

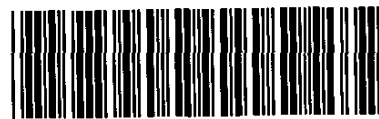
Three Sixty Water Services Limited

Annual Report and unaudited Financial Statements

Registered number 05612103

Year ended 31 March 2023

SATURDAY



ACHØI5ZS

A17

25/11/2023

#44

COMPANIES HOUSE

Contents

Directors and advisers	1
Director's report	2
Director's responsibilities statement	3
Profit and loss account	5
Balance sheet	6
Statement of changes in equity	7
Notes to the unaudited Financial Statements	8

Directors and advisers

Directors

C I Johns (resigned 28 February 2023)
P S Inman (appointed 1 March 2023)

Company secretary

K O H Smith

Registered office

Western House
Halifax Road
Bradford
BD6 2SZ

Bankers

National Westminster Bank PLC
Leeds City Office
8 Park Row
Leeds
LS1 5HD

Director's report

The director presents the Annual Report and unaudited Financial Statements of Three Sixty Water Services Limited (the company) for the year ended 31 March 2023.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Principal activities and review of business developments

Following the sale of the Yorkshire Water non-household customer base in September 2019 to Scottish Water Business Stream Limited, costs were incurred by the company under the terms of a Transitional Services Agreement which has now ended. There has been no revenue generated by the company and the company's trading activities have now ceased. The director intends to seek to wind up the company in the future.

Results and dividends

The operating profit for the financial year was £11,000 (2022: £1,000 profit). The loss for the financial year is £50,000 (2022: £3,000 loss). The loss for the financial is primarily driven by loan interest charges following the wind down of operating activities.

The director is unable to recommend the payment of a dividend (2022: £nil).

Future developments

The company ceased to provide NHHR services from 31 March 2022.

Financial risk management

Risk management relating to the finance obligations of the company is managed as part of the overall financial risk management strategy of the Kelda group which manages its treasury operations on a group basis. Financial risk management is performed by Kelda group treasury department. This includes assessment and mitigation of price risk, credit risk, liquidity risk and interest rate cash flow risk. The group's treasury management policies and operations are discussed in Kelda Holdings Limited's Annual Report and Financial Statements (which does not form part of this report).

Going concern

Notwithstanding the loss for the year and net liabilities of the company, the director believes that preparing the Financial Statements on the going concern basis is appropriate given the interdependencies between the company and Yorkshire Water. The company was created to provide services to the NHHR sector. The company is part of the Kelda Holdings Limited group (Kelda group).

The Kelda group's available combination of cash and committed undrawn facilities totalling £729.6m at 31 March 2023 (2022: £745.0m), comprising £419.0m (2022: £693.0m) undrawn committed facilities and £310.6m (2022: £52.0m) of cash and cash equivalents. In addition, the directors have considered the business plan and the cash position of Yorkshire Water Services Limited (Yorkshire Water), as the main subsidiary of the Kelda group, and concluded that the Kelda group is well placed to manage its business risks successfully and have a reasonable expectation that the Kelda group has adequate resources to continue in operational existence over a period of at least 12 months from the date of approval of the Financial Statements. In addition, Yorkshire Water has an indefinite licence to operate as a water and sewerage operator terminable with a 25-year notice period.

Director's report *(continued)*

Going concern *(continued)*

The directors believe that there are no material uncertainties that could cast significant doubt over the ability of the Kelda group to continue as a going concern, and therefore in turn the ability of the company to continue as a going concern. The directors have thus adopted the going concern basis of accounting in preparing the Financial Statements.

Directors

The directors of the company during the year and up to the date of signing these unaudited Financial Statements are listed on page 1.

Director's indemnities

As permitted by the Articles of Association, the director has the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

Director's responsibilities statement

The director is responsible for preparing the Annual Report and the unaudited 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 director has elected to prepare the Financial Statements in accordance with United Kingdom (UK) Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the director 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 of the profit or loss of the company for that period. In preparing these Financial Statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the unaudited Financial Statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Director's report *(continued)*

Director's responsibilities statement *(continued)*

The director states as follows:

- For the year ended 31 March 2023 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.
- No members have required the company to obtain an audit of its accounts for the year ended 31 March 2023 in accordance with section 476 of the Companies Act 2006.

The director acknowledges his responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

Approved by the director and signed by:



P S Inman
Director

27 July 2023

Profit and loss account

for the year ended 31 March 2023

	<i>Note</i>	2023 £'000	2022 £'000
Revenue	3	4	(13)
Administrative expenses		7	14
Operating profit		11	1
Interest payable and similar charges	6	(73)	(7)
Loss before taxation		(62)	(6)
Taxation	7	12	3
Loss for the financial year		(50)	(3)

There are no other items of comprehensive income or expenses in the current or prior year, therefore no separate statement of comprehensive income has been presented.

Balance sheet

as at 31 March 2023

	Note	2023 £'000	2022 £'000
Current assets			
Debtors	8	-	3
Cash and cash equivalents		-	11
		<u>-</u>	<u>14</u>
Creditors: amounts falling due within one year	9	(3,832)	(3,796)
		<u>(3,832)</u>	<u>(3,782)</u>
Net current liabilities		(3,832)	(3,782)
Net liabilities		(3,832)	(3,782)
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	11	(3,832)	(3,782)
		<u>(3,832)</u>	<u>(3,782)</u>
Total shareholders' deficit		(3,832)	(3,782)

The director states as follows:

- For the year ended 31 March 2023 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.
- No members have required the company to obtain an audit of its accounts for the year ended 31 March 2023 in accordance with section 476 of the Companies Act 2006.
- The director acknowledges his responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

These unaudited Financial Statements on pages 5 to 15 were approved by the director and authorised for issue on 27 July 2023 and were signed by:



P S Inman
Director

Company registered number: 05612103

Statement of changes in equity

for the year ended 31 March 2023

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' deficit £'000
Balance at 1 April 2022	-	(3,782)	(3,782)
Loss for the financial year	-	(50)	(50)
Total comprehensive expense for the year	-	(50)	(50)
Balance at 31 March 2023	-	(3,832)	(3,832)

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' deficit £'000
Balance at 1 April 2021	-	(3,779)	(3,779)
Loss for the financial year	-	(3)	(3)
Total comprehensive expense for the year	-	(3)	(3)
Balance at 31 March 2022	-	(3,782)	(3,782)

Notes to the unaudited Financial Statements

1 Accounting policies

The company is a private company limited by shares, incorporated in the UK under the Companies Act 2006, registered in England and Wales, and resident for tax in the UK.

These unaudited Financial Statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006 as applicable to companies using FRS 101. The presentation currency of these Financial Statements is £ sterling.

In preparing these Financial Statements, the company applies the recognition, measurement, and disclosure requirements of International Financial Reporting Standards (IFRS) as issued by the IASB but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Kelda Eurobond Co Limited, a parent company incorporated in England and Wales, includes the company in its consolidated Financial Statements. The consolidated Financial Statements of Kelda Eurobond Co Limited are prepared in accordance with IFRS and are available to the public and may be obtained from Western House, Halifax Road, Bradford, BD6 2SZ.

In these unaudited Financial Statements, the company, as a qualifying entity, has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with wholly-owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of key management personnel.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these unaudited Financial Statements.

Measurement convention

The unaudited Financial Statements are prepared on the historical cost basis.

Notes to the unaudited Financial Statements *(continued)*

1 Accounting policies *(continued)*

Going concern

Notwithstanding the loss for the year and net liabilities of the company, the director believes that preparing the Financial Statements on the going concern basis is appropriate given the interdependencies between the company and Yorkshire Water. The company was created to provide services to the NHHR sector. The company is part of the Kelda Holdings Limited group (Kelda group).

The Kelda group's available combination of cash and committed undrawn facilities totalling £729.6m at 31 March 2023 (2022: £745.0m), comprising £419.0m (2022: £693.0m) undrawn committed facilities and £310.6m (2022: £52.0m) of cash and cash equivalents. In addition, the directors have considered the business plan and the cash position of Yorkshire Water Services Limited (Yorkshire Water), as the main subsidiary of the Kelda group, and concluded that the Kelda group is well placed to manage its business risks successfully and have a reasonable expectation that the Kelda group has adequate resources to continue in operational existence over a period of at least 12 months from the date of approval of the Financial Statements. In addition, Yorkshire Water has an indefinite licence to operate as a water and sewerage operator terminable with a 25-year notice period.

The directors believe that there are no material uncertainties that could cast significant doubt over the ability of the Kelda group to continue as a going concern, and therefore in turn the ability of the company to continue as a going concern. The directors have thus adopted the going concern basis of accounting in preparing the Financial Statements.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes to the unaudited Financial Statements *(continued)*

1 Accounting policies *(continued)*

Impairment excluding deferred tax assets

Financial assets (including trade, intercompany and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between the carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the profit and loss account.

Non-financial assets

The carrying amounts of the company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Revenue

Revenue, which is stated net of value added tax, represents the value of billing services supplied to third parties and arises wholly within the UK. Revenue is recognised when the performance obligations have been discharged to the customer with respect to these services, and the amounts receivable in respect of these services are deemed probable of collection.

Interest payable

Interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Notes to the unaudited Financial Statements *(continued)*

1 Accounting policies *(continued)*

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income or expense, in which case it is recognised directly in equity or other comprehensive income or expense.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of Financial Statements under FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. There were no such areas of judgement or estimation uncertainty deemed significant in these unaudited Financial Statements.

3 Revenue

	2023	2022
	£'000	£'000
Rendering of services	4	(13)

All of the company's revenue is derived in the UK.

4 Staff costs

The company did not have any employees during the year (2022: nil).

Notes to the unaudited Financial Statements *(continued)*

5 Director's remuneration

No directors received remuneration from the immediate parent company, Three Sixty Water Limited (2022: one). Amounts in the prior year were not considered practical to allocate between services provided in the capacity of director of another company, Three Sixty Water Services Limited. C I Johns and P S Inman were remunerated by another group company and those emoluments are shown in the Financial Statements of that company. No remuneration was received for any services to the company.

	2023 £'000	2022 £'000
Emoluments	-	219
Compensation for loss of office	-	182
Amounts receivable under long-term incentive schemes	-	30
	<u>-</u>	<u>431</u>

	Number of directors	
	2023	2022
The number of directors who:		
Are members of a defined benefit pension scheme	-	1
	<u>-</u>	<u>1</u>

6 Interest payable and similar charges

	2023 £'000	2022 £'000
Amounts payable to group undertakings	<u>73</u>	<u>7</u>

7 Taxation

Total tax credit recognised in the profit and loss account

	2023 £'000	2022 £'000
Current tax		
Current tax credit for the financial year	<u>(12)</u>	<u>(3)</u>

Notes to the unaudited Financial Statements *(continued)*

7 Taxation *(continued)*

The tax charge for the year is the same as (2022: lower than) the standard rate of corporation tax in the UK for the year ended 31 March 2023 of 19% (2022: 19%). The differences are explained below:

Reconciliation of effective tax rate

	2023 £'000	2022 £'000
Loss before taxation	(62)	(6)
Tax using the UK corporation tax rate of 19% (2022: 19%)	(12)	(1)
Effects of:		
Timing differences not recognised for deferred tax purposes	(11)	(2)
Gains/Rollover relief	11	-
Total tax credit included in the profit and loss account	(12)	(3)

The Provisional Collection of Taxes Act, enacted on 17 March 2020, set the corporation tax rate at 19% from 1 April 2020, the rate which has been used in preparing these Financial Statements.

The Finance Bill 2021, enacted on 24 May 2021 introduced an increase to the main rate of corporation tax to 25% from April 2023. As the company has no deferred tax balances, there would be no impact as a result of the future rate change.

8 Debtors

	2023 £'000	2022 £'000
Amounts owed by group undertakings	-	3

Amounts owed by group undertakings include £nil (2022: £3,000) for group relief. All amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Notes to the unaudited Financial Statements *(continued)*

9 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Trade creditors	-	3
Amounts owed to group undertakings	3,832	3,757
Taxation and social security	-	32
Accruals and deferred income	-	4
	<u>3,832</u>	<u>3,796</u>

Included within amounts owed to group undertakings, £3,792,000 (2022: £3,715,000) is owed to Three Sixty Water Limited. The loan has no contractual repayment date and is repayable on demand. However, the loan is not expected to be repaid within the next 12 months. With effect from 4 January 2022 the loan transitioned from bearing interest at three-month London Inter-Bank Offered Rate (LIBOR) to an economically equivalent Sterling Overnight Index Average (SONIA) based rate, until 1 March 2023 when interest ceased to be charged on the loan.

No interest is charged on the remaining balance owed by group undertakings which includes £40,000 (2022: £42,000) for intercompany trading. All amounts owed by group undertakings are unsecured and repayable on demand.

10 Deferred tax

The company has deferred tax assets not recognised (at the closing rate) of £14,000 due to fixed asset timing differences (2022: £28,000). There is sufficient uncertainty over the company having suitable taxable profits in the short term hence deferred tax has not been recognised on these amounts.

Notes to the unaudited Financial Statements *(continued)*

11 Capital and reserves

Called up share capital

	2023	2022
	£'000	£'000
Allotted, called up and fully paid		
1 Ordinary share of £1 (2022: 1 Ordinary share of £1)	-	-

	Authorised	Allotted, called up and fully paid	Authorised	Allotted, called up and fully paid
	2023	2023	2022	2022
	£	£	£	£
Ordinary shares of £1 each	1,000	1	1,000	1

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

The company did not pay any dividends during the year (2022: £nil)

The profit and loss account represents cumulative profits or losses, net of dividends paid.

12 Ultimate parent company and ultimate controlling party

The company's immediate parent undertaking is Three Sixty Water Limited, incorporated in England and Wales. The ultimate parent company is Kelda Holdings Limited, incorporated in Jersey and resident for tax in the UK. In the opinion of the director, there is no ultimate controlling party.

The largest group in which the results of the company are consolidated is that headed by Kelda Holdings Limited, the registered office of which is 47 Esplanade, St Helier, Jersey, JE1 0BD, Channel Islands. The smallest group in which they are consolidated is that headed by Kelda Eurobond Co Limited, the registered office of which is the same as that of the company. The consolidated Financial Statements of these groups are available to the public and may be obtained from the Company Secretary, Western House, Halifax Road, Bradford, West Yorkshire, BD6 2SZ.