

WAVE LTD
(REGISTERED NUMBER 06492265)

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE THIRTEEN MONTHS ENDED 31 MARCH 2017**

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WAVE LTD
Registered No. 06492265

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WAVE LTD
Registered No 06492265

Company Information

Directors

R A Boucher

A Donnelly

W P Young

S Hazon

M Parker

N J Watson

Registered office

Northumbria House
Abbey Road
Pity Me
Durham
DH1 5FJ

Independent Auditors

Deloitte LLP
Statutory Auditors
London, United Kingdom

WAVE LTD
Registered No 06492265

Strategic Report for the Thirteen Months Ended 31 March 2017

The directors of WAVE LTD ("the company") present their strategic report for the thirteen months ended 31 March 2017.

Review of the business

The company's net assets at 31 March 2017 were £2 (2016: £1)

On 23 March 2017 the company issued one Ordinary-B share to Northumbrian Water Group Limited (NWG) and subsequently on 31 August 2017 the company acquired Anglian Water Business (National) Limited and NWG Business Limited. This merger created a new retailer of water and wastewater services to non-household customers in England and Scotland.

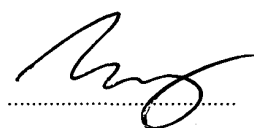
The company will continue to support the development of Anglian Water Business (National) Limited and NWG Business Limited in both existing and additional markets.

Given the straightforward nature of the business in the period, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development and performance of the business.

Principal risks and uncertainties

From the perspective of the company, the principal commercial risk facing the company is the opening of the non-household UK water industry to competition, which means there is competitive pressure to retain and attract new customers in the industry. There is also new organisational risk to combine the operations of the two separate businesses after the merger.

Approved by the Board on *22 January 2018* and signed on its behalf by:



W P Young

Director

Registered No. 06492265

Registered Office:
Northumbria House
Abbey Road
Pity Me
Durham
DH1 5FJ

WAVE LTD
Registered No 06492265

Directors' Report for the Thirteen Months Ended 31 March 2017

The directors present their report and the audited financial statements for the thirteen months ended 31 March 2017.

Directors

The directors who held office during the period and to the date of this report are set out below:

C T Russell (appointed 28 July 2016 and resigned 31 August 2017)
E A H Clarke (appointed 27 January 2016 and resigned 28 July 2016)
R A Boucher (appointed 31 August 2017)
A Donnelly (appointed 31 August 2017)
S Hazon (appointed 31 August 2017)
M Parker (appointed 31 August 2017)
N J Watson (appointed 31 August 2017)
W P Young (appointed 31 August 2017)

Principal activity

With the exception of the issue of one share on the 23 March 2017 to NWG, the company was previously dormant for the year. It has now been established as a holding company for a joint venture arrangement. Further details are provided in the post balance sheet section below.

Financial risk management

Objectives and policies

The policies and procedures of the company are governed by the policies of its ultimate shareholders. These are found in the financial statements of Anglian Water Group Limited and CK Hutchinson Holdings Limited (CKHH).

Price risk, credit risk, liquidity risk and cash flow risk

From the perspective of the company, the principal risks and uncertainties are set out in the Strategic Report.

Going concern

The directors have considered the cash flow forecast for a period of at least 12 months from the approval of these financial statements, and are satisfied that the company, taking into account reasonably possible changes in trading performance and current funds available, is able to operate for a period of at least twelve months from the signing of the annual report.

Directors' Report for the Thirteen Months Ended 31 March 2017

Post balance sheet events

On 23 March 2017, the company issued one Ordinary Share of £1.00 to NWG (which was subsequently re-designated as a B Share on 31 August 2017). Anglian Venture Holdings Limited (AVH) also held one Ordinary share of £1.00 as at this date (which was subsequently re-designated as an A Share on 31 August 2017).

On 31 August 2017, the company acquired Anglian Water Business (National) Limited (AWBN) and NWG Business Limited (NWGB). This created a new group providing retail water and wastewater services to non-household customers in England and Scotland.

The acquisitions were carried out via a share for share exchange. On 31 August 2017:

- an additional 15,660,000 A shares of £1.00 each in the capital of the company were allotted to AVH in consideration for (i) the transfer to the company of 424,830,000 Ordinary £0.10 shares in the capital of AWBN; (ii) the provision to the company of a £20m loan by AVH; and (iii) the provision to the company of a separate shareholder loan (£15,660,000) by AVH; and
- an additional 15,660,000 B shares of £1.00 each in capital of the company were allotted to NWG in consideration for (i) the transfer to the company of 30,813,076 Ordinary shares of £1.00 each in the capital of NWGB and (ii) the provision to the company of a shareholder loan (£15,660,000) by NWG.

Directors' Liabilities

The company maintains directors' and officers' liability insurance, which gives appropriate cover for legal action brought against its directors. The company has also provided an indemnity for its directors, which is a qualifying third party indemnity provision for the purpose of section 234(2)-234(6) of the Companies Act 2006. These were both in place throughout the period and up to the date of signing the financial statements.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware. This confirmation is given and should be interpreted with the provisions of s418 of the Companies Act.

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Directors' Report for the Thirteen Months Ended 31 March 2017

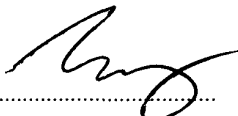
Reappointment of auditors

During the year, following a competitive tender process, the company appointed Deloitte LLP as its new external auditor with effect from 1st September 2016. The auditors Deloitte LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Change in accounting period

In consideration of changes to the principle activity of the company the accounting period has been changed to 31 March to align with the date of its parent undertakings.

Approved by the Board on *22 January 2018* and signed on its behalf by:


.....
W P Young
Director

Registered No. 06492265

Registered Office:
Northumbria House
Abbey Road
Pity Me
Durham
DH1 5FJ

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Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report 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), including FRS 101 "Reduced Disclosure Framework". 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 transactions and disclose with reasonable accuracy at any time the financial position of the company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Independent Auditor's Report to the Members of Wave Ltd

We have audited the financial statements of Wave Ltd for the thirteen months ended 31 March 2017, which comprise the *Statement of Comprehensive Income*, the *Balance Sheet*, the *Statement of Changes in Equity* and the related notes 1 to 6. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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 an auditor's report 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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 6), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors to the financial statements.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

WAVE LTD
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Independent Auditor's Report to the Members of Wave Ltd

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its result 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.

Opinion on other matter 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 Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

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

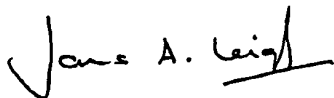
Matters on which we are required to report by exception

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Other matter

As the company was exempt from audit under section 480 of the Companies Act 2006 in the prior year we have not audited the corresponding amounts for that year.



James Leigh (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditors
London, United Kingdom

Date22 January 2018

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Statement of Comprehensive Income for the Thirteen Months Ended 31 March 2017

	2017	2016
	<u>£</u>	<u>(unaudited)</u> £
Turnover	<u>-</u>	<u>-</u>
Operating result	<u>-</u>	<u>-</u>
Result before tax	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>
Results for the financial year	<u><u>-</u></u>	<u><u>-</u></u>

The company has no recognised gains or losses for the year other than the results above and therefore no separate statement of comprehensive income has been presented.

The above results were derived from continuing operations.

WAVE LTD
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(Registration number: 06492265)

Balance Sheet as at 31 March 2017

	Note	2017	2016
			(unaudited)
		£	£
Trade and other receivables	3	2	1
Net Assets		<u>2</u>	<u>1</u>
Capital and reserves			
Called up share capital		2	1
		-	-
Total shareholders' funds		<u>2</u>	<u>1</u>

Approved by the Board on *22 January 2018* and signed on its behalf by:



W P Young
Director

Registered No. 06492265

WAVE LTD
Registered No 06492265

Statement of Changes in Equity for the Thirteen Months Ended 31 March 2017

	Called up share capital	Profit and loss account	Total shareholders' funds
	£	£	£
At 29 February 2016 (unaudited)	<u>1</u>	<u>-</u>	<u>1</u>
Profit for the financial period	-	-	-
Total comprehensive income	-	-	-
Issue of shares	<u>1</u>	<u>-</u>	<u>1</u>
As at 31 March 2017	<u><u>2</u></u>	<u><u>-</u></u>	<u><u>2</u></u>

	Called up share capital	Profit and loss account	Total shareholders' funds
	£	£	£
At 29 February 2015 (unaudited)	<u>1</u>	<u>-</u>	<u>1</u>
Profit for the financial year	-	-	-
Total comprehensive income	-	-	-
At 28 February 2016 (unaudited)	<u><u>1</u></u>	<u><u>-</u></u>	<u><u>1</u></u>

WAVE LTD
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Notes to the Financial Statements for the Thirteen Months Ended 31 March 17

1. General information

The company is a private company limited by share capital incorporated and domiciled in UK.

The address of its registered office is:

Northumbria House

Abbey Road

Pity Me

Durham

DH1 5FJ

2. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 (the Act). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The company is a qualifying entity for the purposes of FRS 101. Note 5 gives details of the Company's shareholders who operate joint control and from where their consolidated financial statements prepared in accordance with IFRS may be obtained.

The preparation of financial statements in conformity with 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. Given the straight forward nature of the company no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, have been identified by management.

The financial statements are prepared in accordance with the historical cost convention. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The functional currency of the company is pounds sterling.

Notes to the Financial Statements for the Thirteen Months Ended 31 March 17

Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows,
 - 16 (statement of compliance with all IFRS),
 - 38, (comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1)
 - 38A (requirement for minimum of two primary statements, including cash flow statements), and
 - 111 (cash flow statement information)
- IAS 7 "Statement of cash flows"
- Paragraph 30-31 of IAS 8 "Accounting policies, changes in accounting estimates and errors" (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- The requirements of IAS 24 "Related party disclosures" to disclose related party transactions entered into between two or more members of a group
- Paragraph 17 of IAS 24 "Related party disclosures" (key management compensation)

Going concern

The directors have considered the cash flow forecast for a period of at least 12 months from the approval of these financial statements, and are satisfied that the company, taking into account reasonably possible changes in trading performance and current funds available, is able to operate for a period of at least twelve months from the signing of the annual report.

New standards, amendments and interpretations

None of the standards, interpretations and amendments effective for the first time from 1 April 2016 have had a material effect on the financial statements.

Trade and other receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Trade and other receivables are amounts due from group undertakings or external customers, if collection is expected in one year or less then they are classified as current assets. If not, they are presented as non-current assets.

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Notes to the Financial Statements for the Thirteen Months Ended 31 March 17

3. Trade and other receivables

	2017	2016
	<u> </u>	<u>(unaudited)</u>
	£	£
Amounts owed by the parent undertakings	<u>2</u>	<u>1</u>

Amounts owed by the parent undertakings are repayable on demand and interest free.

4. Share capital

	2017	2016
	<u> </u>	<u>(unaudited)</u>
	£	£
Allotted, issued and fully paid:		
Ordinary shares of £1	<u>2</u>	<u>1</u>

5. Controlling shareholders

On 23 March 2017 the company issued one Ordinary-B share to NWG, a company registered in England and Wales. At 31 March 2017 the company's immediate parent undertakings were Anglian Venture Holdings Limited, a company registered in England and Wales and NWG.

The company's directors consider Anglian Water Group Limited, a company registered in Jersey, and CK Hutchinson Holdings Limited (CKHH), a company listed on the Hong Kong Stock Exchange to be the ultimate controlling shareholders of the company. Anglian Water Group Limited is itself owned by a consortium of investors consisting of the Canada Pension Plan Investment Board, Colonial First State Global Asset Management, Industry Funds Management and 3i. Copies of the Anglian Water Group Limited consolidated financial statements can be obtained from it's registered address at, Lancaster House, Ermine Business Park, Lancaster Way, Huntingdon, Cambridgeshire PE29 6XU. Copies of CKHH's group financial statements are available from <http://ckh.com.hk/en/ir/annual.php>

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Notes to the Financial Statements for the Thirteen Months Ended 31 March 17

6. Non-adjusting events after the financial period

On 23 March 2017 the company issued one Ordinary-B share to NWG and subsequently on 31 August 2017 the company acquired 100% of the ordinary shares of Anglian Water Business (National) Limited and 100% of the ordinary shares of NWG Business Limited. This merger created a new retailer of water and wastewater services to non-household customers in England and Scotland.

The acquisitions were carried out via a share for share exchange, at the 31 August 2017 15,660,000 Ordinary-A shares were allotted in consideration for (i) 424,830,000 Ordinary £0.10 shares in the capital of Anglian Water Business (National) Limited; (ii) the provision of £20m loan by the holder of the Ordinary-A shares to the company; and (iii) the provision of a separate shareholder loan (£15,660,000) by the holders of the Ordinary-A shares to the company. 15,660,000 Ordinary-B shares were allotted in consideration for (i) 30,813,076 £1.00 shares in the capital of NWG Business Limited; and provision of a shareholder loan (£15,660,000) by the holder of the Ordinary-B shares to the company.

The following table summarises the fair value of assets acquired and liabilities assumed as a result of the acquisitions of Anglian Water Business (National) Limited carried out on 31 August 2017.

	2017 (Provisional) £'000
Intangible assets	4,569
Property, plant and equipment	3,175
Trade debtors	73,020
Accrued income	39,044
Prepayments	15,746
Cash and cash equivalents	295
Trade creditors	(18,205)
Deferred income	(27,068)
Accruals	(11,869)
Other creditors	(835)
Loans	(34,703)
Total identifiable net assets at fair value	43,169
Goodwill arising on acquisition	8,151
Total consideration	51,320

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Satisfied by:	
Share for share exchange	15,660
Medium term loan	20,000
Shareholder loan	<u>15,660</u>
Total consideration transferred	51,320

Net cash outflow arising from acquisition

Cash paid	0
Less: cash and cash equivalents acquired	<u>(295)</u>
	(295)

The following table summarises the fair value of assets acquired and liabilities assumed as a result of the acquisitions of NWG Business Limited carried out on 31 August 2017.

	<u>2017</u> <u>(Provisional)</u> £'000
Intangible assets	2,984
Property, plant and equipment	4,412
Trade debtors	23,618
Accrued income	32,137
Prepayments	2,683
Cash and cash equivalents	894
Trade creditors	(42)
Deferred income	(2,267)
Accruals	(15,813)
Other creditors	(426)
Loans	<u>(19,225)</u>
Total identifiable net assets at fair value	28,955
Goodwill arising on acquisition	<u>2,365</u>
Total consideration	31,320

Satisfied by:	
Share for share exchange	15,660
Shareholder loan	<u>15,660</u>
Total consideration transferred	31,320

Net cash outflow arising from acquisition

Cash paid	0
Less: cash and cash equivalents acquired	<u>(894)</u>
	(894)

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Goodwill arising on the acquisitions relates to the expected synergies arising from combining the operations of the subsidiaries post-acquisition.