



Announcement of unaudited interim results for the six months ended 30 September 2020

Bristol Water plc (the “Company”) announces its interim unaudited financial statements for the six months ending 30 September 2020. The financial statements reflect, amongst other things, the outcome of an arbitration with Canal and River Trust to determine the price payable by the Company for its raw water supply from the Gloucester & Sharpness Canal with effect from 1 April 2018.

The Company’s interim financial results are set out below and can also be accessed via the Company’s website www.bristolwater.co.uk

For further information contact:

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Or contact: Bristol Water Corporate Affairs on 0117 953 6470 during office hours or 0800 917 8066 at any time.



FINANCIAL HIGHLIGHTS

	Six months to 30 September 2020 (unaudited) £m	Six months to 30 September 2019 (unaudited) £m
Turnover	59.6	63.1
EBITDA	23.9	29.5
Profit after taxation	3.3	9.3
Net debt (excluding 8.75% irredeemable cumulative preference shares)	377.4	349.1
Capital investment in the period	19.1	32.3

Summary

- EBITDA decreased by 19.0% to £23.9m, as a result of decreased regulatory revenue allowances and COVID-19 impacts on non-household income. Overall operating costs remained stable year on year but included increased bad debt costs as a result of COVID-19 impacts on the economy, and non-recurring transformation costs to reshape the business to support delivery of the 2020-2025 regulatory business plan. In addition, operating costs include the accrual of additional charges resulting from the arbitrator's ruling on the charges payable for abstraction of water from the Gloucester and Sharpness Canal, relating to the period 1 April 2018 to 30 September 2020.
- Underlying operating costs therefore decreased year on year, despite a significant pressure on the business as a result of hot weather and COVID-19. The prior 6 month period also included £0.6m additional profit on disposal of assets after the sale of 2 properties.
- £19.1m investment in the capital programme focussing on improving and renewing the company's asset base. The current six month period has seen a £13.2m decrease in expenditure compared with the comparable period in 2019/20; reflecting completion of the prior regulatory cycle and a focus on total expenditure solutions in the current 5 year framework to offer best value solutions for our customers.
- Profit after taxation decreased by £6.0m as a result of decreased EBITDA and increased in depreciation following capital investment in prior years.
- The increase on net debt principally consists of drawdowns from committed facilities of £20.0m to fund our lower capital investment and indexation applied to index linked debt of £4.5m. Available undrawn committed facilities amount to £44.0m.



CHAIRMAN'S STATEMENT

The first six months of this year have been a challenge. COVID-19 has had a real impact on the way we run our business and the way we interact with customers and colleagues. But I am proud of what we've achieved, I'm proud of every single key worker who has continued to be out and about, and for everyone who has turned to working from home. The spring lockdown was very much the unknown. But we rose to the challenge.

We've also had our appeal to the Competitions and Market Authority (CMA) to deal with and we continue to work towards an outcome which will be best for our customers and the business. The CMA has now confirmed that the final outcome will not be known until February 2021. We've also been undertaking a significant Transformation Programme aimed to streamline the business for the future. We've made huge steps forwards in this six-month period and there is more to come.

There have been some major operational incidents as well, with a significant burst on our strategic main on Royate Hill in Bristol and third-party damage to water main in Yate. Both bursts have impacted our Customer Minutes Lost target, which was challenging to begin with.

The recent challenges have had an impact on our health and safety performance with an increase in Accident Frequency Rate amongst our employees, but we have seen improvements in our contractor's performance on health and safety.

This has certainly been a difficult period, one like nothing I've ever known before.

Thank you to all our colleagues who have shown great public service throughout these times.

Keith Ludeman
Chairman
10th December 2020



BRISTOL WATER PLC

INCOME STATEMENT

For the six months ended 30 September 2020

		Six months to 30 September 2020 (unaudited) £m	Six months to 30 September 2019 (unaudited) £m	Year to 31 March 2020 (audited) £m
Revenue	5	59.6	63.1	125.5
Operating costs	6	(46.2)	(43.8)	(90.7)
Impairment losses on trade receivables		(2.4)	(2.0)	(4.8)
Operating costs before exceptional items		(48.6)	(45.8)	(95.5)
Exceptional operating costs		(0.9)	-	(7.3)
Total net operating costs		(49.5)	(45.8)	(102.8)
Operating profit		10.1	17.3	22.7
Net interest payable and similar charges	7	(5.3)	(5.4)	(12.4)
Dividends on 8.75% irredeemable cumulative preference shares	7	(0.5)	(0.5)	(1.1)
Net interest payable and similar charges		(5.8)	(5.9)	(13.5)
Profit on ordinary activities before taxation		4.3	11.4	9.2
Taxation on profit on ordinary activities	8	(1.0)	(2.1)	(8.7)
Profit for the period/year		3.3	9.3	0.5
Earnings per ordinary share	9	55.0p	155.0p	8.3p

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

STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2020

		Six months to 30 September 2020 (unaudited) £m	Six months to 30 September 2019 (unaudited) £m	Year to 31 March 2020 (audited) £m
Profit for the period/year		3.3	9.3	0.5
Other comprehensive income:				
Items that will not be reclassified to profit and loss				
Actuarial (losses)/gains on retirement benefit surplus		(0.3)	0.4	0.5
Re-measurement of defined benefit pension scheme	8	0.2	(0.1)	(0.1)
Other comprehensive (expense)/income for the period/year, net of tax		(0.1)	0.3	0.4
Total comprehensive income for the period/year		3.2	9.6	0.9



BRISTOL WATER PLC

STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	Note	30 September 2020 (unaudited) £m	30 September 2019 (unaudited) £m	31 March 2020 (audited) £m
Non-current assets				
Property, plant and equipment	10	676.9	649.3	671.8
Intangible assets	11	14.4	11.4	14.0
Other investments – Loans to a UK holding Company		65.5	68.5	65.5
Deferred tax assets		5.9	5.2	5.9
Retirement benefit surplus	12	9.4	9.7	9.7
		772.1	744.1	766.9
Current assets				
Inventory		1.7	1.7	1.7
Trade and other receivables		32.5	31.1	32.0
Cash and cash equivalents		11.0	13.9	10.1
		45.2	46.7	43.8
		817.3	790.8	810.7
Total assets				
Non-current liabilities				
Lease liabilities	13	(1.7)	-	(1.9)
Deferred income tax liabilities		(72.1)	(63.8)	(71.6)
Borrowings and derivatives	14	(386.3)	(362.4)	(379.0)
8.75% irredeemable cumulative preference shares	14	(12.5)	(12.5)	(12.5)
Deferred income		(82.2)	(80.7)	(81.8)
Government Grants		(0.3)	(0.3)	(0.3)
		(555.1)	(519.7)	(547.1)
Current liabilities				
Lease liabilities	13	(0.4)	(0.6)	(0.9)
Current portion of deferred income		(1.8)	(1.6)	(1.8)
Trade and other payables		(35.8)	(37.5)	(36.5)
Provisions for liabilities	15	(3.0)	-	(6.4)
		(41.0)	(39.7)	(45.6)
		(596.1)	(559.4)	(592.7)
		221.2	231.4	218.0
Net assets				
Equity				
Called-up share capital		6.0	6.0	6.0
Share premium account		4.4	4.4	4.4
Other reserves		5.8	5.8	5.8
Retained earnings		205.0	215.2	201.8
		221.2	231.4	218.0

The financial statements of Bristol Water plc, registered number 2662226 on pages 4-17, were approved by the Board of directors on 10th December 2020 and signed on its behalf by:

Mel Karam, Director, CEO

Laura Flowerdew, Director, CFO



BRISTOL WATER PLC

STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Total £m
Balance at 31 March 2019	6.0	4.4	5.8	207.3	223.5
Effect of adoption of IFRS16: Leases	-	-	-	(0.1)	(0.1)
Balance at 1 April 2019 as restated	6.0	4.4	5.8	207.2	223.4
Profit for the year	-	-	-	9.3	9.3
Other comprehensive income for the year:					
Actuarial gains recognised in respect of retirement benefit obligations	-	-	-	0.4	0.4
Re-measurement of defined benefit scheme	-	-	-	(0.1)	(0.1)
Total comprehensive income for the year	-	-	-	9.6	9.6
Ordinary dividends	-	-	-	(1.6)	(1.6)
Balance as at 30 September 2019	6.0	4.4	5.8	215.2	231.4
Balance at 1 April 2020	6.0	4.4	5.8	201.8	218.0
Profit for the period	-	-	-	3.3	3.3
Other comprehensive expense for the period:					
Actuarial losses recognised in respect of retirement benefit obligations	-	-	-	(0.3)	(0.3)
Re-measurement of defined benefit scheme	-	-	-	0.2	0.2
Total comprehensive expense for the period	-	-	-	(0.1)	(0.1)
Ordinary dividends	-	-	-	-	-
Balance as at 30 September 2020	6.0	4.4	5.8	205.0	221.2

The Board has not proposed interim dividends on the ordinary shares in respect of the period ended 30 September 2020 (6 months ended 30 September 2019: £4.6m).



CASH FLOW STATEMENT

For the six months ended 30 September 2020

		Six months to 30 September 2020 (unaudited)	Six months to 30 September 2019 (unaudited)	Year to 31 March 2020 (audited)
	Note	£m	£m	£m
Cashflows from operating activities				
Profit before taxation		4.3	11.4	9.2
Adjustments for:				
Deferred income amortisation	5	(0.9)	(0.9)	(1.8)
Depreciation	6	11.9	10.8	22.3
Amortisation of intangibles	6	1.9	1.4	2.9
Impairment of tangible assets		-	-	0.1
Difference between pension charges and contributions paid		0.4	0.2	0.6
Profit on disposal of assets		(0.1)	(0.7)	(0.7)
Interest income	7	(1.9)	(2.1)	(4.1)
Interest expense	7	7.9	8.1	18.0
Pension interest income	7	(0.2)	(0.2)	(0.4)
Increase in inventory		-	-	(0.1)
Increase in trade and other receivables		(0.5)	(3.3)	(2.8)
(Decrease)/increase in trade and other creditors and provisions		(1.1)	(0.8)	5.7
Cash generated from operations		21.7	23.9	48.9
Interest paid		(6.4)	(6.1)	(12.3)
Corporation taxes paid		(0.4)	(1.3)	(2.5)
Contributions received		1.3	1.6	3.8
Net cash inflows from operating activities		16.2	18.1	37.9
Cash flows from investing activities				
Purchase of property plant and equipment and intangibles		(22.1)	(34.5)	(71.6)
Proceeds from sale of fixed assets		0.1	0.7	0.7
Interest received		1.9	2.1	4.1
Repayment of intercompany loan receivable		-	-	3.0
Net cash used in investing activities		(20.1)	(31.7)	(63.8)
Cash flows from financing activities				
Proceeds from loans and borrowings		6.0	13.0	27.0
Transaction costs related to loans and borrowings		-	-	-
Payment of finance lease liabilities		(0.7)	(0.5)	(0.7)
Preference dividends paid		(0.5)	(0.5)	(1.1)
Equity dividends paid		-	(1.6)	(6.3)
Net cash from financing activities		4.8	10.4	18.9
Net increase/(decrease) in cash and cash equivalents		0.9	(3.2)	(7.0)
Cash and cash equivalents, beginning of period		10.1	17.1	17.1
Cash and cash equivalents, end of period		11.00	13.9	10.1



NOTES TO THE INTERIM ACCOUNTS

For the six months ended 30 September 2020

1 General Information

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

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

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

2 Basis of preparation

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

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

3 Accounting policies

The same accounting policies and methods of computation used in preparing the annual financial statements as at 31 March 2020 have been used in preparing these interim accounts.

3.1 Going concern

The Company meets its day-to-day working capital requirements through its cash reserves and borrowings. The Company’s forecasts and projections show that the Company will be able to operate within the level of its current cash reserves and borrowing facilities. After making enquiries, the Directors have an expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements. Further information on the Company’s borrowings is given in note 13.

4 Critical accounting estimates and judgments

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

The significant judgements made by management in applying the Company’s accounting policies and the key sources of estimate uncertainty were the same as those applied to the financial statements for the year ended 31 March 2020.



5 Revenue

	Six months to 30 September 2020 (unaudited) £m	Six months to 30 September 2019 (unaudited) £m	Year to 31 March 2020 (audited) £m
Appointed income			
Household - measured	26.0	24.2	49.0
Household - unmeasured	21.0	22.9	45.2
Non-household- measured	10.1	13.0	25.5
Non-household – unmeasured	0.1	0.2	0.3
Contributions from developers	0.9	0.9	1.8
Third party services	0.7	1.1	1.9
Rental income	0.4	0.3	0.7
	59.2	62.6	124.4
Non-appointed income			
Recreations	0.3	0.3	0.7
Rental income	-	0.1	0.1
Other	0.1	0.1	0.3
	0.4	0.5	1.1
	59.6	63.1	125.5

6 Operating expenses

	Six months to 30 September 2020 (unaudited) £m	Six months to 30 September 2019 (unaudited) £m	Year to 31 March 2020 (audited) £m
Operating expenses include -			
Payroll cost, net of recharges to fixed assets and including retirement benefit costs	9.8	9.2	18.6
Depreciation and amortisation	13.8	12.2	25.2
Profit on disposal of assets	(0.1)	(0.7)	(0.7)
Exceptional costs include -			
Transformation costs	0.9	-	-
Provision for legal and similar costs	-	-	7.3

The transformation costs relate to a restructuring programme currently in progress.

The provisions for legal costs relate to two separate legal processes the Company entered into during the year ending 31 March 2020. See note 15.



7 Net interest payable and similar charges

	Six months to 30 September 2020 (unaudited) £m	Six months to 30 September 2019 (unaudited) £m	Year to 31 March 2020 (audited) £m
Interest payable and similar charges:			
Bank borrowings	1.1	1.1	2.2
Term loans and debentures:			
interest charges	5.1	5.0	10.0
indexation	1.2	1.7	5.0
Leases	0.2	-	-
Capitalisation of borrowing cost	(0.2)	(0.2)	(0.3)
Dividends on 8.75% irredeemable cumulative preference shares	0.5	0.5	1.1
	7.9	8.1	18.0
Interest receivable and similar income:			
Interest income in respect of retirement benefit scheme	(0.2)	(0.2)	(0.4)
Loan to Bristol Water Holdings UK Ltd – interest receivable	(1.9)	(2.0)	(4.0)
Other external investments and deposits income	-	-	(0.1)
	(2.1)	(2.2)	(4.5)
Total net interest payable and similar charges	5.8	5.9	13.5

The rate used to determine the amount of borrowing costs eligible for capitalisation was 3.6% (30 September 2019: 4.2%), which is the weighted average interest rate of applicable borrowings.

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



BRISTOL WATER PLC

8 Taxation

	Six months to 30 September 2020 (unaudited) £m	Six months to 30 September 2019 (unaudited) £m	Year to 31 March 2020 (audited) £m
Tax expense included in Income Statement			
Current tax:			
Corporation tax on profits for the period /year	0.5	1.5	1.2
Adjustment in respect of prior period	-	-	(0.2)
Total current tax	0.5	1.5	1.0
Deferred tax:			
Origination and reversal of timing differences	0.4	0.6	0.7
Adjustment to prior periods	0.1	-	0.2
Effect of change in UK corporation tax rate	-	-	6.8
Total deferred tax	0.5	0.6	7.7
Tax expense on profit	1.0	2.1	8.7
Tax income/expense (included in other comprehensive income)			
Remeasurement of post-employment benefit liability	(0.2)	0.1	0.1
Total tax income included in other comprehensive income	(0.2)	0.1	0.1

9 Earnings per ordinary share

	At 30 September 2020 (unaudited) m	At 30 September 2019 (unaudited) m	At 31 March 2020 (audited) m
Basic earnings per ordinary share have been calculated as follows -			
Earnings attributable to ordinary shares	£3.3	£9.3	£0.5
Weighted average number of ordinary shares	6.0	6.0	6.0
	55.0p	155.0p	8.3p

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

**10 Property, plant and equipment**

	Six months to 30 September 2020 (unaudited) £m	Six months to 30 September 2019 (unaudited) £m	Year to 31 March 2020 (audited) £m
Net book value, beginning of period	671.8	629.4	629.4
Adjustment for change in accounting policy	-	0.6	0.6
Additions	17.0	30.2	64.2
Disposals	-	(0.1)	-
Depreciation charge for the period	(11.9)	(10.8)	(22.3)
Impairment charge	-	-	(0.1)
Net book value, end of period	676.9	649.3	671.8

The net book value of property, plant and equipment includes £6.1m (30 September 2019: £5.9m) of borrowing costs capitalised in accordance with IAS 23. During the six months ended 30 September 2020 £0.2m was capitalised using 3.6% prorated annual capitalisation rate (30 September 2019 £0.2m, 4.2%).

11 Intangible assets

	Six months to 30 September 2020 (unaudited) £m	Six months to 30 September 2020 (unaudited) £m	Year to 31 March 2020 (audited) £m
Net book value, beginning of period	14.0	10.5	10.5
Additions	2.3	2.3	6.4
Disposals	-	-	-
Amortisation charge for the period	(1.9)	(1.4)	(2.9)
Net book value, end of period	14.4	11.4	14.0

**12 Retirement benefits**

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

The gross pension surplus of £14.4m at 30 September 2020 (30 September 2019 £15.0m) relates to the market value of assets still held by the scheme, and is stated after including a £1.0m estimation of the liability arising to adjust certain scheme benefits to compensate for the effect of unequal Guaranteed Minimum Pensions for men and women.

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

In summary, assets and liabilities under IAS 19 were:

	At 30 September 2020 (unaudited) £m	At 30 September 2019 (unaudited) £m	At 31 March 2020 (audited) £m
Fair value of section assets	198.3	202.1	171.0
Present value of liabilities	(183.9)	(187.1)	(156.1)
Surplus in the section	14.4	15.0	14.9
Less: restriction of surplus	(5.0)	(5.3)	(5.2)
Net pension asset on IAS 19 basis	9.4	9.7	9.7

13 Leases**a) Amounts recognised in the Statement of Financial Position**

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

	At 30 September 2020 (unaudited) £m	At 30 September 2019 (unaudited) £m	At 31 March 2020 (audited) £m
Included in Property, Plant and Equipment			
Cost	2.5	12.7	14.5
Accumulated depreciation	(0.5)	(11.2)	(11.5)
	2.0	1.5	3.0
Included in Intangible assets			
Cost	-	1.3	1.3
Accumulated depreciation	-	(1.3)	(1.3)
Net borrowings	-	-	-

During the year a lease with a cost of £13.3m and a net book value of £0.6m of operational assets ended. The assets have not been disposed.

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

The Income Statement shows the following amounts relating to leases:

	At 30 September 2020 (unaudited) £m	At 30 September 2019 (unaudited) £m	At 31 March 2020 (audited) £m
Depreciation charge relating to assets under leases	0.2	0.2	0.5
Interest expense (included in finance cost)	0.2	-	0.1
Expense relating to short-term leases (included in administrative expenses)	-	-	0.1

14 Net borrowings

	At 30 September 2020 (unaudited) £m	At 30 September 2019 (unaudited) £m	At 31 March 2020 (audited) £m
Net borrowings comprise -			
Borrowings and derivatives due after one year	386.3	360.4	379.0
Lease liabilities due after one year	1.7	2.0	1.9
Current portion of lease liabilities	0.4	0.6	0.9
	388.4	363.0	381.8
Cash and cash equivalents	(11.0)	(13.9)	(10.1)
Net borrowings excluding 8.75% irredeemable cumulative preference shares	377.4	349.1	371.7
8.75% irredeemable cumulative preference shares	12.5	12.5	12.5
Net borrowings	389.9	361.6	384.2

Borrowing facilities

At the period end the Company had unutilised borrowing facilities of £44.0m.

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

The fair value of borrowings are as follows:

	Six months to 30 September 2020 (unaudited) £m	Six months to 30 September 2019 (unaudited) £m	Year to 31 March 2020 (audited) £m
Non-current	561.2	534.1	547.3
Current	0.4	0.6	0.8
	520.1	534.7	548.1

**15 Provisions for Liabilities**

	Six months to 30 September 2020 (unaudited) £m	Six months to 30 September 2019 (unaudited) £m	Year to 31 March 2020 (audited) £m
Net book value, beginning of period	6.4	-	-
Additions	-	-	7.3
Utilised in the year	(3.4)	-	(0.9)
Net book value, end of period	3.0	-	6.4

In November 2019, the Company entered into a formal arbitration process with the Canal and River Trust (“CRT”) concerning charges for the supply of raw water to the Company from the Gloucester and Sharpness Canal. Bristol Water is supplied raw water from the Gloucester and Sharpness Canal, under an agreement with CRT. The agreement provides for charges payable to CRT to be reviewed periodically and during 2018/19 CRT triggered a charges review seeking a substantial increase. On 7 December 2020, judgement was received from the arbitrator, resulting in an increase in the annual charge payable from 1 April 2018 onwards. The increase in the charges has been accrued in full in the six months to 30 September 2020, based on the ruling made. Following this ruling, clarification may be required on detail relating to the outcome of the arbitration, as well as on the apportionment of costs arising in respect of the arbitration.

Following the publication of Ofwat’s 2019 Final Determination, which sets the price and services the Company must deliver over the 2020-2025 regulatory period, the Company requested a referral of this Determination to the Competition and Market’s Authority (“CMA”) in February 2020. The Company is seeking a re-determination of the outcomes, in order to ensure they reflect a sustainable, financeable position for the business. The Competition and Markets Authority (CMA) published its preliminary findings in September 2020. These findings indicated the CMA’s initial conclusions that cost of capital in particular needed to materially increase compared with that set by Ofwat in its Final Determination. The CMA has now published a revision to its Administrative Timetable for the completion of its redetermination. It is now anticipated that the CMA will publish its Final Redetermination in relation to Bristol Water plc in February 2021. This represents a delay from the previous timetable, which had expected publication in December 2020.

A provision was recognised during the year ended 31 March 2020 in respect of the estimated costs associated with this process, of which £2.0m remains outstanding as at 31 March 2020. The process is currently expected to be completed by February 2021.

16 Commitments and contingent liabilities

Capital commitments at 30 September 2020 contracted for but not provided were £3.5m (2019: £7.2m).



17 Ultimate parent company and controlling party

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

As at 30 September 2020, the Directors consider, the ultimate parent and controlling party of the Company to be iCON Infrastructure Partners III, L.P acting through its Managing General Partner, iCON Infrastructure Management III Limited.

The smallest and largest group in which the Company is consolidated is Bristol Water Group Limited and copies of its consolidated annual report are available from Suite 1, 3rd floor, 11-12 St James's Square, London, SW1Y 4LB.

18 Related party transactions

During the six months to 30 September 2020 the Company spent £1.5m (2019: £1.6m) on the purchase of customer related services from BWBSL, a joint venture company between Bristol Water Holdings Limited and Wessex Water Services Limited. At 30 September 2020 £1.4m (2019: £0.7m) was receivable from BWBSL and £1.0m (2019: £1.4m) was payable to BWBSL.

During the six months to 30 September 2020 the Company recognised sales of £9.1m (2019 £10.9m) to Water 2 Business Limited (W2B), an associate company within the Bristol Water Group Limited group of companies. At 30 September 2020 £1.4m (2019: £1.8m) was receivable from W2B primarily in respect of water supply charges.

18 Circulation

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



DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION OF INTERIM ACCOUNTS

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

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

The directors of Bristol Water Plc are listed in the Bristol Water Plc Annual Report for 31 March 2020. A list of current directors is maintained on the Bristol Water plc website: www.bristolwater.co.uk

Going concern

The directors have a reasonable expectation that the Company has adequate resources available to it to continue in operational existence for the foreseeable future and have therefore continued to adopt the going concern policy in preparing the interim accounts. This conclusion is based upon, amongst other matters, a review of the Company's financial projections together with a review of the £11.0m cash and £44.0m unutilised committed borrowing facilities available to the Company as well as consideration of the Company's capital adequacy.

By order of the Board
H Hancock
Company Secretary
10th December 2020