

REGISTERED NUMBER: 11039542 (England and Wales)

**Group Strategic Report,
Report of the Directors and
Consolidated Financial Statements
for the Year Ended 31 December 2020
for
Everflow Holdings Limited**



Contents of the Consolidated Financial Statements
for the Year Ended 31 December 2020

	Page
Company Information	1
Group Strategic Report	2
Report of the Directors	5
Report of the Independent Auditors	7
Consolidated Profit and Loss Account	10
Consolidated Other Comprehensive Income	11
Consolidated Balance Sheet	12
Company Balance Sheet	13
Consolidated Statement of Changes in Equity	14
Company Statement of Changes in Equity	15
Consolidated Cash Flow Statement	16
Notes to the Consolidated Cash Flow Statement	17
Notes to the Consolidated Financial Statements	18

Everflow Holdings Limited
Company Information
for the Year Ended 31 December 2020

DIRECTORS:

J Gill
A E Straker
J D Cleave
P R Williams

REGISTERED OFFICE:

Unit 4 Suite 2
Wynyard Avenue
Wynyard
BILLINGHAM
TS22 5TB

REGISTERED NUMBER:

11039542 (England and Wales)

SENIOR STATUTORY AUDITOR: Kevin Shotton BA BFP FCA

AUDITORS:

Clive Owen LLP
Chartered Accountants
& Statutory Auditors
140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

**Group Strategic Report
for the Year Ended 31 December 2020**

The directors present their strategic report of the company and the group for the year ended 31 December 2020.

REVIEW OF BUSINESS

The directors are pleased with the performance of the business over the year to 31 December 2020. Turnover grew by 17% from £48.9m to £57.4m year on year as a result of the business' continued success in winning customers. The business achieved this growth despite the significant economic challenges posed by the Covid-19 pandemic, which resulted in a reduction in customer consumption and slowdown in demand through business closures. Headcount continues to grow as the business has further invested in staff throughout the pandemic, with average headcount growing from 45 to 66, with further recruitment taking place throughout 2021. Normalised EBITDA grew from £1.0m to £1.2m as a result of continued growth in the customer book. The loss before tax reflects the impact of Covid-19 on the business in the form of the exceptional bad debt charge of £1.0m, coupled with investment in the business to provide a platform for the next phase of growth.

The group managed liquidity effectively through the pandemic, with a resulting increase in year-end cash from £1.0m to £3.7m. During the year and post-year end, the group has, like the rest of the business community, had to contend with challenging trading conditions resulting from the global Covid-19 pandemic. The business was able to trade successfully through the pandemic, making use of banking facilities secured in early 2020 prior to the pandemic, as well as securing additional funding post-year end. The business is well-placed to continue to navigate the uncertain economic environment and to continue to grow and invest through the next year and beyond. The directors are confident in the continued prospects of the business, and anticipate a successful year in 2021.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors maintain a risk register to identify and manage the key risks for the business, which is reviewed on a quarterly basis to highlight changes that have occurred during the period, as well as to identify any new risks which affect the business' operations. The principal risks and uncertainties are as follows:

Regulatory risk - The business operates in a regulated environment, and is required to adhere to licence obligations and market codes, as well as wider regulations governing all businesses such as GDPR, competition and employment law. In order to manage this risk, the business has appointed experienced personnel with detailed knowledge of the requirements to comply with legislation. Detailed processes and policies ensure compliance with regulations is embedded within the business. The business also engages with third parties to supplement internal experience where it is deemed appropriate.

Trading risk - Key to the business' offering is maintaining high quality levels of service to retain customers and maintain strong relationships with other stakeholders. In order to manage this risk, the business monitors customer service performance on a regular basis, and has invested in additional resources and systems during the year to enhance the customer proposition.

Liquidity risk - The business' liquidity is dependent on managing the cash inflows from customers and cash outflows to wholesalers. The business has a prudent policy of ensuring sufficient reserves are in place to enable continued liquidity and timely payment in line with market credit terms. The Covid-19 pandemic has created liquidity challenges for the business' end customers, which has had a knock-on effect on cash inflows to the business. Additional processes and controls have been implemented to provide further visibility of cash in and outflows to effectively manage the business' liquidity. The business also engages regularly with lenders and investors to ensure that further liquidity is accessible if required.

Credit risk - The risk of customers failing to pay bills impacts on liquidity and profitability. All new customers are credit-checked, and the debt position is reviewed on a daily basis to identify concerns and escalate collection activities where appropriate.

Technology risk - The group's operations are wholly dependent on operational and billing systems to facilitate the delivery of service to customers. In order to reduce the risk of system issues impacting on customers, the business uses cloud-based technologies, as well as recruiting individuals into the group with significant expertise in developing and maintaining systems to reduce the risk to an acceptable level.

**Group Strategic Report
for the Year Ended 31 December 2020**

SECTION 172(1) STATEMENT

Section 172 of the Companies Act 2006 requires the directors of a company to act in a way they consider to be in good faith and would be most likely to promote the success of the company for the benefit of all of its members as a whole both in the current period and in the long term.

In discharging their duties above, the directors carefully consider, amongst other matters, the impact of their decisions on various stakeholder groups. The groups we consider in this regard are our employees, our customers, our suppliers and our shareholders as well as the wider community in which we operate. The directors recognise that building strong relationships with our stakeholders will help us to deliver our long-term strategy in line with our core values and operate the business in a sustainable way. We are committed to conducting business responsibly.

Employees

Directors receive information on various staff metrics. The directors are committed to promoting a healthy workforce comprising both physical and mental wellbeing. The directors keep staff informed of key issues through structured communication channels, ensure equal opportunities in the workplace and also provide training and development opportunities where they are considered of benefit to the Group and employees. Using the Group's recruitment and development strategies, the directors seek to attract and retain talented staff.

Customers

The directors and senior management commit considerable time, effort and resources into understanding and responding to the needs of our customers with a view to fostering long term mutually beneficial partnerships. We act to service our customers' needs to the highest standards and ensure appropriate processes are in place to mitigate and manage any disputes that may arise from time to time.

Suppliers

The directors have established Group procedures to ensure that external suppliers are individually verified to ensure they meet with the health and safety, regulatory and financial security standards required by the Group. The Group seeks to pay all suppliers any undisputed amounts due and that conform with the Group's billing requirements within agreed terms. The Group has established procedures for dispute resolution in a timely and fair manner.

Community and the environment

The Group takes its role within the sector very seriously and promotes and encourages community and charitable contribution. The Group also recognises the importance of its environmental responsibilities, its impact on the local environment and its compliance with any regulatory environmental standards. The Group seeks to implement policies aimed at reducing any potential detrimental environmental impact of its activities.

Shareholders

The directors endeavour to create value for our ultimate shareholders by ensuring the Group's performance remains strong as well as sustainable. The directors adhere to the Group's long term strategic plan when making operational decisions.

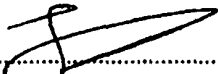
Everflow Holdings Limited

**Group Strategic Report
for the Year Ended 31 December 2020**

STREAMLINED ENERGY AND CARBON REPORTING

The Everflow Group has reviewed its energy usage for the reporting period in accordance with the requirements of the Streamlined Energy and Carbon Reporting standard. The Group has found its usage for the period to be below 44,000 kWh and so is not required to make full disclosure regarding its energy usage. The Group does consider its carbon footprint to be very important, and takes environmental matters seriously. As well as ensuring its office facilities are ran efficiently and in an environmentally friendly manner, the Group are also active in enhancing water efficiency in the wider water market itself via various initiatives.

ON BEHALF OF THE BOARD:


.....
J D Cleave - Director

Date: 2/1/21

**Report of the Directors
for the Year Ended 31 December 2020**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of the supply of water and sewerage services.

DIVIDENDS

The total distribution of dividends for the year ended 31 December 2020 will be £196,267.

FUTURE DEVELOPMENTS

Going forward, the business is focussed on continuing to win new customers within the water retail market, implementing new solutions to automate more of the customer journey and deliver service improvements to customers, and increasing market share within the water retail and billing solutions market. The directors expect that growth will continue in line with current performance.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

J Gill
A E Straker
J D Cleave

Other changes in directors holding office are as follows:

P R Williams - appointed 1 March 2020

GOING CONCERN

The directors have reviewed the Group's forecasts and projections in detail on a monthly basis throughout the Covid-19 pandemic to ensure adequate resources are available to continue in operational existence for the foreseeable future. Despite multiple lockdowns impacting a significant proportion of the UK-wide economy, the business has been able to operate within existing facilities throughout the pandemic, as well as securing additional investment in 2021, and based on current forecasts and the state of the wider economy moving into 2021 and beyond the directors are confident that the business will have sufficient resources to continue to trade. The company therefore continues to adopt the going concern basis in preparing its financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Everflow Holdings Limited

**Report of the Directors
for the Year Ended 31 December 2020**

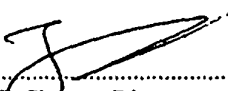
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Clive Owen LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:


.....
J D Cleave - Director

Date: 2/4/21

Report of the Independent Auditors to the Members of Everflow Holdings Limited

Opinion

We have audited the financial statements of Everflow Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Profit and Loss Account, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**Report of the Independent Auditors to the Members of
Everflow Holdings Limited**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

**Report of the Independent Auditors to the Members of
Everflow Holdings Limited**

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, to detect material misstatements in respect of irregularities, including fraud. Our audit must be alert to the risk of manipulation of the financial statements and seek to understand the incentives and opportunities for management to achieve this.

We undertake the following procedures to identify and respond to these risks of non-compliance:

- Understanding the key legal and regulatory frameworks that are applicable to the Company. We communicated identified laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit. We determined the most significant of these to be around OFWAT regulations, employment law, company law and taxation law.
- Enquiry of directors and management as to policies and procedures to ensure compliance and any known instances of non-compliance
- Review of board minutes and correspondence with regulators
- Enquiry of directors and management as to areas of the financial statements susceptible to fraud and how these risks are managed
- Challenging management on key estimates, assumptions and judgements made in the preparation of the financial statements. These key areas of uncertainty are disclosed in the accounting policies
- Identifying and testing unusual journal entries, with a particular focus on manual journal entries.

Through these procedures, we did not become aware of actual or suspected non-compliance.

We planned and performed our audit in accordance with auditing standards but owing to the inherent limitations of procedures required in these areas, there is an unavoidable risk that we may not have detected a material misstatement in the accounts. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve concealment, collusion, forgery, misrepresentations, or override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Clive Owen

Kevin Shotton BA BFP FCA (Senior Statutory Auditor)
for and on behalf of Clive Owen LLP
Chartered Accountants
& Statutory Auditors
140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

Date: 21/6/21

Everflow Holdings Limited (Registered number: 11039542)

Consolidated
Profit and Loss Account

for the Year Ended 31 December 2020

	Notes	2020 £	2019 £
TURNOVER		57,477,832	48,857,105
Cost of sales		(52,524,356)	(45,338,288)
GROSS PROFIT		4,953,476	3,518,817
Administrative expenses		(6,541,162)	(4,096,711)
		(1,587,686)	(577,894)
Other operating income		32,125	183,071
OPERATING LOSS	4	(1,555,561)	(394,823)
Interest receivable and similar income		58,165	33,345
		(1,497,396)	(361,478)
Interest payable and similar expenses	6	(784,830)	(358,442)
LOSS BEFORE TAXATION		(2,282,226)	(719,920)
Tax on loss	7	66,938	12,408
LOSS FOR THE FINANCIAL YEAR		(2,215,288)	(707,512)
Loss attributable to: Owners of the parent		(2,215,288)	(707,512)

The notes form part of these financial statements

Everflow Holdings Limited (Registered number: 11039542)

Consolidated
Other Comprehensive Income

for the Year Ended 31 December 2020

Notes	2020 £	2019 £
LOSS FOR THE YEAR	(2,215,288)	(707,512)
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(2,215,288)</u>	
Prior year adjustment		<u>417,682</u>
TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT		<u>(289,830)</u>
Total comprehensive income attributable to: Owners of the parent	<u>(2,215,288)</u>	<u>(289,830)</u>

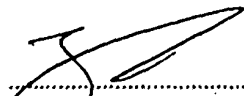
The notes form part of these financial statements

Everflow Holdings Limited (Registered number: 11039542)

Consolidated Balance Sheet
31 December 2020

	Notes	2020		2019	
		£	£	£	£
FIXED ASSETS					
Intangible assets	10		7,436,122		6,982,595
Tangible assets	11		66,406		44,876
Investments	12		-		-
			<u>7,502,528</u>		<u>7,027,471</u>
CURRENT ASSETS					
Debtors	13	14,098,006		11,439,472	
Cash at bank		<u>3,674,137</u>		<u>1,008,145</u>	
		17,772,143		12,447,617	
CREDITORS					
Amounts falling due within one year	14	<u>22,701,073</u>		<u>14,532,912</u>	
NET CURRENT LIABILITIES			<u>(4,928,930)</u>		<u>(2,085,295)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,573,598		4,942,176
CREDITORS					
Amounts falling due after more than one year	15		<u>2,895,303</u>		<u>2,852,326</u>
NET (LIABILITIES)/ASSETS			<u>(321,705)</u>		<u>2,089,850</u>
CAPITAL AND RESERVES					
Called up share capital	19		120		120
Share premium	20		3,712,630		3,712,630
Retained earnings	20		<u>(4,034,455)</u>		<u>(1,622,900)</u>
SHAREHOLDERS' FUNDS			<u>(321,705)</u>		<u>2,089,850</u>

The financial statements were approved by the Board of Directors and authorised for issue on 21/6/21 and were signed on its behalf by:


.....
J D Cleave - Director

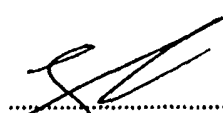
The notes form part of these financial statements

Everflow Holdings Limited (Registered number: 11039542)

Company Balance Sheet
31 December 2020

	Notes	2020		2019	
		£	£	£	£
FIXED ASSETS					
Intangible assets	10	-	-	-	-
Tangible assets	11	-	-	-	-
Investments	12	9,187,916		9,187,916	
			<u>9,187,916</u>		<u>9,187,916</u>
CURRENT ASSETS					
Debtors	13	65,100		70,954	
Cash at bank		45,793		275	
			<u>110,893</u>	<u>71,229</u>	
CREDITORS					
Amounts falling due within one year	14	3,011,261		2,500,890	
			<u>(2,900,368)</u>	<u>(2,429,661)</u>	
NET CURRENT LIABILITIES					
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>6,287,548</u>	<u>6,758,255</u>	
CREDITORS					
Amounts falling due after more than one year	15		2,895,303	2,852,326	
			<u>3,392,245</u>	<u>3,905,929</u>	
NET ASSETS					
CAPITAL AND RESERVES					
Called up share capital	19		120	120	
Share premium			3,712,630	3,712,630	
Retained earnings			(320,505)	193,179	
			<u>3,392,245</u>	<u>3,905,929</u>	
SHAREHOLDERS' FUNDS					
Company's (loss)/profit for the financial year					
			<u>(317,417)</u>	<u>445,639</u>	

The financial statements were approved by the Board of Directors and authorised for issue on 21/6/21 and were signed on its behalf by:


D Cleave - Director

The notes form part of these financial statements

Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2020

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2019	120	(1,064,338)	3,712,630	2,648,412
Prior year adjustment	-	417,682	-	417,682
As restated	<u>120</u>	<u>(646,656)</u>	<u>3,712,630</u>	<u>3,066,094</u>
Changes in equity				
Dividends	-	(268,732)	-	(268,732)
Total comprehensive income	-	(707,512)	-	(707,512)
Balance at 31 December 2019	<u>120</u>	<u>(1,622,900)</u>	<u>3,712,630</u>	<u>2,089,850</u>
Changes in equity				
Dividends	-	(196,267)	-	(196,267)
Total comprehensive income	-	(2,215,288)	-	(2,215,288)
Balance at 31 December 2020	<u><u>120</u></u>	<u><u>(4,034,455)</u></u>	<u><u>3,712,630</u></u>	<u><u>(321,705)</u></u>

Company Statement of Changes in Equity
for the Year Ended 31 December 2020

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2019	120	16,272	3,712,630	3,729,022
Changes in equity				
Dividends	-	(268,732)	-	(268,732)
Total comprehensive income	-	445,639	-	445,639
Balance at 31 December 2019	<u>120</u>	<u>193,179</u>	<u>3,712,630</u>	<u>3,905,929</u>
Changes in equity				
Dividends	-	(196,267)	-	(196,267)
Total comprehensive income	-	(317,417)	-	(317,417)
Balance at 31 December 2020	<u><u>120</u></u>	<u><u>(320,505)</u></u>	<u><u>3,712,630</u></u>	<u><u>3,392,245</u></u>

Everflow Holdings Limited (Registered number: 11039542)

Consolidated Cash Flow Statement
for the Year Ended 31 December 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	5,212,291	272,660
Interest paid		(214,335)	(358,442)
Taxation refund		109,815	-
Net cash from operating activities		<u>5,107,771</u>	<u>(85,782)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(2,872,962)	(1,541,566)
Purchase of tangible fixed assets		(52,963)	(34,836)
Interest received		58,165	33,311
Net cash from investing activities		<u>(2,867,760)</u>	<u>(1,543,091)</u>
Cash flows from financing activities			
Amount introduced by directors		622,248	70,080
Equity dividends paid		(196,267)	(268,732)
Net cash from financing activities		<u>425,981</u>	<u>(198,652)</u>
Increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of year	2	1,008,145	2,835,670
Cash and cash equivalents at end of year	2	<u><u>3,674,137</u></u>	<u><u>1,008,145</u></u>

The notes form part of these financial statements

Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2020

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020	2019
	£	£
Loss before taxation	(2,282,226)	(719,920)
Loss on disposal of fixed assets	-	15,149
Depreciation and amortisation charges	1,730,868	1,343,225
Finance costs	784,830	358,442
Finance income	(58,165)	(33,345)
	<u>175,307</u>	<u>963,551</u>
Increase in trade and other debtors	(2,701,411)	(2,803,026)
Increase in trade and other creditors	7,738,395	2,112,135
	<u>5,212,291</u>	<u>272,660</u>
Cash generated from operations	<u><u>5,212,291</u></u>	<u><u>272,660</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2020

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	<u>3,674,137</u>	<u>1,008,145</u>

Year ended 31 December 2019

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	<u>1,008,145</u>	<u>2,835,670</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.20	Cash flow	Other non-cash changes	At 31.12.20
	£	£	£	£
Net cash				
Cash at bank	<u>1,008,145</u>	<u>2,665,992</u>		<u>3,674,137</u>
	<u>1,008,145</u>	<u>2,665,992</u>		<u>3,674,137</u>
Debt				
Debts falling due after 1 year	<u>(2,852,326)</u>	<u>-</u>	<u>(42,977)</u>	<u>(2,895,303)</u>
	<u>(2,852,326)</u>	<u>-</u>	<u>(42,977)</u>	<u>(2,895,303)</u>
Total	<u><u>(1,844,181)</u></u>	<u><u>2,665,992</u></u>	<u><u>(42,977)</u></u>	<u><u>778,834</u></u>

**Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2020**

1. **STATUTORY INFORMATION**

Everflow Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

There were no material departures from that standard.

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same accounts.

Going concern

The directors have reviewed the company's forecasts and projections in detail on a monthly basis throughout the Covid-19 pandemic to ensure adequate resources are available to continue in operational existence for the foreseeable future. Despite multiple lockdowns impacting a significant proportion of the UK-wide economy, the business has been able to operate within existing facilities throughout the pandemic, and based on current forecasts and the state of the wider economy moving into 2021, the directors are confident that the business will have sufficient resources to continue to trade. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Basis of consolidation

The consolidated financial statements presents the results of the Group and it's own subsidiaries "the Group" as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initial recognised at their fair values at the acquisition date. The results of the acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control was obtained. They are deconsolidated on the date control ceases.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The basis of key estimates that management has considered in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Bad debt provision - Provisions are made against the group's trade debtors based on historical experience of recoverability. The estimates made could differ to the amount subsequently recovered from these debtors, which impacts on operating results.

Accrued income - The group recognises revenues based on unbilled volumes and charges at each period end, based on historical market data. The estimates made are based on cyclical meter reads which are not always coterminous with the year end. Where no billing history exists, estimates based on similar sized customers are utilised.

Intangible assets - The group tests the carrying value of intangible assets on an annual basis or more frequently where indicators of impairment exist. The group also reassesses the useful lives of the assets on a similar basis to ensure that these continue to reflect the period over which the economic benefits will flow to the group. Capitalised development costs are calculated based on the proportion of time spent directly developing the asset.

Customer acquisitions - Customer acquisition costs are capitalised as they are paid and are released to the profit and loss account in line with the contract length. On an annual basis the Directors review for any potential disposals due to customers leaving the contract early.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Income recognition

Income is recognised in the period water and sewerage services are supplied to the customer.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2017, is being amortised evenly over its estimated useful life of ten years.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Customer acquisitions are being amortised in line with the contract length to which they relate.

Computer software is being amortised evenly over its estimated useful life of ten years.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Long leasehold	- 20% on cost
Fixtures and fittings	- 25% on cost
Computer equipment	- 33% on cost and 25% on cost

Fixed assets are recognised at cost less accumulated depreciation and impairment.

Tangible fixed assets are included at cost less any accumulated depreciation and impairment.

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss. If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Government grants

Grants relating to revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

Financial instruments

Basic financial instruments are recognised at amortised cost with changes recognised in profit or loss.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Profit and Loss Account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

3. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	1,637,892	941,529
Social security costs	152,475	78,735
Other pension costs	31,701	17,008
	<u>1,822,068</u>	<u>1,037,272</u>

The average number of employees during the year was as follows:

	2020	2019
Directors	4	3
Staff	62	42
	<u>66</u>	<u>45</u>

	2020	2019
	£	£
Directors' remuneration	225,671	25,731
Directors' pension contributions to money purchase schemes	1,314	-
	<u>226,985</u>	<u>25,731</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>-</u>
------------------------	----------	----------

Information regarding the highest paid director for the year ended 31 December 2020 is as follows:

	2020
	£
Emoluments etc	110,054
Pension contributions to money purchase schemes	1,314
	<u>111,368</u>

4. OPERATING LOSS

The operating loss is stated after charging:

	2020	2019
	£	£
Hire of plant and machinery	528	222
Depreciation - owned assets	31,433	24,976
Loss on disposal of fixed assets	-	15,149
Goodwill amortisation	637,552	637,552
Customer acquisitions amortisation	953,120	628,886
Computer software amortisation	108,763	51,811
Auditors' remuneration	19,037	20,050
Auditors' remuneration for non-audit services	9,887	10,570
	<u>1,878,280</u>	<u>1,391,116</u>

Everflow Holdings Limited (Registered number: 11039542)

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

5. EXCEPTIONAL ITEMS

	2020 £	2019 £
Covid bad debts	(955,602)	-

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £	2019 £
Bank interest	216	-
Wholesaler interest	171,143	-
Loan interest	613,471	358,442
	<u>784,830</u>	<u>358,442</u>

7. TAXATION

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	2020 £	2019 £
Current tax:		
Prior year adjustment	(66,938)	(12,408)
Tax on loss	<u>(66,938)</u>	<u>(12,408)</u>

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £	2019 £
Loss before tax	<u>(2,282,226)</u>	<u>(719,920)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(433,623)	(136,785)
Effects of:		
Expenses not deductible for tax purposes	31,365	(92,587)
Depreciation in excess of capital allowances	137,706	67,789
Adjustments to tax charge in respect of previous periods	(66,938)	(12,408)
Prior year adjustment	-	79,360
Taxable losses in the year	<u>264,552</u>	<u>82,223</u>
Total tax credit	<u>(66,938)</u>	<u>(12,408)</u>

8. INDIVIDUAL PROFIT AND LOSS ACCOUNT

As permitted by Section 408 of the Companies Act 2006, the Profit and Loss Account of the parent company is not presented as part of these financial statements.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

9. **DIVIDENDS**

	2020	2019
	£	£
'A' Ordinary shares of 1p each Final	55,015	101,577
'B' Ordinary shares of 1p each Final	11,482	37,928
'C' Ordinary shares of 1p each Final	11,481	37,927
'D' Ordinary shares of 1p each Final	44,085	45,650
'E' Ordinary shares of 1p each Final	44,085	45,650
'H' Ordinary shares of 1p each Final	30,119	-
	<u>196,267</u>	<u>268,732</u>

10. **INTANGIBLE FIXED ASSETS**

Group

	Goodwill	Customer	Computer	Totals
	£	acquisitions	software	£
		£	£	
COST				
At 1 January 2020	6,375,524	2,270,320	697,768	9,343,612
Additions	-	1,409,930	743,032	2,152,962
	<u>6,375,524</u>	<u>3,680,250</u>	<u>1,440,800</u>	<u>11,496,574</u>
AMORTISATION				
At 1 January 2020	1,275,104	1,013,798	72,115	2,361,017
Amortisation for year	637,552	953,120	108,763	1,699,435
	<u>1,912,656</u>	<u>1,966,918</u>	<u>180,878</u>	<u>4,060,452</u>
NET BOOK VALUE				
At 31 December 2020	<u>4,462,868</u>	<u>1,713,332</u>	<u>1,259,922</u>	<u>7,436,122</u>
At 31 December 2019	<u>5,100,420</u>	<u>1,256,522</u>	<u>625,653</u>	<u>6,982,595</u>

Everflow Holdings Limited (Registered number: 11039542)

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

11. TANGIBLE FIXED ASSETS

Group

	Long leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 January 2020	1,120	-	65,121	66,241
Additions	-	2,192	50,771	52,963
	<u>1,120</u>	<u>2,192</u>	<u>115,892</u>	<u>119,204</u>
At 31 December 2020	1,120	2,192	115,892	119,204
DEPRECIATION				
At 1 January 2020	299	-	21,066	21,365
Charge for year	224	458	30,751	31,433
	<u>523</u>	<u>458</u>	<u>51,817</u>	<u>52,798</u>
At 31 December 2020	523	458	51,817	52,798
NET BOOK VALUE				
At 31 December 2020	<u>597</u>	<u>1,734</u>	<u>64,075</u>	<u>66,406</u>
At 31 December 2019	<u>821</u>	<u>-</u>	<u>44,055</u>	<u>44,876</u>

12. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 January 2020 and 31 December 2020	<u>9,187,916</u>
NET BOOK VALUE	
At 31 December 2020	<u>9,187,916</u>
At 31 December 2019	<u>9,187,916</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Everflow Limited

Registered office: Unit 4, Suite 2, Wynyard Avenue, Wynyard, Billingham, TS22 5TB

Nature of business: Water retailer

Class of shares:	%
Ordinary	holding 100.00

Everflow Holdings Limited (Registered number: 11039542)

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

12. **FIXED ASSET INVESTMENTS - continued**

Everflow Tech Limited

Registered office: Unit 4, Suite 2, Wynyard Avenue, Wynyard, Billingham, TS22 5TB
Nature of business: Supply of software to water industry

	%
Class of shares:	holding
Ordinary	100.00

Everflow Operations Limited

Registered office: Unit 4, Suite 2, Wynyard Avenue, Wynyard, Billingham, TS22 5TB
Nature of business: Reading of water meters

	%
Class of shares:	holding
Ordinary	100.00

13. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	4,813,922	3,305,199	-	-
Amounts owed by group undertakings	-	-	65,100	69,700
Other debtors	151,922	257,105	-	-
VAT debtor	498,002	425,234	-	1,254
Wholesale credit support	6,517,850	5,221,156	-	-
Prepayments and accrued income	2,116,310	2,230,778	-	-
	<u>14,098,006</u>	<u>11,439,472</u>	<u>65,100</u>	<u>70,954</u>

14. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	5,684,856	1,481,296	2,640	19,500
Amounts owed to group undertakings	-	-	1,660,963	1,657,958
Taxation and social security	75,597	27,872	10,910	-
Other creditors	1,230,505	865,129	-	720,000
Payments on account	2,973,488	1,084,835	-	-
Directors' current accounts	896,007	154,497	832,863	69,810
Accruals and deferred income	11,840,620	10,919,283	503,885	33,622
	<u>22,701,073</u>	<u>14,532,912</u>	<u>3,011,261</u>	<u>2,500,890</u>

15. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Other loans (see note 16)	<u>2,895,303</u>	<u>2,852,326</u>	<u>2,895,303</u>	<u>2,852,326</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

16. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Amounts falling due between two and five years:				
Other loans - 2-5 years	<u>2,895,303</u>	<u>2,852,326</u>	<u>2,895,303</u>	<u>2,852,326</u>

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group	Non-cancellable operating leases	
	2020	2019
	£	£
Within one year	60,755	58,454
Between one and five years	17,706	108,636
In more than five years	67,480	-
	<u>145,941</u>	<u>167,090</u>

18. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Other loans	<u>2,895,303</u>	<u>2,852,326</u>	<u>2,895,303</u>	<u>2,852,326</u>

The loan is secured by a fixed and floating charge over the assets of the main subsidiary company, Everflow Limited. The borrower also holds a warrant over one third of the share capital of the group.

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020	2019
			£	£
6,440	'A' Ordinary	1p	64	64
3,160	'B' Ordinary	1p	32	32
1,200	'C' Ordinary	1p	12	12
600	'D' Ordinary	1p	6	6
600	'E' Ordinary	1p	6	6
			<u>120</u>	<u>120</u>

All classes of share shall rank pari passu except on a return of capital on liquidation where the assets of the company, available for distribution among the members, shall be divided in line with the articles of association of the company.

Everflow Holdings Limited (Registered number: 11039542)

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

20. RESERVES

Group

	Retained earnings £	Share premium £	Totals £
At 1 January 2020	(1,622,900)	3,712,630	2,089,730
Deficit for the year	(2,215,288)		(2,215,288)
Dividends	(196,267)		(196,267)
	<u>(4,034,455)</u>	<u>3,712,630</u>	<u>(321,825)</u>
At 31 December 2020	<u>(4,034,455)</u>	<u>3,712,630</u>	<u>(321,825)</u>

Company

	Retained earnings £	Share premium £	Totals £
At 1 January 2020	193,179	3,712,630	3,905,809
Deficit for the year	(317,417)		(317,417)
Dividends	(196,267)		(196,267)
	<u>(320,505)</u>	<u>3,712,630</u>	<u>3,392,125</u>
At 31 December 2020	<u>(320,505)</u>	<u>3,712,630</u>	<u>3,392,125</u>

Retained earnings represent the accumulated profits and losses less distributions to shareholders since incorporation'

A share premium account has been recognised in respect to the excess in fair value above nominal value received for the shares sold.

21. OTHER FINANCIAL COMMITMENTS

There is a cross guarantee in place in relation to the Perwyn Advisors UK Limited loan held in Everflow Holdings Limited. The cross guarantee is between Everflow Holdings Limited, Everflow Limited, Everflow Operations Limited and Everflow Tech Limited. The loan is secured with a fixed and floating charge over the assets of the company. At the year end the loan balance outstanding was £2,895,303 (2019: £2,852,326).

22. RELATED PARTY DISCLOSURES

Only the Directors of the company are considered to be key management personnel. Details of Directors remuneration is shown in note 3.

The directors received dividends in aggregate on the same terms as the other shareholders, of £196,267 (2019 - £268,732).

Directors current accounts amount to:

A Straker - £826,003

J Gill - £43,543

J Cleave - £2,670

23. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is J Gill.