Annual Performance Report 2025-26
Financial Disclosures

In accordance with RAG 3.15 – Guideline for the format and disclosures of the annual performance report, the following accounting disclosures are provided:

Executive pay and performance

As of 31 March 2026, no director remuneration was paid directly by mua Water Limited.

Dividend policy for the appointed business

No dividends were declared or paid by mua Water Limited during the reporting year.

Revenue recognition

The Company recognises revenue in accordance with FRS 102 Section 23 and Ofwat's Regulatory Accounting Guidelines. Revenue from water and/or wastewater services is recognised as the services are provided to customers and the Company satisfies its performance obligations. Revenue is measured at the amount expected to be received, net of VAT and any trade discounts.

The Company has reviewed the revenue definitions required under the Regulatory Accounting Guidelines and has not identified any material differences from those applied in the statutory financial statements. Consequently, no adjustments are required to reconcile statutory revenue to RAG revenue definitions.

Capitalisation policy

Expenditure is capitalised where it creates or enhances an asset that will provide economic benefits for more than one year. Capitalised costs include directly attributable materials, contractor costs, labour and other expenditure incurred in bringing the asset into operational use.

Routine repairs and maintenance expenditure is charged to the profit and loss account as incurred. Expenditure that enhances the capacity, performance or useful life of an asset is capitalised.

Assets are transferred from assets under construction to operational fixed assets when they are commissioned and available for use.

Bad debt policy

Trade receivables are recognised initially at the transaction price and subsequently measured at amortised cost less any impairment provision.

The Company assesses receivables at each reporting date to determine whether there is objective evidence of impairment. A provision is recognised where there is an expectation that amounts due will not be fully recovered, taking into account the age of the debt, payment history, customer-specific circumstances and any other relevant information available.

Bad debt expense comprises specific provisions against identified balances together with any adjustments arising from the Company's assessment of expected recoverability. Debts are written off when all reasonable recovery actions have been exhausted and there is no realistic prospect of recovery.

The Company has reviewed the requirements of the Regulatory Accounting Guidelines and has not identified any material differences between the treatment of bad debts in the statutory financial statements and the Annual Performance Report.

Ringfencing certificate and Disclosure of information to auditors

In accordance with Condition P of the Instrument of Appointment, MUA Water certifies that it has maintained adequate financial, managerial, and operational resources to carry out its regulated duties, as confirmed in the certificate accompanying our annual performance report which is supported by our auditor's opinion.

Statement on differences between statutory and RAG definitions

The Annual Performance Report has been prepared in accordance with Ofwat's Regulatory Accounting Guidelines (RAGs). The Company has reviewed the definitions and accounting treatments applied in the APR against those used in the statutory financial statements prepared under FRS 102.

There are no material differences between the statutory and RAG definitions used in the preparation of the financial information reported in the APR. Revenue, operating expenditure, capital expenditure, assets and liabilities are recognised and measured on a basis consistent with the statutory financial statements.

The principal differences between the APR and the statutory financial statements relate to the presentation and disaggregation of information required by the RAGs for regulatory reporting purposes. No material adjustments have been made to the underlying financial information.

Long term viability statement

The directors consider it appropriate to prepare the financial statements on a going concern basis, given the continued financial support from Murphy Asset Services Limited, the Company's parent undertaking. Written confirmation has been received stating that Murphy Asset Services Limited intends to provide financial support to enable the Company to meet its liabilities as they fall due for at least 12 months following the approval of the financial statements.

In making their going concern assessment, the directors have evaluated the Company's expected cash flows, potential downside scenarios, and the level of financial support required. They have also considered Murphy Asset Services Limited's ability to meet its commitments if needed. Based on this assessment and the confirmed support from Murphy Asset Services Limited, along with any external financing available, the directors have a reasonable expectation that the Company has sufficient resources to continue operating for the foreseeable future. Therefore, the financial statements have been prepared on a going concern basis.

Statement on innovation competition

As a small NAV, MUA Water Limited did not participate in Ofwat's Innovation Fund during the reporting period. The Company remains committed to fostering innovation through the adoption of modern contracting models and collaboration with digital delivery partners. We will continue to explore opportunities to engage in sector-wide innovation initiatives as its customer-facing operations mature.

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Gregory Addison-Smyth
Managing Director
Mua Water Limited

30-Jun-26