



South Staffs Water



Cambridge Water



To help create a world where essential services and infrastructure deliver for customers, clients and our planet



Unaudited interim report and financial statements

For the year six months ended 30 September 2025

South Staffordshire Water PLC

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About this document

This document outlines South Staffordshire Water's operational and unaudited financial performance for the six months to 30 September 2025.

The aim is to give customers and other stakeholders an indication of how we are performing against our budgets and targets. This includes highlighting those areas where we are doing well, as well as those areas where we need to do more to get our performance back on track.

Publishing this interim report helps to demonstrate our commitment to openness and transparency as the provider of an essential public service.

If you want to learn more about the work we do every day to deliver for our customers, our communities and the environment, there are a number of ways you can engage with us.



About South Staffordshire Water

We are part of the **South Staffordshire Plc** group of companies.



We operate both **Cambridge Water** and **South Staffs Water**.

We are regulated by **Ofwat**, the Environment Agency and the Drinking Water Inspectorate.



Every day, we provide high-quality, clean drinking water to nearly

 **1.8 million people**

 **42,000 businesses**

Our priority is making sure water is there when you **need it**.



We have been a successful, privately run business for more than **170 years**. We have never been in public ownership.



We are a **water only** company and do not take away and treat waste water and sewage.

We are a member of Water Resources East and Water Resources West, which aim to ensure the **sustainability** of our water resources over the long term.



Welcome from the Chair and Managing Director



Welcome to this interim report and financial statements for the six months to 30 September 2025. We hope you enjoy reading about some of the work carried out across our Cambridge Water and South Staffs Water operating areas during that time.

It's been a busy few months for the business. On a macroeconomic level, high energy costs and financial uncertainty have continued to impact costs for us and our customers – with household incomes for many still being squeezed by the ongoing cost-of-living crisis. In addition, we've experienced record-breaking dry weather over the spring and summer, with a once-in-140-year drought impacting our South Staffs region in particular. We've also started work to deliver our ambitious £926 million investment programme for the five years to 2030 – known as 'AMP8' – which aims to secure the water future for our customers, our communities and the environment.

"We've also started work to deliver our ambitious £926 million investment programme for the five years to 2030 ... to secure the water future for our customers, our communities and the environment"

For customers who are struggling to pay their water bills, we've continued to provide financial assistance through our Assure tariff. In addition, at the end of May we launched a trial for our new [Assure Essential Saver tariff](#) with nearly 1,000 customers across our Cambridge and South Staffs regions. This tariff is aimed at those customers who have a water meter, who do not qualify for Assure, but who are still struggling to pay their water bills. What's unusual about it is that, as well as being designed to help households save money on their water bills, it encourages better water use habits – by giving customers a discount on their essential water use with non-essential use above a specified level charged at the standard rate.

We've also adopted a more holistic approach to customer support. This is encapsulated in our new ['Help when you need it' vulnerability strategy](#), which we published in June. The purpose of the strategy is to enable us to identify and support customers in vulnerable circumstances by delivering inclusive and accessible services. As part of this,

we're broadening our approach, maximising access to support for all our customers. This means that, moving forward, our Community Engagement Officers will be taking a more mobile approach to bringing support directly into the heart of the communities we serve. This will enable us to deliver tailored advice and assistance where and when it is needed. We'll continue to adapt our approach as we obtain more insight into the evolving needs and preferences of our customers.

Another area where we've focused much attention is on ensuring the delivery of reliable water supplies to customers across both regions in the face of record-breaking dry weather. In July, the Environment Agency announced that the West Midlands had officially entered into drought, impacting our South Staffs region. Our Cambridge region is also continuing to experience a period of prolonged dry weather.

In response, we've put more teams in place to find and fix leaks on our networks. In addition, we've accelerated some of our investment plans to ensure we remain resilient to drought over the long term. We've updated customers on our water resources position and provided tips on saving water, and we've sponsored the weather on local radio stations across both regions – communicating our messages about the need to use water wisely. Our people have worked extremely hard to serve our customers throughout this prolonged very dry period and we'd both like to thank them for their resilience and the commitment they've shown during this very busy time.

"We've really enjoyed spending time with people across our different sites and learning more about the important work they do"

Securing sustainable water supplies for the long term is a key theme of our AMP8 investment programme. The two largest single elements of this plan are our mains replacement and universal metering programmes. We launched our [mains replacement programme](#) in July, with schemes in our Cambridge and South Staffs regions. Over the five years to 2030, we'll be replacing 250 km of water mains across both regions – three times more than was replaced in the previous five-year period to 2025. The programme is part of an £84 million investment to improve the long-term resilience of our networks and is initially targeting those areas with a history of leaking pipes and burst mains.

In August, we launched our £55 million [universal metering programme](#) in our South Staffs region. The aim is to help us manage water supplies in the face of the dual challenges of climate change and population growth, while at the same time putting the power into customers' hands to only pay for the water they use. We've taken a customer-centred approach to the programme, investing in engaging communications, and with a Community Engagement Officer on site providing hands-on support to guide customers through the process of having their meters fitted. We're very pleased with the positive response we've received from customers so far and we're learning lessons as we go along to ensure they remain at the heart of the process.

None of the achievements outlined here would've been possible without our people. As we're both new to the business, we've really enjoyed spending time with people across our different sites and learning more about the important work they do. The one thing we've noticed time and again is the passion shown by our people and their commitment to delivering clean drinking water to our customers and communities every day. We'd like to say thank you to everyone across the business for the part they're continuing to play in securing the water future for everyone. We're looking forward to seeing what the next few months – and the years beyond that – brings for all of us.



Sara Vaughan
Chair



Elena Karpathakis
Managing Director

Financial performance

Our financial performance for the first half of the year was strong, alongside our uninterrupted water supply and continued support to our customers. With both the macroeconomic environment and the incredibly dry spring and summer (a 1-in-140-year event) impacting our business, our people and our customers, we continue to experience significant cost pressures predominantly in asset repair and maintenance and production chemicals driven through both increased activity and inflation.

We agreed a 3% pay award with a further 1% on employer pension contribution for our people and continue to offer financial support to our customers who are struggling to pay their water bills through enhancing our existing assistance programmes.

We use several financial key performance indicators (KPIs), which include, but are not limited to, the following.

	September 2025	September 2024
Turnover £m	96.6	75.9
Operating costs £m	(77.1)	(66.7)
Adjusted EBITDA £m ¹	38.4	29.0
Operating profit before exceptional items £m ²	24.2	15.8
Net debt reported for borrowing covenants £m ³	367.8	380.6
Gearing ⁴	61.1%	69.4%

Notes:

1. EBITDA reconciliation is shown below.

	2025	2024
Operating profit before exceptional items £m	24.2	15.8
Exceptional items £m	(1.2)	(0.1)
Depreciation: intangible assets £m	0.6	0.6
Depreciation: non-infrastructure assets £m	14.9	12.2
Depreciation: infrastructure assets £m	2.2	2.3
Capital contributions £m	(2.3)	(1.8)
Adjusted EBITDA £m	38.4	29.0

2. Operating profit is stated before exceptional items.

3. Net debt reported for borrowing covenants in £m (see page 22).

4. Gearing is reported on a covenant basis (see the notes to the cash flow statements on page 22 for details).

Turnover

Our total turnover in the year to date has increased by £20.7 million versus the prior year. Most of this increase is due to increases in regulated tariffs necessary to deliver the £926 million investment in our services and assets that has been allowed by our regulator, Ofwat. Over the course of AMP8 (2025 to 2030), the average household bill will increase by 21%, excluding the impact of inflation. This is one of the lowest increases in the England and

Wales water sector. We appreciate that any bill increases are unwelcome. However, they are necessary to ensure that the business can finance and deliver the required service and environmental improvements that our customers have told us they want and are willing to pay for.

Non-appointed revenue increased by £1.0 million driven by a strong performance within Aqua Direct, our spring water business.

Operating profit

Alongside the increased turnover noted above, our costs have increased compared to the prior year due to both inflationary pressures and the increased demand driven by the prolonged dry spell.

We have incurred significant uplifts in our net labour costs as a result of the annual pay award referred to above and the legislated increases in Employer's National Insurance contributions and the National Minimum Wage.

We have commenced our infrastructure renewals expenditure in line with our AMP8 plans to deliver our commitment of 250 km mains replacement.

We continue to review the offerings we have in place for future support for our customers, such as our Assure tariff, which offers bill discounts for eligible customers. We have amended the criteria to receive this support to enable us to help more customers in need. We have continued to ensure our customers in vulnerable circumstances know we are there for them with targeted communications and support through our Priority Services Register.

We will closely monitor our cash collection position while keeping our future customer support offerings under review, given the inflationary pressures of the continuing cost-of-living crisis.

Capital investment

We have started to deliver our capital programme for the first of the five years to 2030. As a result of the prolonged hot and dry spell, the business paused some capital activity so as to protect resilience of supply to our customers during this extended period of high demand. As a consequence, the business has rephased a number of schemes into the second half of the year. We continue to ensure that our assets remain in good condition and that we provide high-quality, reliable water supplies to our customers.

The increased investment that Ofwat has determined will allow us to deliver our universal metering programme across our Cambridge and South Staffs regions, tackle raw water deterioration at a number of our sites, deliver our environmental obligations and increase the resilience of our assets.

Treasury, net debt and borrowing costs

The main purpose of our financial instruments, including derivatives, is to finance our operations and limit risk from fluctuations in external indices outside our control. This includes entering floating to fixed interest rate swaps, where this is considered appropriate. During the first half of the year and the previous two years, our policy has been not to carry out any trading in financial instruments. Our policy in relation to cash, loans receivable and

borrowings is to maintain flexibility with both fixed and floating rates of interest, and long- and short-term borrowings.

Last year, in order to support the long-term financing needs of the business, the company increased its revolving credit facility by a further £45 million. This additional headroom currently remains undrawn.

Our net debt includes index-linked debt, bank loans and debenture stock less cash. During the year to date, we have revalued our index-linked debt to reflect the increases in actual RPI in the period. This has significantly increased our financing costs. The reconciliation between covenant net debt and book net debt is shown in the notes to the cash flow. Standard & Poor's (S&P) continues to rate the company as BBB+ with outlook improved to stable, with Moody's still rating us at Baa2; both are within investment grade.

Dividend payment

As per the dividend policy the business usually makes two dividend payments each year: one interim and one final. Ahead of the business making the decision on the interim dividend payment, the Board carefully considered the performance of the business. On the 25 June 2025 a second interim dividend of £1.84 million was approved for the financial year 31 March 2025 after the end of the reporting year.

Taxation

The tax charge is based on the estimated effective rate of tax, including deferred tax for the full year to 31 March 2026.

Operational performance

Performance against our targets – summary

Category	Performance commitment (PC)	Unit of measure	PC target 2025/26	Half-year performance	End of year forecast	Current RAG status
Customer service	C-MeX (customer measure of experience)	Score	Based on UKSCI 2026	TBC	–	Penalty likely
	D-MeX (developer measure of experience)	Score	Sector median	TBC	8th	On track
	BR-MeX (business retailer measure of experience)	Score	Sector median	67.46	–	Penalty likely
Operational	Supply interruptions	mm:ss	05:00	02:33	04:08	On track
	Compliance Risk Index (CRI)	Score	0.00	0.83	1.83	At risk
	Water quality contacts	No./1,000 population	0.70	0.67	0.85	Penalty likely
	Mains repairs	No./1,000 km of main	120.6	66.1	134.3	Penalty likely
	Unplanned outage	% of PWPC	2.60	1.12	1.80	At risk
	Operational GHG emissions	Tonnes CO ₂ e	61,405	34,528	61,405	At risk
	Discharge permit compliance	% compliance	100	96.55	96.55	At risk
Environmental	Serious pollution incidents	Number	0	0	0	On track
	Biodiversity	Nat Eng units	0	–	0	On track
Water consumption	Leakage – Cambridge region	MI/d	12.7 (3-year average)	13.8	12.1 (3-year average)	On track
	Leakage – South Staffs region	MI/d	60.8 (3-year average)	58.7	60.3 (3-year average)	On track
	PCC – Cambridge region	l/p/d	126.9 (3-year average)	123.4	120.9 (3-year average)	On track

	PCC – South Staffs region	l/p/d	134.6 (3-year average)	142.5	140.0 (3-year average)	Penalty likely
	Business demand – Cambridge region	MI/d	29.1 (3-year average)	28.7	29.0 (3-year average)	On track
	Business demand – South Staffs region	MI/d	63.9 (3-year average)	61.4	61.8 (3-year average)	On track

Key: mm:ss = minutes:seconds. PWPC = peak week pumping capacity (the total volume of water all our sources can produce). Nat Eng = Natural England. MI/d = megalitres per day (a megalitre is one million litres). l/p/d = litres per person per day.

Performance commentary

The reporting period marks the first six months of the AMP8 planning period. The performance commitments against which we are measured are common to all the water only companies in the England and Wales water sector. We have not introduced any bespoke measures for the five years to 2030.

We are committed to delivering the core objectives of our performance commitments, which are to:

- drive measurable improvements in customer service, water quality and environmental protection;
- align our investment programme with public and environmental incentives;
- ensure we demonstrate our transparency and accountability through clear targets and reporting frameworks; and
- promote resilience in our infrastructure and operations over the long term.

We have made a steady start during the reporting period and are currently on track to meet our performance targets in nine areas, including:

- leakage, specifically in our Cambridge region;
- non-household water demand;
- pollution incidents;
- biodiversity; and
- supply interruptions.

However, we are mindful of the impact things like adverse weather conditions can have on some of our targets. So, we are not complacent and will continue to work hard to ensure we keep these commitments on track.

We are disappointed to be missing our targets in a number of key areas, including the principal household customer measure of experience (C-MeX). Our results for the first quarter of the 2025/26 financial year (April to June) placed us ninth in the water sector. This is below the UK Customer Satisfaction Index (UKSCI) target for 2025. UKSCI, which is published by the Institute of Customer Service, tracks and compares customer satisfaction performance across a range of sectors in the UK economy.

Ofwat is using the UKSCI target as a benchmark for water companies to determine the thresholds for financial incentives – with outperformance payments awarded if the C-MeX score exceeds the UKSCI benchmark and financial penalties imposed if the score falls below that threshold. The aim is to align water company performance with broader customer service standards found in other sectors, such as retail and banking.

To help us deliver our customer-facing AMP8 targets, we are developing a new customer-centred strategy. We consider this will help us to transform our approach to customer service – and improve our performance against our targets. This includes ensuring our people receive appropriate training and achieve the relevant quality standards. As part of this, we are currently focusing our attention on a number of key areas within the business, including:

- complaint handling;
- billing processes (including accuracy and timeliness);
- operational processes; and
- critical customer journeys.

Another area where we are currently in a 'likely penalty' position is mains repairs. The prolonged dry weather and drought or near-drought conditions we have experienced over the spring and summer have resulted in a higher than expected number of bursts on the networks in our Cambridge and South Staffs regions.

This is because dry weather causes soil to contract as it loses moisture. This in turn can cause underground water pipes to crack and fracture, leading to leaks and bursts. We have put extra teams in place across both regions to help tackle these leaks and bursts. However, this is another weather-sensitive measure – the prevalence of freeze–thaw events over the winter months, for example, could negatively impact our performance further.

There are also a number of performance commitments where we are recording our performance currently as ‘at risk’. This includes for the Compliance Risk Index (CRI), where the biggest risks to our performance are single compliance failures at our two largest water treatment works, Hampton Loade and Seedy Mill. That said, we have ended the reporting period in a reward position as our current CRI score remains within what is called the ‘deadband’ level, where no penalty is applied. However, we remain mindful of the potential to come under increased auditor or regulator scrutiny and are working to ensure this does not happen.

Our greenhouse gas (GHG) emissions target is also in the ‘at risk’ category. Our performance in this area is largely driven by customers’ demand for water – as has been the case during the reporting period. Again, we are monitoring our performance against this commitment closely and are using our ongoing pump efficiency programme to help us reduce our energy consumption and associated carbon emissions across our water supply operations.

We will report on our progress against all our performance commitments in our end-of-year annual report and financial statements.

Delivering against our price control deliverables

For AMP8, Ofwat has introduced a new set of regulatory commitments called price control deliverables (PCDs). These are designed to ensure all water companies in the sector deliver specific infrastructure and other improvements that are funded through the bills customers pay.

PCDs are formal commitments that outline specific outputs each water company must deliver. They are typically applied to enhancement projects – for example, infrastructure upgrades, or service or environmental improvements. Along with the other water companies, we have received enhancement expenditure allowances to fund these improvements and PCDs are the mechanism by which we are held accountable for the money we are spending.

So, if by the end of AMP8 we fail to meet a PCD because we have not delivered a specific enhancement project to schedule, we must return the associated funding to customers. At the end of the reporting period, we were on track in terms of our PCD commitments and have submitted our first six-monthly report to Ofwat as required under the new arrangements for AMP8.

Meeting our regulatory and other commitments

During the reporting period, we have been actively working with the UK Government and our regulators on transition arrangements for the water sector following the publication in July of the Independent Water Commission’s (the Cunliffe review) [final report](#).

The report’s author, Sir Jon Cunliffe, has made 88 recommendations to the Government aimed at improving regulation, governance, environmental performance and public trust in water services. Key among the recommendations are plans to:

- replace Ofwat with a new ‘super regulator’ combining economic and environmental regulation, and consumer oversight;
- expand the current water watchdog CCW’s remit to create a statutory water ombudsman to improve accountability; and

- introduce a centralised system planning function to better manage competing demands on water resources, including from the perspective of agriculture, industry and public water supplies.

At the time of writing, we were waiting for the Government's official response to the review, which will take the form of a White Paper. This is a formal policy document outlining proposals for future legislation while also inviting comments and feedback from stakeholders and other interested parties. Under the Government's current timetable, new legislation to reform the water sector will be introduced into Parliament in autumn 2026. We will report on the progress of this in future annual reports.

We have also been working to meet a range of regulatory and other commitments during the reporting period. A number of these are set out in the table below.

Stakeholder	Regulatory/other 'asks' and commitments	Outcome
Competition and Markets Authority (CMA)	Provisional determination response. We have provided a response to the CMA's provisional redeterminations on the price controls for five water companies that appealed Ofwat's PR24 final determinations.	The feedback will help to inform the CMA's final decision, which is due by March 2026.
Defra	Water sector transition planning workshops. We have provided written feedback following these sessions.	The feedback will help to inform the Government's White Paper (see above).
Drinking Water Inspectorate (DWI)	Water quality reporting/compliance matters. Under the Water Supply (Water Quality) Regulations 2016, we are required to carry out regular monitoring, risk assessments and public reporting to ensure water safety and transparency. This includes testing regularly against prescribed chemical, microbiological and physical parameters; carrying out risk assessments; and reporting any water quality incidents to the DWI. During the reporting period, we have liaised with the DWI on a number of compliance and other regulatory matters, including in relation to: • requirements relating to our drinking water safety plans; • answering questions on our sampling processes; • our policy and strategy for air valve inspection, reporting, recording and maintenance; • triggers for alternative water supplies under the Security and Emergency Measures Directive (SEMD); • answering questions on our bottled water storage provisions following an audit at one of our sites; and • compliance with drinking water quality regulations.	We will continue to work closely with the DWI to ensure ongoing compliance with the appropriate regulations.
Environment Agency	Abstraction charges consultation. We responded to this consultation, which sought feedback on changes to its environmental permitting and abstraction licensing charges scheme and its waste charges scheme. The changes proposed in the consultation were driven by rising service delivery costs – prompting a one-off increase for 2025.	The new charges came into effect on 1 August 2025.
	Supply Demand Balance Index (SBDI) consultation. We responded to this consultation, which refers to a key metric used to evaluate whether water companies can meet future demand under various climate and population growth scenarios. Updates to the metric aim to improve how companies assess and manage water resource risks.	The updated SBDI will help to inform national and regional water resource strategies, including companies' long-term water resources management plans.
	Pollution incident reduction plans (PIRP) consultation. Under the Water (Special Measures) Act 2025, water companies are now required to publish PIRPs setting out how they will reduce pollution incidents in their operating areas. We provided a response to this consultation, feeding back on the guidance for preparing PIRPs and the implementation reports.	We are required to publish our PIRP by 1 April each year.

Stakeholder	Regulatory/other 'asks' and commitments	Outcome
Ofwat	PR19 blind year draft determination consultation. This refers to the final year of the PR19 price control period (2024/25). Ofwat has consulted on the adjustments to water companies' revenues and regulatory capital values (RCVs) to correct any errors from its PR24 final determinations. We have provided a response to the consultation.	At the time of writing, Ofwat's final decision was due in December 2025.
	PCD half-year reporting. As outlined above, we have submitted our half-year PCD report in line with Ofwat's requirements.	The report demonstrates that delivery of our PR24 investment programme is on track.
	Water (Special Measures) Act 2025 consultations. We have responded to consultations on: - the consumer rule, which is about requiring water companies to have formal arrangements in place for consumer involvement in decision-making; and - the fitness and propriety rule, which requires water company senior executives to meet certain standards of honesty, experience and financial soundness.	At the time of writing, the Government was planning to publish the final versions of these rules by the end of December 2025. They are expected to come into force in April 2026, but we have already started the process of planning for compliance.
	Water Discovery Challenge. Ahead of the launch of the next round of this Innovation Fund competition in January 2026, each water company has been asked to identify two/three candidates to mentor/support entrants.	Mentor/reviewer nominations closed on 14 November 2025.
	Water Innovation Cross-sector Challenge. This work is being led by Innovate UK, with plans for an Innovation Fund competition to launch in April 2026. This competition is aimed at developing solutions that support long-term systemic changes for the water environment. We have been asked to support the development of new innovation networks.	The scoping for the competition will take place between January and April 2026. Delivery of the successful projects is currently expected to be by March 2027.

In addition, our Water Quality and Environment teams have provided responses to 13 Freedom of Information (Fol) and Environmental Information Regulations (EIR) requests from customers and other members of the public during the reporting period. Most of these related to the safety of the water we supply to customers. We responded to these requests, providing the information asked for, within the legally specified timeframes.

Directors' responsibilities statement

The Directors are 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 the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the company's website. Information published online is accessible in many countries with different legal requirements. Legislation in the UK governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

A list of the current Directors of South Staffordshire Water PLC is available on the company's [website](#).

The Directors confirm that these condensed interim financial statements represent a fair view of the company's performance for the six months to 30 September 2025.

Assurance

These interim financial statements have been reviewed by the independent Group Head of Internal Audit and by the Board.

Financial statements

Profit and loss account – for the six months ended 30 September 2025

	30 Sep 25 Unaudited £'000	30 Sep 24 Unaudited £'000
Turnover	96,616	75,887
Operating costs	(77,088)	(66,744)
Other operating income	4,650	6,656
Operating profit (before exceptional items)	24,178	15,799
Exceptional items	(1,215)	(105)
Operating profit (after exceptional items)	22,963	15,694
Finance income (receivable)	1,001	1,138
Finance cost (payable)	(11,623)	(10,719)
Profit before taxation	12,341	6,113
Tax on profit	(3,393)	(1,759)
Profit for financial period attributable to the equity shareholders of the company	8,948	4,354
Earnings per share		
Basic	421.4p	205.1p
Diluted	421.4p	205.1p

The results above are derived from continuing operations. The accompanying notes are an integral part of these financial statements.

Balance sheet – as at 30 September 2025

	30 Sep 25 Unaudited £'000	31 Mar 25 £'000	30 Sep 24 Unaudited £'000
Fixed Assets			
Intangible assets	27,900	28,666	24,353
Tangible assets	695,166	691,689	693,769
	723,066	720,355	718,122
Current Assets			
Stocks	4,280	4,346	4,086
Debtors – amounts recoverable within one year	59,278	51,019	64,615
Debtors – amounts recoverable in more than one year	2,443	2,734	3,044
Investments	2	2	2
Cash and cash equivalents	37,400	15,506	13,850
	103,403	73,607	85,597
Trade and other creditors – amounts falling due within one year	(83,867)	(67,898)	(86,362)
Net current assets/(liabilities)	19,536	5,709	(765)
Total assets less current liabilities	742,602	726,064	717,357
Borrowings – amounts falling due after more than one year	(415,618)	(411,712)	(405,800)
Other creditors – amounts falling due after more than one year	(9,232)	(10,075)	(9,189)
Accruals and deferred income – falling due after more than one year	(197,123)	(195,098)	(192,832)
Provisions for liabilities – falling due after more than one year	(67,139)	(62,609)	(63,661)
Net Assets	53,490	46,570	45,875
Capital and reserves			
Called up share capital	2,123	2,123	2,123
Share premium account	495	495	495
Capital redemption reserve	4,450	4,450	4,450
Revaluation reserve	29,101	29,314	29,526
Profit and loss account	20,549	13,227	12,173
Hedging reserve	(3,228)	(3,039)	(2,892)
Shareholders' Funds	53,490	46,570	45,875

The accompanying notes are an integral part of these financial statements.

The financial statements of South Staffordshire Water (company number 02662742) were approved by the Board of Directors and authorised for issue on 28 November 2025.



Elena Karpathakis
Managing Director

28 November 2025

Statement of comprehensive income – for the six months ended 30 September 2025

	30 Sep 25 Unaudited £'000	31 Mar 25 £'000	30 Sep 24 Unaudited £'000
Profit after taxation	8,948	5,196	4,354
Movement in hedging reserve (gross of deferred tax)	(253)	(572)	(376)
Deferred tax impact of movement in hedging reserve	63	143	94
Total comprehensive income gain	8,758	4,767	4,072

Statement of changes in equity – as at 30 September 2025

	Called up Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Revaluation Reserve £'000	Profit and Loss Account £'000	Hedging Reserve £'000	Total £'000
Balance at 1 April 2024	2,123	495	4,450	29,739	12,606	(2,610)	46,803
Profit for financial period	-	-	-	-	4,354	-	4,354
Change in value of hedging instruments – cash flow hedges (gross of deferred tax)	-	-	-	-	-	(460)	(460)
Deferred tax impact of change in value of hedging instruments	-	-	-	-	-	115	115
Amounts recycled to profit and loss (gross of deferred tax)	-	-	-	-	-	84	84
Deferred tax impact of amounts recycled to profit and loss	-	-	-	-	-	(21)	(21)
Other comprehensive loss	-	-	-	-	-	(282)	(282)
Total comprehensive income/(loss)	-	-	-	-	4,354	(282)	4,072
Amounts transferred to profit and loss	-	-	-	(213)	213	-	-
Dividends	-	-	-	-	(5,000)	-	(5,000)
Balance at 30 September 2024	2,123	495	4,450	29,526	12,173	(2,892)	45,875

Statement of changes in equity – as at 30 September 2025 (continued)

	Called up Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Revaluation Reserve £'000	Profit and Loss Account £'000	Hedging Reserve £'000	Total £'000
Balance at 1 October 2024	2,123	495	4,450	29,526	12,173	(2,892)	45,875
Profit for financial period	-	-	-	-	842	-	842
Change in value of hedging instruments – cash flow hedges (gross of deferred tax)	-	-	-	-	-	(280)	(280)
Deferred tax impact of change in value of hedging instruments	-	-	-	-	-	70	70
Amounts recycled to profit and loss (gross of deferred tax)	-	-	-	-	-	84	84
Deferred tax impact of amounts recycled to profit and loss	-	-	-	-	-	(21)	(21)
Other comprehensive loss	-	-	-	-	-	(147)	(147)
Total comprehensive income/(loss)	-	-	-	-	842	(147)	695
Amounts transferred to profit and loss	-	-	-	(212)	212	-	-
Dividends	-	-	-	-	-	-	-
Balance at 31 March 2025	2,123	495	4,450	29,314	13,227	(3,039)	46,570

Statement of changes in equity – as at 30 September 2025 (continued)

	Called up Share Capital	Share Premium Account	Capital Redemption Reserve	Revaluation Reserve	Profit and Loss Account	Hedging Reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2025	2,123	495	4,450	29,314	13,227	(3,039)	46,570
Profit for financial period	-	-	-	-	8,948	-	8,948
Change in value of hedging instruments – cash flow hedges (gross of deferred tax)	-	-	-	-	-	(337)	(337)
Deferred tax impact of change in value of hedging instruments	-	-	-	-	-	84	84
Amounts recycled to profit and loss (gross of deferred tax)	-	-	-	-	-	84	84
Deferred tax impact of amounts recycled to profit and loss	-	-	-	-	-	(21)	(21)
Other comprehensive loss	-	-	-	-	-	(190)	(190)
Total comprehensive income/(loss)	2,123	495	4,450	29,314	22,175	(3,229)	55,328
Amounts transferred to profit and loss	-	-	-	(213)	213	-	-
Dividends	-	-	-	-	(1,838)	-	(1,838)
Balance at 30 September 2025	2,123	495	4,450	29,101	20,550	(3,229)	53,490

Notes:

1. **Called up Share Capital.** The equity reserve represents the equity component of company.
2. **Share Premium Account.** The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.
3. **Capital Redemption Reserve.** On 1 July 2000, the company redeemed 1,200,000 redeemable preference shares of £1 each at par. On 15 July 2002, the company repurchased 3,250,000 (nominal value £1 each) of its shares from South Staffordshire Water Holdings Limited.
4. **Revaluation Reserve.** The deemed cost of existing infrastructure assets determined as part of the transition to FRS 102 gave rise to a revaluation reserve of £36 million, net of deferred tax, which is being depreciated on a straight-line basis over the estimated remaining economic life of 80 years.
5. **Profit and Loss account.** The profit and loss reserve represents cumulative profits, net of dividends paid and other adjustments.
6. **Hedging Reserve.** The company has entered into derivative financial instruments to hedge exposure to floating interest rates.

Cash flow statement – as at 30 September 2025

		30 Sep 25 Unaudited		30 Sep 24 Unaudited	
	Note	£'000	£'000	£'000	£'000
Cash inflow from operating activities			46,143		29,125
Corporation tax paid			-		-
Net cash inflow from operating activities	(a)		46,143		29,125
Cash flows from investing activities					
Purchase of intangible fixed assets		(76)		(7,404)	
Purchase of tangible fixed assets		(19,376)		(20,233)	
Proceeds from sale of tangible fixed assets		302		647	
Interest received		963		681	
Contributions and grants received		4,368		3,584	
Net cash outflow from investing activities			(13,819)		(22,725)
Cash flows from financing activities					
Interest paid		(8,592)		(8,705)	
Equity dividends paid		(1,838)		(5,000)	
Net cash inflow from financing activities			(10,430)		(13,705)
Increase/(decrease) in cash	(b)		21,894		(7,305)
Cash and cash equivalents at the beginning of the period			15,506		21,155
Cash and cash equivalents at the end of the period			37,400		13,850

Purchase of intangible and tangible fixed assets related to the cash paid out in the period in relation to fixed asset additions.

Notes to the cash flow statement

(a) Reconciliation of operating profit to net cash inflow from operating activities

	30 Sep 25 Unaudited £'000	£'000	30 Sep 24 Unaudited £'000	£'000
Total operating profit (after exceptional items)		22,963		15,694
Depreciation	17,168		14,485	
Amortisation	657		559	
Amortisation of capital contributions	(2,344)		(1,764)	
Profit on disposal of tangible fixed assets	(183)		(389)	
		15,298		12,891
Decrease/(increase) in stocks	65		(2)	
(Increase) in debtors	(8,512)		(8,760)	
Increase in creditors	16,329		9,302	
Cash inflow/(outflow) from operating activities		7,882		540
Corporation tax paid		-		-
Net cash inflow from operating activities		46,143		29,125

(b) Reconciliation of movement in net debt

	30 Sep 25 Unaudited £'000	30 Sep 24 Unaudited £'000
Increase/(decrease) in cash	21,894	(7,305)
Accrual of bank term loan issue costs (non-cash)	-	-
Bank term issue cost amortisation (non-cash)	(76)	(25)
Private placement issue cost (non-cash)	(3)	(3)
Movement on index-linked debt (non-cash)	(3,828)	(3,226)
Movement in derivatives (non-cash)	(336)	(460)
Decrease/(increase) in net debt in period	17,651	(11,019)
Net debt brought forward	(395,722)	(380,166)
Net debt carried forward	(378,071)	(391,185)

Notes to the cash flow statement (continued)

	Balance at 31 Mar 2025	Cash Flow	Non-Cash Movements	Balance at 30 September 2025
	£'000	£'000	£'000	£'000
Cash and cash equivalents	15,506	21,894	-	37,400
	15,506	21,894	-	37,400
Irredeemable debenture stock	(1,652)	33	(33)	(1,652)
Bank loans (net of issue costs)	(29,659)	2,193	(2,269)	(29,735)
Private placement loans (net of issue costs)	(79,926)	1,477	(1,480)	(79,929)
Index-linked debt (net of issue costs and including premium)	(300,475)	4,888	(8,715)	(304,302)
Derivatives	484	(333)	(4)	147
Net debt	(395,722)	30,152	(12,501)	(378,071)

Interest paid on the above borrowings have been shown in the interest paid within the cash flow.

It is noted that the covenant net debt value as opposed to the book net debt value is used by stakeholders, including investors, lenders and rating agencies, to monitor key financial metrics such as the net debt/RCV as shown above and below.

	30 Sep 25 Unaudited £'000	31 Mar 25 £'000	30 Sep 24 Unaudited £'000
Book net debt (as reported above)	(378,071)	(395,722)	(391,185)
Derivatives	(147)	(483)	(764)
Exclude book premium on issue of index-linked debt	11,097	11,295	11,490
Exclude unamortised issue costs	(1,731)	(1,834)	(1,593)
Exclude accrued interest	1,073	1,390	1,478
Net debt reported for borrowing covenants	(367,779)	(385,354)	(380,574)
Regulatory Capital Value	602,263	580,625	548,140
Covenant Net Debt/Regulatory Capital Value	61.1%	66.4%	69.4%

Notes to the financial statements

The interim results for the six months to 30 September 2025 have been prepared under FRS 102 and on the basis of accounting policies consistent with those adopted for the year ended 31 March 2025.

The interim financial information is unaudited and does not constitute statutory accounts as defined in section 44 of the Companies Act 2006. The balance sheet for the year to 31 March 2025 has been extracted from the latest published audited accounts, which have been filed with the Registrar of Companies and on which the report of the auditors was unqualified.

The tax charge is based on the estimated effective rate of tax, including deferred tax for the full year to 31 March 2026.

Copies of the interim report are available from our Registered Office (South Staffordshire Water PLC, Green Lane, Walsall, WS2 7PD) or from our website at: www.south-staffs-water.co.uk/publications/annual-reports.

Exceptional items

In the opinion of the Directors, the company separately presents certain items on the face of the profit and loss account as exceptional. Exceptional items are material items of income or expense that, because of their size or incidence, are presented separately to allow an understanding of the company's financial performance and comparison to the prior year. They are not expected to be incurred on a recurring basis.

In July 2022, South Staffordshire Plc, the parent company of South Staffordshire Water PLC (including the Cambridge Water and South Staffs Water operating areas), experienced a criminal cyber-attack. The incident involved the theft of data from the Group's IT systems including personal data of a proportion of South Staffordshire Water's customers and employees. The company classified the legal costs incurred during the year associated with this incident as exceptional in accordance with the company's accounting policy.

Contingent liability

In the annual report and accounts for the year ended 31 March 2025, a contingent liability relating to a potential penalty was referenced. This liability has now crystallised and in October 2025 £1.2 million has been settled.

Ultimate controlling party

The immediate parent company is SSW Finance Ltd, which is registered in England and Wales. The intermediate parent company is South Staffordshire Plc, which is registered in England and Wales and is the smallest group preparing consolidated accounts that include South Staffordshire Water. During the year, the ultimate parent company in the United Kingdom was Hydriades IV Limited, registered in England and Wales, which was the largest UK group preparing consolidated accounts that include South Staffordshire Water PLC at 31 March 2025. The consolidated accounts for Hydriades IV Limited can be obtained from the company's registered office, Green Lane, Walsall, West Midlands, WS2 7PD. The ultimate controlling party is AIP Holdings Limited, a company registered in England and Wales, which controls and manages and is the General Partner of a UK registered investment entity that acquired a majority equity interest of a holding company of the Group.

Post balance sheet events

On 27 November, an interim dividend of £4.18 million was approved after the end of the reporting period.



South Staffs Water



Cambridge Water

To help create a world where essential services and
infrastructure deliver for customers, clients and our planet

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