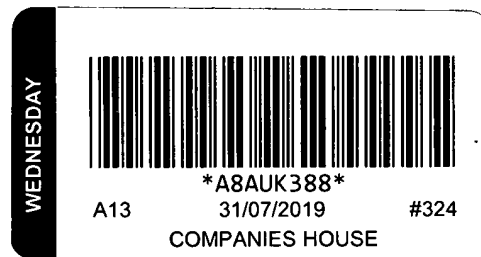


**REGISTERED NUMBER: 11039542 (England and Wales)**

**Group Strategic Report,  
Report of the Directors and  
Consolidated Financial Statements  
for the Period  
31 October 2017 to 31 December 2018  
for  
Everflow Holdings Limited**



**Contents of the Consolidated Financial Statements  
for the Period 31 October 2017 to 31 December 2018**

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**Everflow Holdings Limited**  
**Company Information**  
**for the Period 31 October 2017 to 31 December 2018**

**DIRECTORS:**

J Gill  
A E Straker  
J D Cleave

**REGISTERED OFFICE:**

Unit 4 Suite 2  
Wynyard Avenue  
Wynyard  
BILLINGHAM  
TS22 5TB

**REGISTERED NUMBER:**

11039542 (England and Wales)

**SENIOR STATUTORY AUDITOR:** Kevin Shotton BA FCA

**AUDITORS:**

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

## Everflow Holdings Limited

### Group Strategic Report for the Period 31 October 2017 to 31 December 2018

The directors present their strategic report of the company and the group for the period 31 October 2017 to 31 December 2018.

The company was set up to acquire the share capital of Everflow Limited. The activity in the consolidated accounts during the period represents the trade of this company since acquisition on 19 December 2017.

#### REVIEW OF BUSINESS

The directors are pleased with the exceptional performance of the business over the 14 months to 31 December 2018. Turnover of £32.0m was achieved as a result of the business' success in winning customers in the new English water retail market which opened on 1 April 2017. The high level of cost of sales (£30.5m) and gross profit (£1.5m) reflects the growth in customer numbers and supply points over the period. The group's average headcount sits at 15, reflecting the growth of the business, and headcount continued to rise into 2019. Administrative expenses of £2.3m increased throughout the period as a result of the increased headcount and growth of the business.

During the year, the group received investment from a private equity firm, which has enabled the business to continue to grow and strengthen its balance sheet. The balance sheet position at the end of the year, particularly the cash balance (£2.8m), debtors (£9.0m) and creditors (£15.3m), reflects the investment and growth in the period.

The directors are confident in the continued prospects of the business, and anticipate another successful year in 2019.

#### 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.

**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.

**Technology risk** - The business' 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 partnering with a third party with significant expertise in developing and maintaining systems to reduce the risk to an acceptable level.

#### ON BEHALF OF THE BOARD:



J D Cleave - Director

29 July 2019

## **Everflow Holdings Limited**

### **Report of the Directors for the Period 31 October 2017 to 31 December 2018**

The directors present their report with the financial statements of the company and the group for the period 31 October 2017 to 31 December 2018.

#### **INCORPORATION**

The group was incorporated on 31 October 2017.

#### **PRINCIPAL ACTIVITY**

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

#### **DIVIDENDS**

The total distribution of dividends for the period ended 31 December 2018 will be £198,213.

#### **FUTURE DEVELOPMENTS**

Going forward, the group is focussed on continuing to win new customers within the water retail market, as well as developing and fully integrating its in-house billing platform, Eclipse. The directors expect that growth will continue in line with current performance.

#### **DIRECTORS**

The directors who have held office during the period from 31 October 2017 to the date of this report are as follows:

J Gill - appointed 31 October 2017

A E Straker - appointed 31 October 2017

J D Cleave - appointed 24 January 2018

All the directors who are eligible offer themselves for election at the forthcoming first Annual General Meeting.

#### **GOING CONCERN**

After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. These forecasts demonstrate compliance with loan covenants so that long term facilities will remain in place. The group therefore continues to adopt the going concern basis in preparing its consolidated 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;
- 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.

#### **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.

**Everflow Holdings Limited**

**Report of the Directors  
for the Period 31 October 2017 to 31 December 2018**

**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

29 July 2019

**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 period ended 31 December 2018 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 2018 and of the group's loss for the period 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report 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 three, 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.

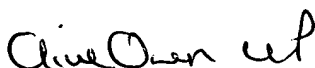
**Auditors' responsibilities for the audit of the financial statements**

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.

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](http://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.



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

29 July 2019

**Everflow Holdings Limited**  
**Consolidated Profit and Loss Account**  
**for the Period 31 October 2017 to 31 December 2018**

	Notes	£
<b>TURNOVER</b>		31,967,166
Cost of sales		<u>30,513,254</u>
<b>GROSS PROFIT</b>		1,453,912
Administrative expenses		<u>2,251,879</u>
<b>OPERATING LOSS</b>	4	(797,967)
Interest receivable and similar income		<u>35,650</u>
		(762,317)
Interest payable and similar expenses	5	<u>203,563</u>
<b>LOSS BEFORE TAXATION</b>		(965,880)
Tax on loss	6	<u>(99,755)</u>
<b>LOSS FOR THE FINANCIAL PERIOD</b>		<u><u>(866,125)</u></u>
Loss attributable to: Owners of the parent		<u><u>(866,125)</u></u>

The notes form part of these financial statements

**Everflow Holdings Limited**

**Consolidated Other Comprehensive Income  
for the Period 31 October 2017 to 31 December 2018**

	Notes	£
<b>LOSS FOR THE PERIOD</b>		(866,125)
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u><u>(866,125)</u></u>
Total comprehensive income attributable to: Owners of the parent		<u><u>(866,125)</u></u>


The notes form part of these financial statements

Everflow Holdings Limited (Registered number: 11039542)

Consolidated Balance Sheet  
31 December 2018

	Notes	£	£
<b>FIXED ASSETS</b>			
Intangible assets	9		6,077,570
Tangible assets	10		50,165
Investments	11		-
			<u>6,127,735</u>
<b>CURRENT ASSETS</b>			
Debtors	12	8,988,030	
Cash at bank		<u>2,835,670</u>	
		11,823,700	
<b>CREDITORS</b>			
Amounts falling due within one year	13	<u>12,493,675</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(669,975)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			5,457,760
<b>CREDITORS</b>			
Amounts falling due after more than one year	14		<u>2,809,348</u>
<b>NET ASSETS</b>			<u><u>2,648,412</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19		120
Share premium	20		3,712,630
Retained earnings	20		<u>(1,064,338)</u>
<b>SHAREHOLDERS' FUNDS</b>			<u><u>2,648,412</u></u>

The financial statements were approved by the Board of Directors on 29 July 2019 and were signed on its behalf by:

  
JD Cleave - Director

The notes form part of these financial statements

Everflow Holdings Limited (Registered number: 11039542)

Company Balance Sheet  
31 December 2018

	Notes	£	£
<b>FIXED ASSETS</b>			
Intangible assets	9		-
Tangible assets	10		-
Investments	11		6,187,916
			<u>6,187,916</u>
<b>CURRENT ASSETS</b>			
Debtors	12	1,235	
Cash at bank		20	
		<u>1,255</u>	
<b>CREDITORS</b>			
Amounts falling due within one year	13	2,460,149	
		<u>2,460,149</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(2,458,894)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>3,729,022</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19		120
Share premium	20		3,712,630
Retained earnings	20		16,272
			<u>3,729,022</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>3,729,022</u>
Company's profit for the financial year			<u>214,485</u>

The financial statements were approved by the Board of Directors on 29 July 2019 and were signed on its behalf by:

  
J D Cleave - Director

The notes form part of these financial statements

**Everflow Holdings Limited**

**Consolidated Statement of Changes in Equity  
for the Period 31 October 2017 to 31 December 2018**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
<b>Changes in equity</b>				
Issue of share capital	120	-	3,712,630	3,712,750
Dividends	-	(198,213)	-	(198,213)
Total comprehensive income	-	(866,125)	-	(866,125)
<b>Balance at 31 December 2018</b>	<u>120</u>	<u>(1,064,338)</u>	<u>3,712,630</u>	<u>2,648,412</u>

The notes form part of these financial statements

**Everflow Holdings Limited**

**Company Statement of Changes in Equity  
for the Period 31 October 2017 to 31 December 2018**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
<b>Changes in equity</b>				
Issue of share capital	120	-	3,712,630	3,712,750
Dividends	-	(198,213)	-	(198,213)
Total comprehensive income	-	214,485	-	214,485
<b>Balance at 31 December 2018</b>	<u>120</u>	<u>16,272</u>	<u>3,712,630</u>	<u>3,729,022</u>

The notes form part of these financial statements

**Everflow Holdings Limited**

**Consolidated Cash Flow Statement  
for the Period 31 October 2017 to 31 December 2018**

	Notes	£
<b>Cash flows from operating activities</b>		
Cash generated from operations	1	2,597,283
Interest paid		(203,563)
		<hr/>
Net cash from operating activities		2,393,720
		<hr/>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets		(359,902)
Purchase of tangible fixed assets		(62,142)
Purchase of goodwill		(1,843,094)
Interest received		35,650
		<hr/>
Net cash from investing activities		(2,229,488)
		<hr/>
<b>Cash flows from financing activities</b>		
New loans in year		2,785,114
Amount introduced by directors		84,417
Share issue		120
Equity dividends paid		(198,213)
		<hr/>
Net cash from financing activities		2,671,438
		<hr/>
<b>Increase in cash and cash equivalents</b>		<b>2,835,670</b>
<b>Cash and cash equivalents at beginning of period</b>	2	-
		<hr/>
<b>Cash and cash equivalents at end of period</b>	2	<b>2,835,670</b>
		<hr/> <hr/>

The notes form part of these financial statements

**Everflow Holdings Limited**

**Notes to the Consolidated Cash Flow Statement  
for the Period 31 October 2017 to 31 December 2018**

<b>1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS</b>	
	£
Loss before taxation	(965,880)
Depreciation charges	669,833
Bank fees	24,234
Finance costs	203,563
Finance income	(35,650)
	<hr/>
	(103,900)
Increase in trade and other debtors	(8,886,487)
Increase in trade and other creditors	11,587,670
	<hr/>
<b>Cash generated from operations</b>	<b>2,597,283</b>
	<hr/> <hr/>

**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:

**Period ended 31 December 2018**

	31.12.18	31.10.17
	£	£
Cash and cash equivalents	2,835,670	-
	<hr/> <hr/>	<hr/> <hr/>

The notes form part of these financial statements

## Everflow Holdings Limited

### Notes to the Consolidated Financial Statements for the Period 31 October 2017 to 31 December 2018

#### 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.

After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. These forecasts demonstrate compliance with loan covenants so that long term facilities will remain in place. The group therefore continues to adopt the going concern basis in preparing its consolidated 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.

## Everflow Holdings Limited

### Notes to the Consolidated Financial Statements - continued for the Period 31 October 2017 to 31 December 2018

#### 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 company'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 company 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.

##### 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.

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

##### 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
Computer equipment	- 33% on cost and 25% on cost

##### Financial instruments

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

Everflow Holdings Limited

Notes to the Consolidated Financial Statements - continued  
for the Period 31 October 2017 to 31 December 2018

2. ACCOUNTING POLICIES - continued

**Taxation**

Taxation for the period 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 period 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.

**Hire purchase and 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.

**Investments**

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

3. EMPLOYEES AND DIRECTORS

	£
Wages and salaries	480,986
Social security costs	58,417
Other pension costs	5,151
	<hr/>
	544,554
	<hr/> <hr/>

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

Directors	3
Staff	12
	<hr/>
	15
	<hr/> <hr/>
	£
Directors' remuneration	44,764
	<hr/> <hr/>

**Everflow Holdings Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Period 31 October 2017 to 31 December 2018**

**4. OPERATING LOSS**

The operating loss is stated after charging:

	£
Hire of plant and machinery	223
Depreciation - owned assets	11,977
Goodwill amortisation	637,552
Computer software amortisation	20,304
Auditors' remuneration	9,884
Auditors' remuneration for non-audit services	14,400
	<u>14,400</u>

**5. INTEREST PAYABLE AND SIMILAR EXPENSES**

	£
Loan interest	203,563
	<u>203,563</u>

**6. TAXATION**

**Analysis of the tax credit**

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

	£
Deferred tax	(99,755)
Tax on loss	(99,755)
	<u>(99,755)</u>

**Reconciliation of total tax credit included in profit and loss**

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

	£
Loss before tax	(965,880)
Loss multiplied by the standard rate of corporation tax in the UK of 19%	(183,517)
Effects of:	
Expenses not deductible for tax purposes	122,333
Capital allowances in excess of depreciation	(38,571)
Total tax credit	<u>(99,755)</u>

**7. INDIVIDUAL PROFIT AND LOSS ACCOUNT**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

**Everflow Holdings Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Period 31 October 2017 to 31 December 2018**

**8. DIVIDENDS**

	£
'A' Ordinary shares of 1p each Final	76,182
'B' Ordinary shares of 1p each Final	28,444
'C' Ordinary shares of 1p each Final	34,238
'D' Ordinary shares of 1p each Final	25,111
'E' Ordinary shares of 1p each Final	34,238
	<u>198,213</u>

**9. INTANGIBLE FIXED ASSETS**

**Group**

	Goodwill £	Computer software £	Totals £
<b>COST</b>			
Additions	6,375,524	359,902	6,735,426
At 31 December 2018	<u>6,375,524</u>	<u>359,902</u>	<u>6,735,426</u>
<b>AMORTISATION</b>			
Amortisation for period	637,552	20,304	657,856
At 31 December 2018	<u>637,552</u>	<u>20,304</u>	<u>657,856</u>
<b>NET BOOK VALUE</b>			
At 31 December 2018	<u>5,737,972</u>	<u>339,598</u>	<u>6,077,570</u>

**10. TANGIBLE FIXED ASSETS**

**Group**

	Long leasehold £	Computer equipment £	Totals £
<b>COST</b>			
Additions	1,120	61,022	62,142
At 31 December 2018	<u>1,120</u>	<u>61,022</u>	<u>62,142</u>
<b>DEPRECIATION</b>			
Charge for period	75	11,902	11,977
At 31 December 2018	<u>75</u>	<u>11,902</u>	<u>11,977</u>
<b>NET BOOK VALUE</b>			
At 31 December 2018	<u>1,045</u>	<u>49,120</u>	<u>50,165</u>

**Everflow Holdings Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Period 31 October 2017 to 31 December 2018**

**11. FIXED ASSET INVESTMENTS**

**Company**

	Shares in group undertakings £
<b>COST</b>	
Additions	6,187,916
At 31 December 2018	6,187,916
<b>NET BOOK VALUE</b>	
At 31 December 2018	6,187,916

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

	Group £	Company £
Trade debtors	2,575,205	-
Other debtors	187,740	1,235
VAT debtor	302,426	-
Wholesale credit support	3,824,062	-
Prepayments and accrued income	2,098,597	-
	8,988,030	1,235

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

	Group £	Company £
Trade creditors	3,082,340	-
Amounts owed to group undertakings	-	1,640,149
Taxation and social security	11,874	-
Other creditors	947,986	820,000
Payments on account	995,413	-
Directors' current accounts	84,417	-
Accruals and deferred income	7,371,645	-
	12,493,675	2,460,149

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

	Group £
Other loans (see note 15)	2,809,348

**Everflow Holdings Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Period 31 October 2017 to 31 December 2018**

**15. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group £</b>
Amounts falling due between two and five years:	
Other loans - 2-5 years	<u>2,809,348</u>

**16. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

<b>Group</b>	<b>Non- cancellable operating leases £</b>
Within one year	33,500
Between one and five years	100,500
In more than five years	<u>25,125</u>
	<u>159,125</u>

**17. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>Group £</b>
Other loans	<u>2,809,348</u>

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

**Everflow Holdings Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Period 31 October 2017 to 31 December 2018**

**18. FINANCIAL INSTRUMENTS**

	2018 £
Financial assets	
Measured at amortised cost	11,421,519
	<u>11,421,519</u>
Financial liabilities	
Measured at amortised cost	15,206,732
	<u>15,206,732</u>

The following items are included in financial assets; cash at bank, trade debtors, other debtors, wholesale credit support and prepayments and accrued income.

The following items are included in financial liabilities; trade creditors, other creditors, payments on account and accruals and deferred income and other loans.

**19. CALLED UP SHARE CAPITAL**

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

All shares have full voting rights, full dividend rights and are non-redeemable.

**20. RESERVES**

Group	Retained earnings £	Share premium £	Totals £
Deficit for the period	(866,125)		(866,125)
Dividends	(198,213)		(198,213)
Share for share exchange	-	3,712,630	3,712,630
At 31 December 2018	<u>(1,064,338)</u>	<u>3,712,630</u>	<u>2,648,292</u>

**Everflow Holdings Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Period 31 October 2017 to 31 December 2018**

**20. RESERVES - continued**

**Company**

	Retained earnings £	Share premium £	Totals £
Profit for the period	214,485		214,485
Dividends	(198,213)		(198,213)
Share for share exchange	-	3,712,630	3,712,630
	16,272	3,712,630	3,728,902
At 31 December 2018	16,272	3,712,630	3,728,902

**21. RELATED PARTY DISCLOSURES**

**Other related parties**

	£
Loan interest	203,563
Amount due to related party	2,809,348
	2,809,348

**Entities where a Director has control**

	£
Purchases	28,519
Amount due from related party	584
	29,103

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