

# Affinity Water Limited

## Regulatory Annual Performance Report Adjustments

### 2023/24 Regulatory Annual Performance Report

Following the publication of our 2023/24 Regulatory Annual Performance Report ('APR') in July 2024 and the subsequent review period by Ofwat, the below tables and associated narrative have been restated.

Changes made in this amendment do not materially change a reader's understanding of our performance or financial position as described in the narrative of the APR, as such we have not obtained an updated audit opinion from our auditors, PricewaterhouseCoopers LLP (who provided an opinion on sections 1 and 2 of our APR, with the exception of lines 2N.24 to 2N.62, on 9 July 2024).

With regard to changes made to sections 3 and 4 of our APR, none of the changes we have made require any material changes to the narrative of the APR or to our overall commentary and conclusions.

#### Summary of changes

The table below summaries the changes made:

Change number	Data table	Description of change
1	1C- Statement of financial position for the 12 months ended 31 March 2024	<p>The cash movement between the cash balances (for appointed and non-appointed) at 2024 and 2023 did not reconcile to the figure in table 1D. Therefore, the cash balances in table 1C have been updated.</p> <p>The non-appointed equity value should have included the cumulative retained earnings figure, not the profit for that year as previously recorded. Therefore, the non-appointed value has been updated for the cumulative balance, with an equivalent impact on the non-appointed cash balance.</p>
2	1D - Statement of cashflows for the 12 months ended 31 March 2024	Movement in cash and cash equivalents between 2024 and 2023 cash balance for non-appointed business did not reconcile to the figure in table 1C. Changes were made to the working capital so that the table reconciles with table 1C.
3	1E - Net debt analysis (appointed activities)	The cash balance has been updated to agree to that in table 1C, this has subsequently altered the overall net debt and gearing figures in table 1E. Inflation assumptions reported in table '4B have been updated, changing the full year nominal interest cost and indicative weighted average nominal interest rate reported in table 1E.
4	1F - Financial flows	The ODI out/(under) performance in table 1F in the column 'actual returns and notional reg equity' have been updated to include the PCC penalty (manual adjustment) and also the formula has been updated to include 3A.7 and 3A.8
5	2D - Historic cost analysis of tangible fixed assets at 31 March 2024	The opening balances have been updated with the prior year restatement, which had previously been included as a separate line (adjustments).
6	2N - Household affordability support and debt	Lines 2N.50 and 2N.51 have been updated to be exclusive of late penalty payments.
7	2O - Historic cost analysis of intangible fixed assets	The opening balances have been updated with the prior year restatement, which had previously been included as a separate line (adjustments)
8	3C - Customer measure of experience (C-MeX) table	Following discussions with CCW, lines 3C.5 and 3C.7 have been updated to exclude previously reported error rate uplift and to now only report complaint records that are visible and individually auditable in our system.
9	3D - Developer services measure of experience (D-MeX) table	Developer services revenue water has been updated to include lines 2K.3 to ensure it is in line with the RAG4.12 line definition.
10	4B - Analysis of debt	Inflation assumptions reported have been updated, changing the full year nominal interest cost.
11	4H - Financial metrics for the 12 months ended 31 March 2024	Net debt, regulatory equity and regulatory gearing have been updated based on updates to table 1E relating to the updated cash balance. Return on regulatory equity has been updated due to the updates to the ODI performance in table 1F.
12	4L- Cumulative expenditure on all schemes to reporting year end (AMP7 only)	Incorrect figure was previously used for the average CPIH and therefore the calculation of row 4L.18 was incorrect. Figures have been updated with the correct CPIH used.
13	4W - Defined Benefit Pension Scheme – Additional Information	The scheme surplus/(deficit) should reconcile to table 1C, therefore the figures have been updated in table 4W.

# Affinity Water Limited

## Section 1 – Regulatory financial reporting

### 1C – Statement of financial position for the 12 months ended 31 March 2024

Adjustments						
	RAG4 reference	Statutory £m	Differences between statutory and RAG definitions £m	Less: non- appointed £m	Total adjustments £m	Total appointed activities £m
<b>Non-current assets</b>						
Fixed assets	1C.1	1,808.111	–	–	–	1,808.111
Intangible assets	1C.2	34.408	–	–	–	34.408
Investments – loans to group companies	1C.3	–	–	–	–	–
Investments – other	1C.4	21.652	(21.552)	–	(21.552)	0.100
Financial instruments	1C.5	1.127	–	–	–	1.127
Retirement benefit assets	1C.6	28.700	–	–	–	28.700
<b>Total non-current assets</b>	<b>1C.7</b>	<b>1,893.998</b>	<b>(21.552)</b>	<b>–</b>	<b>(21.552)</b>	<b>1,872.446</b>
<b>Current assets</b>						
Inventories	1C.8	4.451	–	–	–	4.451
Trade and other receivables	1C.9	115.134	–	0.646	(0.646)	114.488
Financial instruments	1C.10	0.493	–	–	–	0.493
Cash and cash equivalents	1C.11	59.777	21.552	31.810	(10.258)	49.519
<b>Total current assets</b>	<b>1C.12</b>	<b>179.855</b>	<b>21.552</b>	<b>32.456</b>	<b>(10.904)</b>	<b>168.951</b>
<b>Current liabilities</b>						
Trade and other payables	1C.13	(177.364)	2.739	0.726	2.013	(175.351)
Capex creditor	1C.14	(21.941)	–	–	–	(21.941)
Borrowings	1C.15	(3.343)	–	–	–	(3.343)
Financial instruments	1C.16	(1.119)	–	–	–	(1.119)
Current tax liabilities	1C.17	(3.422)	–	(2.319)	2.319	(1.103)
Provisions	1C.18	(11.022)	6.922	–	6.922	(4.100)
<b>Total current liabilities</b>	<b>1C.19</b>	<b>(218.211)</b>	<b>9.661</b>	<b>(1.593)</b>	<b>11.254</b>	<b>(206.957)</b>
<b>Net current assets/(liabilities)</b>	<b>1C.20</b>	<b>(38.356)</b>	<b>31.213</b>	<b>30.863</b>	<b>0.350</b>	<b>(38.006)</b>
<b>Non-current liabilities</b>						
Trade and other payables	1C.21	–	–	–	–	–
Borrowings	1C.22	(1,363.459)	(122.630)	–	(122.630)	(1,486.089)
Financial instruments	1C.23	(126.364)	122.630	–	122.630	(3.734)
Retirement benefit obligations	1C.24	–	–	–	–	–
Provisions	1C.25	(3.473)	–	–	–	(3.473)
Deferred income – grants and contributions ('G&Cs')	1C.26	(329.690)	(9.661)	–	(9.661)	(339.351)
Deferred income – adopted assets	1C.27	–	–	–	–	–
Preference share capital	1C.28	–	–	–	–	–
Deferred tax	1C.29	(188.260)	–	–	–	(188.260)
<b>Total non-current liabilities</b>	<b>1C.30</b>	<b>(2,011.246)</b>	<b>(9.661)</b>	<b>–</b>	<b>(9.661)</b>	<b>(2,020.907)</b>
<b>Net assets</b>	<b>1C.31</b>	<b>(155.604)</b>	<b>–</b>	<b>30.863</b>	<b>(30.863)</b>	<b>(186.467)</b>
<b>Equity</b>						
Called up share capital	1C.32	30.506	–	–	–	30.506
Retained earnings and other reserves	1C.33	(186,110)	–	30.863	(30.863)	(216.973)
<b>Total equity</b>	<b>1C.34</b>	<b>(155.604)</b>	<b>–</b>	<b>30.863</b>	<b>(30.863)</b>	<b>(186.467)</b>

# Affinity Water Limited

## Section 1 – Regulatory financial reporting (continued)

### 1C – Statement of financial position for the 12 months ended 31 March 2024 (continued)

The £21,552,000 difference between statutory and RAG-defined investments – other and cash and cash equivalents consists of a reclassification of short-term deposits, treated as investments in the statutory accounts and cash and cash equivalents under RAG terminology.

The £2,739,000 difference between statutory and RAG-defined trade and other payables consists of the reclassification of payments received for costs incurred in relation to the High Speed 2 ('HS2') rail programme, which will cross the Affinity Water supply area, which have not yet been commissioned for use.

In line with our accounting policy for grants and contributions received in respect of property, plant and equipment, which include contributions received for diversions, in the company's statutory financial statements, income received is treated as deferred income and released to cost of sales and administrative expenses over the useful economic life of the property, plant and equipment to which it relates once these assets are commissioned (as at 31 March 2024, £142,693,000 of our property, plant and equipment had been commissioned and therefore £142,693,000 of associated payments received have been recognised initially in deferred income. We have an additional £2,739,000 of contributions received for property, plant and equipment that hasn't been commissioned and therefore these contributions are included within payments in advance in trade and other payables). Given assets constructed by the company under the HS2 programme may not be commissioned for several years, adopting this accounting policy in the Regulatory Accounts would lead to a mismatch of costs incurred and payments received in relation to these costs in the totex tables in sections 2 and 4 of these Regulatory Accounts (tables 2B, 4C and 4D). Therefore, the payments received in relation to HS2 within statutory payments in advance have been reclassified to deferred income – G&Cs in the Regulatory Accounts and £3,826,000 of payments received in 2023/24 are included in the totex tables to offset the expenditure incurred in 2023/24. The payments received in 2023/24 have also been included in the diversion's lines within the analysis of capital contributions for both Water Resources and Water Network+ (table 2E).

The £6,922,000 difference between statutory and RAG-defined provisions within current liabilities relates to the reclassification of current deferred G&Cs to deferred income – G&Cs.

The £9,661,000 difference between statutory and RAG-defined deferred income – G&Cs relates to the reclassifications detailed in the previous paragraphs.

The £122,630,000 difference between statutory and RAG-defined borrowings and financial instruments relates to the reclassification of accretion on the inflation-linked swap from financial instruments to borrowings.

# Affinity Water Limited

## Section 1 – Regulatory financial reporting (continued)

### 1D – Statement of cash flows for the 12 months ended 31 March 2024

				Adjustments		
	RAG4 reference	Statutory £m	Differences between statutory and RAG definitions £m	Less: non- appointed £m	Total adjustments £m	Total appointed activities £m
<b>Operating activities</b>						
Operating profit	1D.1	22.108	(14.006)	7.095	(21.101)	1.007
Other income	1D.2	–	14.006	–	14.006	14.006
Depreciation	1D.3	88.531	–	–	–	88.531
Amortisation – Grants & Contributions	1D.4	(8.584)	–	–	–	(8.584)
Changes in working capital	1D.5	0.552	–	(0.089)	0.089	0.641
Pension contributions	1D.6	(1.959)	–	–	–	(1.959)
Movement in provisions	1D.7	1.981	–	–	–	1.981
Profit on sale of fixed assets	1D.8	0.210	–	–	–	0.210
<b>Cash generated from operations</b>	1D.9	102.839	–	7.006	(7.006)	95.833
Net interest paid	1D.10	(49.274)	15.764	–	15.764	(33.510)
Tax paid	1D.11	–	–	(1.774)	1.774	1.774
<b>Net cash generated from operating activities</b>	<b>1D.12</b>	<b>53.565</b>	<b>15.764</b>	<b>5.232</b>	<b>10.532</b>	<b>64.097</b>
<b>Investing activities</b>						
Capital expenditure	1D.13	(159.922)	–	–	–	(159.922)
Grants and contributions	1D.14	23.423	–	–	–	23.423
Disposal of fixed assets	1D.15	0.944	–	–	–	0.944
Other	1D.16	66.313	(60.921)	–	(60.921)	5.392
<b>Net cash used in investing activities</b>	<b>1D.17</b>	<b>(69.242)</b>	<b>(60.921)</b>	<b>–</b>	<b>(60.921)</b>	<b>(130.163)</b>
<b>Net cash generated before financing activities</b>	<b>1D.18</b>	<b>(15.677)</b>	<b>(45.157)</b>	<b>5.232</b>	<b>(50.389)</b>	<b>(66.066)</b>
<b>Cash flows from financing activities</b>						
Equity dividends paid	1D.19	–	–	–	–	–
Net loans received	1D.20	(3.329)	–	–	–	(3.329)
Cash inflow from equity financing	1D.21	–	–	–	–	–
<b>Net cash generated from financing activities</b>	<b>1D.22</b>	<b>(3.329)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(3.329)</b>
<b>Increase/(decrease) in net cash</b>	<b>1D.23</b>	<b>(19.006)</b>	<b>(45.157)</b>	<b>5.232</b>	<b>(50.389)</b>	<b>(69.895)</b>

The cash flow has been prepared in accordance with the RAG templates and, resultantly, net cash generated from operating activities in the table above does not align to the statutory cash flow. £23,423,000 of capital contributions are treated as operating cash flows in the statutory cash flow and are shown within investing activities in table 1D.

The £14,006,000 difference between statutory and RAG-defined operating profit consists of the reclassification of £712,000 of connection charges income, £8,584,000 of amortisation associated with deferred grants and contributions and £4,949,000 of rental and sundry income, all of which are shown in other income, offset by the reclassification of £238,000 of meter read commission, which is presented within other income in the Statutory Accounts.

The £15,764,000 difference between statutory and RAG-defined net interest paid is due to offsetting the interest received on inflation-linked swaps against interest paid in the year. The £60,921,000 difference between statutory and RAG-defined other investing activities is the movement in short-term deposits treated as investments in the statutory accounts and cash and cash equivalents under RAG terminology in addition to offsetting interest received on inflation-linked swaps against interest paid in the regulatory numbers.

# Affinity Water Limited

## Section 1 – Regulatory financial reporting (continued)

### 1D – Statement of cash flows for the 12 months ended 31 March 2024 (continued)

#### Reconciliation of net interest paid

	£m
Interest paid on borrowings	48.654
Interest paid on leases	0.249
Other interest paid	0.371
<b>Gross interest paid</b>	<b>49.274</b>
Less: interest received under swap arrangements	(15.764)
<b>Net interest paid per 1D.10</b>	<b>33.510</b>

Net interest paid does not include accretion of index-linked debt which is a non-cash item. Interest received on short-term investment is included within investing activities – other in the statement of cash flows.

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## Section 1 – Regulatory financial reporting (continued)

### 1E - Net debt analysis (appointed activities) at 31 March 2024

	RAG4 reference	Fixed rate £m	Floating rate £m	Index-linked		Total £m
				RPI £m	CPI/CPIH £m	
<b>Interest rate risk profile</b>						
Borrowings (excluding preference shares)	1E.1	195.901	–	731.069	534.406	1,461.376
Preference share capital	1E.2	–				–
Total borrowings	1E.3	195.901	–	731.069	534.406	1,461.376
Cash	1E.4					(27.967)
Short-term deposits	1E.5					(21.552)
Net debt	1E.6					1,411.857
<b>Gearing</b>						
Gearing	1E.7					76.271%
Adjusted gearing	1E.8					74.675%
<b>Interest</b>						
Full year equivalent nominal interest cost	1E.9	7.166	–	47.446	22.385	76.997
Full year equivalent cash interest payment	1E.10	7.166	–	15.328	5.210	27.704
<b>Indicative interest rates</b>						
Indicative weighted average nominal interest rate (%)	1E.11	3.658%	–	6.490%	4.189%	5.270%
Indicative weighted average cash interest rate (%)	1E.12	3.658%	–	2.097%	0.975%	1.896%
<b>Time to maturity</b>						
Weighted average years to maturity	1E.13	14.746	–	11.372	12.308	12.167

Capitalised debt issue costs and bond premiums/discounts, and amortisation thereon, have been excluded from total borrowings presented in the above table. A reconciliation to total borrowings as presented in table 1C is provided below:

	£m
Total borrowings (excluding preference shares) presented in table 1C.15 and 1C.22 (total) and in 4B.805	(1,489.432)
Less: capitalised bond premium/issue costs – Fixed	7.494
Less: capitalised bond premium/issue costs – RPI	6.495
Less: capitalised bond premium/issue costs – CPI	14.067
Net debt presented above	(1,461.376)

Adjusted gearing is calculated using the definition of net debt set out in the company's WBS documentation, as presented in the following table:

	Fixed rate £m	Floating rate £m	Index-linked		Total £m
			RPI £m	CPI/CPIH £m	
Borrowings (excluding preference shares)	188.898	–	731.069	534.406	1,454.373
Preference share capital					–
Less: loan from intermediate parent company					(3.550)
Add: accrued interest on borrowings					12.821
Total borrowings					1,463.644
All cash and short-term deposits					(81.335)
Net debt					1,382.309

# Affinity Water Limited

## Section 1 – Regulatory financial reporting (continued)

### 1F – Financial flows for the 12 months ended 31 March 2024 and for the price review to date - (2017-18 financial year average CPIH)

		12 months ended 31 March 2024					
		%			£m		
	RAG4 reference	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity
Regulatory equity							
Regulatory equity	1F.1	576.867	576.867	353.580			
<b>Return on regulatory equity</b>							
Return on regulatory equity	1F.2	4.21%	2.58%	4.21%	24.261	14.871	14.871
<b>Financing</b>							
Impact of movement from notional gearing	1F.3		1.63%	1.16%		9.391	4.100
Gearing benefits sharing	1F.4		0.00%	0.00%		—	—
			0.08%	0.14%		0.483	0.483
Variance in corporation tax	1F.5						
Group relief	1F.6		0.00%	0.00%		—	—
Cost of debt	1F.7		5.12%	9.54%		29.515	33.744
Hedging instruments	1F.8		(2.08%)	(3.39%)		(11.986)	(11.986)
<b>Return on regulatory equity including financing adjustments</b>	<b>1F.9</b>	<b>4.21%</b>	<b>7.33%</b>	<b>11.66%</b>	<b>24.261</b>	<b>42.274</b>	<b>41.212</b>
<b>Operational Performance</b>							
Totex out / (under) performance	1F.10		(0.20%)	(0.33%)		(1.169)	(1.169)
ODI out / (under) performance	1F.11		(1.39%)	(2.27%)		(8.018)	(8.018)
C-MeX out / (under) performance	1F.12		(0.18%)	(0.30%)		(1.060)	(1.060)
D-MeX out / (under) performance	1F.13		(0.06%)	(0.10%)		(0.370)	(0.370)
Retail out / (under) performance	1F.14		(0.64%)	(1.05%)		(3.696)	(3.696)
Other exceptional items	1F.15		0.07%	0.11%		0.382	0.382
<b>Operational performance total</b>	<b>1F.16</b>		<b>(2.41%)</b>	<b>(3.94%)</b>		<b>(13.931)</b>	<b>(13.931)</b>
Return on Retained Earnings (‘RoRE’)	1F.17	4.21%	4.91%	7.71%	24.261	28.343	27.280
Regulatory Capital Value (‘RCV’) growth	1F.18	4.52%	4.52%	4.52%	26.050	26.050	15.967
Voluntary sharing arrangements	1F.19		(0.02%)	(0.03%)		(0.100)	(0.100)
<b>Total shareholder return</b>	<b>1F.20</b>	<b>8.72%</b>	<b>9.41%</b>	<b>12.20%</b>	<b>50.311</b>	<b>54.292</b>	<b>43.147</b>
<b>Dividends</b>							
Gross dividend	1F.21	0.82%	0.00%	0.00%	4.730	—	—
Interest received on intercompany loans	1F.22		0.00%	0.00%		—	—
<b>Retained value</b>	<b>1F.23</b>	<b>7.90%</b>	<b>9.41%</b>	<b>12.20%</b>	<b>45.581</b>	<b>54.292</b>	<b>43,147</b>
<b>Cash impact of 2015–20 performance adjustments</b>							
Totex out / (under) performance	1F.24		0.00%	0.00%		(0.014)	(0.014)
ODI out / (under) performance	1F.25		(0.51%)	(0.83%)		(2.921)	(2.921)
Total out / (under) performance	1F.26		(0.51%)	(0.83%)		(2.935)	(2.935)

# Affinity Water Limited

## Section 1 – Regulatory financial reporting (continued)

### 1F – Financial flows for the 12 months ended 31 March 2024 and for the price review to date - (2017-18 financial year average CPIH) (continued)

	RAG4 reference	Average 2020–2025					
		%			£m		
		Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity
<b>Regulatory equity</b>							
Regulatory equity	1F.1	530.565	530.565	324.135			
<b>Return on regulatory equity</b>							
Return on regulatory equity	1F.2	4.12%	2.52%	4.12%	21.857	13.353	13.353
<b>Financing</b>							
Impact of movement from notional gearing	1F.3		1.60%	1.17%		8.504	3.786
Gearing benefits sharing	1F.4		(0.11%)	(0.18%)		(0.576)	(0.576)
Variance in corporation tax	1F.5		0.37%	0.60%		1.958	1.958
Group relief	1F.6		0.00%	0.00%		–	–
Cost of debt	1F.7		2.06%	3.04%		10.921	9.849
Hedging instruments	1F.8		(1.43%)	(2.35%)		(7.605)	(7.605)
<b>Return on regulatory equity including financing adjustments</b>	<b>1F.9</b>	<b>4.12%</b>	<b>5.00%</b>	<b>6.41%</b>	<b>21.857</b>	<b>26.554</b>	<b>20.764</b>
<b>Operational Performance</b>							
Totex out / (under) performance	1F.10		(0.33%)	(0.54%)		(1.740)	(1.740)
ODI out / (under) performance	1F.11		(1.30%)	(2.13%)		(6.910)	(6.910)
C-MeX out / (under) performance	1F.12		(0.17%)	(0.28%)		(0.912)	(0.912)
D-MeX out / (under) performance	1F.13		(0.04%)	(0.06%)		(0.208)	(0.208)
Retail out / (under) performance	1F.14		(0.47%)	(0.76%)		(2.475)	(2.475)
Other exceptional items	1F.15		0.06%	0.10%		0.309	0.309
<b>Operational performance total</b>	<b>1F.16</b>		<b>(2.25%)</b>	<b>(3.68%)</b>		<b>(11.936)</b>	<b>(11.936)</b>
RoRE	1F.17	4.12%	2.76%	2.72%	21.857	14.618	8.828
RCV growth	1F.18	5.81%	5.81%	5.81%	30.852	30.852	18.848
Voluntary sharing arrangements	1F.19		(0.02%)	(0.03%)		(0.100)	(0.100)
<b>Total shareholder return</b>	<b>1F.20</b>	<b>9.93%</b>	<b>8.55%</b>	<b>8.51%</b>	<b>52.710</b>	<b>45.370</b>	<b>27.576</b>
<b>Dividends</b>							
Gross dividend	1F.21	0.82%	0.00%	0.00%	4.351	–	–
Interest received on intercompany loans	1F.22		0.00%	0.00%		–	–
<b>Retained value</b>	<b>1F.23</b>	<b>9.11%</b>	<b>8.71%</b>	<b>8.76%</b>	<b>48.359</b>	<b>46.195</b>	<b>28.401</b>
<b>Cash impact of 2015–20 performance adjustments</b>							
Totex out / (under) performance	1F.24		0.00%	0.00%		(0.013)	(0.013)
ODI out / (under) performance	1F.25		(0.53%)	(0.86%)		(2.799)	(2.799)
Total out / (under) performance	1F.26		(0.53%)	(0.87%)		(2.813)	(2.813)



# Affinity Water Limited

## Section 1 – Regulatory financial reporting (continued)

### 1F – Financial flows for the 12 months ended 31 March 2024 and for the price review to date - (2017-18 financial year average CPIH) (continued)

12 months ended 31 March 2024

The return on regulatory equity was 4.21% as determined at PR19. It increases to 5.37% after adjusting for the company's actual capital structure 1.16%, as reported in the gearing line of this table). The PR19 determination was carried out on a notional capital structure with 60% net debt to RCV gearing, the actual average level of gearing of 74.9% creates an adjustment of +1.16%. There was nil gearing benefits sharing adjustment. There was a favourable adjustment before hedging instruments of 9.54% resulting from the company's actual cost of debt overperforming against the 2.24% allowed in the PR19 determination after taking into account the movement in average CPIH during 2023/24 of 5.55%. Our hedging instruments have partially offset the favourable adjustment by 3.39%. The variance in corporation tax (calculated as the difference between the amount allowed for corporation tax in the PR19 determination and actual tax payable, before any fair value adjustments, after taking into account adjustments for capital allowances and prior year adjustments, refer to the reconciliation on page 85) increases the adjustment by 0.14%.

The favourable +11.66% regulatory return on equity including financing adjustments has worsened by -3.95% when considering the impact of operational performance, such that RoRE is +7.71%. Totex underperformance in the year results in a -0.33% decrease (refer to table 4C), ODI underperformance in the year (refer to table 3A, including the estimated PCC penalty for the year) results in a -2.27% reduction with C-MeX and D-MeX underperformance resulting in a further -0.40% reduction. The performance of the retail business unit (refer to table 2C) also creates a -1.05% adverse adjustment.

After factoring in RCV growth due to indexation and voluntary sharing arrangements, the total shareholder return for the year is 12.20%. No dividend was paid out by the regulated business, which equates to a 0.00% adjustment.

Average 2020–2025

Average figures have been calculated using the average of 2020/21, 2021/22, 2022/23 and 2023/24 tables. Gross dividends – notional returns and notional regulatory equity for the year ended 31 March 2024 have been updated following the publication of financial flows data for the year ended 31 March 2024. Prior year ODI penalties for leakage and PCC have been updated following restatement of the base years, impacting the average 2020-2025 totals.

# Affinity Water Limited

## Section 2 – Price review and other segmental reporting

### 2D – Historic cost analysis of tangible fixed assets at 31 March 2024

	RAG4 reference	Residential retail £m	Water resources £m	Water Network+ £m	Total £m
<b>Cost</b>					
At 1 April 2023	2D.1	5.740	163.198	2,521.886	2,690.824
Disposals	2D.2	–	(0.003)	(2.092)	(2.095)
Additions	2D.3	–	29.506	139.187	168.693
Adjustments	2D.4	–	–	–	–
Assets adopted at nil cost	2D.5	–	–	–	–
<b>At 31 March 2024</b>	<b>2D.6</b>	<b>5.740</b>	<b>192.701</b>	<b>2,658.981</b>	<b>2,857.422</b>
<b>Depreciation</b>					
At 1 April 2023	2D.7	(1.028)	(30.492)	(937.734)	(969.254)
Disposals	2D.8	–	–	0.882	0.882
Adjustments	2D.9	–	–	–	–
Charge for the year	2D.10	(0.001)	(4.532)	(76.406)	(80.939)
At 31 March 2024	2D.11	(1.029)	(35.024)	(1,013.258)	(1,049.311)
Net book amount at 31 March 2024	2D.12	4.711	157.677	1,645.723	1,808.111
Net book amount at 1 April 2023	2D.13	4.712	132.706	1,584.152	1,721.570
<b>Depreciation charge for year</b>					
Principal services	2D.14	(0.001)	(4.532)	(76.406)	(80.939)
Third-party services	2D.15	–	–	–	–
<b>Total</b>	<b>2D.16</b>	<b>(0.001)</b>	<b>(4.532)</b>	<b>(76.406)</b>	<b>(80.939)</b>

The net book value includes £189,003,000 in respect of assets in the course of construction.

Capital expenditure in 2023/24 was incurred principally in addressing raw water deterioration, supply and demand balance improvements, water treatment, metering programmes, leakage infrastructure, storage and mains renewals. Water resources additions in 2023/24 largely relate to spend on our strategic regional water resources, ecological improvements at abstractions and investigations.

# Affinity Water Limited

## Section 2 – Price review and other segmental reporting (continued)

### 2N – Household affordability support and debt

	RAG4 reference	Revenue £m	Number of customers 000s	Average amount per customer £
<b>Section A - Social tariffs</b>				
<b>Number of residential customers on social tariffs</b>				
Residential water only social tariffs customers	2N.1	–	101.150	–
Residential wastewater only social tariffs customers	2N.2	–	–	–
Residential dual service social tariffs customers	2N.3	–	–	–
<b>Number of residential customers not on social tariffs</b>				
Residential water only no social tariffs customers	2N.4	–	1,345.472	–
Residential wastewater only no social tariffs customers	2N.5	–	–	–
Residential dual service no social tariffs customers	2N.6	–	–	–
<b>Social tariff discount</b>				
Average discount per water only social tariffs customer	2N.7	–		77.123
<b>Social tariff cross-subsidy – residential customers</b>				
Total customer-funded cross-subsidies for water only social tariffs customers	2N.10	7.801	–	–
Average customer-funded cross-subsidy per water only social tariffs customer	2N.13	–	–	5.393
<b>Social tariff cross-subsidy – company</b>				
Total revenue forgone by company to fund cross-subsidies for water only social tariffs customers	2N.16	–	–	–
Average revenue forgone by company to fund cross-subsidy per water only social tariffs customer	2N.19	–	–	–
<b>Social tariff support – willingness to pay</b>				
Level of support for social tariff customers reflected in business plan	2N.22	–	–	5.517
Maximum contribution to social tariffs supported by customer engagement	2N.23	–	–	5.517
<b>Section B - WaterSure tariffs</b>				
<b>WaterSure tariffs</b>				
Number of unique customers on WaterSure	2N.24	–	2.802	–
Total reduction in bills for WaterSure customers	2N.25	0.567	–	–
Average reduction in bills for WaterSure customers	2N.26	–	–	202.355

# Affinity Water Limited

## Section 2 – Price review and other segmental reporting (continued)

### 2N – Household affordability support and debt (continued)

#### Section C - other direct bill reduction schemes for household customers struggling to pay

Other bill reduction schemes	RAG4 reference	Target households	Number of unique households helped by scheme 000s	Total amount bills reduced by through scheme £	Funding source
					Cross subsidy from other customers
Water Assistance Scheme	2N.27a	30,000.000	29.042	1.452	

#### Section D - debt metrics

Total number of household customers served - active and final accounts	RAG4 reference	Water only 000s	Dual services 000s
Number of household customers served – active accounts	2N.28	102.013	1,319.219
Number of household customers served – final accounts	2N.29	1.921	34.987

Household customers in arrears	RAG4 reference	Number of households 000s	Total amount of debt £
Households in arrears – active accounts with debt repayment arrangements	2N.30	8.122	3.293
Households in arrears – final accounts with debt repayment arrangements	2N.31	0.664	0.188
Households in arrears – active accounts without debt repayment arrangements	2N.32	90.583	58.715
Households in arrears – final accounts without debt repayment arrangements	2N.33	28.441	8.406
Households not having made any payment for the year – active accounts	2N.34	46.066	38.635
Households not having made any payment for the year – final accounts	2N.35	18.264	6.439

Temporary payment suspension	RAG4 reference	Number of households 000s	Total amount deferred £
Households with temporarily suspended payments – payment break arrangements	2N.36	0.888	not available
Households with temporarily suspended payments – breathing space arrangements	2N.37	0.538	not available

Affinity Water is unable to provide the total amount of arrears deferred with a payment break or breathing space arrangement. Our reporting only captured the volume of such customers using these types of arrangements. For reporting in 2025, we have plans to add the £ value of deferred arrears to our reporting and will be able to provide this data going forward.

# Affinity Water Limited

## Section 2 – Price review and other segmental reporting (continued)

### 2N – Household affordability support and debt (continued)

Household debt collection through third-party agents where water company remains creditor	RAG4 reference	Number of households 000s	Total value of debt £
Debt collected by external agents – active accounts	2N.38	93.762	71.629
Debt collected by external agents – final accounts	2N.39	27.416	19.165
Number of Priority Services Register customers with debt passed on to external debt collection agents – active and final accounts	2N.40	not available	not available

Household debt sold to external agencies	RAG4 reference	Number of accounts 000s	Total value of debt £	Total sale value of debt £
Debt sold to an external agency / third-party debt purchaser – active accounts	2N.41	–	–	–
Debt sold to an external agency / third-party debt purchaser – final accounts	2N.42	11.600	4.955	0.318
Number of Priority Services Register customers with debt sold to an external agency / third-party debt purchaser – active and final accounts	2N.43	0.634	0.253	0.016

Unpaid household bills referred to courts	RAG4 reference	Number of accounts 000s	Total amount involved £
Number of county court claims	2N.44	0.311	0.235
Number of county court judgements	2N.45	0.346	0.418
Number of county court judgement enforcements	2N.46	0.293	0.413
Number of high court claims	2N.47	–	–
Number of high court judgements	2N.48	–	–
Number of high court judgement enforcements	2N.49	–	–

### Section E - Payments to household customers made in accordance with the Guaranteed Standards Scheme (GSS)

GSS payments to household customers	RAG4 reference	Number of payments 000s	Total amount £	Number of unique households 000s
Total value of payments made to household customers under GSS	2N.50	–	0.018	–
Total number of payments made to household customers under GSS	2N.51	0.848	–	–
Total number of unique household customers receiving GSS payments	2N.52	–	–	0.806

# Affinity Water Limited

## Section 2 – Price review and other segmental reporting (continued)

### 2N – Household affordability support and debt (continued)

Number and value of GSS and other payments to household customers by type in the reporting period	RAG4 reference	Total number of unique payments made to household customers under GSS	Total value of payments made in relation to column 1	Total number of unique payments to household customers classed as compensation or goodwill	Total value of payments made in relation to column 3
		000s	£m	000s	£m
Keeping of appointments	2N.53	0.672	0.013	0.672	0.013
Incidences of low water pressure	2N.54	0.023	0.001	0.023	0.001
Incorrect notice of planned interruptions to supply	2N.55	0.001	–	0.001	-
Supply not restored	2N.56	0.095	0.003	0.095	0.003
Written account queries and requests to change payment arrangements not actioned on time	2N.57	0.028	0.001	0.028	0.001
Written complaints not responded to within 10 working days	2N.58	0.029	0.001	0.029	0.001
Properties sewer flooded internally	2N.59	–	–	–	–
Properties sewer flooded externally	2N.60	–	–	–	–
Payment type_1 (extension of columns 3 & 4)	2N.61a	–	–	2.863	0.121
Late payment penalties (paid in relation to lines 2N.53 to 2N.60 )	2N.62	0.042	0.001	–	–

During 2023/24, we have been proactive in providing more support for vulnerable customers. We consistently communicate the availability of this support through our own channels and partnerships with esteemed organisations such as Citizen Advice Bureau, Step Change, and Turn 2 Us, ensuring that individuals are well-informed about the assistance we provide.

As at 31 March 2024, we were supporting more than 101,000 households in our region with social tariffs.

# Affinity Water Limited

## Section 2 – Price review and other segmental reporting (continued)

### 20 – Historic cost analysis of intangible fixed assets

	RAG4 reference	Retail residential £m	Water resources £m	Water Network+ £m	Total £m
<b>Cost</b>					
At 1 April 2023	20.1	9.930	4.632	96.590	111.152
Disposals	20.2	–	–	–	–
Additions	20.3	–	–	4.056	4.056
Adjustments	20.4	–	–	–	–
Assets adopted at nil cost	20.5	–	–	–	–
At 31 March 2024	20.6	9.930	4.632	100.646	115.208
<b>Amortisation</b>					
At 1 April 2023	20.7	(6.521)	–	(66.688)	(73.209)
Disposals	20.8	–	–	–	–
Adjustments	20.9	–	–	–	–
Charge for the year	20.10	(1.179)	–	(6.413)	(7.592)
<b>At 31 March 2024</b>	<b>20.11</b>	<b>(7.700)</b>	<b>–</b>	<b>(73.101)</b>	<b>(80.801)</b>
<b>Net book amount at 31 March 2024</b>	<b>20.12</b>	<b>2.230</b>	<b>4.632</b>	<b>27.545</b>	<b>34.407</b>
Net book amount at 1 April 2023	20.13	3.409	4.632	29.902	37.943
<b>Amortisation for year</b>					
Principal services	20.14	(1.179)	–	(6.413)	(7.592)
Third-party services	20.15	–	–	–	–
<b>Total</b>	<b>20.16</b>	<b>(1.179)</b>	<b>–</b>	<b>(6.413)</b>	<b>(7.592)</b>

Included in the additions above is £7,580,000 of capitalised intangible assets under construction, which is not amortised.

Expenditure in 2023/24 related primarily to computer software development costs.

# Affinity Water Limited

## Section 3 – Performance summary

### 3C – Customer measure of experience (C-MeX) table

Item	Rag reference	Unit	Value
Annual customer satisfaction score for the customer service survey	3C.1	Number	69.72
Annual customer satisfaction score for the customer experience survey	3C.2	Number	76.60
Annual C-MeX score	3C.3	Number	73.16
Annual net promoter score	3C.4	Number	6.00
Total household complaints	3C.5	Number	5,160
Total connected household properties	3C.6	Number	1,508,900
Total household complaints per 10,000 connections	3C.7	Number	34.197
Confirmation of communication channels offered	3C.8	TRUE or FALSE	TRUE

Our 2023-24 annual C-MeX score (table line 3C.3) improved our position relative to other companies by two places to 12th position. Although our score declined by -1.9% compared to 2022-23, the decline was significantly less than the industry average decline of -3.1%.

We aspire to be one of the leading water companies for service and our focus is on resolving all customers issues, quickly, efficiently and to a high standard. We believe following significant investment in training, improving processes and knowledge, we are beginning to see these improvements manifest themselves into customer satisfaction reported via our C-MeX Service survey results.

More details can be found in our non-financial line commentary published on our website at [affinitywater.co.uk/reportspublications](https://affinitywater.co.uk/reportspublications).



# Affinity Water Limited

## Section 3 – Performance summary

### 3D – Developer services measure of experience (D-Mex) table

Item	RAG reference	4 Unit	Value
Qualitative component annual results	3D.1	Number	74.2
Quantitative component annual results	3D.2	Number	99.87
D-MeX score	3D.3	Number	87.04
Developer services revenue (water)	3D.4	£m	22.08

Water UK performance metric	RAG reference	4 Unit	Reporting period (1 April to 31 March)	Quantitative score (annual)
W1.1 Pre-Development Enquiry	3D.W1	%	100.00%	
W3.1 S45 Quotations	3D.W2	%	99.90%	
W4.1 S45 Service Pipe Connections	3D.W3	%	99.35%	
W6.1 Mains Design <500 Plots	3D.W4	%	99.35%	
W7.1 Mains Design >500 Plots	3D.W5	%	100.00%	
W8.1 Mains Construction	3D.W6	%	100.00%	
W17.1 Mains Diversions Quotations	3D.W7	%	100.00%	
W18.1 Mains Diversions Construction	3D.W8	%	100.00%	
W27.1 Self Lay Permanent Water Supply	3D.W9	%	100.00%	
W30.1 Self Lay Plot Reference and Costing Details	3D.W10	%	100.00%	
WN1.1 Confirmations Issued to the Applicant	3D.W11	%	100.00%	
WN2.2 Bulk Supply Offer Letters Issued	3D.W12	%	100.00%	
WN4.1 Mains Laying Schemes Constructed & Commissioned	3D.W13	%	100.00%	
SLPM-S1/2 Review PoC Proposal	3D.W14	%	100.00%	
SLPM-S2/2a Provide Design	3D.W15	%	100.00%	
SLPM-S2/2b Water Company to Provide Design Acceptance	3D.W16	%	100.00%	
SLPM-S3 Review/Revise Water Adoption Agreement	3D.W17	%	100.00%	
SLPM-S4/1 Source of Water Delivery Date	3D.W18	%	100.00%	
SLPM-S5/1a Review Request and Carry Out Final Connection	3D.W19	%	100.00%	
SLPM-S7/1 Validate Notification & Provide Consent	3D.W20	%	98.55%	
SLPM 5/1a Self-Lay mains carry out final connection	3D.W21	%	100.00%	
SLPM 5/1b Self-Lay agree final connection date	3D.W22	%	99.87%	
D-MeX quantitative score (for the relevant reporting period)	3D.6,	%		
	3D.7	%		
D-MeX quantitative score (annual)	3D.8	Number		1.00

Our D-MeX performance for 2023/24 has shown an improvement from 2022/23.

During the first half of the year, we faced challenges which impacted both quantitative and qualitative performance. Our S45 Service Pipe Connections was most heavily affected and contributed significantly to the qualitative and qualitative surveys.

We introduced improvements to our customer journey and jeopardy management controls. We also moved away from the relationship we had with our construction partner at that time. Performance steadily improved, indicating we are moving in the right direction for our customers.

More details can be found in our non-financial line commentary published on our website at [affinitywater.co.uk/reports-publications](https://affinitywater.co.uk/reports-publications).

# Affinity Water Limited

## Section 4 – Additional regulatory information – service level

### 4H – Financial metrics for the 12 months ended 31 March 2024

Financial indicators	RAG4 reference	Units	Current year	AMP to date
Net debt	4H.1	£m	1,411.857	2.76%
Regulatory equity	4H.2	£m	439.254	
Regulatory gearing	4H.3	%	76.27%	
Post tax return on regulatory equity	4H.4	%	(13.00%)	
RORE (return on regulatory equity)	4H.5	%	4.91%	
Dividend yield	4H.6	%	0.00%	
Retail profit margin – Household	4H.7	%	(1.80%)	
Retail profit margin – Non-household	4H.8	%	0.00%	
Credit rating – Fitch	4H.9	N/A	BBB+ (stable)	
Credit rating – Moody's	4H.10	N/A	Baa1 (Stable)	
Credit rating – Standard and Poor's	4H.11	N/A	BBB+ (negative)	
Return on RCV	4H.12	%	0.93%	
Dividend cover	4H.13	Dec	0	
Funds from operations ('FFO')	4H.14	£m	63.456	
Interest cover (cash)	4H.15	Dec	2.89	
Adjusted interest cover ratio (cash)	4H.16	Dec	0.25	
FFO/Debt	4H.17	Dec	0.05	
Effective tax rate	4H.18	%	3.02%	
Retained cash flow ('RCF')	4H.19	£m	63.456	
RCF/Net debt	4H.20	Dec	0.05	
<b>Borrowings</b>				
Proportion of borrowings which are fixed rate	4H.21	%	13.41%	
Proportion of borrowings which are floating rate	4H.22	%	0.00%	
Proportion of borrowings which are index linked	4H.23	%	86.59%	
Proportion of borrowings due within 1 year or less	4H.24	%	0.00%	
Proportion of borrowings due in more than 1 year but no more than 2 years	4H.25	%	0.00%	
Proportion of borrowings due in more than 2 years but no more than 5 years	4H.26	%	22.00%	
Proportion of borrowings due in more than 5 years but no more than 20 years	4H.27	%	58.00%	
Proportion of borrowings due in more than 20 years	4H.28	%	20.00%	

Movement in RORE	Current year	AMP to date
Base return	4.21%	4.12%
Variance in corporation tax	0.08%	0.37%
Totex out/(under) performance	(0.20%)	(0.33%)
Retail cost out/(under) performance	(0.64%)	(0.47%)
ODI out/(under) performance	(1.39%)	(1.30%)
Financing out/(under) performance	3.03%	(0.88%)
Other factors <sup>1</sup>	-	0.04%
<b>Regulatory return for the year</b>	<b>4.91%</b>	<b>2.76%</b>

<sup>1</sup> Other factors include exceptional items such as land sales.

See commentary under table 1F for an explanation of the movement in RORE in 2023/24. The regulatory return for the year is shown in the column 'Actual returns and notional regulatory equity'.

In table 1F, this has been included within totex out/(under) performance in the RORE calculation however as it is a disallowable cost, this has been allocated in 4C as 100% company allocation in line 4C.24.

# Affinity Water Limited

## Section 4 – Additional regulatory information – service level (continued)

### 4H – Financial metrics for the 12 months ended 31 March 2024 (continued)

#### Calculation of the interest cover ratio (4H.15) and adjusted interest cover ratio (4H.16)

Interest cover ratio (4H.15) = Funds from operations (4H.14) + Interest paid (1D.10)) / Interest paid (1D.10)

Interest cover ratio = (63.456 + 33.510) / 33.510 = 2.89

Adjusted interest cover ratio (4H.16) = (Funds from operations (4H.14) + Interest paid (1D.10) – RCV run off (per Ofwat RCV file)) / Interest paid (1D.10)

Interest cover ratio = (63.456 + 33.510 – 88.682) / 33.510 = 0.25

#### Reconciliation of net interest paid

	£m
Interest paid on borrowings	48.654
Interest paid on leases	0.249
Other interest paid	0.371
<b>Gross interest paid</b>	<b>49.274</b>
Less: interest received under swap arrangements	(15.764)
<b>Net interest paid per 1D.10</b>	<b>33.510</b>

Net interest paid does not include accretion of index-linked debt which is a non-cash item. Interest received on short-term investment is included within Investing activities – other (1D.16) in the statement of cash flows.

# Affinity Water Limited

## Section 4 – Additional regulatory information – service level (continued)

### 4L – Enhancement expenditure for the 12 months ended 31 March 2024 – water resources and water network+

				Expenditure in report year						
				Water resources	Water network+				Total	
					Raw water transport	Raw water storage	Water treatment	Treated water distribution		
		RAG4 reference	£m	£m	£m	£m	£m	£m	£m	
EA/NRW environmental programme (WINEP/NEP)										
Ecological improvements at abstractions	Capex	4L.1	3.428	–	–	–	–	–	3.428	
Ecological improvements at abstractions	Opex	4L.2	–	–	–	–	–	–	–	
Ecological improvements at abstractions	Totex	4L.3	3.428	–	–	–	–	–	3.428	
Eels Regulations (measures at intakes)	Capex	4L.4	–	–	–	–	–	–	–	
Eels Regulations (measures at intakes)	Opex	4L.5	–	–	–	–	–	–	–	
Eels Regulations (measures at intakes)	Totex	4L.6	–	–	–	–	–	–	–	
Invasive Non Native Species	Capex	4L.7	–	–	–	–	–	–	–	
Invasive Non Native Species	Opex	4L.8	–	–	–	–	–	–	–	
Invasive Non Native Species	Totex	4L.9	–	–	–	–	–	–	–	
Drinking Water Protected Areas (schemes)	Capex	4L.10	–	–	–	–	–	–	–	
Drinking Water Protected Areas (schemes)	Opex	4L.11	–	–	–	–	–	–	–	
Drinking Water Protected Areas (schemes)	Totex	4L.12	–	–	–	–	–	–	–	
Water Framework Directive measure	Capex	4L.13	6.841	–	–	0.550	7.644	15.035	–	
Water Framework Directive measure	Opex	4L.14	–	–	–	–	–	–	–	
Water Framework Directive measure	Totex	4L.15	6.841	–	–	0.550	7.644	15.035	–	
Investigations	Capex	4L.16	0.917	–	–	–	–	–	0.917	
Investigations	Opex	4L.17	–	–	–	–	–	–	–	
Investigations	Totex	4L.18	0.917	–	–	–	–	–	0.917	
Total environmental programme expenditure			Totex	4L.19	11.186	–	–	0.550	7.644	19.380
Supply-demand balance										
Supply-side improvements delivering benefits in 2020–2025	Capex	4L.20	–	–	–	2.816	–	–	2.816	
Supply-side improvements delivering benefits in 2020–2025	Opex	4L.21	–	–	–	–	–	–	–	
Supply-side improvements delivering benefits in 2020–2025	Totex	4L.22	–	–	–	2.816	–	–	2.816	
Demand-side improvements delivering benefits in 2020–2025 (excl. leakage and metering)	Capex	4L.23	–	–	–	–	–	–	–	
Demand-side improvements delivering benefits in 2020–2025 (excl. leakage and metering)	Opex	4L.24	–	0.008	–	–	7.444	7.452	–	
Demand-side improvements delivering benefits in 2020–2025 (excl. leakage and metering)	Totex	4L.25	–	0.008	–	–	7.444	7.452	–	
Leakage improvements delivering benefits in 2020–2025	Capex	4L.26	–	–	–	–	–	–	–	
Leakage improvements delivering benefits in 2020–2025	Opex	4L.27	–	–	–	–	–	–	–	
Leakage improvements delivering benefits in 2020–2025	Totex	4L.28	–	–	–	–	–	–	–	
Internal interconnectors delivering benefits in 2020–2025	Capex	4L.29	–	–	–	–	–	–	–	
Internal interconnectors delivering benefits in 2020–2025	Opex	4L.30	–	–	–	–	–	–	–	
Internal interconnectors delivering benefits in 2020–2025	Totex	4L.31	–	–	–	–	–	–	–	
Supply-demand balance improvements delivering benefits starting from 2026	Capex	4L.32	–	–	–	8.480	0.622	9.102	–	
Supply-demand balance improvements delivering benefits starting from 2026	Opex	4L.33	–	–	–	–	–	–	–	
Supply-demand balance improvements delivering benefits starting from 2026	Totex	4L.34	–	–	–	8.480	0.622	9.102	–	
Strategic regional water resources	Capex	4L.35	10.006	2.161	–	2.419	0.150	14.736	–	
Strategic regional water resources	Opex	4L.36	–	–	–	–	–	–	–	
Strategic regional water resources	Totex	4L.37	10.006	2.161	–	2.419	0.150	14.736	–	
Total supply-demand expenditure			Totex	4L.38	10.006	2.169	–	13.715	8.216	34.106
Metering										
New meters requested by existing customers (optants)	Capex	4L.39	–	–	–	–	1.681	1.681	–	
New meters requested by existing customers (optants)	Opex	4L.40	–	–	–	–	–	–	–	
New meters requested by existing customers (optants)	Totex	4L.41	–	–	–	–	1.681	1.681	–	
New meters introduced by companies for existing customers	Capex	4L.42	–	–	–	–	22.204	22.204	–	
New meters introduced by companies for existing customers	Opex	4L.43	–	–	–	–	–	–	–	
New meters introduced by companies for existing customers	Totex	4L.44	–	–	–	–	22.204	22.204	–	
New meters for existing customers – business	Capex	4L.45	–	–	–	–	–	–	–	
New meters for existing customers – business	Opex	4L.46	–	–	–	–	–	–	–	
New meters for existing customers – business	Totex	4L.47	–	–	–	–	–	–	–	
Replacement of existing basic meters with AMR or AMI meters for household customers	Capex	4L.48	–	–	–	–	–	–	–	
Replacement of existing basic meters with AMR or AMI meters for household customers	Opex	4L.49	–	–	–	–	–	–	–	
Replacement of existing basic meters with AMR or AMI meters for household customers	Totex	4L.50	–	–	–	–	–	–	–	

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## Section 4 – Additional regulatory information – service level (continued)

### 4L – Enhancement expenditure for the 12 months ended 31 March 2024 – water resources and water network+ (continued)

Replacement of existing AMR meters with AMI meters for household customers	Capex	4L.51	–	–	–	–	–	–
Replacement of existing AMR meters with AMI meters for household customers	Opex	4L.52	–	–	–	–	–	–
Replacement of existing AMR meters with AMI meters for household customers	Totex	4L.53	–	–	–	–	–	–
Replacement of existing basic meters with AMR or AMI meters for business customers	Capex	4L.54	–	–	–	–	–	–
Replacement of existing basic meters with AMR or AMI meters for business customers	Opex	4L.55	–	–	–	–	–	–
Replacement of existing basic meters with AMR or AMI meters for business customers	Totex	4L.56	–	–	–	–	–	–
Replacement of existing AMR meters with AMI meters for business customers	Capex	4L.57	–	–	–	–	–	–
Replacement of existing AMR meters with AMI meters for business customers	Opex	4L.58	–	–	–	–	–	–
Replacement of existing AMR meters with AMI meters for business customers	Totex	4L.59	–	–	–	–	–	–
Smart meter infrastructure	Capex	4L.60	–	–	–	–	–	–
Smart meter infrastructure	Opex	4L.61	–	–	–	–	–	–
Smart meter infrastructure	Totex	4L.62	–	–	–	–	–	–
<b>Total metering expenditure</b>	<b>Totex</b>	<b>4L.63</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>23.885</b>	<b>23.885</b>
<b>Other enhancement</b>								
Improvements to taste, odour and colour	Capex	4L.64	–	–	–	–	–	–
Improvements to taste, odour and colour	Opex	4L.65	–	–	–	–	–	–
Improvements to taste, odour and colour	Totex	4L.66	–	–	–	–	–	–
Addressing raw water deterioration (grey solutions)	Capex	4L.67	–	–	–	6.582	–	6.582
Addressing raw water deterioration (grey solutions)	Opex	4L.68	0.201	–	0.018	0.149	0.895	1.263
Addressing raw water deterioration (grey solutions)	Totex	4L.69	0.201	–	0.018	6.731	0.895	7.845
Addressing raw water deterioration (green solutions)	Capex	4L.70	–	–	–	–	–	–
Addressing raw water deterioration (green solutions)	Opex	4L.71	–	–	–	–	–	–
Addressing raw water deterioration (green solutions)	Totex	4L.72	–	–	–	–	–	–
Addressing raw water deterioration (total)	Capex	4L.73	–	–	–	6.582	–	6.582
Addressing raw water deterioration (total)	Opex	4L.74	0.201	–	0.018	0.149	0.895	1.263
Addressing raw water deterioration (total)	Totex	4L.75	0.201	–	0.018	6.731	0.895	7.845
Improvements to river flow	Capex	4L.76	–	–	–	–	–	–
Improvements to river flow	Opex	4L.77	–	–	–	–	–	–
Improvements to river flow	Totex	4L.78	–	–	–	–	–	–
Enhancing resilience to low-probability high-consequence events	Capex	4L.79	–	–	–	8.005	–	8.005
Enhancing resilience to low-probability high-consequence events	Opex	4L.80	–	–	–	–	–	–
Enhancing resilience to low-probability high-consequence events	Totex	4L.81	–	–	–	8.005	–	8.005
Conditioning water to reduce plumbosolvency	Capex	4L.82	–	–	–	–	–	–
Conditioning water to reduce plumbosolvency	Opex	4L.83	–	–	–	–	–	–
Conditioning water to reduce plumbosolvency	Totex	4L.84	–	–	–	–	–	–
Lead communication pipes replaced or relined for water quality	Capex	4L.85	–	–	–	–	0.118	0.118
Lead communication pipes replaced or relined for water quality	Opex	4L.86	–	–	–	–	–	–
Lead communication pipes replaced or relined for water quality	Totex	4L.87	–	–	–	–	0.118	0.118
Other lead reduction-related activity	Capex	4L.88	–	–	–	–	–	–
Other lead reduction-related activity	Opex	4L.89	–	–	–	–	–	–
Other lead reduction-related activity	Totex	4L.90	–	–	–	–	–	–
Meeting lead standards (total)	Capex	4L.91	–	–	–	–	0.118	0.118
Meeting lead standards (total)	Opex	4L.92	–	–	–	–	–	–
Meeting lead standards (total)	Totex	4L.93	–	–	–	–	0.118	0.118
Security – Security and Emergency Measures Direction ('SEMD')	Capex	4L.94	–	–	–	–	–	–
Security – SEMD	Opex	4L.95	–	–	–	–	–	–
Security – SEMD	Totex	4L.96	–	–	–	–	–	–
Security – Non-SEMD	Capex	4L.97	–	–	–	–	–	–
Security – Non-SEMD	Opex	4L.98	–	–	–	–	–	–
Security – Non-SEMD	Totex	4L.99	–	–	–	–	–	–
<b>Total other enhancement expenditure</b>	<b>Totex</b>	<b>4L.120</b>	<b>0.201</b>	<b>–</b>	<b>0.018</b>	<b>14.736</b>	<b>1.013</b>	<b>15.968</b>
<b>Total enhancement</b>								
Total enhancement expenditure	Capex	4L.121	21.192	2.161	–	28.852	32.419	84.624
Total enhancement expenditure	Opex	4L.122	0.201	0.008	0.018	0.149	8.339	8.715
<b>Total enhancement expenditure</b>	<b>Totex</b>	<b>4L.123</b>	<b>21.393</b>	<b>2.169</b>	<b>0.018</b>	<b>29.001</b>	<b>40.758</b>	<b>93.339</b>

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## Section 4 – Additional regulatory information – service level (continued)

### 4L – Enhancement expenditure for the 12 months ended 31 March 2024 – water resources and water network+ (continued)

				Cumulative expenditure on schemes completed in the report year					
				Water Resources	Network+				Total
					Raw water transport	Raw water storage	Water treatment	Treated water distribution	
RAG4 reference				£m	£m	£m	£m	£m	£m
Supply-demand balance									
Leakage improvements delivering benefits in 2020–2025	Capex	4L.26	–	–	–	–	–	–	–
Leakage improvements delivering benefits in 2020–2025	Opex	4L.27	–	–	–	–	–	–	–
Leakage improvements delivering benefits in 2020–2025	Totex	4L.28	–	–	–	–	–	–	–
Total supply-demand expenditure	Totex	4L.38	–	–	–	–	–	–	–

		RAG4 reference	Cumulative expenditure on all schemes to reporting year-end £m	Cumulative allowed expenditure on all schemes to reporting year-end £m	Cumulative allowed expenditure on all schemes 2020–25 £m
<b>EA/NRW environmental programme (WINEP/NEP)</b>					
Ecological improvements at abstractions	Totex	4L.3	8.843	20.637	24.775
Eels Regulations (measures at intakes)	Totex	4L.6	–	–	–
Invasive Species	Totex	4L.9	0.275	0.383	0.460
Drinking Water Protected Areas (schemes)	Totex	4L.12	0.070	–	–
Water Framework Directive measure	Totex	4L.15	43.543	98.389	118.145
Investigations	Totex	4L.18	4.918	6.197	7.440
<b>Total environmental programme expenditure</b>	<b>Totex</b>	<b>4L.19</b>	<b>57,648</b>	<b>125.606</b>	<b>150.820</b>
<b>Supply-demand balance</b>					
Supply-side improvements delivering benefits in 2020–2025	Totex	4L.22	6.502	6.597	7.926
Demand-side improvements delivering benefits in 2020–2025 (excl. leakage and metering)	Totex	4L.25	26.105	36.003	43.295
Leakage improvements delivering benefits in 2020–2025	Totex	4L.28	–	–	–
Internal interconnectors delivering benefits in 2020–2025	Totex	4L.31	–	–	–
Supply-demand balance improvements delivering benefits starting from 2026	Totex	4L.34	24.575	22.422	26.935
Strategic regional water resources	Totex	4L.37	28.808	88.705	103.804
Total supply-demand expenditure	Totex	4L.38	85.990	153.727	181.960
<b>Total metering expenditure</b>	<b>Totex</b>	<b>4L.63</b>	<b>72.357</b>	<b>59.390</b>	<b>71.419</b>
<b>Other enhancement</b>					
Improvements to taste, odour and colour	Totex	4L.66	0.293	–	–
Addressing raw water deterioration (grey solutions)	Totex	4L.69	–	–	–
Addressing raw water deterioration (green solutions)	Totex	4L.72	–	–	–
Addressing raw water deterioration (total)	Totex	4L.75	23.939	3.120	3.750
Improvements to river flow	Totex	4L.78	0.046	0.519	0.623
Enhancing resilience to low-probability high-consequence events	Totex	4L.81	10.913	14.058	16.905
Conditioning water to reduce plumbosolvency	Totex	4L.84	–	–	–
Lead communication pipes replaced or relined for water quality	Totex	4L.87	–	–	–
Other lead reduction-related activity	Totex	4L.90	–	–	–
Meeting lead standards (total)	Totex	4L.93	7.743	8.720	10.486
Security – SEMD	Totex	4L.96	–	–	–
Security – Non-SEMD	Totex	4L.99	–	–	–
Total other enhancement expenditure	Totex	4L.120	42.935	26.417	31.764
<b>Total enhancement expenditure</b>	<b>Totex</b>	<b>4L.123</b>	<b>258.930</b>	<b>365.140</b>	<b>435.963</b>

Table 4L details enhancement capital expenditure to deliver improvements to the supply/demand balance (both supply-side and demand-side), together with expenditure for strategic regional water resource options.

# Affinity Water Limited

## Section 4 – Additional regulatory information – service level (continued)

### 4W – Defined Benefit Pension Scheme – Additional Information

			Defined benefit pension schemes
	RAG4 reference	Unit	Pension scheme 1
<b>Scheme details</b>			
Scheme name	4W.1	Text	Affinity Water Pension Plan
Scheme status	4W.2	Text	The scheme is closed to new members, but open to future accrual
<b>Scheme valuation under IAS/IFRS/FRS</b>			
Scheme assets	4W.3	£m	370.339
Scheme liabilities	4W.4	£m	341.639
Scheme surplus/(deficit) total	4W.5	£m	28.700
Scheme surplus/(deficit) appointed business	4W.6	£m	53.615
Pension deficit recovery payments	4W.7	£m	1.600
<b>Scheme valuation under part 3 of Pensions Act 2004</b>			
Scheme funding valuation date	4W.8	Date	31 December 2020
Assets	4W.9	£m	574.000
Technical provisions	4W.10	£m	595.000
Scheme surplus/(deficit)	4W.11	£m	(21.000)
Discount rate assumptions	4W.12	Text	Gilts +0.25%
<b>Recovery plan (where applicable)</b>			
Recovery plan structure	4W.13	Text	<p>The 31 December 2020 actuarial valuation showed that the Pension Plan had a funding deficit relative to the Plan's statutory funding objective. Following discussions, it was therefore agreed the company would pay the following contributions:</p> <ul style="list-style-type: none"> <li>• £1.250 million prior to 31 July 2021;</li> <li>• £1.600 million prior to 31 December 2021; and</li> <li>• £1.600 million per annum, commencing from 1 January 2022 onwards.</li> </ul> <p>These contributions are also expected to be sufficient to cover the future cost of benefits being accrued within the Plan.</p>
Recovery plan end date	4W.14	Date	
Recovery plan end date	4W.14	Date	31 December 2026
Asset-backed funding (ABF) arrangements	4W.15	Text	N/A
Responsibility for ABF arrangements	4W.16	Text	N/A