

AFFINITY WATER HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

(Registered Number 08350099)

Affinity Water Holdings Limited

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Affinity Water Holdings Limited

Strategic report for the year ended 31 March 2022

The directors present their strategic report on Affinity Water Holdings Limited ('the company') for the year ended 31 March 2022.

Principal activities

The company's primary purpose is to manage an investment in Affinity Water Limited.

The company itself receives dividend income from its investment and distributes these to its parent company. Directors consider the company has adequate reserves to meet its activities and purpose.

Performance of the company is dependent ultimately on the performance of the trading subsidiary Affinity Water Limited. Affinity Water Limited owns and manages the water assets and network in an area of approximately 4,500km² in the southeast of England.

The statement of financial position detailed on page 11 shows that the company had net assets of £291,670,000 (2021: £291,670,000) at the year end.

As both the financial and operational results of the company are dependent on the results of the trading subsidiary, the performance indicators and targets set are provided in detail in the strategic report of Affinity Water Limited's own annual report and financial statements for the year ended 31 March 2022 on its website: affinitywater.co.uk/library.

Due to the nature of the company's business, it is not relevant to set any key performance indicators to report against.

Principal risks and uncertainties

The main risks of the company are centred on the key principal risks of the trading subsidiary in the group, as ultimately the value of the company's investment and dividend income are dependent on the trading subsidiary's activities.

These principal risks include:

Operational risks

- Some of our work activities could cause harm to our employees, contractors or members of the public
- We may become unable to meet our obligations to provide a sufficient supply of high-quality drinking water
- We may fail to attract, develop and retain employees with the competencies, values and behaviours required to engage with and promote our corporate culture, and deliver our strategic ambition and business outcomes
- Availability, confidentiality or integrity of information or data could become compromised
- We may fail to deliver our business plan, commitments and service to customers
- Our supply chain may fail to deliver the goods and services we need to operate our business
- We could cause damage to the environment in the course of our business activities; or climate change and other environmental factors could negatively impact our business operations
- We may fail to implement the cultural and operational transformation of our business necessary to deliver our business plan obligations
- A significant disruptive event could impact our ability to deliver normal business activities
- The health of our assets may deteriorate such that water supply or quality is compromised

Affinity Water Holdings Limited

Strategic report for the year ended 31 March 2022 (continued)

Principal risks and uncertainties (continued)

Regulatory risks

- Changes could occur in the legal and regulatory framework, or social or political climate, which have significant effects on our operational or financial performance
- We may inadvertently fail to comply with laws and obligations under our instrument of appointment
- Failure to achieve a satisfactory outcome from the price review, PR24.

Financial risks

- We could fail to maintain or renew appropriate financing for our business activities
- Macro-economic factors (interest rate, inflation and tax risks) could have a material adverse effect on our financial performance.

These risks are provided in more detail in the strategic report of Affinity Water Limited's own annual report and financial statements for the year ended 31 March 2022 on its website: affinitywater.co.uk/library, including how the trading subsidiary manages and mitigates these risks.

Due to the nature of the company's business, COVID-19 has not had a significant impact on the company.

Approval of the strategic report

On behalf of the Board

Stuart Ledger
Director
12 July 2022

Affinity Water Holdings Limited

Directors' report for the year ended 31 March 2022

Introduction

The directors present their annual report and the audited statutory financial statements for the year ended 31 March 2022.

Future developments

It is anticipated the company will continue to invest and manage its long-term interests in the water industry in the United Kingdom for the foreseeable future.

Going concern

The directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. This is based on assessment of the principal risks of the company and consideration of the company's budgeted cash flows, long term forecasts and related assumptions.

Dividends

No dividends have been paid during the year ended 31 March 2022 (2021: £1.0m).

The directors do not recommend a final dividend (2021: £nil).

Directors

The directors of the company, who were in office during the year and up to the date of signing the financial statements except where noted, were as follows:

Neeti Anand (appointed 1 April 2021, resigned 24 November 2021)
Marissa Dardi (appointed 24 November 2021)
Tom Goossens (resigned 1 April 2021)
Jaroslava Korpanec (resigned 1 July 2021, appointed 4 January 2022)
Stuart Ledger
Michael Osborne (appointed 24 November 2021)
Anthony Roper (resigned 31 March 2022)
Angela Roshier
Scott Springett (resigned 30 June 2021)
Roxana Tataru (appointed 1 July 2021)
Pauline Walsh (resigned 17 September 2021)

Company Secretary

Sunita Kaushal (appointed 1 April 2021)

Events after the reporting period

There were no significant events that took place after the reporting period.

Directors' qualifying third party indemnity provisions

The company has not granted any indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in Section 234 of the Companies Act 2006.

Affinity Water Holdings Limited

Directors' report for the year ended 31 March 2022 (continued)

Political contributions

No political contributions were made during the year (2021: £nil), in accordance with the company's policy of not making political contributions.

Financial risk management

The management of financial risks is disclosed in the Strategic report on pages 1 and 2.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual report and financial statements 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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 company and of the profit or loss of the company 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 United Kingdom Accounting Standards, comprising FRS 101 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 company will continue in business.

The directors are responsible for safeguarding the assets of the 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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 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 company's auditors are aware of that information.

Affinity Water Holdings Limited

Directors' report for the year ended 31 March 2022 (continued)

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed by the Board.

On behalf of the Board

Stuart Ledger
Director
12 July 2022

Affinity Water Holdings Limited

Independent auditors' report to the members of Affinity Water Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Affinity Water Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); 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 and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 March 2022; the Income statement and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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 company 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 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 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.

Affinity Water Holdings Limited

Independent auditors' report to the members of Affinity Water Holdings Limited (continued)

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 2022 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 company and its 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 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 company or to cease operations, or have no realistic alternative but to do so.

Affinity Water Holdings Limited

Independent auditors' report to the members of Affinity Water Holdings Limited (continued)

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 company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK Corporation Tax and Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- challenging assumptions and judgements made by management in their accounting estimates;
- identifying and testing journal entries posted; and
- reviewing correspondence with and reports to relevant authorities.

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.

Affinity Water Holdings Limited

Independent auditors' report to the members of Affinity Water Holdings Limited (continued)

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 financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Richard Bedlow (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
12 July 2022

Affinity Water Holdings Limited

Income statement for the year ended 31 March 2022 (Registered Number 08350099)

	Note	2022 £000	2021 £000
Operating result	4	-	-
Income from shares in group undertakings		-	1,000
Profit before income tax		-	1,000
Income tax expense	6	-	-
Profit for the financial year		-	1,000

The notes on pages 13 to 19 are an integral part of these financial statements.

All profits of the company in the current year and prior year are from continuing operations.

The company has no other comprehensive income in either the current year or prior year other than the results above, therefore a statement of comprehensive income has not been presented.

Affinity Water Holdings Limited

Statement of financial position

as at 31 March 2022

(Registered Number 08350099)

	Note	2022 £000	2021 £000
Fixed assets			
Investments	8	291,670	291,670
Net assets		291,670	291,670
Equity			
Called up share capital	9	4,000	4,000
Share premium account	9	287,670	287,670
Retained earnings		-	-
Total shareholders' funds		291,670	291,670

The notes on pages 13 to 19 are an integral part of these financial statements.

The financial statements on pages 10 to 19 were authorised for issue by the Board of directors on 12 July 2022 and were signed on its behalf by:

Stuart Ledger
Director

Affinity Water Holdings Limited

Statement of changes in equity for the year ended 31 March 2022 (Registered Number 08350099)

	Called up share capital £000	Share premium account £000	Retained earnings £000	Total Shareholder funds £000
Balance as at 1 April 2020	-	287,670	-	287,670
Profit for the financial year	-	-	1,000	1,000
Total comprehensive income for the year	-	-	1,000	1,000
Dividends	-	-	(1,000)	(1,000)
Share capital	4,000	-	-	4,000
Total transactions with owner, recognised directly in equity	4,000	-	(1,000)	3,000
Balance as at 31 March 2021	4,000	287,670	-	291,670
Balance as at 1 April 2021	4,000	287,670	-	291,670
Result for the financial year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Total transactions with owner, recognised directly in equity	-	-	-	-
Balance as at 31 March 2022	4,000	287,670	-	291,670

The notes on pages 13 to 19 are an integral part of these financial statements.

Affinity Water Holdings Limited

Notes to the financial statements for the year ended 31 March 2022

1. General information

Affinity Water Holdings Limited ('the company') manages an investment in Affinity Water Limited.

The company is a private company limited by shares and is incorporated and domiciled in England, United Kingdom. The address of its registered office is Tamblin Way, Hatfield, Hertfordshire, AL10 9EZ.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The company meets the definition of a qualifying entity under Financial Reporting Standard 100: 'Application of financial reporting requirements' ('FRS 100') issued by the Financial Reporting Council ('FRC'). The financial statements of Affinity Water Holdings Limited have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101').

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7: 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13: 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of International Accounting Standard ('IAS') 1: 'Presentation of financial statements' comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1
- The following paragraphs of IAS 1: 'Presentation of financial statements':
 - 10(d) (statement of cash flows),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 40A-D (requirements for a third statement of financial position),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures)
- IAS 7: 'Statement of cash flows'
- Paragraph 17 of IAS 24: 'Related party disclosures' (key management compensation)
- The requirements in IAS 24: 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

The group financial statements of Daiwater Investment Limited, the company's ultimate holding and controlling company in the United Kingdom, will be publicly available and may be obtained as set out in note 12.

Affinity Water Holdings Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

2. Summary of significant accounting policies (continued)

2.2 Going concern

The directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. This is based on assessment of the principal risks of the company and consideration of the company's budgeted cash flows, long term forecasts and related assumptions.

2.3 Changes in accounting policy and disclosures

There were no changes in accounting policy for the current reporting period

2.4 New Standards, amendments and interpretations not yet adopted

There are no new standards and interpretations, which are not yet effective and have not been early adopted by the company, that will have a material effect on future years.

2.5 Consolidation

The company is a wholly owned subsidiary of its ultimate holding and controlling company in the United Kingdom, Daiwater Investment Limited. It will be included in the consolidated financial statements of Daiwater Investment Limited which will be publicly available. Therefore, the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are separate financial statements.

2.6 Investment in subsidiary

The company's investments in subsidiary is held at cost less accumulated impairment losses. Its investment is tested annually for impairment.

2.7 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.8 Dividend distributions

Dividend distributions to the company's shareholder are recognised as a liability in the company's financial statements in the year in which the dividends are approved by the company's shareholder.

2.9 Current income tax

The current income tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's current tax expense is calculated using tax rates that have been enacted or substantively enacted by the date of the statement of financial position.

Affinity Water Holdings Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

3. Critical accounting estimates and judgments

Estimates and judgements 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 company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of investment in subsidiary

Determining whether the company's investment in its subsidiary has been impaired requires an estimation of the investment's value in use. The value in use calculation uses an estimate of the enterprise value of Affinity Water Limited, the principal trading direct subsidiary of the company, which is based on its regulatory capital value at the year-end and market premiums paid for UK water supply companies. The carrying amount of investments in subsidiaries at the date of the statement of financial position was £291,670,000 (2021: £291,670,000) with no impairment losses recognised in either 2022 or 2021.

Management conclude that the global health pandemic has not had a significant impact on the valuation of the investment in Affinity Water Limited during the financial year and at the reporting date. Refer to the financial statements of Affinity Water Limited for details on the impact of COVID-19 and the company's response to the global health pandemic.

4. Operating result

	2022	2021
	£000	£000
Operating result is stated after charging:		
Audit fees payable to the company's auditors	-	-

The auditors' remuneration for audit services in the year amounted to £5,950 (2021: £5,775), with such costs being borne by Affinity Water Limited, the direct subsidiary of the company. The auditors received no other remuneration for services provided to the company in either the current or prior year.

5. Employees and directors

Employees

The company had no employees in the current year (2021: nil).

Directors

No remuneration or pension contributions were directly paid to directors for services to the company (2021: £nil).

Affinity Water Holdings Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

5. Employees and directors (continued)

Directors (continued)

Stuart Ledger and Pauline Walsh were directors of Affinity Water Limited and a number of fellow subsidiaries of the Daiwater Investment Limited group during the current year and prior year. It has not been possible to make an accurate apportionment of their remuneration in respect of each of the subsidiaries. Accordingly, there is no detail shown in respect of the remuneration of Stuart Ledger or Pauline Walsh. Their total remuneration is disclosed in the annual report and financial statements of Affinity Water Limited for the year ended 31 March 2022, copies of which can be obtained from the Company Secretary, Tamblin Way, Hatfield, Hertfordshire, AL10 9EZ.

The remaining directors who were appointed by either Allianz Capital Partners on behalf of the Allianz Group, DIF or InfraRed Capital Partners Limited on behalf of HICL Infrastructure plc did not receive any emoluments from the company, or any company within the Affinity Water group.

6. Income tax expense

Tax expense included in the income statement

	2022	2021
	£000	£000
Current tax:		
UK corporation tax on profit for the year	-	-
Tax on profit	<u>-</u>	<u>-</u>

The tax charge for the year ended 31 March 2022 was equal to (2021: lower than) the standard rate of corporation tax in the UK. The differences are explained below:

	2022	2021
	£000	£000
Profit before tax	-	1,000
Profit before tax multiplied by the standard rate of tax in the UK of 19% (2021: 19%)	-	190
Effects of:		
Income not subject to tax	-	(190)
Tax charge	<u>-</u>	<u>-</u>

The standard rate of tax in the UK for the current year is 19% (2021: 19%).

In the Spring Budget 2021, the Government announced that from 1 April 2023 the Corporation Tax rate will increase to 25%.

Affinity Water Holdings Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

7. Dividends

	2022	2021
	£000	£000
Ordinary:		
No interim dividend paid in 2022 (2021: £500,000 per share)	-	1,000
	<u>-</u>	<u>1,000</u>

8. Investments

	2022	2021
	£000	£000
Investment in subsidiary undertaking	<u>291,670</u>	<u>291,670</u>

Investments as at 31 March 2022 and 31 March 2021 comprise the following subsidiary undertaking of the company:

Name of company	Registered address	Nature of business	Type of holding	Proportion of voting rights and shares held
Affinity Water Limited	Tamblin Way, Hatfield, Hertfordshire, AL10 9EZ	Water supply	Ordinary shares	100%

Affinity Water Limited is incorporated in the United Kingdom with registered address Tamblin Way, Hatfield, Hertfordshire, AL10 9EZ.

The company received a dividend of £1,000,000 from Affinity Water Limited's non-appointed business in the prior year.

The company has an indirect holding in the subsidiaries of Affinity Water Limited; Affinity Water Finance (2004) PLC and Affinity Water Finance PLC. Details of these subsidiaries are included in the annual report and financial statements of Affinity Water Limited for the year ended 31 March 2022.

The company has unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by Affinity Water Finance (2004) PLC and Affinity Water Finance PLC in respect of the bonds issued by these companies. These guarantees constitute direct, general and unconditional obligations of the company which will at all times rank at least pari passu with all other present and future unsecured obligations.

Affinity Water Holdings Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

9. Called up share capital

	2022 £	2021 £
Allotted, called up and fully paid share capital		
4,000,002 (2021: 4,000,002) ordinary shares of £1.00 each	<u>4,000,002</u>	<u>4,000,002</u>

The company was incorporated on 7 January 2013. The company issued one £1 ordinary share on 7 January 2013 to Affinity Water Capital Funds Limited, its immediate parent company at that time. A further £1 ordinary share was issued on 4 February 2013 to Affinity Water Capital Funds Limited at a premium of £287,669,999.

The company issued 4,000,000 £1 ordinary shares on 30 March 2021 to its immediate parent company, Affinity Water Holdco Finance Limited. These shares were fully paid.

10. Related party transactions

There were no related party transactions requiring disclosure during the year ended 31 March 2022, other than as disclosed in notes 8 and 9.

11. Events after the end of the reporting period

There were no significant events that took place after the reporting period.

Affinity Water Holdings Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

12. Ultimate parent company and controlling party

The immediate parent undertaking of the company is Affinity Water Holdco Finance Limited, a company registered in England and Wales.

Affinity Water Holdco Finance Limited is wholly owned by Daiwater Investment Limited, a company registered in England and Wales. Daiwater Investment Limited is the parent undertaking of the largest group to consolidate the statutory financial statements of the company. These financial statements are also consolidated in the financial statements of Affinity Water Holdco Finance Limited, the smallest group to consolidate the statutory financial statements of the company.

Copies of the group financial statements of Daiwater Investment Limited and Affinity Water Holdco Finance Limited for the year ended 31 March 2022 may be obtained from the Company Secretary, The Hub, Tamblin Way, Hatfield, Hertfordshire, AL10 9EZ.

The directors consider Daiwater Investment Limited as the ultimate holding and controlling company in the United Kingdom.

The directors consider the following entities to be the company's ultimate controllers, as they are in a position to exercise material influence over the company's policy and affairs:

- Allianz Infrastructure Holding I Pte. Limited
- DIF Management Holding BV
- DIF Management UK Limited
- HICL Infrastructure plc
- Sun Life Financial Inc.

Allianz Capital Partners is the Allianz Group's in-house investment manager for alternative equity investments. The investment focus is on infrastructure and renewables as well as private equity funds. Allianz Capital Partners' investment strategy is targeted to generate attractive, long-term and stable returns while diversifying the overall investment portfolio for the Allianz Group insurance companies.

DIF is an independent and specialist fund management company, which invests in infrastructure assets that generate long-term stable cash flows, including public-private partnerships, regulated infrastructure assets and renewable energy projects in Europe, North America and Australia.

HICL Infrastructure plc is a long-term investor in infrastructure assets which are predominantly operational and yielding steady returns. HICL Infrastructure plc has a portfolio of infrastructure investments, which are positioned at the lower end of the risk spectrum, in three target market segments: public-private partnerships, regulated assets and demand-based assets. The Investment Manager to HICL Infrastructure plc is InfraRed Capital Partners Limited, a leading international investment manager focused on infrastructure and renewable energy investments. On 1 July 2020 Sun Life Financial Inc acquired an 80% interest in the InfraRed business from InfraRed Capital Partners (Management) LLP and became an ultimate controller.