board.</p> <p>The Risk, Health, Safety, Security and Environment (HSSE) Committee of the Board meets three times a year. The Committee reviews our principal, corporate and delivery risks and risk management processes. All risks, including identified climate-related risks are included within this top-tier risk register. The Committee also has a key role in reviewing, developing and overseeing consistent policy, standards and procedures for managing HSSE risk, and helping to ensure that Board members are sufficiently informed to discharge their individual and collective responsibilities for HSSE.</p> <p>The chair of the Risk, HSSE Committee has experience in managing environmental risk, including climate related.</p> <p>The Audit and Finance Committee of the Board receives updates on developments of ESG and climate-related reporting and regulation as part of its discussion of the Company's Sustainable Financing Strategy and reporting requirements.</p> <p>The Board receives an update from the Chair of each of the Risk and HSSE and Audit and Finance Committees following each meeting.</p>

2. Strategy

The actual and potential impacts of climate-related risks and opportunities on our businesses, strategy, and financial planning

Recommended Disclosure	References	Response
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term	<p>Annual Report Energy and Carbon Footprint Report – DCO document</p> <p>Sustainable Finance Report</p> <p>London Tideway Tunnels Operating Techniques</p>	<p>Conceptual stage</p> <p>During the conceptual stage of the project, climate change was considered as having two principal impacts on the tideway:</p> <p>On the operation of the sewer system with drier summers potentially causing an increase in pollutant build-up which could increase the adverse impacts of the 'first flush' in any overflow from the tunnel and wetter winters that could lead to more overflows.</p> <p>On water quality processes in the tideway with increases in river water temperatures leading to dissolved oxygen depletion to lower dissolved oxygen saturation and faster reaction rates, particularly if residual discharges occur when the tunnel is full.</p> <p>Construction phase</p> <p>The most significant climate-related risks during the construction period were: changes in design or the construction methodology to reduce a particular risk which results in increases in carbon.</p> <p>compliance with the DCO, in particular maintenance of flood defences of London during the construction work on 11 of our river-based construction sites.</p> <p>Throughout the duration of the project there have been several noteworthy interventions which have resulted in reductions in construction carbon and have contributed to the 28% reduction in our anticipated Scope 3 (embedded) carbon. Some were made during the conceptual and design phases before BTL was awarded the licence to build the tunnel. Examples include changes to the route of the tunnel, use of lower carbon concrete, thinner secondary lining, and a reduction in the transport emissions due to the increased use of the river to transport materials.</p> <p>We have incentivised our contractors to continually strive to improve their carbon impact through, for example, our innovation programme where we ran a specific carbon innovation programme and awarded funding for the use of telematics on site to track driver behaviour to reduce idling.</p>

Recommended Disclosure	References	Response
		<p>Operational phase</p> <p>During the operational phase, the main risk will be how well the tunnel design withstands changes in climate, with the risk of drier summers, wetter winters and an increase in the population of London resulting in exceeding the capacity of the tunnel or the treatment centre. This tunnel is designed to accommodate climate and population scenarios until at least 2080 as per the DCO Energy and Carbon Footprint report.</p> <p>Opportunities to reduce carbon footprint during the operational phase are limited. In any case, Tideway is only responsible for maintenance of the tunnel while Thames Water will be the operator, which further reduces the opportunity to reduce emissions as it may be reliant on decarbonisation of the grid in 2030.</p> <p>The tunnel is a high-quality asset built to achieve 120 years design life expected to require minimal maintenance of deep level assets contributing to the low carbon footprint during the long operational stage.</p> <p>Once the tunnel is operational, the EA and Thames Water will discuss phasing out current mitigation measures that include the use of two vessels for oxygenation and two skimmers, with consequent reduction in carbon consumed in operating and maintaining these diesel-fuelled vessels.</p>
<p>b) Describe the impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning</p>	<p>Prospectus</p> <p>Licence</p> <p>London Tideway Tunnels operating techniques</p>	<p>Construction phase</p> <p>Impact is limited given scope, advanced stage of construction and commissioning and because breaching DCO requirements is subject to reasonable endeavours. There are, however, reputational and regulatory risks.</p> <p>Notwithstanding the advance stage of construction, the business remains alert, and possible changes in law could pose non-material near-term financial impact.</p> <p>We have undertaken a number of workshops to reflect on how we have managed our GHG emissions and what we would do differently if we were starting to design and construct the Tideway tunnel today. The findings were published in a Carbon case study on our website.</p> <p>We continue to look for opportunities to optimise operational performance in the commissioning phase, which includes the potential to reduce emissions – for example, we are exploring the potential to reduce the duration of operation for the fans used as part of the tunnel's air management system.</p>

Recommended Disclosure	References	Response
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	<p>Resilience to Change - DCO document</p> <p>Major Infrastructure Resilience to Projected Changes to Population and Climate¹</p>	<p>Operational phase</p> <p>Should the parameters used in the DCO scenarios be exceeded, there would be potentially more frequent discharges in the Thames with limited implications on water quality, biodiversity and public health as annual CSO discharges would see a modest increase (see 2.c) below). Thames Water is responsible for the operation of the tunnel under the London Tideway Tunnels operating techniques agreed with the EA.</p>
		<p>At the time of the original route selection and design decisions, the best available climate projections for the UK were the UKCP09 projections, based upon the Met Office Hadley Centre climate models. UKCP09 provides an estimate of the range of model-related uncertainties in the future projections, along with high, medium and low emissions scenarios. Tideway have used the 10, 50 and 90 percentiles to explore the implications of these uncertainties for the 2050s (2040 to 2069) and 2080s (2070 to 2099) time horizons.</p> <p>Modelling of the future scenario suggests that in a typical year climate change and population growth will mean that by the 2080s the number of CSO discharge events into the tidal Thames will increase from the four that are predicted for 2013 conditions to five for the median projection, with a range from four (10 percentile) to eight (90 percentile) events for the medium emissions scenario.</p> <p>The main tunnel would therefore continue to provide a good level of service (compared to the frequency of more than 50 events in a typical year before the tunnel was connected) in a plausible range of future conditions.</p> <p>If the projected small increase in frequency of CSO discharge events does begin to occur over the coming decades, then there are feasible adaptations to the London Tideway Improvements that could be implemented in a timely and incremental way. These include further incremental Sewage Treatment Works improvements which could be undertaken to treat projected additional sewage flow; integration with possible flood alleviation tunnels; and catchment scale implementation of Sustainable Drainage Systems (SuDS) or green infrastructure.</p> <p>SuDS is not a feasible response to deal with previous or future CSO discharges. SuDS could, however, augment the CSO control achieved by the project and partially mitigate against climate change.</p>

¹ Authors: D. Crawford, A. Hon, A.P. Hagger, paper presented in 2016 at WelTec2016 conference

3. Risk management

How we identify, assesses and manage climate-related risks

Recommended Disclosure	References	Response
a) Describe the organisation's processes for identifying and assessing climate-related risks	Annual Report	<p>During construction, the Tideway Risk Management process aligned with the process the Association of Project Management stipulated as to be considered good practice.</p> <p>The Tideway Risk Management process identifies and assesses risks, including climate-related risks pertaining to the delivery and commissioning phases, within an ongoing review and reporting cycle. Our works planning and sequencing takes into consideration potential higher frequency of tidal surges and closures of the Thames Barrier.</p> <p>Risks identified and assessed at (1.) site level with project delivery teams (Project Manager and Main Works Contractor), Asset Management/Design Authority and Engineering, (2.) Area wide and Programme wide level (3.) Corporate and Executive risk reviews (Operations, Regulatory, Legal, Finance, External Affairs, IS).</p> <p>Risks are assessed quantitatively against project scoring schemes and qualitatively against corporate scoring schemes for probability and impact (Health and Safety, Direct Cost, Time, Reputation, Environment, Non-Project/Whole Life Costs etc.). Assessments are made by suitably skilled and experienced professionals, consulting subject matter experts (Project Managers, Quantity Surveyors, Engineering Leads etc.) as required.</p> <p>The risk process after Handover will be significantly different as the Company transitions to the long-term phase of maintaining the asset (that will be operated by Thames Water). The approach to risk and strategies post-Handover are being developed.</p>
b) Describe the organisation's processes for managing climate-related risks	Annual Report Regulatory Performance Report	<p>Within Tideway, Risk Management is an active and iterative process that involves identifying and implementing response strategies for either threats or opportunities. The intent is to reduce or eliminate threats or enhance opportunities.</p> <p>Each risk has an overarching management strategy and detailed response actions including the assigned response owners and timescales for review/closeout. These response actions are specific, 'time bound', appropriately allocated and monitored.</p> <p>Tideway is at the end of the commissioning stage and with the tunnel already in use and undergoing testing, most of the high impact low probability (HILP) risks associated with the construction of the project have now been retired. The Risk Management processes described above covers all risks identified on the programme, including climate-related risks.</p> <p><i>Supply Chain and stakeholders</i></p>

Recommended Disclosure	References	Response
		<p>During construction, our MWCs reported their Scope 3 (embedded) carbon on a quarterly basis, were held to a baseline figure, and had their data verified by a third party. During the commissioning phase they report six-monthly on the above ground assets that they control and this data is reported annually.</p> <p>We comply with greenhouse gas (GHG) reporting requirements outlined by Ofwat, the water regulator. We have updated our SWOT analysis - <i>Strengths, Weaknesses, Opportunities, Threats</i>. Our SWOT analysis of our data and methodology focuses on our scope 3 (embedded) emissions and can be found in the Annual Performance Report.</p> <p>The EA, another of our regulators, has placed climate risk at the centre of its operation and regulation.</p> <p>Our equity and debt investors have an increased focus on integrating ESG factors into the investment processes and expect reporting on climate and other matters following recognisable international standards. Our three shareholders are members of the Principles for Responsible Investment.</p>
c) Describe how the processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Annual Report	<p>Within the Tideway Risk Management process all risks, including climate-related risks, are managed and reviewed in a hierarchy with risks escalated for management review and response as required.</p> <p>The Board Risk and HSSE Committee is supported by a Corporate Risk Committee and an Executive Risk Committee that considers on a rolling basis the programme and corporate risks.</p> <p>Tideway ran a programme of three mandatory carbon training workshops for Tideway Executives.</p>

4. Metrics and targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities

Recommended Disclosure	References	Response						
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management processes	<p>Sustainability Statement</p> <p>Legacy Plan</p> <p>Sustainable Finance Framework</p> <p>ESG Databook</p>	<p>The origins of our legacy were set out in the Sustainability Statement, which was submitted as part of our DCO application. The Statement contains 15 objectives under 11 thematic areas used to appraise the sustainability performance of the project. Some of these objectives have been addressed through the planning stage, such as land use, while others will be realised as outcomes of the project during operation, e.g. enhanced river water quality.</p> <p>Our commitments have evolved into 54 metrics within our Legacy Plan under five themes that capture the range of opportunities created by the project - Environment; Health, Safety and Wellbeing; Economy; People; and Place.</p> <p>We completed another five of our 54 legacy commitments in 2024/25, bringing the total closed out to 43 – a total of 80 per cent. We expect to complete a further seven by Handover later in 2025, with four remaining commitments relating to long-term environmental benefits such as water quality. For the project to date, 50 commitments have been active, with 46 or 92 per cent achieved or on track. Out of the legacy commitments, four are climate related. Our Legacy performance dashboard that can be found on our ESG databook, details the Measure, Target and our Performance against these commitments.</p> <p>The metrics and performance against our environmental and climate commitments, included water, construction waste and beneficial reuse of excavated material.</p> <p>We have aligned ourselves to the World Resources Institute and the World Business Council for Sustainable Development definitions of Scope 2 and 3 emissions.</p>						
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 Greenhouse Gas emissions and related risks	Annual Report	<p>For the commissioning phase of the project, our Scope 3 emissions are based on energy usage from the new permanent, above ground assets used in the operation of the tunnel. Tideway does not have Scope 1 emissions, and our Scope 2 emissions are based on energy usage at our corporate offices. Data is summarised in the table below.</p> <table> <tr> <th>Scope 1 emissions - Operational</th><th>FY 2024/25tCO₂e</th><th>Project to date tCO₂e</th></tr> <tr> <td>Operation of the tunnel</td><td></td><td></td></tr> </table>	Scope 1 emissions - Operational	FY 2024/25tCO ₂ e	Project to date tCO ₂ e	Operation of the tunnel		
Scope 1 emissions - Operational	FY 2024/25tCO ₂ e	Project to date tCO ₂ e						
Operation of the tunnel								

Recommended Disclosure	References	Response																								
		<table><tr><td><u>Total scope 1 emissions</u></td><td></td><td>N/A until operation</td><td></td></tr><tr><td colspan="4">Scope 2 emissions – indirect emissions (electricity consumption used by Tideway (Bazalgette Tunnel Limited) controlled offices at Camelford House and the Cottons Centre)</td></tr><tr><td colspan="4">Location based</td></tr><tr><td><u>Total scope 2 emissions</u></td><td></td><td>21</td><td>542</td></tr><tr><td colspan="4">Scope 3 emissions – embedded (cradle to build)</td></tr><tr><td><u>Total scope 3 emissions</u></td><td></td><td>35</td><td>553,625</td></tr></table>	<u>Total scope 1 emissions</u>		N/A until operation		Scope 2 emissions – indirect emissions (electricity consumption used by Tideway (Bazalgette Tunnel Limited) controlled offices at Camelford House and the Cottons Centre)				Location based				<u>Total scope 2 emissions</u>		21	542	Scope 3 emissions – embedded (cradle to build)				<u>Total scope 3 emissions</u>		35	553,625
<u>Total scope 1 emissions</u>		N/A until operation																								
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		*Subtotals may not sum due to rounding																								
		With construction substantially complete, we have achieved a 28% reduction on our anticipated carbon footprint of ~770,000 tCO ₂ e. Our verified scope 3 (embedded) carbon emissions is 553,625tCO ₂ e for the project's construction phase. Further details can be found in our 2023/24 Sustainability Report.																								
		There are some remaining emissions as we finish the final architecture and landscaping and other above ground completions. We consider these emissions to be minimal in relation to the overall carbon footprint (projected to be less than 1% of our verified carbon footprint) and they are not being disclosed or subject to a third party Critical Review.																								

Recommended Disclosure	References	Response
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	<p>Resilience to Change - DCO document</p> <p>Sustainable Finance Framework</p> <p>ESG Databook</p> <p>Works Information</p>	<p>The forecast carbon footprint of the project was ~770,000 tCO₂e of which 97.5% is construction carbon as explained in the introduction.</p> <p>Construction phase targets</p> <p>The carbon related Key Performance Indicators (KPIs) were included in the Works Information that are part of the contracts between Tideway and the Main Works Contractors. Details of the KPIs that our MWCs provide can be found in our ESG databook.</p> <p>Operation phase targets</p> <p>In a typical year, for mid-2020s conditions, the Thames Tideway tunnel will further reduce polluting discharges by circa 16 million cubic metres (avoided and captured for treatment). The tunnel is expected to capture approximately 96 per cent of the overflow volume that used to enter the river in a typical year and reduces the number of individual overflow events at any controlled CSO from over 50 down to four or less. The residual CSO discharge would be approximately 2.4 million m³ per year.</p>

Financial Performance Review

Accounting Policies

The Group's financial statements have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards (IAS) in conformity with the requirements of the Companies Act 2006 ("UK-Adopted IFRS"). The financial statements are prepared in accordance with the historical cost accounting convention except where IFRS requires an alternative treatment. The financial statements are presented in Pounds Sterling. Our key accounting policies are outlined in note 1 to the financial statements.

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 Financial Statements 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 accrual 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 year, Tideway reported a profit of £3.9m (2023/24: £15.3m), with no dividends paid or proposed (2023/24: £nil). We did not recognise any taxable profits in the period (2023/24: £nil) and the resulting corporation tax charge for the period was £nil (2023/24: £nil).

We do not consider that the reported profit in the year reflects our business performance, as it results from the movement in the fair value in the Group's derivative financial instruments. These are long-term swaps which we entered into with commercial banks to economically hedge the interest costs of the Group's debt. The swaps fix volatility in finance costs for the Group'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. Note 11 to the financial statements provides more detail on the financial instruments.

We have made a 'disregard election' to HMRC which means that any gains or losses arising from the movement in the fair value will be disregarded for current tax purposes (the Tax section later in this Financial Performance Report provides more details).

Statement of Financial Position

At 31 March 2025, costs of £5,775.9m were capitalised within the asset under construction in the Statement of Financial Position. This represents £372.7m costs during the year and £5,403.2m for the prior periods to 31 March 2024.

Further details on how this expenditure is analysed into Allowable Project Spend and Excluded Project Spend can be found in the Bazalgette Tunnel Limited Annual Report available at www.tideway.london.

Net Debt and Financing

Net debt at 31 March 2025 was £4,540.4m, which was £188.6m higher than the £4,351.8m net debt at 31 March 2024.

Cash and cash equivalents at 31 March 2025 were £111.9m, which was £78.0m lower than the £189.9m cash and cash equivalents at 31 March 2024.

At 31 March 2025, the Group's total borrowings excluding shareholder loans and unamortised debt issue costs were £3,679.6m (2024: £3,618.2m) and lease liabilities outstanding totalled £0.1m (2024: £0.8m). Shareholder loans outstanding at 31 March 2025 were £972.6m (2024: £922.7m).

Financial Key Performance Indicators (KPIs)

Under its Common Terms Agreement (CTA), the Group 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 for 2024/25 are provided in Tideway's Annual Report within the Financial Performance Review.

Revenue

Within the financial statements, all regulated revenue is deferred in the Statement of Financial Position, in line with our revenue recognition accounting policy. During the year, we received cash inflows of £128.1m (2023/24: £106.5m) from revenue, which includes some revenue from prior years.

Tax

The Directors are responsible for ensuring that we comply with tax laws in the UK, which is the only territory we undertake our business activities in. We are committed to complying with tax laws in a responsible manner and to having open and constructive relationships with the tax authorities.

The scope of our business activities in the UK mean that we are subject to the scope of corporation tax, employment taxes, Value Added Tax (VAT) and other taxes such as environmental levies related to our project activities. Consequently, the Directors are responsible for ensuring that we calculate, collect and pay the appropriate taxes to HM Revenue & Customs and as a result the taxes we pay make an economic contribution to the UK. We believe we are compliant with all applicable UK tax legislation and pay the correct taxes on time and in full.

During the construction phase of the project, we anticipate that we will not pay any Corporation tax. This is because the tunnel we are building is an asset that will not be ready for economic use until it is fully operational. The System Acceptance date is when Thames Water will accept the tunnel for operational use. The significant amounts of expenditure we incur in construction go towards the development of that asset.

We do receive regulated revenue payments from Thames Water during the construction phase, however we do not recognise these as revenue in the Income Statement. This is because the performance obligations for recognition of this revenue will not be met and fulfilled until the System Acceptance date. This effectively means the recognition of revenue is matched to the same period where economic value can be obtained from the tunnel.

Our Income Statement does recognise profits and losses from the valuation of derivative financial instruments. As a result of the potential volatility of such items and because they are forward looking in nature, HMRC allows companies to take an exemption which effectively removes them the calculation of taxable profit or loss.

As a result of the accounting implications of the above, our Income Statement is unlikely to have taxable profits during the construction phase. This is in line with expectations at the time Tideway was procured and customers benefit in full from lower bills as a result of this. In the post construction taxation periods when the Tunnel asset is fully operational, we expect this position to change.

TAX STRATEGY

Tideway's commitments on tax and adherence to them are underpinned by the tax strategy which is based on the following principles:

1. Tax planning and compliance: We will engage in tax planning that supports our business and reflects commercial and economic activity. We will not engage in artificial tax arrangements and will adhere to relevant tax laws and seek to minimise the risk of uncertainty or dispute. The Company is part of the Bazalgette Equity Limited Group, of which all members are domiciled in the UK. We consider the interaction with company members when we implement our tax policies.

2. Relationship with HM Revenue & Customs (HMRC): We will seek to build and maintain a constructive relationship with HMRC. We will work collaboratively wherever possible with HMRC to resolve disputes and to achieve agreement and certainty. We will engage with the government on the development of tax laws where we can and where the tax law change is relevant to Tideway's business activities.

3. Transparency: We support measures that build greater transparency, increase understanding of tax systems and build public trust.

4. Tax risk management: We identify, assess and manage tax risks and account for them appropriately. Risk management measures are implemented including controls over compliance processes and monitoring of effectiveness.

5. Governance: The Groups Chief Financial Officer (CFO) is responsible for and implements our approach to tax, which is reviewed and approved by the Audit and Finance Committee. The CFO is also responsible for ensuring that appropriate policies and procedures are in place and maintained and that the financial control team, with specialist external support as necessary, has the appropriate skills and experience to implement the approach effectively.

The publication of this strategy is considered to constitute compliance with the duty under paragraph 16(2) Schedule 19 Part 2 of the UK Finance Act 2016.

Risk Management

Our ability to deliver positive outcomes for our stakeholders depends on our risk management which is embedded in our culture and is central to achieving our objectives and priorities.

We have implemented a framework which gives us a defined process for identifying, analysing and controlling both corporate and project delivery risks. This includes quantification of project risks, and the potential cost and impact to the schedule and allows us to challenge the effectiveness of our mitigating actions.

Risk Management Framework

Our risk management approach ensures that we monitor and review the external environment and the uncertainties we face to ensure that we can respond appropriately to external changes, mitigate risks where we can and keep our project on track. We consider the emerging issues that may impact the project's future as part of our annual business planning.

The Board Risk, Health, Safety, Security & Environment Committee reviews our principal risks and risk management processes and reports its findings to the Board. It considers:

- Corporate risks, those that might impact on the financial and reputational viability of the company.
- Programme risks, which impact the physical delivery of the tunnel and associated works.
- Principal risks, which bring together the corporate and programme risks that have the potential for the most material impact on the business.

The Board Risk, Health, Safety, Security & Environment Committee is supported by a Corporate Risk Committee and an Executive Risk Committee that considers the programme risks across the West, Central and East areas as well as System Integrator and System Commissioning risks.

We apply the three lines of defence model, to review the appropriateness and compliance with our controls and assurance activities. As the company moves into a new phase of the project we are actively reviewing our approach to compliance and assurance to ensure it remains fit for purpose.

Principal Risks

We assessed our principal risks regularly, updated our mitigations throughout the year and implemented changes to manage our risk exposure. We considered whether there were material changes to increase or decrease our risk exposure. There are eleven principal risks across nine categories and each is assessed against its target level.

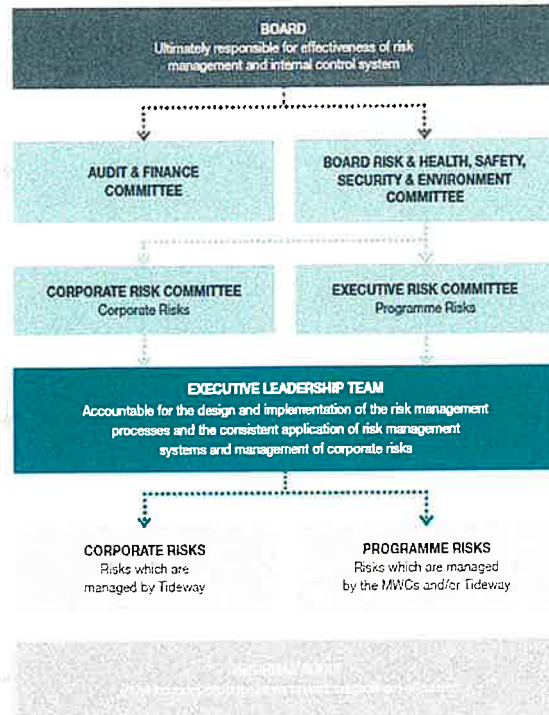
While there have been developments across a number of risks, the overall exposure has remained broadly stable with the exception of programme delivery, supply chain failure, inflation and Thames Water. Risk related to programme delivery, supply chain failure and inflation all reduced in exposure. At this stage of the project the likelihood an issue having a major impact or consequence on the programme delivery has reduced; the risk of a supply chain failure is significantly reduced and the inflation rate is now closer to target and moving within a narrower range. Thames Water risk exposure was increased, we continue to note Thames Water's evolving financial position and this has led to concern that their situation might change. We remain confident that the Group's revenues are well protected given water industry legislation and the licence obligations that apply to both Thames Water and Tideway. We continue to work effectively with Thames Water to deliver the benefits of the project.

Our Risk Appetite

Tideway's risk appetite remains unchanged. To manage the risks we face, we define our risk appetite, which is the level of residual risk that we are ready to take. Although this appetite recognises the agreements that underpin our delivery model, such as our Licence and the Government Support Package, our Board can further refine the residual risk through the strategies it sets.

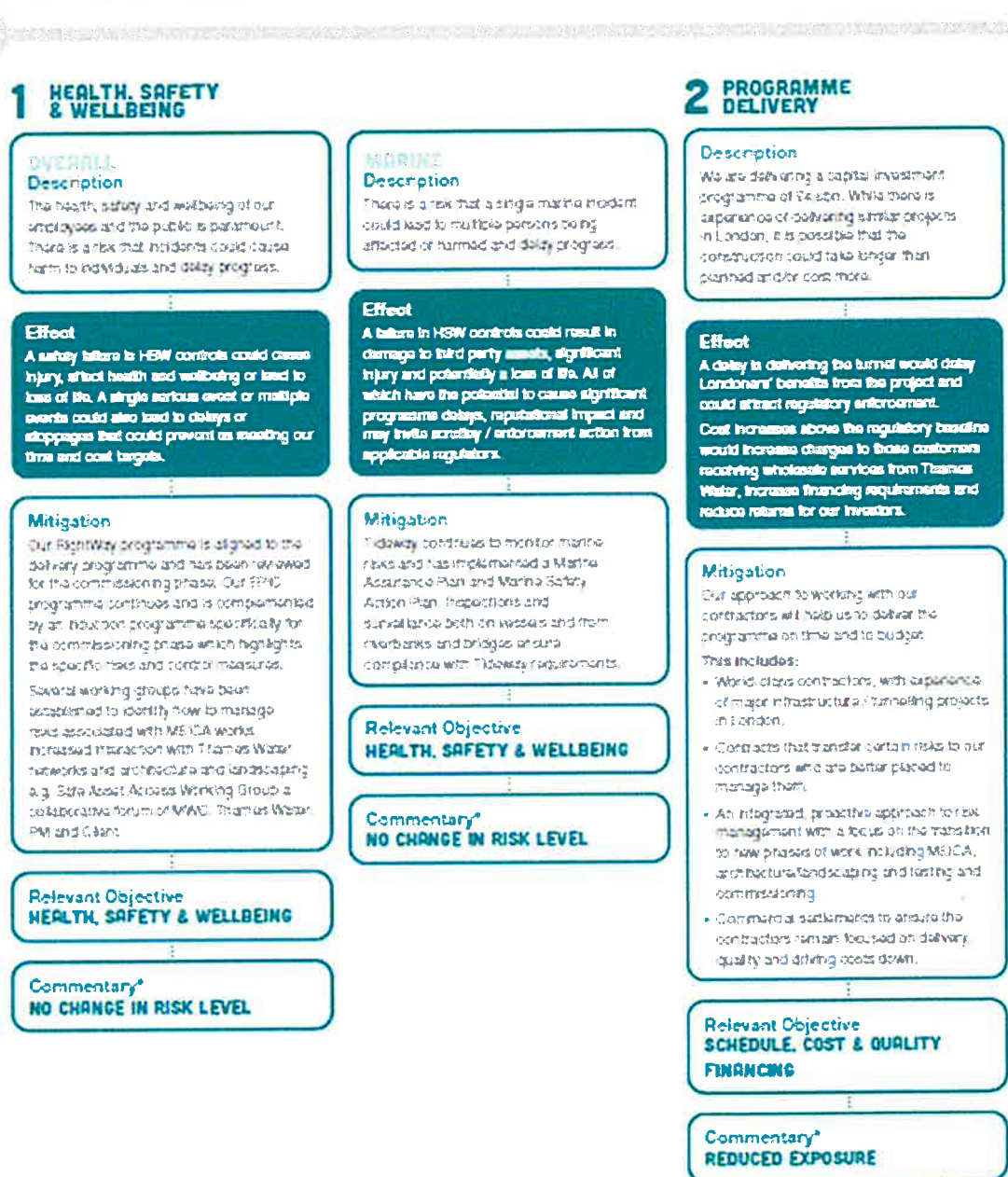
Tideway's risk policy is to target an overall company risk profile consistent with an independent UK regulated water company. This reflects our Board's risk appetite which is low and the importance of resilience. The Board's appetite for risk has been at the core of the main strategic decisions that it has taken to date.

OUR RISK MANAGEMENT FRAMEWORK



Risk Management

Principal Risks



* Commentary is not a financial statement.

3 SUPPLY CHAIN FAILURE

Description

Our delivery strategy is based on outsourcing works. Our ability to deliver therefore depends on our contractors' performance.

Effect

If our contractors do not deliver at the standards we expect, we may not be able to deliver our investment programme on time and on plan.

Mitigation

The procurement process ensured our contractors were technically excellent and financially strong. Within each consortia the contractors are joint and severally liable; the contracts also contain step-in rights, whereby one consortia could replace another, which helps mitigate against financial failure.

Relevant Objective
SCHEDULE, COST & QUALITY

Commentary*
REDUCED EXPOSURE

4 HILP - HIGH IMPACT, LOW PROBABILITY EVENTS

Description

Major investment programmes are complex and challenging, and we could suffer incidents that were highly unlikely but have a significant impact. These could affect the tunnel or assets belonging to others.

Effect

HILP events could have a significant effect on cost, schedule, health and safety or our reputation. Their financial impact could exceed our insurance cover, damaging our financial position and our ability to deliver the project.

Mitigation

We minimise the chance of these events occurring by using best-in-class design, programme management and appropriate construction techniques. Our contractors have extensive experience of similar projects in London.

In the unlikely event that we make a claim that exceeds the limits of our insurance, the GSP provides support. Tideway is at the end of the commissioning stage and with the tunnel already in use and undergoing testing, most of the HILP risks associated with the construction of the project have now been retired.

Relevant Objective
HEALTH, SAFETY & WELLBEING
COMPANY & PEOPLE
SCHEDULE, COST & QUALITY
FINANCING
VISION, LEGACY, & REPUTATION

Commentary*
REDUCED EXPOSURE

5 CREDIT RATING

Description

Adverse operational or financial performance, or factors external to the Company, could result in a credit rating downgrade.

Effect

Tideway has a licence obligation and financial covenants to maintain an investment grade credit rating. The loss of this rating could require remedial action that may require restructuring including raising equity. It may also impact Tideway's ability to raise debt and would prevent distributions.

Mitigation

We have a robust delivery model, within a regulated framework, and a GSP. We maintain a conservative financial profile and actively manage risks. We regularly engage with rating agencies. The credit ratings remain two notches above licence and financing documents covenants.

Relevant Objective
FINANCING

Commentary*
NO CHANGE IN RISK LEVEL

6 INFLATION

Description

There is a risk that a decrease in inflation or the Retail Price Index (RPI) reform could have a negative impact on Tideway's business.

The inflation rate is now closer to target and moving within a narrower range.

Effect

Our RCV is indexed to RPI until 2030, and lower inflation would reduce nominal cash-flows and returns which are directly linked to RPI.

Also, lower inflation could have a negative impact on our financial covenants, including those related to gearing.

Mitigation

Tideway has issued 71.5 per cent of its long-term debt indexed to RPI and Consumer Prices Index (CPI). Reductions in revenue due to low inflation would therefore be partially offset by reductions in interest cost. The resulting correlation between nominal RCV and nominal debt will help to protect interest cover and gearing ratios and equity returns.

The RPI reform will be implemented from 2030 with RPI converging to Consumer Prices Index including owner occupiers' housing costs (CPIH), at which time Tideway's licence will have transitioned to CPIH indexation, with the similar timetable to transition into CPIH being a positive development for Tideway.

Relevant Objective
FINANCING

Commentary*
REDUCED EXPOSURE

7 REPUTATION

Description

There is a risk that an operational incident undermines confidence in Tideway's ability to deliver.

Effect

An incident erodes confidence in Tideway's ability to deliver, and adversely impacts the company's interests.

Mitigation

Tideway continues to take forward a proactive approach to communications and engagement, reflecting the evolution of the project. We have an experienced team in place delivering a proactive, multi-platform communications and engagement strategy as well as responding to issues when required.

Relevant Objective
COMPANY & PEOPLE
VISION, LEGACY & REPUTATION

Commentary*
NO CHANGE IN RISK LEVEL

8 THAMES WATER PERFORMANCE

Description

Thames Water is a key partner for Tideway. In addition to the Revenue Agreement, we have an Interface Agreement that governs several important interactions with Thames Water, including its delivery of the Thames Water Works during the construction period and access to the Thames Water network to facilitate Tideway works during the Handover and System Acceptance process.

For the operational period (post System Acceptance) the Interface with Thames Water is governed by an Operations and Maintenance Agreement.

Effect

Thames Water's failure to deliver its share of the works or support delivery of Tideway works could affect our ability to deliver our investment programme on time and on budget. If Thames Water does not comply with the Revenue Agreement, it could have a financial impact.

Mitigation

Tideway and Thames Water have worked closely together through all key milestones to date and have developed a joint approach to System Commissioning, Handover and Acceptance. The approach to the first two milestones is captured in a 'Strategic Intent' document agreed between two parties. A further 'Strategic Intent 2' is being planned to further optimise the System Acceptance phase.

The 'Strategic Intent' (to optimise the System Commissioning, Handover and System Acceptance of the TTT for the benefit of customers and the environment) is being implemented with the use of phased activations / commissioning and revised climatic scenarios agreed for System Acceptance.

A further 'Strategic Intent 2' is being planned to further optimise the System Acceptance phase following completion of storm testing (and when impacts of low rainfall periods are fully understood).

Formal oversight through the Interface Committee, informal via Leadership Oversight Group and Leadership Nodes for each delivery discipline are managing any interface challenges as they arise.

Thames Water has a licence obligation to pass revenues to Tideway under the Revenue Agreement. A licence breach by Thames Water is enforceable by Cfwat.

Tideway is monitoring the impact of Thames Water's corporate position.

Relevant Objective
SCHEDULE, COST & QUALITY

Commentary*
INCREASED EXPOSURE

* Compared to previous year

9 REGULATORY AND POLITICAL

POLITICAL CLIMATE

Description

Political institutional and policy changes pursued by the Government may have legal, regulatory, reputational and relationship impacts on Tideway.

Effect

High levels of political, media and public focus on the negative impacts of sewage discharges may raise awareness of the need for the TTT. It could also increase scrutiny of Tideway's scope and the availability of the tunnel.

Any institutional reforms could affect Tideway's relationship with key stakeholders such as Defra and Ofwat and/or its legal and regulatory environment.

Mitigation

Mitigations include information gathering and relationship with political stakeholders, legal horizon scanning, and Defra/Ofwat engagement. We engage with reviews of the water sector, economic regulation and other topics where relevant to Tideway. Where appropriate we will highlight the benefits provided by the competitive bid process and Tideway model.

Relevant Objective
SCHEDULE, COST & QUALITY
FINANCING

Commentary*
NO CHANGE IN RISK LEVEL

REGULATION

Description

Tideway must comply with regulatory requirements, including those in our licence granted by Ofwat. We also aim to meet other regulatory expectations, such as those set out in Ofwat's Vision and Strategy.

Effect

If we do not meet Ofwat's requirements, we could face enforcement including financial penalties or the loss of our licence. A revised regulatory framework could affect financial performance and investors' returns.

Failure to align with regulatory expectations could damage Tideway's relationship with Ofwat and other key stakeholders and potentially lead to new obligations.

Mitigation

Tideway's focus is on compliance, high performance, and positive regulatory relationships. We monitor regulatory expectations of companies as they are relevant to Tideway and respond appropriately.

Tideway has a robust licence compliance procedure that minimises the risk of non-compliance.

Relevant Objective
SCHEDULE, COST & QUALITY
FINANCING

Commentary*
NO CHANGE IN RISK LEVEL

Section 172(1) Statement

The Directors have assessed the financial position of the Company, its cash flows, liquidity position and borrowing. Section 172 of the Companies Act 2006 requires Directors of a company to act in the way they consider, in good faith, would be the most likely to promote the success of the company for the benefit of its members as a whole. In doing this Section 172, requires Directors to have regards among other matters to:

- the likely consequences of any decision in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly with members of the company.

As an intermediate holding company within the Group, and in line with the duty to promote the success of the Company for the benefit of its shareholder, the Company must also have regard to the overall strategy of the Group. The Directors give careful consideration to the factors set out above in discharging their duties under Section 172. As part of the Group stakeholder engagement is carried out on a group wide basis to help the directors to understand the views of stakeholders.

The Board considers any decisions from the perspective of the Company ensuring that decisions are taken with regard to the interests of stakeholders as well as having regard to the long-term sustainable success of the Group as a whole. The stakeholders we consider in this regard are our employees, the Alliance members (Bazalgette Tunnel Limited, Thames Water, Jacobs, the Programme Manager for the Project, the Main Works Contractors (more particularly described in the Group's annual report) and Amey OWR Limited, the System Integrator for the Project), the environment and our shareholders. The Board recognises that building strong relationships with our stakeholders will help us to deliver our strategy in line with the Group's long-term vision, purpose and values described in the Group annual report and operate the business in a sustainable way.

The Strategic Report was approved by the Board on 17 June 2025 and was signed by order of the Board by:



Celia Carlisle
Company Secretary

6th Floor
Blue Fin Building
110 Southwark Street
London
SE1 0SU

17 June 2025

Directors' report

The Directors present their report and the audited Group and Company financial statements of Bazalgette Holdings Limited for the year ended 31 March 2025. The Company is incorporated and domiciled in the United Kingdom. The registered company number is 09553510 and the Company's registered address is 6th Floor, Blue Fin Building, 110 Southwark Street, London, SE1 0SU.

The financial statements are the Company's statutory financial statements as required to be delivered to the Registrar of Companies. This Directors' report includes certain disclosures as required under the Companies Act 2006.

Financial results and dividends

The Group recorded a profit of £3.9m for the year (2024: £15.3m) of which £3.5m (2024: £14.6m) related to the fair value movements of the Group's derivative financial instruments and £0.4m (2024: £0.8m) of bank interest income. The Directors do not consider that the reported profit in the year reflects the business performance as the profit reflects the fair value movement of the Group's derivative financial instruments. These are long-term swaps which are entered into with commercial banks to economically hedge the interest costs of the Group debt. The swaps fix volatility in finance costs for the Group's regulatory period and ensure that we benefit from low-cost financing.

During the year, £26.2m (2024: £nil) shareholder loan interest has been received from its subsidiary Bazalgette Tunnel Limited and paid onto its immediate parent Bazalgette Ventures Limited. Furthermore, £49.9m (2024: £86.6m) of unpaid shareholder loan interest was capitalised as shareholder loan principal in the year. Further details of the shareholder loan notes are set out in note 11 to the financial statements.

The Company recorded £nil profit for the year ended 31 March 2025 (2024: £nil) and did not pay any dividends in the year (2024: £nil).

Financial risk management

Full disclosure on the Group's financial risk management is set out in note 12 to the financial statements.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Andrew Cox

Christopher Morgan

Alistair Ray

Daniel Pires

Amanda Woods

Directors' Indemnities

Subject to the conditions set out in Section 234 of the Companies Act 2006, the Company has made qualifying third-party indemnity provisions for the benefit of its Directors, the Company Secretary and the General Counsel and these remain in force at the date of this report.

The Group has had in place Directors and Officers Liability insurance for the period.

Going Concern

The Directors believe, after due and careful enquiry, that the Company and Group has sufficient resources to continue in operational existence for at least one year after the financial statements were authorised for issue. Therefore, it is considered to be appropriate to adopt the going concern basis in preparing the 31 March 2025 financial statements. For more information see the basis of preparation in note 1 to the financial statements.

Directors' report (continued)

Employees

The monthly average number of persons employed by the Group (including Directors) during the year was 84 (2024: 97), who were all employed by Bazalgette Tunnel Limited. At the Statement of Financial Position date, the Company did not employ any staff directly.

Details relating to the Group's employment policies and values and how it undertakes engagement with its employees are set out in the Strategic report.

Greenhouse gas emissions

The Group's approach to identifying and reducing its greenhouse gas emissions is set out in the Strategic Report.

Charitable and political donations

The Group made charitable donations totalling £7,755 during the year (2024: £16,143).

The Group did not make any political donations or incur any political expenditure during the year (2024: £nil).

Payment to suppliers

Settlement terms are agreed with suppliers as part of the contract terms and the Group's policy is to pay in accordance with these terms. The Group's Main Works Contractors originally signed up to the Fair Payment Charter which has since been superseded by the Prompt Payment Code, most of the Group's major suppliers are signatories to this. The creditor days for the year ended 31 March 2025 were approximately 3 days (2024: 5 days).

Events occurring after the reporting period

Details of any events occurring after the reporting date are included in note 17 of the financial statements.

Future Outlook

The future outlook of the Group is discussed in the Strategic Report. The Company is expected to continue to act as an intermediate holding company within the Group for the foreseeable future.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic report.



Celia Carlisle
Company Secretary

6th Floor
Blue Fin Building
110 Southwark Street
London
SE1 0SU

17 June 2025

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the parent company financial statements in accordance with UK-adopted international accounting standards. In preparing the group and parent company financial statements, the directors have also elected to comply with International Financial Reporting Standards issued by the International Accounting Standards Board (IFRSs as issued by IASB).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards and IFRSs issued by IASB have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and parent company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and parent company's auditors are aware of that information.

The Directors' responsibility statement was approved and signed by order of the Board by:



Celia Carlisle
Company Secretary

6th Floor
Blue Fin Building
110 Southwark Street
London
SE1 0SU

17 June 2025

Independent auditors' report to the members of Bazalgette Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Bazalgette Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2025 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Group and Company Statement of Financial Position as at 31 March 2025; the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Statement of Changes in Equity, the Group and Company Statements of Cash Flows for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not

express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Ofwat regulations including licence conditions and Environmental regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct

impact on the financial statements such as Companies Act 2006, Tax legislation and Employment law. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of journal entries to manipulate the financial results in the year including journals to decrease the value of the asset under construction and journals that credit the profit and loss.. Audit procedures performed by the engagement team included:

- Discussions and enquiries of management, the internal audit function and legal, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Challenging assumptions made by management in determining significant accounting estimates and judgements. We have tested significant accounting estimates and judgements to supporting documentation, considering alternative information where available along with considering the appropriateness of the related disclosures in the financial statements;
- Identifying and testing a sample of journal entries throughout the whole year, which met our pre-determined fraud risk criteria;
- Reviewing minutes of meetings of those charged with governance and reviewing internal audit reports; and
- Performing unpredictable procedures.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Andy Grimbly (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
17 June 2025

Group Income Statement

For the year ended 31 March

	Notes	2025 £m	2024 £m
Net operating costs	2, 3	-	-
Finance income	4	0.4	0.8
Finance costs	4	-	-
Gains on financial instruments	4	3.5	14.5
Profit before tax		3.9	15.3
Taxation	5	-	-
Profit for the year		3.9	15.3

Group Statement of Comprehensive Income

For the year ended 31 March

	2025 £m	2024 £m
Profit for the year	3.9	15.3
Other comprehensive income for the year	-	-
Total comprehensive income for the year attributable to owners of the parent	3.9	15.3

Notes 1 to 17 form an integral part of these financial statements.

Group Statement of Financial Position
As at 31 March

	Notes	2025 £m	2024 £m
Non-current assets			
Property, plant and equipment	6	5,776.2	5,404.3
Other receivables	8	2.7	20.9
		<u>5,778.9</u>	<u>5,425.2</u>
Current assets			
Trade and other receivables	8	33.5	46.3
Cash and cash equivalents	9	111.9	189.9
Short-term cash deposits	9	145.0	230.0
		<u>290.4</u>	<u>466.2</u>
Total assets		6,069.3	5,891.4
Current liabilities			
Trade and other payables	10	(85.2)	(129.3)
Lease liabilities	12	(0.1)	(0.7)
Borrowings	11	(27.5)	-
Derivative financial instruments	12	(8.5)	(1.5)
		<u>(121.3)</u>	<u>(131.5)</u>
Non-current liabilities			
Other payables	10	(11.7)	(11.9)
Lease liabilities	12	-	(0.1)
Advance payment liability	10	(612.6)	(484.5)
Borrowings	11	(4,617.0)	(4,540.9)
Derivative financial instruments	12	(126.8)	(146.5)
		<u>(5,368.1)</u>	<u>(5,183.9)</u>
Total liabilities		(5,489.4)	(5,315.4)
Net assets		579.9	576.0
Equity			
Share capital	13	509.7	509.7
Retained earnings	13	70.2	66.3
		<u>579.9</u>	<u>576.0</u>
Total equity		579.9	576.0

Notes 1 to 17 form an integral part of these financial statements.

These financial statements on pages 53 to 82 were approved by the Board of Directors on 17 June 2025 and were signed on its behalf by:

Andrew Cox
Director
Company registered number: 09553510

Company Statement of Financial Position
As at 31 March

	Notes	2025 £m	2024 £m
Non-current assets			
Other receivables	8	972.6	923.0
Investment in subsidiary undertakings	7	509.7	509.7
Total assets		1,482.3	1,432.7
Non-current liabilities			
Other payables	10	-	(0.2)
Borrowings	11	(972.6)	(922.8)
Total liabilities		(972.6)	(923.0)
Net assets		509.7	509.7
Equity			
Share capital	13	509.7	509.7
Retained earnings	13	-	-
Total equity		509.7	509.7

The Company's profit for the year ended 31 March 2025 was £nil (2024: £nil).

Notes 1 to 17 form an integral part of these financial statements.

These financial statements on pages 53 to 82 were approved by the Board of Directors on 17 June 2025 and were signed on its behalf by:



Andrew Cox
Director
Company registered number: 09553510

Group and Company Statement of Changes in Equity
For the year ended 31 March

	Group			Company		
	Share capital £m	Retained earnings £m	Total equity £m	Share capital £m	Retained earnings £m	Total equity £m
Balance at 1 April 2023	509.7	51.0	560.7	509.7	-	509.7
Profit for the year	-	15.3	15.3	-	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	15.3	15.3	-	-	-
Total contributions by and distributions to owners of the parent	-	-	-	-	-	-
Balance at 31 March 2024	509.7	66.3	576.0	509.7	-	509.7
Balance at 1 April 2024	509.7	66.3	576.0	509.7	-	509.7
Profit for the year	-	3.9	3.9	-	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	3.9	3.9	-	-	-
Total contributions by and distributions to owners of the parent	-	-	-	-	-	-
Balance at 31 March 2025	509.7	70.2	579.9	509.7	-	509.7

Notes 1 to 17 form an integral part of these financial statements.

Group and Company Statements of Cash Flows
For the year ended 31 March

	Notes	Group 2025 £m	Group 2024 £m	Company 2025 £m	Company 2024 £m
Cash flows used in operating activities before working capital movements		-	-	-	-
Decrease in trade and other receivables	8	6.6	29.9	-	-
Decrease in trade and other payables	10	(43.9)	(18.3)	-	-
Increase in advance payment liability	10	128.1	106.5	-	-
Cash flows generated from operations		90.8	118.1	-	-
Net cash flow from operating activities		90.8	118.1	-	-
Cash flows from investing activities					
Construction of infrastructure asset	6	(253.7)	(361.8)	-	-
Funds placed in short-term deposits	9	(70.0)	(230.0)	-	-
Short-term deposits matured	9	155.0	220.0	-	-
Interest received		0.4	-	26.2	-
Net cash flows (used in)/from investing activities		(168.3)	(371.8)	26.2	-
Cash flows from financing activities					
Proceeds from new borrowings		-	315.7	-	-
Interest paid		-	-	(26.2)	-
Principal repayments of lease liabilities		(0.5)	(1.5)	-	-
Net cash flows (used in)/from financing activities		(0.5)	314.2	(26.2)	-
Net (decrease)/increase in cash and cash equivalents during the year		(78.0)	60.5	-	-
Cash and cash equivalents at the beginning of the year	9	189.9	129.4	-	-
Cash and cash equivalents at the end of the year	9	111.9	189.9	-	-

Group: Construction of infrastructure asset includes capitalised interest and swap accretion paid of £102.0m (2024: £25.4m) and capitalised interest received of £19.1m (2024: £16.7m)

Notes 1 to 17 form an integral part of these financial statements.

Notes to the financial statements

1 Material accounting policy information

Basis of preparation

Bazalgette Holdings Limited (the "Company") is a private company incorporated, domiciled and registered in England, UK. The registered number is 09553510 and the registered office address is 6th Floor, Blue Fin Building, 110 Southwark Street, London, SE1 0SU.

The accounting policies set out below have been applied consistently to all periods presented in these group and parent company financial statements.

As at the 31 March 2025, the Bazalgette Holdings Group comprised the Company, Bazalgette Tunnel Limited and Bazalgette Finance plc. The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as "the Group"). The Company financial statements present information about the Company as a separate entity and not about its Group.

The Group and the Company financial statements have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards ("UK-Adopted IFRSs"). The financial statements are prepared on a historical cost basis except for certain financial instruments that are measured at fair value. Where items are sufficiently significant by virtue of their size or nature, they are disclosed separately in the financial statements in order to aid the reader's understanding of the Group and the Company's financial position.

Under Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss. The Company had £nil profit or loss for the financial year ended 31 March 2025 (2024: £nil).

The accounting policies set out below have been applied consistently to all periods presented in these group and company financial statements.

The financial statements are presented in Pounds Sterling.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Judgements and estimates

In the process of applying the Group and the Company's accounting policies, the directors are required to make certain judgements, estimates and assumptions that it believes are reasonable based on the information available. Judgements about how the Group and the Company have applied an accounting policy could have a significant effect on amounts recognised in the financial statements. Assumptions or other sources of estimation uncertainty (including judgements about estimations) have a significant risk of a material adjustment to carrying values in the next financial year.

The directors consider the significant judgements made in the application of these accounting policies to be as follows:

Notes to the financial statements (continued)

1 Material accounting policy information (continued)

Judgements and estimates (continued)

Accounting for the Thames Tideway Tunnel as a finance lease – The judgement to account for the Thames Tideway Tunnel as a finance lease means that during the construction period of the project, the tunnel is accounted for as an asset under construction, with expenditure on the asset capitalised in the Statement of Financial Position. Following Systems Acceptance, which is when Thames Water accept the tunnel asset, the asset under construction will be de-recognised and a finance lease receivable will be recognised by the Group. In determining the appropriate accounting treatment one of the key questions was establishing which party has control over the asset. The applicability of both IFRS 16 'determining whether an arrangement contains a lease' and IFRIC 12 'service concession arrangements' were considered. It was concluded that the tunnel arrangements were outside the scope of IFRIC 12 and as the Group controls the asset the arrangements fall within the scope of IFRS 16. Consequently, the accounting policies applied to these financial statements reflect this arrangement.

The directors consider the assumptions or other sources of uncertainty with a risk of material adjustment to the carrying amounts in the next year are as follows:

Capitalised costs/creditors – The Group has a substantial capital programme and therefore incurs significant annual expenditure in relation to the construction of the Thames Tideway Tunnel asset. All costs incurred are capitalised as assets under construction, this includes assessment of any pain/gain and/or compensation events accrued under the contract. Due to the significance of these costs and their materiality in the context of the financial statements, the directors need to ensure their completeness, existence and validity is appropriately monitored, controlled and recorded.

Capitalised Borrowing Costs – borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset form part of the cost of that asset. The borrowing costs that are capitalised into the asset under construction are those that would otherwise have been avoided if the expenditure on the Thames Tideway Tunnel asset has not been made. Included within our capitalised borrowing costs are accretion on the index linked swaps and payments and accruals of interest on these swaps. This is based on the principle that borrowing costs should include these costs that could have been avoided if expenditure on the Thames Tideway Tunnel asset had not been made. The methodology used to calculate the accrued accretion on the inflation linked swaps is consistent with our approach to calculating accretion on our contractually arranged index linked debt, i.e. it is calculated based on the forecast inflation figure as of the next interest payment date. For borrowing costs that are capitalised into the asset under construction, please refer to note 4 to the financial statements.

Going concern

After considering the current financial projections and facilities available, and through modelling plausible and severe sensitivities, the Directors of the Company are satisfied that the Company and Group has sufficient resources for its operational needs and will remain in compliance with relevant financing covenants for the next 12 months from the date of approving these financial statements.

Cash flow forecasts modelled included current, plausible downside and severe downside cost scenarios. The current scenario is consistent with our estimate at completion (EAC) of £4,588m. For our plausible downside scenario, we modelled an increase in the remaining costs to complete, taking the total to £4,643m. We consider a severe downside case to be a 53% increase in the remaining costs to complete, which equates to a total cost of £4,693m. Under the current, plausible and severe downside scenarios the group continues to have sufficient liquidity and is in compliance with covenants throughout the going concern period.

At 31 March 2025, the Group had total liquidity of £409.9m, comprising £249.9m of unrestricted cash and short-term deposits and the £160.0m undrawn RCF. This, combined with expected revenue collections, provides liquidity significantly in excess of our 12-month target.

The Company has no cash balance, however, the outstanding liabilities in the Company are the shareholder loan funding and the loan from Bazalgette Tunnel Limited. At the balance sheet date, the outstanding loans was £972.6m.

Notes to the financial statements (continued)

1 Material accounting policy information (continued)

Going concern (continued)

Interest repayments on the loan are met via cash payments from the Company's subsidiary, Bazalgette Tunnel Limited. Consequently, the Company has an interest receivable balance that mirrors the payable. Bazalgette Tunnel Limited is the regulated operating entity in the Group and has significant liquidity.

Over the going concern period, interest will continue to accrue on this debt at 8% of the outstanding balance. If the full cost of interest payable is not met via the level of cash payments from Bazalgette Tunnel Limited, the shareholder loan agreement allows for the capitalisation of outstanding interest into the loan. The shareholder loan matures in 2064 and thus is a liability requiring settlement beyond 12 months from the signing of the financial statements.

Consequently, the Directors are satisfied that the Company and Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Property, plant and equipment

Property, plant and equipment comprises asset under the course of construction and right-of-use assets.

Asset under Construction – Recognition and measurement

Additions to assets under construction represent the capitalised costs of project expenditure by the Group.

The construction phase of the Thames Tideway Tunnel project commenced in 2015 and is expected to be completed at System Acceptance. During the construction phase of the project, expenditure which is directly attributable to bringing the Thames Tideway Tunnel asset into its working condition for its intended use will be capitalised within assets under construction.

The Directors consider all expenditure incurred for the construction of Thames Tideway Tunnel asset in the year ended 31 March 2025 to have met the capitalisation criteria.

Asset under Construction are measured at cost less any accumulated impairment losses.

Land and property acquired for the Thames Tideway Tunnel project by Thames Water is not included in the Statement of Financial Position because the economic benefit of such assets is retained by Thames Water.

Asset under Construction - Depreciation

Assets under construction are not depreciated.

Lease accounting – Lessee

Right-of-use assets and lease liability – Recognition and measurement

The Group assesses whether its leases are within scope of IFRS 16 using the single recognition model for lessees and applies practical expedients available under the standard. If the Group concludes that a lease is within scope and not excluded via practical expedients, the Group recognises a right-of-use (ROU) asset and a lease liability at lease commencement date.

The ROU asset is initially measured at cost and subsequently depreciated over the lease term. The lease liability is measured at the present value of the outstanding lease payments at commencement date, discounted using either the implicit interest rate in the lease or the Group's incremental borrowing rate if the interest rate cannot be easily determined from the lease.

The Group applies the following practical expedients under IFRS 16:

- The same discount rate to all property leases as they share similar characteristics;
- Excludes short-term leases with lease terms of less than 12 months;
- Excludes leases of identifiable low-value assets from consideration; and
- The Group separated non-lease components being services charges from lease components (i.e. rental charges) for property leases.

Notes to the financial statements (continued)

1 Material accounting policy information (continued)

Lease accounting – Lessee (continued)

Right-of-use assets – Depreciation and interest costs on lease liability

The ROU asset, being the Group's property leases, are being depreciated over their lease terms.

The Group incurs interest costs calculated periodically on the outstanding lease liabilities on these property leases.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time that those assets are ready for their intended use. A qualifying asset is defined as an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. A substantial period of time is interpreted as being greater than one year. The borrowing costs that are capitalised are those that would otherwise have been avoided if the expenditure on the Thames Tideway Tunnel had not been made. Borrowing costs that have been capitalised within Property, Plant and Equipment are included within "Asset under Construction" please see note 6 to the financial statements. Please refer to note 4 "Finance Income and Costs" for details of financing costs for the year.

Impairment

The carrying value of the Group's asset under construction is reviewed at each reporting date to determine whether there is objective evidence the asset is impaired by reference to its recoverable amount. The recoverable amount of the asset is deemed to be the Group's RCV and the regulated return that is generated from that.

For non-financial assets, the Group reviews the individual carrying amount of those assets to determine whether there is any indication of impairment in those assets. If any such impairment exists, the recoverable amount of the asset is calculated in order to determine the extent of any impairment loss.

Financial assets under IFRS 9 are assessed under the forward looking 'expected loss model' at each reporting date to determine whether there are impairment losses.

Any impairment losses are recognised in the Income Statement.

Revenue

The Group's billable revenue for each financial year is determined by arrangements set out in its licence granted by Ofwat. During the construction period of the Thames Tideway Tunnel the primary component of revenue is the regulated return on the Group's RCV. The Group's Allowed Revenue is notified to Thames Water, which bills and collects this revenue from its wastewater customers and passes this through to the Group. Through the construction period, billed revenue is deferred as the services associated with this revenue have not satisfied all the conditions of the five-step revenue recognition model under IFRS 15. Therefore, revenue will be recognised at the point that all conditions are satisfied which will not be until System Acceptance. Revenue is accrued in the period it has been earned, if it has not been invoiced by the Group to Thames Water. Revenues that have been invoiced and collected from Thames Water are treated as an advance payment liability.

Invoiced revenues reflect the actual cash collected by Thames Water from its customers.

Employee benefits

Defined contribution pension plans

A defined pension contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised in the period during which services are rendered by employees.

Other employee benefits

Other short and long-term employee benefits are measured on an undiscounted basis and are recognised over the period in which they accrue.

Notes to the financial statements (continued)

1 Material accounting policy information (continued)

Provisions

A provision is recognised in the Statement of Financial Position when the Group has a present legal or contractual obligation as a result of a past event that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Any provisions recognised by the Group are recorded at management's best estimate of the consideration required to settle the obligation at the Statement of Financial Position date.

Financial instruments

The Group determines the classification of financial instruments at initial recognition and re-evaluates this designation at each financial year end. The initial and subsequent measurement of financial instruments depends on their classification as follows:

Trade and other receivables

Trade and other receivables that do not have a significant financing component are classified as amortised cost under IFRS 9; initially recognised at their transaction price, rather than at fair value. Subsequent to initial recognition they are measured at amortised cost and any expected credit loss impairments or reversals are recognised through profit or loss.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand balances and deposits with a maturity at acquisition of three months or less. Cash equivalents are readily convertible to a known amount of cash and subject to an insignificant risk of change in value.

Short-term cash deposits disclosed in the Statement of Financial Position comprise cash deposited with a maturity of greater than three months on acquisition, a fixed interest rate and which do not constitute cash equivalents under IAS 7 'Statement of cash flows'.

Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost. Any difference between the proceeds received (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest method.

Derivative financial instruments

The Group has entered into index-linked swaps to manage its exposure to inflation linked rate risk. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the Statement of Financial Position date.

The resulting gain or loss is recognised immediately in the Income Statement unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Income Statement depends on the nature of the hedge relationship. The Group has not designated any derivatives within hedging relationships and therefore has not applied hedge accounting.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Where a portion of a derivative financial liability cannot be deferred for at least 12 months after the balance sheet date, that portion is presented as a current liability; with the balance being presented as a non-current liability. Where a portion of a derivative financial asset is expected to be realised within 12 months of the balance sheet date, that portion is presented as a current asset; with the balance of the financial asset being shown as a non-current asset.

Notes to the financial statements (continued)

1 Material accounting policy information (continued)

Derivative financial instruments (continued)

In addition, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety.

Further details of the derivative financial instruments fair values, valuation technique and fair value hierarchy level are disclosed in note 12 to the financial statements.

Fair value measurements

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 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.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets and liabilities are disclosed net to the extent that they relate to taxes levied by the same tax authority and the Group has the right of set off.

New accounting standards and future changes

The Group and the Company have adopted the following new or amendments to accounting standards the financial year:

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current; and
- Amendments to IFRS 16 – Leases.

The above amendments did not have any material effect on the Company at adoption.

Notes to the financial statements (continued)

1 Material accounting policy information (continued)

New accounting standards and future changes (continued)

At the date of authorisation of these financial statements, there were certain new or revised IFRS's that will be applicable in future years, but the Company does not expect any material impact on the Company's Financial Statements at future adoption. These new or revised IFRS's are noted below:

- Amendments to IFRS 9 & IFRS 7 – Classification and Measurement of Financial Instruments; and
- IFRS 18 Presentation and Disclosure in Financial Statements.

The Group and the Company have decided not to early adopt any accounting standards or amendments.

2 Auditors' remuneration

	2025 £000	2024 £000
Audit services		
Statutory audit – Company only	11	10
Statutory audit – Group Companies	326	317
Audit related assurance services		
Regulatory audit services provided by the statutory auditors	21	20
Other non-audit services		
Other non-audit services	33	33
	391	380

All of these fees have been capitalised in the Company's subsidiary, Bazalgette Tunnel Limited, in both financial years.

3 Employee costs

The monthly average number of persons employed by the Group (including directors) during the year was 84 (2024: 97).

The aggregate employment costs of these persons were as follows:

	Group 2025 £m	Group 2024 £m
Wages and salaries	14.1	15.9
Termination benefits	1.0	0.4
Social security costs	1.9	2.8
Contributions to defined contribution pension plan	0.5	0.5
	17.5	19.6
Capitalised into asset under construction	(17.5)	(19.6)
	-	-

The Group operates a single defined contribution pension plan which is open to all employees of the Group.

Notes to the financial statements (continued)

3 Employee costs (continued)

Directors' remuneration

The Directors of the Company did not receive any payment for their services during the year ended 31 March 2025 (2024: £nil). Any qualifying services the directors perform in respect of the Company are considered to be incidental and part of the Directors' overall management responsibilities within the Group.

The remuneration for the Directors to the Group for the current and prior year is included in note 15.

4 Finance income and costs

	Group 2025 £m	Group 2024 £m
Finance income		
Interest income	(16.2)	(19.2)
Capitalised finance income into asset under construction	15.8	18.4
Finance income	(0.4)	(0.8)
Finance costs		
Interest expense on borrowings*	214.7	188.0
Interest expense on lease liabilities	-	-
Financing fees	6.1	2.0
	220.8	190.0
Capitalised finance costs into asset under construction	(220.8)	(190.0)
Net finance costs	-	-
Financial instruments through fair value on profit or loss		
Fair value gain on Index-linked swaps	(3.5)	(14.5)
Interest and accretion (income)/expenses on Index-linked swaps	(11.7)	44.0
Net (gains)/losses on financial instruments at fair value through profit or loss	(15.2)	29.5
Capitalised interest and accretion income/(expenses) on index linked swaps into asset under construction	11.7	(44.0)
Gains on financial instruments	(3.5)	(14.5)

* Includes accretion costs on index-linked borrowings of £61.7m for the 12-month period to 31 March 2025 (2024: £83.7m).

Notes to the financial statements (continued)

5 TAXATION

	Group 2025 £m	Group 2024 £m
Total current tax	-	-
Total Income Statement tax expense	-	-

The Company's current tax charge was £nil (2024: £nil).

The Group's effective tax rate for the year ended 31 March 2025 is 0% (2024: 0%) which is 25% lower than (2024: 25% lower than) the standard rate of corporation tax in the UK due to the items shown below.

Reconciliation of effective tax rate

	Group 2025 £m	Group 2024 £m
Profit before tax	3.9	15.3
Expected tax charge using UK corporation tax rate of 25% (2024: 25%)	(1.0)	(3.8)
Items not taxable ¹	1.0	3.8
Total Income Statement tax expense	-	-

¹ – Items not taxable solely relate to fair value movements on the Group's derivative liabilities which are disregarded for current tax purposes.

Deferred Tax	Carried forward interest expense £m	Tax losses £m	Financial instruments £m	Total £m
Potential deferred tax assets/(liabilities) at 1 April 2024	4.9	11.5	(16.4)	-
Potential credit/(charge) to income statement	12.3	(11.5)	(0.8)	-
Potential deferred tax assets/(liabilities) at 31 March 2025	17.2	-	(17.2)	-

Unrecognised deferred tax assets

As at the Statement of Financial Position date, there is an unrecognised deferred tax asset of £307.6m (2024: £261.8m) on gross deductible temporary differences of £1,154.5m (2024: £1,047.1m). The temporary differences do not expire and are made up as follows:

Gross unrecognised temporary differences	2025 £m	2024 £m
Trade losses	52.2	4.5
Aggregate disallowed net interest expense (post 1 April 2017)	1,178.0	1,042.6
	1,230.2	1,047.1

These deferred tax assets have not been recognised due to uncertainty around their future utilisation. Management continues to review objectively verifiable information in order to determine whether there will be probable forecast taxable profits against which these assets could be utilised. This review is being carried out alongside with the assessment on the accounting of Thames Tideway Tunnel under IFRS and the determination of charging basis on corporation tax when such accounting is adopted. If in a future period sufficient certainty can be obtained over such forecast taxable profits, a portion, or all of the deferred tax asset could be subject to recognition.

Notes to the financial statements (continued)

5 Taxation (continued)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse using tax rates enacted or substantively enacted at the reporting date. The deferred tax assets above have been calculated with regards to the Group's tax position based on the future tax rate of 25%.

6 Property, plant and equipment

Group property, plant and equipment comprised the followings:

	Right-of-use (ROU) assets £m	Asset under construction £m	Total £m
Cost			
At 1 April 2024	2.1	5,403.2	5,405.3
Additions	-	372.7	372.7
Disposals	(1.1)	-	(1.1)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2025	1.0	5,775.9	5,776.9
	<hr/>	<hr/>	<hr/>
Accumulated depreciation			
At 1 April 2024	(1.0)	-	(1.0)
Depreciation charge	(0.6)	-	(0.6)
Disposals	0.9	-	0.9
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2025	(0.7)	-	(0.7)
	<hr/>	<hr/>	<hr/>
Net book value at 31 March 2025	0.3	5,775.9	5,776.2
	<hr/>	<hr/>	<hr/>
Net book value at 31 March 2024	1.1	5,403.2	5,404.3
	<hr/>	<hr/>	<hr/>

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 Thames Tideway Tunnel asset into its working condition for its intended use will be capitalised. Majority of expenditure, excluding fair value movements in the Income Statement, is considered to have met this requirement in the year ended 31 March 2025. The amount of borrowing costs capitalised during the year was £203.0m (2024: £232.0m) with a capitalisation rate of 100%. Included within the borrowing costs capitalised during the year is accrued accretion income on index-linked swaps of £11.7m (2024: accretion expenses of £44.0m) on the basis that this income/cost would have been avoided if the expenditure on the Thames Tideway Tunnel had not been made. The cumulative total of finance interest and expense costs capitalised project to date at 31 March 2025 was £1,350.0m (2024: £1,156.7m).

Right-of-use Assets

During the year, the Group early terminated and disposed of one of its property leases.

The right-to-use assets are being depreciated over the lease terms on the Group's property leases under IFRS 16.

Company

The Company did not hold any property, plant and equipment at 31 March 2025 (2024: £nil).

Notes to the financial statements (continued)

7 Investments in subsidiary undertakings

The Company has held the following investments in subsidiaries in the current year and prior year:

	Nature of entity	Country of incorporation	Class of shares held	Direct ownership 2025	Direct ownership 2024
Direct subsidiaries					
Bazalgette Tunnel Limited	Operating	UK	Ordinary	100%	100%
Bazalgette Finance plc	Financing	UK	Ordinary	100%	100%

All subsidiaries have the same year end as the Company. All subsidiaries have the same registered address as the Company which is the 6th Floor, Blue Fin Building, 110 Southwark Street, London, SE1 0SU.

8 Trade and other receivables

	Group 2025 £m	Group 2024 £m	Company 2025 £m	Company 2024 £m
Trade receivables	11.5	9.1	-	-
Accrued income	11.0	22.1	-	-
Other receivables	3.1	7.3	-	-
Prepayments	10.6	28.7	-	-
Amounts owed by group undertakings (note 15)	-	-	972.6	923.0
	36.2	67.2	972.6	923.0
Non-current assets	2.7	20.9	972.6	923.0
Current assets	33.5	46.3	-	-

Accrued income of £11.0m (2024: £22.1m) 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 £6.7m (2024: £10.4m) in relation to the Government Support Package and £1.1m (2024: £1.3m) in relation to insurance contracts and £2.8m (2024: £16.3m) financing related costs.

The Group's non-current assets consist of £2.7m (2024: £20.9m) of prepayments at 31 March 2025. The table below analyses both the Group and Company's non-current assets at 31 March 2025 into recovery maturity groupings based on the remaining periods up to their expected future fully recovered date, at the Statement of Financial Position date.

Amounts owed by group undertakings includes loans made to the Company's immediate subsidiary, Bazalgette Tunnel Limited. The loan has the same economic terms and maturity and fair value measurement as the shareholder loan notes disclosed in note 12.

	Group 2025 £m	Group 2024 £m	Company 2025 £m	Company 2024 £m
Between one and two years	2.7	-	-	-
Between two and five years	-	7.1	-	-
More than 5 years	-	13.8	972.6	923.0
Total	2.7	20.9	972.6	923.0

Notes to the financial statements (continued)

9 Cash and cash equivalents

	Group 2025 £m	Group 2024 £m	Company 2025 £m	Company 2024 £m
Cash and bank balances	15.9	65.8	-	-
Cash equivalents	96.0	124.1	-	-
Cash and cash equivalents per cash flow statement	111.9	189.9	-	-

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 (2024: £230.0m).

The Group also holds a Special Purpose Account for receiving insurance claim proceeds. The cash value in the Special Purpose Account was £0.2m at 31 March 2025 (2024: £nil).

Restricted Cash

The Group has an obligation to maintain a Liquidity Required Amount as defined in the Masters Definition Agreement (MDA), a CTA requirement, in the form of committed Liquidity Facility and amounts standing to the credit of the Debt Service Reserve Account ("DSRA").

The Group holds Debt Service Reserve Account 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. During the current year, the Group secured a £75m Liquidity Facility to cover the Liquidity Required Amount under the CTA requirement. As at 31 March 2025, the Liquidity Required Amount exceeded the size of the Liquidity Facility and therefore a further top-up to the DSRA is required. The restricted cash value in the DSRA was £7.0m as at 31 March 2025 (2024: £43.6m). This, combined with the committed Liquidity Facility, is sufficient to cover the next 12 months of financing cost payments.

10 Trade and other payables

	Group 2025 £m	Group 2024 £m	Company 2025 £m	Company 2024 £m
Trade payables	9.1	2.1	-	-
Contract retentions payable	11.4	8.8	-	-
Accrued expenses	55.9	100.6	-	-
Deferred income	20.5	29.7	-	-
Advance payment liability	612.6	484.5	-	-
Interest payable on intra-group loans (note 15)	-	-	-	0.2
	709.5	625.7	-	0.2
Non-current liabilities	624.3	496.4	-	0.2
Current liabilities	85.2	129.3	-	-

Notes to the financial statements (continued)

10 Trade and other payables (continued)

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 £20.5m (2024: £29.7m) 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.

The table following analyses both the Group and Company's non-current liabilities at 31 March 2025 into relevant maturity groupings based on the remaining periods up to their future payable date.

	Group 2025 £m	Group 2024 £m	Company 2025 £m	Company 2024 £m
Between one and two years	615.0	3.0	-	-
Between two and five years	9.3	493.4	-	0.2
More than 5 years	-	-	-	-
Total	624.3	496.4	-	0.2

Notes to the financial statements (continued)

11 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 was in a deferred format which means that the proceeds from the borrowing were not received until a future settlement date so as to align when funds were raised with the construction expenditure profile of the project. Where bonds were issued with deferred draw down dates, the proceeds from these bonds were only received from the bond purchaser on the future settlement dates.

All deferred bonds have now been fully drawn down.

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

	2025 £m	2024 £m
Third party borrowings		
£250m 2.375% fixed-rate bond 2027	249.2	248.9
£75m 0.828% index-linked bond 2047 ^{a, b}	98.7	96.3
£200m 0.740% index-linked bond 2042 ^{a, c}	235.1	229.5
£100m 0.688% index-linked bond 2050 ^a	141.5	136.4
£100m 0.755% index-linked bond 2051 ^a	137.3	132.4
£100m 0.249% index-linked bond 2040 ^{a, d}	139.0	134.0
£125m 0.192% index-linked bond 2049 ^{a, e}	182.0	175.6
£25m 1.035% index-linked bond 2048 ^{a, f}	33.8	32.5
£25m 0.951% index-linked bond 2054 ^{a, g}	33.8	32.5
£50m 0.787% index-linked bond 2052 ^a	67.5	65.1
£300m 2.860% fixed-rate loan 2032 ^h	300.0	300.0
£700m (£620m SONIA+1.094% floating-rate; £80m index-linked+0.010% ^d) ⁱ	717.6	714.1
£100m 0.010% index-linked loan 2049 ^{a, m}	135.3	130.7
£25m 1.042% index-linked bond 2048 ^{a, f}	33.0	31.9
£25m 0.954% index-linked bond 2054 ^{a, g}	33.0	31.9
£75m 0.010% index linked bond 2036 ^a	104.6	101.8
£300m 2.750% fixed-rate bond 2034	299.0	298.9
£75m 2.418% fixed-rate loan 2041	75.0	75.0
£150m 0.010% Index linked bond 2032 ^a	184.9	178.6
£75m 0.949% Index linked bond 2052 ^{a, k}	87.5	85.3
£50m 0.074% index linked bond 2049 ^{a, l}	70.9	68.4
£50m 0.174 index linked bond 2049 ^{a, l}	70.9	68.4
£50m 6.020% fixed-rate loan 2033	50.0	50.0
£150m 6.050% fixed-rate loan 2035	150.0	150.0
£50m 6.110% fixed-rate loan 2038	50.0	50.0
Intra-group borrowings		
Shareholder loan notes 8.000% fixed rate 2064 ^j	972.6	922.7
	4,652.2	4,540.9
Less: unamortised debt issue costs	(7.7)	-
Total borrowings	4,644.5	4,540.9
	2025 £m	2024 £m
Current liabilities	27.5	-
Non-current liabilities	4,617.0	4,540.9

Notes to the financial statements (continued)

11 Borrowings (continued)

- 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) This debt amortises from 2044
- g) This debt amortises from 2050
- h) The Group has entered into swap agreements that convert £70.0m of this debt into index-linked debt
- i) The Group has entered into swap agreements that convert £620.0m of this debt into index-linked debt
- j) Borrowing from the Company's immediate parent Bazalgette Ventures Limited
- k) This debt amortises from 2042
- l) This debt amortises from 2034
- m) This debt amortisation from 2040

Deferred purchase bonds

There were no bond drawn down during the year ended 31 March 2025 (2024: bond proceeds of £65.7m were drawn down with bond maturities of 2049).

Company

In addition to the shareholder loan of £972.6m (2024: £922.7m), the Company has a £0.1m (2024: £0.1m) borrowing from its direct subsidiary Bazalgette Tunnel Limited. The borrowing carries a floating interest rate of SONIA + 78bps and a maturity of 2027.

12 Financial instruments

The carrying values of the financial assets and liabilities of the Group and Company are as follows:

Financial Assets

	Group 2025 £m	Group 2024 £m	Company 2025 £m	Company 2024 £m
Financial assets at amortised costs				
Trade and other receivables	25.6	38.5	-	-
Cash and cash equivalents	111.9	189.9	-	-
Short-term deposits	145.0	230.0	-	-
Amounts owned by group undertakings (note 15)	-	-	972.6	923.0
Total	282.5	458.4	972.6	923.0

Notes to the financial statements (continued)

12 Financial instruments (continued)

Trade and other receivables above exclude prepayments. Trade and other receivables are classified and measured at amortised cost under IFRS 9. Impairment of these assets as assessed under the simplified expected credit loss model was immaterial at 31 March 2025 and at 31 March 2024, and therefore not recognised within the year.

Financial liabilities

	Group 2025 £m	Group 2024 £m	Company 2025 £m	Company 2024 £m
Financial liabilities at fair value through profit and loss				
Derivative financial instruments – Current	8.5	1.5	-	-
Derivative financial instruments – Non-current	126.8	146.5	-	-
Other financial liabilities				
Trade and other payables	76.4	111.5	-	0.2
Lease liabilities	0.1	0.8	-	-
Borrowings – Current	27.5	-	-	-
Borrowings – Non-current	4,617.0	4,540.9	972.6	922.8
Total	4,856.3	4,801.2	972.6	923.0

Fair value measurements

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.

	Book value 2025 £m	Fair value 2025 £m	Book value 2024 £m	Fair Value 2024 £m
Group				
Financial liabilities at amortised cost				
Non-current				
Borrowings – fixed-rate sterling loans	(1,597.7)	(1,473.8)	(1,547.7)	(1,789.8)
Borrowings – fixed-rate sterling bonds	(548.8)	(474.0)	(547.8)	(476.0)
Borrowings – index-linked sterling bonds and loans	(1,877.6)	(1,172.2)	(1,825.4)	(1,291.8)
Borrowings – floating-rate sterling loans	(592.9)	(539.9)	(620.0)	(593.6)
Current				
Borrowings – index-linked sterling bonds and loans	(3.7)	(3.7)	-	-
Borrowings – floating-rate sterling loans	(23.8)	(55.4)	-	-
Financial liabilities at fair value through profit and loss				
Non-current				
Derivatives - index-linked swaps	(126.8)	(126.8)	(146.5)	(146.5)
Current				
Derivatives - index-linked swaps	(8.5)	(8.5)	(1.5)	(1.5)
Total	(4,779.8)	(3,854.3)	(4,688.9)	(4,299.2)
Company				
Financial liabilities at amortised cost				
Non-current				
Borrowings – Shareholder loan notes	(972.6)	(918.0)	(922.8)	(1,202.5)
Total	(972.6)	(922.8)	(918.0)	(1,202.5)

Notes to the financial statements (continued)

12 Financial instruments (continued)

Financial liabilities at amortised cost

Borrowings include index-linked bonds and loans, 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 cashflows using appropriate available market data and a credit risk adjustment representative of the Group.

The Group discloses the fair value of its borrowings based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. The Group considers the fair value measurement of all its borrowings to fall within Level 2, as the calculation of the estimated fair value is based on market data inputs which are observable directly or indirectly.

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 Group considers the fair value measurement of all its derivative financial instruments to fall within Level 2 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 held at fair value at 31 March:

	2025 Level 2 £m	2024 Level 2 £m
Financial instruments at fair value		
Derivative financial liabilities:		
- Index-linked swaps*	(135.3)	(148.0)
	(135.3)	(148.0)

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

* Accrued Accretion on index-linked swaps at 31 March 2025 was £209.2m liability (2024: £219.2m), which forms part of the overall fair value of the derivative financial instruments being presented above.

Notes to the financial statements (continued)

12 Financial instruments (continued)

Capital risk management

The Group's principal objectives in managing capital are:

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders,
- Maintain an optimal capital structure to reduce the cost of capital,
- To finance the Group while minimising risk. The Group will adopt a low risk financing strategy and maintain at all times a robust investment grade credit rating;
- Minimise financing risk through pre-funding, management of maturities and interest rate risk;
- Financing will be a mix of some or all of commercial bank debt, bonds (public and private), EIB loans, lease financing and other instruments. Financing could be raised on a real and/or nominal basis;
- The Group's weighted average cost of capital will be minimised by reducing risk, including interest rate, inflation, credit spread, maturity risk, liquidity and currency risk;
- Hedging and pre-financing may be used to reduce risk. The Group will not engage in speculative treasury activity; and
- The Group will manage its financing activities in compliance with the constraints imposed by the Government Support Package, financing documents and the Group's Licence.

The Group seeks to maintain a low risk financing position by preserving the investment grade Baa1 (Moody's)/BBB+ (Fitch) credit ratings. These credit ratings were unchanged in the year, with both Moody's and Fitch maintaining a stable outlook. The Group monitors financial covenants on a regular basis, taking into consideration risk, financing, legal and regulatory constraints and optimal level of execution within the capital structure.

The Group monitors capital on the basis of the following gearing ratio:

- Net Debt divided by Adjusted RCV.

During the year 31 March 2025, the Group's strategy, which was unchanged from prior years, was to maintain a gearing ratio of less than 70% and the gearing ratios at 31 March 2025 and 31 March 2024 were as follows:

	2025 £m	2024 £m
Net Debt *	3,626.7	3,456.4
Adjusted RCV *	5,333.0	5,029.9
Gearing %	68.0%	68.7%

The Group's gearing level remains in line with the Group's capital management strategy and is fully compliant with the financing arrangements.

The Group's revolving credit facility (RCF) maturing in 2027 of £160.0m remained undrawn at the Statement of Financial position date (2024: £nil draw down).

During the current year, the Group secured a Liquidity Facility (LF) of £75m that is designed, in combination with the Debt Service Reserve Accounts (DSRA) to cover the Liquidity required amount as this is defined in the CTA. The LF is split between Bazalgette Tunnel Limited and Bazalgette Finance plc and is undrawn at the Statement of Financial position date (2024: £nil draw down).

The Group's subsidiary Bazalgette Finance plc did not issue any bonds during the year (2024: £nil) and the total bond issuance continues to stand at £1,831.7m (2024: £1,831.7m).

* As defined in the Company's Common Terms Agreement (CTA).

Notes to the financial statements (continued)

12 Financial instruments (continued)

Management of financial risk

The Treasury team, which reports directly to the CFO, substantially manages the Group's financing, including debt, cash management and interest costs for the Group on a day-to-day basis. The Audit & Finance Committee which includes the Directors of the Company, meets periodically to review and report on treasury policy, treasury strategies and financing strategy. The Group also has an executive level Funding and Financing Committee, chaired by the CFO, which considers financial, treasury, compliance, tax and regulatory matters in detail on a monthly basis.

The Group's management of specific financial risks is dealt with as follows:

Liquidity risk

Liquidity risk is the risk that the Group will not be able to fund on a timely basis its capital expenditure programme or service its debt. At 31 March 2025, the Group had total liquidity in excess of £409.9m, comprising £249.9m of unrestricted cash and short-term deposits and the £160.0m undrawn RCF. This, combined with expected revenue collections, provides 21 months of liquidity, including the RCF, which is significantly in excess of our 12-month target, including all liquidity required to project handover.

The Secretary of State for Environment, Food and Rural Affairs, through the Government Support Package, has committed to provide certain contingent financial support during the construction period. Such support is available in exceptional circumstances and includes the Market Disruption Facility providing the Company with a debt facility of up to £500m, for use where it is unable to issue debt in the debt capital markets as a result of market disruption.

The tables below analyse the Group's interest-bearing borrowings (including shareholder loan notes) and net-settled derivative financial instruments into relevant maturity groupings based on the remaining period at the Statement of Financial position date. The amounts disclosed in the table are the contractual undiscounted cash flows including interest payable and accretion.

	2025 £m	2024 £m
Borrowings		
Within one year	(185.7)	(158.3)
Between one and two years	(183.2)	(152.3)
Between two and five years	(784.1)	(686.4)
More than 5 years	(8,798.1)	(8,393.2)
Total	(9,951.1)	(9,390.2)
	2025 £m	2024 £m
Derivative financial instruments		
Within one year	29.9	42.3
Between one and two years	25.3	28.3
Between two and five years	(73.3)	60.0
More than 5 years	(177.4)	(355.7)
Total	(195.5)	(225.1)

For the maturity profile of financial instruments recognised as liabilities, other than borrowings and derivative financial instruments, refer to note 10 to the financial statements.

Notes to the financial statements (continued)

12 Financial instruments (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk for the Group principally arises from trading (the supply of services) and treasury activities (the depositing of cash).

A default on a financial asset is when the counterparty fails to make contractual payments as per pre-agreed payment terms.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a loan or receivable for write off when a debtor fails to make contractual payments past due. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Group's exposure to trading risk is predominantly with Thames Water which is the Group's only significant trading counterparty and who constitute the full outstanding balance of trade receivables at the Statement of Financial Position date. As part of its licenced activities, the Group generates an annual revenue return on its RCV, which it subsequently invoices to Thames Water periodically through the financial year. At any time the outstanding trade receivable balance is approximately one month's revenue collection and represents amounts already collected by Thames Water from its customers. The risk of Thames Water failing to pay Tideway's revenue is currently considered low. However, the Group's exposure to Thames Water is reviewed on a regular basis given Thames Water's current financial position and the potential scenario of a Special Administrator choosing not to pay an element of Tideway's revenue is also carefully assessed. This would not be consistent with Thames Water's licence and would be expected to lead to a breach and enforcement action.

Placements of cash on deposit expose the Group to credit risk against the counterparties concerned. A treasury policy on investment management strategy provides clear instrument limits for money market funds and money market deposits. The policy sets counterparty concentration and tenor limits through minimum credit rating requirements (as measured by reputable credit agencies).

At the Statement of Financial Position date, there were no significant concentrations of credit risk.

The Group's maximum exposure to credit risk is the carrying amount of financial assets excluding the derivative financial assets and therefore the maximum exposure at 31 March 2025 was £282.5m (2024: £458.4m). Analysis of this amount can be found in the financial assets section of this note.

Market risk - Interest rate risk

The Group's financing strategy defines long term objectives for the management of interest rate risk, in addition to compliance with the hedging policies contained in the Government Support Package, financing documentation and the Licence. These include, amongst other things, restrictions on over hedging and requirements as to the amount of the Group's debt which bears a fixed, floating or an index-linked rate of interest.

The Group's deferred revenue and operating cash flows are substantially independent of changes in market interest rates. All drawn debt at 31 March 2025 is either borrowed or hedged via swaps at fixed or index-linked rates. A sensitivity analysis has not been disclosed as the impact from interest rate movements is considered immaterial.

The finance costs of the Group's index-linked debt instruments and derivatives vary with changes in RPI and CPI rather than interest rates. These financial instruments form an economic hedge with the Group's revenues and RCV, which are also linked to RPI changes. The financing strategy has involved issuing RPI and CPI linked debt to ensure that reductions in revenue due to low inflation will be partially offset by reductions in interest costs.

The Group continues to recognise the expected transition from RPI to CPIH from the next regulatory period starting in 2030 as the underlying measure of inflation for price control periods.

Notes to the financial statements (continued)

12 Financial instruments (continued)

HM Treasury and the UK Statistic Authority have confirmed that RPI will be aligned with CPIH from February 2030, which aligns well with Ofwat's transition.

Inflation risk is monitored and reported monthly to the Funding and Financing Committee and subsequently to the Audit and Finance Committee.

The table below summarises the sensitivity at 31 March 2025 of the Group's profit and equity to changes in RPI for the Group's index-linked derivatives only. Given that all borrowing costs that are directly attributable to the construction of the TTT are capitalised into asset under construction, the sensitivity analysis excludes the Group's index-linked borrowings. This analysis also excludes any RPI impact on the Group's revenues and RCV. The fair value of the Group's index-linked derivatives is based on estimated future cash flows, discounted to the reporting date and these fair values will be impacted by a 1% increase or decrease in the year-on-year RPI inflation rate as shown in the table below. This analysis assumes all other variables remain constant.

	2025 £m	2025 £m	2024 £m	2024 £m
	+1%	-1%	+1%	-1%
(Loss)/profit	(44.3)	42.4	(50.2)	52.9
Equity	(44.3)	42.4	(50.2)	52.9

Financial guarantees

Bazalgette Holdings Limited ("BHL") is part of the security group for the purposes of the Tideway financing platform. Companies in the Group (other than BHL) raise debt in external debt markets through the issuance of secured bonds and loans. BHL guarantees the financial indebtedness of Bazalgette Tunnel Limited. On transition to IFRS 17, the Group has made the election to apply the requirements in IAS 32 'Financial Instruments: Presentation', IFRS 7 'Financial Instruments: Disclosures' and IFRS 9 'Financial Instruments' to these financial guarantee contracts. Where BHL enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Group treats any guarantee contract as a contingent liability until such a time as it becomes probable that the relevant member of the Group will be required to make a payment under the guarantee and the amount can be reliably measured.

This section sets out an analysis of net debt and movements in net debt for each of the years presented:

	Notes	2025 £m	2024 £m
Cash and cash equivalents	9	111.9	189.9
Borrowings (a), (b) & (c)	11	(4,652.2)	(4,540.9)
Lease liabilities		(0.1)	(0.8)
Net Debt		(4,540.4)	(4,351.8)

- (a) Borrowings includes the £972.6m Shareholder loan notes (2024: £922.7m) which is excluded in the Group's CTA Net Debt figures per the Financial Performance Review section of the Annual Report.
- (b) Borrowings excludes £209.2m of accretion on index-linked swaps (2024: £219.2m) which are captured in Derivative Financial Instruments, however this accretion on index-linked swaps is included in the Group's CTA Net Debt Figures per the Financial Performance Review section of the Annual Report.
- (c) Borrowings excludes £7.7m of unamortised debt issue costs (2024: £nil) which is excluded in the Group's CTA Net Debt figures per the Financial Performance Review section of the Annual Report.

Notes to the financial statements (continued)

12 Financial instruments (continued)

Net Debt Reconciliation

	Notes	Financing Liabilities			Other Assets	Total
		Borrowings	Lease Liabilities	Sub-total	Cash and cash equivalents	
		£m	£m	£m	£m	£m
At 1 April 2023		(4,055.2)	(1.4)	(4,056.6)	129.4	(3,927.2)
Proceeds from new borrowings (Presented as cash flows from financing activities)		(315.7)	-	(315.7)	315.7	-
New lease liabilities		-	(0.9)	(0.9)	-	(0.9)
Other Changes*						
Accretion interest expense on index-linked borrowings	4	(83.7)	-	(83.7)	-	(83.7)
Capitalised interest on shareholder loan notes		(86.6)	-	(86.6)	-	(86.6)
Bond premium/discount unwind	4	0.3	-	0.3	-	0.3
Lease liability payments (presented as cash flows from financing activities)		-	1.5	1.5	(1.5)	-
Transfers to short-term deposits (presented as cash flows from investing activities)		-	-	-	(10.0)	(10.0)
Cash flows from operating activities (presented as cash flows from operating activities)		-	-	-	118.1	118.1
Cash flows used in Construction of Infrastructure asset (Presented as investing activities)		-	-	-	(361.8)	(361.8)
At 31 March 2024 and 1 April 2024		(4,540.9)	(0.8)	(4,541.7)	189.9	(4,351.8)
Proceeds from new borrowings (Presented as cash flows from financing activities)		-	-	-	-	-
Other Changes*						
Accretion interest expense on index-linked borrowings	4	(61.7)	-	(61.7)	-	(61.7)
Capitalised interest on shareholder loan notes		(49.9)	-	(49.9)	-	(49.9)
Bond premium/discount unwind	4	0.3	-	0.3	-	0.3
Lease liability payments (presented as cash flows from financing activities)		-	0.5	0.5	(0.5)	-
Derecognition of lease liabilities on early termination of lease		-	0.2	0.2	-	0.2
Interest received		-	-	-	0.4	0.4
Transfers to short-term deposits (presented as cash flows from investing activities)		-	-	-	85.0	85.0
Cash flows from operating activities (presented as cash flows from operating activities)		-	-	-	90.8	90.8
Cash flows used in Construction of Infrastructure asset (Presented as investing activities)		-	-	-	(253.7)	(253.7)
At 31 March 2025		(4,652.2)	(0.1)	(4,652.3)	111.9	(4,540.4)

*Other changes include non-cash movements, including accretion interest expense on index-linked borrowing, capitalised interest on shareholder loan notes, bond premium/discount unwinds, early termination of lease and interest received during the year.

Notes to the financial statements (continued)

15 Related parties (continued)

Key management personnel

Key management personnel comprise the executive directors of BTL. The aggregate remuneration of key management personnel to the Group was as follows:

	2025 £m	2024 £m
Short-term benefits	2.2	2.0
Long-term benefits	3.1	1.7
Total remuneration	5.3	3.7

Short-term benefits represent the amount of base salary and fees, taxable benefits and annual bonus received by the directors during the year.

Long-term benefits represent the value of long-term incentive plan (LTIP) schemes and retention arrangements that have been awarded to directors in the year based on the performance conditions.

Included in the above aggregate remuneration value are contributions made under the Group's defined contribution pension plan totalling £18k (2024: £8k). The number of BTL directors for whom pension contributions were made totalled three (2024: two).

The aggregate remuneration of key management personnel disclosed above include the following amounts to the highest paid director within the Group:

	2025 £m	2024 £m
Remuneration for qualifying services	2.5	2.0
	2.5	2.0

Further information can be found in the Remuneration report of Bazalgette Tunnel Limited's Annual Report which is available at www.tideway.london.

Company

Amounts outstanding on borrowings from Bazalgette Ventures Limited totalled to a principal of £972.6m and £nil interest payable (2024: principal of £922.7m and interest payable of £0.2m) as at 31 March 2025. During the current year, £26.2m (2024: £nil) interest was paid, £49.9m (2024: £86.6m) unpaid interest was capitalised back into the borrowing principal and £nil principal was repaid (2024: £nil repaid).

Amounts outstanding on borrowings from Bazalgette Tunnel Limited totalled to £61k (2024: £58k) as at 31 March 2025.

Amounts outstanding on loans made to Bazalgette Tunnel Limited totalled to loan principal of £972.6m (2024: £922.7m) and £nil interest receivable (2024: £0.2m) as at 31 March 2025. The loan carries the same terms as the shareholder loans disclosed in note 11 to the financial statements. During the current year, £26.2m (2024: £nil) of interest was received, £49.9m (2024: £86.6m) unpaid interest was capitalised back into the borrowing principal and £nil principal was received (2024: £nil received).

Key management personnel

The directors of the Company are considered to be the key management personnel. They did not receive any payment for their services during the year ended 31 March 2025 (2024: £nil). The Company had no employees during the year to 31 March 2025 (2024: no employees).

Notes to the financial statements (continued)

16 Ultimate parent company and parent company of larger group

The Company is a wholly owned subsidiary of Bazalgette Ventures Limited. The Company's ultimate controlling parent is Bazalgette Equity Limited, which is also the largest group in which the Company is consolidated.

The registered office of both Bazalgette Equity Limited and Bazalgette Ventures Limited is 6th Floor, Blue Fin Building, 110 Southwark Street, London, SE1 0SU.

Copies of the consolidated financial statements for the Bazalgette Equity Group are available at www.tideway.london.

17 Subsequent events occurring after the reporting date

No material events have occurred between the year end date and the signing of these financial statements that would require the Company to adjust the financial statements or require disclosure in these financial statements.

Notes to the financial statements (continued)

13 Capital and reserves

Called-up share capital – Parent Company

Allotted, called-up and fully paid ordinary shares of £1 each	Ordinary shares 2025 No.	Ordinary shares 2024 No.
Issued for cash at the beginning of the year	509,672,601	509,672,601
Issued for cash at the end of the year	509,672,601	509,672,601

The holders of ordinary shares are entitled to receive distributions as declared from time to time and are entitled to vote at meetings of the Company in line with the details of the Shareholders agreement. Further information on the role of the shareholders is outlined in the Group's Strategic Report section of the Annual Report.

Retained earnings	Group 2025 £m	Group 2024 £m	Company 2025 £m	Company 2024 £m
At the beginning of the year	66.3	51.0	-	-
Profit for the year	3.9	15.3	-	-
At the end of the year	70.2	66.3	-	-

14 Contingent liabilities

There are a number of uncertainties surrounding the Group including potential claims, which may affect the financial performance of the Group. Where claims are possible but not probable, or unquantifiable, such claims are treated as contingent liabilities. Contingent liabilities are not recognised in the Consolidated Statement of Financial Position but are monitored to ensure that should a possible obligation become probable and a transfer of economic benefits to settle an obligation can be reliably measured, then a provision for the obligation is made. There were no contingent liabilities at the Statement of Financial Position date.

15 Related parties

Group

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

The Group's related party transactions throughout the current financial year were made on terms equivalent to those that prevail in arm's length transactions.

Amounts outstanding on borrowings from the immediate parent company, Bazalgette Ventures Limited, are disclosed in note 11 to the financial statements.