Annual Report and Financial Statements

Wave Ltd

For the Year Ended 31 March 2019

Registered number: 06492265

Contents

Company Information

Director	RA Boucher A Donnelly S Hazon M Parker NJ Watson WP Young
Registered number	06492265
Registered office	Northumbria House Abbey Road Pity Me Durham United Kingdom DH1 5FJ
Independent auditor	Deloitte LLP Statutory Auditor One Trinity Gardens Broad Chare Newcastle upon Tyne United Kingdom NE1 2HF

Strategic Report

For the Year Ended 31 March 2019

The Directors of Wave Ltd ("Wave" or "the Company") are pleased to present their Strategic report on the affairs of the Group (the Company and its subsidiaries - Anglian Water Business (National) Limited ("AWBN") and NWG Business Limited ("NWGB")), along with their Directors' report, the independent auditor's report and the audited financial statements for the year ended 31 March 2019.

Principal activity

The principal activities of the Group is retail services relating to the provision of water, sewerage and trade effluent services to non-household ("NHH") customers, together with advice on water efficiency and Value-Added Services (i.e. leakage detection and repair, water audits and benchmarking).

The Group has a growing customer base across England and Scotland, serving the full suite of business customers, from large industrial/commercial customers to Small and Medium sized Enterprises across both the public and private sectors.

Business review and Key Performance Indicators

A significant step was achieved on 31 August 2018 with the transfer of the trade and assets of NWGB into AWBN. This allows the Group to trade from one operating company and represents a further important step in the ongoing integration since the inception of the Group.

The Group continues to make solid progress in consolidating its market position whilst continuing to develop a strong service offering for customers. Growth in supply points across the Group was 1% (2018: 4%), more modest than prior year representing the strong competition seen following market opening. Whilst switching rates continue to increase in the market, Wave has continued to achieve net growth, (being the only one of the top 5 retailers to achieve this). Retention rates have fallen since prior year reflecting the increase in switching, but at 96% are considered very healthy.

Data quality and management continue to be a dominant theme in the market, with implications for all elements of our customer interactions. The Group has focused specifically on improvements in compliance with the market performance standards set out by Market Operator Services Limited ("MOSL") and has seen positive progress from 68% to 82% compliance between H1 and H2. In addition, work has been ongoing with wholesalers to improve the accuracy and timeliness of data flows to and from the market to improve the accuracy of billing, particularly around vacant properties.

Linked to the data issues above, the Group saw a build up in unresolved billing issues throughout the prior year and early this year, which in turn lead to an increase in the level of outstanding debtors. Concerted effort has been directed at resolving this, with clearance of the billing queries achieved in November and ongoing good progress at reducing the level of debtors.

During the year the Group has continued to see good improvements in the level of service provided to customers. Complaints have decreased from 65.3 per 10,000 customers to 53.5 and has now fallen below the market average of 62.3 demonstrating strong progress. Complaints escalated to CCWater have increased from 8.0 per 10,000 customers to 12.8, but remain below the market average of 13.1 per 10,000 customers.

Group revenue for the year ended 31 March 2019 was £547.0m (7 months to 31 March 2018: £306.5m). This reflects underlying growth in the number of supply points since the creation of the Group in August 2017, together with an improvement in the value per supply point.

Operating cost (cost of sales and administrative expenses) totalled £546.9m (7 months to 31 March 2018: £306.7m) giving a profit before interest of £0.2m (7 months to 31 March 2018: £0.2m loss). The year on year improvement reflects the progress made with the Group's integration and continued stabilisation since the creation of the business and the opening of the NHH market.

Net interest payable was £3.7m (7 months to 31 March 2018: £2.6m), giving the Group a loss before taxation for the year ended 31 March 2019 of £3.5m (7 months to 31 March 2018: £2.8m).

Business review and Key Performance Indicators (continued)
Wave uses a balanced scorecard of Key Performance Indicators (KPIs) to monitor and track performance. The key measures as at 31 March 2019 are outlined below:

	Units	31 March 2019	31 March 2018
Number of accidents (RIDDOR)	'no.	nil	nil
Supply points	'000	462	456
Retention	%	96	99
Portfolio Gross margin	%	6.1	6.0
Complaints	no./10,000 customers	53.5	61.1
Employee turnover	%	1	3

Our People
Wave holds a monthly Business Update which is hosted by the Wave Leadership Team (WLT). This is available to all employees to attend. The session updates the team on Group performance and strategy alongside current topics of interest, for example safety when driving in winter or the appraisal process.

There is also the Wavelength Newsletter which is circulated monthly and includes an update from each section of the business.

Wave have a committee of elected employee representatives who are informed of any formal changes affecting employees proposed by Wave. The forum consults with their members and provides feedback to the WLT.

Wave has a bonus scheme which rewards employees for their performance over the period. This recognises the contribution employees make against their own personal objectives, which align to the Group's overall performance.

Wave is committed to equal opportunities from recruitment and selection, through training, development, appraisal and promotion to retirement for all employees including those with a disability.

Where a job applicant or an employee believes that he/she has a disability that may disadvantage him/her in respect of recruitment or employment, we advise that they should inform Wave to allow for reasonable adjustments to be made.

Wave is committed to creating an environment that is free from discrimination, harassment and victimisation.

Treasury policies
The Group's board is responsible for the financing strategy of the Group. The aim of this strategy is to assess the ongoing capital requirements of the Group and to raise funding on a timely basis, taking advantage of any favourable market opportunities.

Principal risks and uncertainties
The Group identifies and assesses the impact of risks to their businesses using a standard risk register. The Group's view of acceptable risk is based on a balanced view of all the risks in the operating environment and it aims to ensure an appropriate balance between risk aversion and opportunities. The principal business risks facing the Group are:

Principal risks and uncertainties (continued)

- Loss of customer trust and confidence in either the business or the market;
- Inherent health and safety risk, particularly across field operations carried out by third parties on behalf of the Group;
- Loss of key business systems due to a malicious attack or failure of cyber security;
- Breach of Data Protection Act or General Data Protection Regulation;
- Unfavorable changes to the regulatory environment or methodology within the industry that may adversely impact on the balance of risk and return or ability to operate;
- Impact of changes in tax legislation;
- Failure to deliver financial plans, impacting expected shareholder returns; and
- Funding and liquidity risk (see note 20).

Future Developments

Going forward, the Company is focused on integrating onto one billing platform (Gentrack Velocity) to support customer growth and improving operating efficiencies.

We expect the market outlook to remain challenging whilst the market structures, customer understanding, data and wholesaler/retailer relationships continue to mature.

Directors' assessment of going concern

As at 31 March 2019, the Group had net current assets of £67.3m (2018: £83.5m) and net assets of £25.6m (2018: £28.8m). The Directors have reviewed cash flow requirements, including reasonably possible changes in trading performance, and are confident that they will be able to meet these from funds available and agreed borrowing facilities in place. Accordingly, the Directors expect the Group to continue with its principal activity for the foreseeable future, and the financial statements have been prepared on a going concern basis.

The Strategic report was approved by order of the Directors and signed on their behalf by:

S Hazon

Director

30 September 2019

The Directors present their report together with the audited financial statements of the Group for the year ended 31 March 2019.

Directors

The Directors who held office during the year and up to the date of signing were as follows:

RA Boucher
A Donnelly
S Hazon
M Parker
NJ Watson
WP Young

Indemnification of directors

The Group and subsidiary companies had Directors' and Officers' insurance in place for the year to 31 March 2019. This insurance policy indemnifies the Directors and Officers of the Group for any loss first made against the insured person for a wrongful act or an employment practices wrongful act, subject to the conditions set out in the Companies Act 2006, and this remains in place.

Results and dividends

The Group's financial results are summarised in the Strategic report. No dividends were paid or proposed in the current period and the Directors do not recommend a final dividend for the year.

Future developments, employee consultation and participation, disabled employees, financial risk management objectives and policies, and going concern

Please refer to the Strategic report.

Post balance sheet event

There were no events subsequent to the balance sheet date that require adjusting in these financial statements.

Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing his report, of which the auditor is unaware. Having made enquiries of fellow directors and the Group's auditor, the Directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Auditor

Deloitte LLP was appointed as auditor in the current period. Pursuant to S487 of the Companies Act 2006, the auditor is deemed to be re-appointed for the ensuing year.

Principal risks and uncertainties

The principal risks and uncertainties of the Group are the risks discussed in the Strategic report, and further explained in the risks arising from financial instruments outlined in note 20 to the financial statements.

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 International Financial Reporting Standards (IFRS) as adopted by the European Union and the parent company financial statements in accordance with the United Kingdom Generally Accepted Accounting

Directors responsibilities (continued)

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 judgements 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 proper 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.

This report was approved by the Board of Directors and signed on its behalf by:

S Hazon

Director

30 September 2019

Independent auditor's report to the members of Wave Ltd

Report on the audit of the financial statements

Opinion
In our opinion:

- the financial statements of Wave Ltd (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2019 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related consolidated notes 1 to 27 and parent company notes 1 to 12.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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 or the parent company'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.

We have nothing to report in respect of these matters.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our

Independent auditor's report to the members of Wave Ltd (continued)

Other information (continued)
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 respect of these matters.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, 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 is 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.

Auditor's 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 an auditor's report 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Independent auditor's report to the members of Wave Ltd (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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 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.

Anthony Matthews

Anthony Matthews FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
30 September 2019

Wave Ltd

Consolidated Statement of Comprehensive Income

For the Year Ended 31 March 2019

	Note	2019 £000	2018 £000
Turnover	5	**547,010**	306,483
Cost of sales		**(513,578)**	(288,014)
Gross profit		**33,432**	18,469
Administrative expenses		**(33,277)**	(18,686)
Operating profit/(loss)	6	**155**	(217)
Interest receivable and similar income	10	**647**	308
Interest payable and similar charges	11	**(4,342)**	(2,867)
Loss before tax		**(3,540)**	(2,776)
Taxation	12	**266**	288
Loss for the year		**(3,274)**	(2,488)

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income. Accordingly, no separate statement of comprehensive income has been presented..

Notes 1 to 27 form part of these financial statements.

Wave Ltd

Consolidated Statement of Financial Position

As at 31 March 2019

	Note	2019		2018 (restated)	
		£000	**£000**	£000	£000
Non-current assets					
Intangible assets	13		**23,520**		25,025
Tangible assets	14		**727**		562
Deferred tax	12		**659**		418
			24,906		26,005
Current assets					
Debtors amounts falling due within one year	15	**186,897**		195,996	
Cash and cash equivalents	16	**1,677**		2,225	
			188,574		198,221
Current liabilities					
Creditors amounts falling due within one year	17	**(80,881)**		(81,356)	
Loans and borrowings falling due within one year	18	**(40,359)**		(33,356)	
			(120,240)		(114,712)
Net current assets			**67,334**		83,509
Total assets less current liabilities			**92,240**		109,514
Non-current liabilities					
Loans and borrowings due after more than one year	18	**(66,682)**		(80,682)	
			(66,682)		(80,682)
Total Liabilities			**(188,498)**		(200,425)
Net assets			**25,558**		28,832
Capital and reserves					
Called up share capital	22		**31,320**		31,320
Retained earnings	24		**(5,762)**		(2,488)
			25,558		28,832

The consolidated financial statements of Wave Ltd (registered number 06492265) were approved by the Board of Directors and authorised for issue on 30 September 2019. They were signed on its behalf by:

S Hazon

Director

Notes 1 to 27 form part of these financial statements.

Consolidated statement of Changes in Equity
For the Year Ended 31 March 2019

	Called up share capital £000	Retained earnings £000	Total equity £000
At 1 April 2018	**31,320**	**(2,488)**	**28,832**
Comprehensive income for the year			
Loss for the year and other comprehensive loss	**-**	**(3,274)**	**(3,274)**
At 31 March 2019	**31,320**	**(5,762)**	**25,558**

Consolidated statement of Changes in Equity
For the Year Ended 31 March 2018

	Called up share capital £000	Retained earnings £000	Total equity £000
At 1 April 2017	-	-	-
Comprehensive income for the year			
Loss for the period and other comprehensive loss	-	(2,488)	(2,488)
Total comprehensive income for the year	-	(2,488)	(2,488)
Issue of shares (see note 22)	31,320	-	31,320
At 31 March 2018	31,320	(2,488)	28,832

The notes 1 to 27 form part of these financial statements.

Wave Ltd

Consolidated Cash Flow Statement

For the Year Ended 31 March 2019

	Note	2019 £000	2018 £000
Operating activities			
Operating profit / (loss)		**155**	(217)
Depreciation and amortisation expenses	6	**3,837**	2,290
Increase in trade and other receivables		**9,601**	(17,682)
Increase in trade and other payables		**(677)**	8,853
Cash generated from operations		**12,916**	(6,756)
Interest paid		**(4,644)**	(514)
Income tax paid		**27**	(562)
Net cash flows from operating activities		**8,299**	(7,832)
Investing activities			
Interest received		**647**	308
Purchase of intangible assets – computer software		**(1,973)**	(40)
Purchase of tangible assets		**(524)**	(47)
Purchase of subsidiary undertakings – cash acquired		**-**	1,3298
Net cash flows from investing activities		**(1,850)**	1,550
Financing activities			
Net movement on loans		**(6,997)**	8,507
Net cash flows from financing activities		**(6,997)**	8,507
Cash and cash equivalents			
Increase in cash and cash equivalents		**(548)**	2,225
Cash and cash equivalents at start of year		**2,225**	-
Cash and cash equivalents at end of year		**1,677**	2,225

1. General information

Wave Ltd (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales

The address of the Company's registered office is shown on page 3. The nature of the Company's operations and its principal activities are set out in the Strategic report on page 4.

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

These financial statements are group and separate financial statements.

2. Significant Accounting policies

2.1 Basis of preparation of financial statements

The financial statements for the Group and the parent company have been prepared on the going concern basis under the historical cost convention. The consolidated financial statements include the Company and its subsidiary undertakings. Inter-segment revenue and profits are eliminated fully on consolidation. The consolidated financial statements have been prepared in accordance with International Reporting Standards (IFRS).

The Company meets the definition of a qualifying entity under FRS 101 issued by the Financial Reporting Council.

The Company financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash flow statement, financial instruments and related party transactions.

As permitted by S408 of the companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the Company. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet.

Where relevant, equivalent disclosures have been given in the Group financial statements of Wave Ltd.

The principal accounting policies adopted are set out on the following pages.

2.2 Amendments to International Financial Reporting Standards (IFRS) and the new Interpretation that are mandatorily effective for the current period

In the current financial year, the Group and Company have applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards; and IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. Details of the new requirements are described below.

2. Accounting policies (continued)

2.2 Amendments to International Financial Reporting Standards (IFRS) and the new Interpretation that are mandatorily effective for the current period (continued)

Impact of application of IFRS 9 'Financial Instruments'

IFRS 9 introduced new requirements for:

1. The classification and measurement of financial assets and financial liabilities,
2. Impairment of financial assets, and
3. General hedge accounting.

Classification and measurement

The date of initial application (i.e. the date on which the Group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 April 2018. Accordingly, the Group has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 April 2018.

Under IFRS 9 the classification of financial assets is based both on the business model within which the asset is held and the contractual cash flow characteristics of the asset. There are three principal classification categories for financial assets that are debt instruments:

1. Amortised cost;
2. Fair value through other comprehensive income (FVTOCI); and
3. Fair value through profit or loss (FVTPL).

Equity investments within the scope of IFRS 9 are measured at fair value with gains and losses recognised in profit or loss unless an irrevocable election is made to recognise gains or losses in other comprehensive income.

Under IFRS 9, financial assets can be designated as at FVTPL to mitigate an accounting mismatch.

In respect of the classification and measurement of financial liabilities, changes in the fair value of a financial liability designated as at FVTPL due to credit risk are presented in other comprehensive income unless such presentation would create or enlarge an accounting mismatch in profit or loss.

There will be no financial impact due to the changes in the classification and measurement of the following financial assets held by the group: trade receivables, and cash at bank.

There will be no change in the accounting for any financial liabilities as no liabilities are held at FVTPL.

Impairment

The impairment model under IFRS 9 reflects expected credit losses, as opposed to only incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is not necessary for a credit event to have occurred before credit losses are recognised.

Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses will be updated at each reporting date.

In respect of trade receivables, the Group and Company have carried out an analysis of the impairment (or bad debt) charge and economic measures over a two year period since market opening. The Group has concluded that there is no material impact on the bad debt charge as a result of applying IFRS 9.

2. Accounting policies (continued)

Impact of application of IFRS 15 'Revenue from Contracts with Customers'

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This is achieved by a five-step model to be applied to all contracts with customers, except for contracts that are within the scope of other standards such as leases and financial instruments, as summarised below.

1. Identify the contract(s) with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

Sources of income

The Group's principal source of income is from the provision of water, sewerage and trade effluent services to non-household customers. Services are provided at a price determined annually by its regulatory tariffs.

Revenue is charged based on usage, with usage being determined by data held by the market operator. IFRS 15 will not impact recognition of this income.

Under the recognition rules of IFRS 15, income should only be recognised if it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. We have considered recent data that supports our conclusion that de-recognition of income is not appropriate on the grounds of past payment record and current credit worthiness. Our view is that for all occupied properties it is more probable than not that we will collect the income, and therefore it is appropriate to continue to recognise the income. The exception to this is where properties are unoccupied and, in these cases, income is not recognised.

Amendments to International Financial Reporting Standards (IFRS) and the new Interpretation that are mandatorily effective for the next period

At the balance sheet date, there is one new standard (IFRS 16) and several amendments to existing standards in issue but not yet effective. IFRS 16 is not expected to have a significant effect on the financial statements of the Group or parent Company. The effect and consideration of this standard is set out below: -

IFRS 16 – Leases

IFRS 16, which was endorsed by the EU on 9 November 2017, provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The date of initial application of IFRS 16 for the Group will be 1 April 2019.

The directors have assessed the potential impact and do not believe there will be a material impact of adopting this new standard.

2. Accounting policies (continued)

2.3 Going concern

As at 31 March 2019, the Group had net current assets of £67.3m (2018: £83.5m) and net assets of £25.6m (2018: £28.8m). The Directors have reviewed cash flow requirements, including reasonably possible changes in trading performance, and are confident that they will be able to meet these from funds available and agreed borrowing facilities in place. Accordingly, the Directors believe that the Group has the ability to continue with its principal activity for the foreseeable future, and the financial statements have been prepared on a going concern basis.

2.4 Revenue recognition

Revenue is stated net of value added tax. Revenue is wholly attributable to the principal activity of the Group, being the delivery of retail water and waste water services for non-domestic customers and arise solely within the United Kingdom.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and can be reliably measured. At each period end an element of revenue recognised is unbilled, and therefore the best estimate of accrued revenue is calculated, based on historic usage, assumptions and estimates, as disclosed in note 3.

2.5 Operating leases: the Company as lessee

Rentals under operating leases are charged to the income statement on a straight-line basis over the lease term.

2.6 Pensions and other post-employment benefits

The Group operates a defined contribution scheme. Obligations for contributions to the scheme are recognised as an expense in the income statement in the period in which they arise.

2.7 Finance income receivable

Interest income is earned on advance payments made to the Scottish Water wholesaler, as per the market terms in Scotland. Interest earned is calculated and taken to the income statement based on the amounts prepaid and the applicable interest rate at that time.

2.8 Finance costs payable

Finance costs are charged to the Income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Other borrowing costs are recognised as an expense when incurred.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Group operates and generates income.

2. Accounting policies (continued)

2.9 Current and deferred taxation (continued)

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.11 Intangible assets

Intangible assets consist of customer contracts and computer software. Intangible assets are stated at cost, net of amortisation and any provision for impairment.

Amortisation is provided for on all intangible assets and is applied evenly over the useful economic life of each asset. Annual reviews are carried out to ensure that the amortisation profile of intangible assets is still relevant.

The expected useful lives of the intangible assets are categorised as follows:

Customer Contracts	10 years
Computer software	3-7 years

2.12 Tangible fixed assets

Non-current tangible assets are initially recognised at cost. The carrying values of all assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation is provided evenly over the useful economic life of each asset, at rates calculated to write off the cost less estimated residual value, based on prices prevailing at the date of acquisition.

The expected useful lives of tangible fixed assets are categorised as follows:

Leasehold improvements	Remaining life of the lease
Computer equipment	2-3 years
Fixtures & fittings	3 years

2. Accounting policies (continued)

2.13 Impairment of non-current assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit ("CGU") to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.15 Trade and other receivables

Short term debtors are measured at transaction price, less any impairment.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment. The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there i a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.17 Trade and other payables

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.18 Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which approximates to the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income statement in the year that the Group becomes aware of the obligation and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, considering relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, the Directors are required to make judgements (other than those involving estimates) that have a significant impact on the amount recognised, and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not clear from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key estimates and judgements used in the financial statements are as follows:

Judgement: Revenue recognition
Assessment of whether revenue can be recognised or not for each customer requires judgement as to whether it is probable that the economic benefits associated with the transaction will flow to the Group. The Group assesses the probability that a customer will pay, and therefore whether economic benefit will flow to the Group based on their past performance.

Judgement: Intangible assets
The Group tests the carrying value of intangible assets on an annual basis or more frequently if there is are indications that an impairment may be required.

Estimate: Unbilled revenue
The Group raises bills and recognises revenue in accordance with its right to receive revenue. For water and wastewater customers with water meters, the amount recognised depends on the volume supplied including an estimate of the sales value of the units supplied between the date of the last meter read and the period end.

Meters are read on a cyclical basis and the Group recognises the revenue for unbilled volumes based on estimated usage from the last billing date to the end of the financial period. The estimated usage is based on historical data, judgement and assumptions. Where a customer has no billing history, the accrual is based on the historical average for customers with the same meter size. Other volume-related charges are accrued in proportion to the volume of water calculated.

Should management's overall estimated unbilled revenue differ by 1% the impact on reserves and the statement of comprehensive income by would £0.7m

Estimate: Wholesale charges
The Group accrues wholesale charges for any period not billed at the period end. These accruals are based on wholesale market data available from the market operators in England and Scotland. Where there is reason to believe there is an error in the billed or accrued wholesale amount, the Group works with the relevant wholesaler and market operator to correct the underlying data. The updated figures will show on future settlement reports and be reflected on future bills. Until the updated bill is received, the Group recognises an additional accrual for the relevant amount.

Should management's overall estimated wholesale charges accrual differ by 1% the impact on reserves and the statement of comprehensive income by would £0.3m.

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Estimate: Provision for impairment of trade receivables

Provisions are made against the Group's trade receivables based on historical experience of recoverability. The amount recovered from these debtors in the future could differ from the estimated recovery, which in turn would impact operating results. The amount of the provision applied is outlined in note 15.

Should management's overall provision required for impairment of trade receivables differ by 1% the impact on reserves and the statement of comprehensive income by would £0.1m.

4. Prior year adjustment

In the previous year, debtors and deferred income were inclusive of a balance in relation to annual billing for unmeasured customers billed. The invoices were raised before year end in relation to future services yet to be provided, for which an unconditional right to cash had not yet been established, and thus neither an asset or a liability should have been recognised in the balance sheet.

As a result, the comparative period has been restated by decreasing debtors and deferred income by the same amount, with no impact on the statement of comprehensive income.

5. Turnover

Analysis of turnover by category:

	2019	2018
	£000	£000
Water	**256,450**	134,181
Sewerage	**226,727**	129,857
Trade Effluent	**48,520**	29,702
Other	**15,313**	12,743
	547,010	306,483

The Group operates in a single geographic region, the United Kingdom.

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2019	2018
	£000	£000
Depreciation of tangible fixed assets (see note 14)	**359**	213
Amortisation of software (included within Administrative Expenses) (see note 13)	**1,440**	888
Amortisation of customer contracts (included within Administrative Expenses) (see note 13)	**2,038**	1,189
Staff Costs (see note 9)	**13,797**	6,922
Other operating lease rentals	**339**	256

7. Auditor remuneration

	2019	2018
	£000	£000
Fees payable to the Group auditors for:		
Audit of the Company's financial statements	9	19
Audit of the Company's subsidiary financial statements	83	59
Total Audit services	92	78
Assurance services	12	14
Total non-audit services	12	14
	104	92

8. Directors' emoluments

(a) Directors' remuneration

Remuneration paid by the company to the directors during the year:

	2019	2018
	£000	£000
Directors' remuneration	579	953
Company contributions to money purchase pension plans	22	83
	601	1,036

(b) Highest paid director

The value of remuneration shown in note 8(a) include the following amounts in respect of the highest paid director:

	2019	2018
	£000	£000
Director's remuneration	257	539
Company contributions to money purchase pension plans	5	23
	262	562

Remuneration for 31 March 2018 includes severance of £223k in respect of the highest paid director.

9. Employees

	2019	2018
	£000	£000
Wages and salaries	11,801	5,726
Social security costs	1,097	558
Cost of defined contribution scheme	899	638
	13,797	6,922

9. Employees (continued)

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

	2019 (12 months) No.	2018 (7 months) No.
Sales	36	11
Operations	198	223
Support	123	55
	357	289

10. Interest receivable and similar income

	2019 £000	2018 £000
Interest income on unimpaired financial assets	647	308
	647	308

11. Interest payable and similar charges

	2019 £000	2018 £000
Interest payable on bank overdrafts and loans	3,735	2,437
Financing charges payable under invoice financing arrangements	607	430
	4,342	2,867

12. Taxation

	2019 £000	2018 £000
Corporation tax		
Current tax on loss for the year	-	56
Adjustments in respect of previous periods	(25)	9
Total current tax	(25)	65
Deferred tax		
Origination and reversal of timing differences	(246)	(343)
Adjustments in respect of previous periods	5	(10)
Total deferred tax	(241)	(353)
Taxation on loss	(266)	(288)

12. Taxation (continued)

Factors affecting tax charge for the year

The rate of UK corporation tax for the current year was 19%. Finance Act 2016 provides that this will be reduced to 17% with effect from 1 April 2020. Deferred tax has been provided wholly at 17% as amounts that are expected to reverse at the higher rate are insignificant.

	2019 £000	2018 £000
Loss on before tax	**(3,540)**	(2,776)
Loss on multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	**(673)**	(527)
Effects of:		
Expenses not deductible for tax purposes	**398**	320
Deferred tax movement not at average rate for period	**29**	40
Prior year adjustments relating to subsidiaries acquired	**-**	(120)
Adjustments to tax charge in respect of prior periods	**(20)**	(1)
Transfer pricing adjustments	**-**	(5)
Transfer pricing balancing payment	**-**	5
Total tax credit for the year	**(266)**	(288)

13. Intangible assets

	Customer Contracts £000	Computer Software £000	Total £000
Cost			
At 1 April 2018	20,380	6,722	27,102
Additions	-	1,973	1,973
At 31 March 2019	20,380	8,695	29,075
Amortisation			
At 1 April 2018	(1,189)	(888)	(2,077)
Charge for the year	(2,038)	(1,440)	(3,478)
At 31 March 2019	(3,227)	(2,328)	(5,555)
Net book value			
At 31 March 2019	17,153	6,367	23,520

13. Intangible assets (continued)

	Customer Contracts £000	Computer Software £000	Total £000
Cost			
At 1 April 2017	-	-	-
Acquired with subsidiaries	20,380	6,675	27,055
Additions	-	47	47
At 31 March 2018	20,380	6,722	27,102
Amortisation			
At 1 April 2017	-	-	-
Charge for the year	(1,189)	(888)	(2,077)
At 31 March 2018	(1,189)	(888)	(2,077)
Net book value			
At 31 March 2018	19,191	5,834	25,025

14. Tangible fixed assets

	Leasehold improvements £000	Fixtures & fittings £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 April 2018	205	146	424	775
Additions	-	348	176	524
At 31 March 2019	205	494	600	1,299
Depreciation				
At 1 April 2018	(48)	(49)	(116)	(213)
Charge for the year	(107)	(74)	(178)	(359)
At 31 March 2019	(155)	(123)	(294)	(572)
Net book value				
At 31 March 2019	50	371	306	727

14. Tangible fixed assets (continued)

	Leasehold improvements £000	Fixtures & fittings £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 April 2017	-	-	-	-
Acquired with subsidiaries	205	134	396	735
Additions	-	12	28	40
At 31 March 2018	205	146	424	775
Depreciation				
At 1 April 2017	-	-	-	-
Charge for the year	(48)	(49)	(116)	(213)
At 31 March 2018	(48)	(49)	(116)	(213)
Net book value				
At 31 March 2018	157	97	308	562

15. Trade and other receivables

	2019 £000	2018 (restated) £000
Trade debtors	**101,888**	119,541
Less doubtful debt provision	**(14,005)**	(10,807)
Net trade receivables	**87,883**	108,734
Other debtors	**3,538**	5,491
Corporation tax recoverable	**79**	-
Prepayments and accrued income	**95,397**	81,771
	186,897	195,996

Doubtful debts provision

Movement on the doubtful debts provision were as follows:

	£000
Acquired with subsidiaries	5,801
Charge for bad and doubtful debts	5,006
At 1 April 2018	**10,807**
Charge for bad and doubtful debts	**3,198**
At 31 March 2019	**14,005**

16. Cash and cash equivalents

	2019 £000	2018 £000
Cash at bank and in hand	**1,677**	2,225
	1,677	2,225

17. Creditors: Amounts falling due within one year

	2019 £000	2018 (restated) £000
Trade creditors	**1,524**	182
Corporation tax	**246**	164
Taxation and social security	**277**	82
Other creditors	**3,964**	4,213
Accruals and deferred income	**74,870**	76,715
	80,881	81,356

18. Loans and borrowings

	2019 £000	2018 £000
Amounts falling due within one year		
Bank invoice discount facilities	**30,359**	33,356
Loans from shareholders	**10,000**	-
Amounts falling due after more than one year		
Loans from shareholders	**66,682**	80,682
Total Loans	**107,041**	114,038

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	**Face value and carrying amount 31 March 2019 £000**	Face value and carrying amount 31 March 2018 £000
Non-current liabilities					
JV Preference Loan	GBP	5.0%	2022	**16,000**	20,000
JV Medium term loan – Anglian Venture Holdings Limited ("AVHL")	GBP	5.5%	2027	**15,660**	15,660
JV Medium term loan – Northumbrian Water Group Limited ("NWGL")	GBP	5.5%	2027	**15,660**	15,660
Consideration adjustment loan - AVHL	GBP	LIBOR+2.75%		**16,703**	16,703
Consideration adjustment loan – NWGL	GBP	LIBOR+2.75%	2019	**2,659**	2,659
Short term working capital loan – NWGL	GBP	LIBOR+2.75%	2019	**-**	10,000
				66,682	80,682

18. Loans and borrowings (continued)

	Currency	Nominal interest rate	Year of maturity	**Face value and carrying amount 31 March 2019**	Face value and carrying amount 31 March 2018
				£000	£000
Current liabilities					
Short term working capital loan – NWGL	GBP	LIBOR+2.75%	2019	**10,000**	-
				10,000	-

19. Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases for the Group are as follows:

	Vehicles	**Buildings**	**2019 Total**
	£000	**£000**	**£000**
Payable <12 months	**62**	**293**	**355**
Payable 2-5 years	**26**	**725**	**751**
Payable >5 years	**-**	**140**	**140**
At 31 March 2019	**88**	**1,158**	**1,246**

	Vehicles	Buildings	2018 Total
Payable <12 months	75	336	411
Payable 2-5 years	101	443	544
At 31 March 2018	176	779	955

AWBN entered a lease on 4 July 2016 in relation to its main office location for an initial five-year period. The lease contains a clause which enables an upward revision of the rental charge according to prevailing market conditions.

20. Financial instruments

	2019	2018
	£000	£000
Financial assets that are debt instruments measured at amortised cost:		
Cash and cash equivalents	**1,677**	2,225
Trade and other receivables	**186,897**	195,996
	188,574	198,221

20. Financial instruments (continued)

Financial liabilities measured at amortised cost:		
Shareholder medium term loan	**31,320**	31,320
Shareholder preference loan	**16,000**	20,000
Shareholder working capital loans	**29,362**	29,362
Receivables financing facility	**30,359**	33,356
	107,041	114,038

Group strategy and funding risk

The main requirement for funding is driven by the Group's working capital requirement, being the difference between payment terms for the water wholesalers and expected customer payment timelines. To manage this requirement, the Group has the following funding facilities in place:

- £40m receivables financing facility with the Group's bankers, Royal Bank of Scotland;
- £54m short term working capital facility with shareholders;
- £31m medium term loan facility with shareholders; and
- £16m (2018: £20m) preference loan with AVHL.

Capital Management

The Group manages its capital to ensure that entities within the Group will be able to continue as going concerns whilst maximising the return to shareholders though the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings as detailed in note 18 offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves and retained earnings as detailed in consolidated statement of changes in equity).

The Group is not subject to any externally imposed capital requirements.

Market Risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises from its interest-bearing liabilities, which are comprised of shareholder loans and the receivables financing facility.

All the Group's interest-bearing liabilities are linked to LIBOR. The sensitivity of the Group's profits and equity (after tax) to changes in interest rates at 31 March 2019 is as follows:

	+1%	-1%
	£000	£000
Interest sensitivity	(527)	527

Credit risk

There are no significant concentrations of credit risk within the Group other than the geographical concentrations of customers acquired from its shareholders. Customer specific credit risk is assessed by management using external credit risk assessment tools, and the Group adheres to strict policies to ensure sales of products and services are made to customers with an appropriate credit history. Management's assessment of the maximum credit risk exposure relating to financial assets is represented by their carrying

20. Financial instruments (continued)

Credit risk (continued)

value as at the balance sheet date. The specific provision included against doubtful debts is disclosed in note 15 and has been calculated as set out in note 2.15.

Liquidity risk

Drawdown against the funding facilities outlined above is managed to ensure the Group has sufficient funding to settle its liabilities as they fall due. Regular detailed cash flow forecasts are reviewed by management to ensure sufficient liquidity within the Group. As at 31 March 2019, the Group had £33.9m (2018: £30.8m) committed undrawn borrowing facilities.

The following table shows the maturity profile of the Group's non-derivative financial liabilities. The Group holds no derivative financial liabilities.

As at 31 March 2019	**<3 months**	**3-12 months**	**1-5 years**	**>5 years**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
Interest bearing loans and borrowings	**-**	**10,000**	**35,362**	**31,320**	**76,682**
Receivables financing facility	**-**	**30,359**	**-**	**-**	**30,359**
Trade and other payables	**13,177**	**67,400**	**58**	**-**	**80,635**
Corporation tax payable	**246**	**-**	**-**	**-**	**246**
Total	**13,423**	**107,759**	**35,420**	**31,320**	**187,922**

As at 31 March 2018	<3 months	3-12 months	1-5 years	>5 years	Total
Interest bearing loans and borrowings	-	-	49,362	31,320	80,682
Receivables financing facility	-	33,356	-	-	33,356
Trade and other payables	4,477	81,746	-	-	86,223
Corporation tax payable	164	-	-	-	164
Total	4,641	115,102	49,362	31,320	200,425

21. Deferred taxation

The following are the major deferred tax assets recognised by the Company and movements thereon during the current year.

	Accelerated tax	Other	Corporate interest restriction	Total
	£000	£000	£000	£000
Balances acquired	(11)	76	-	65
Charged in the income statement	20	100	233	353
At 1 April 2018	**9**	**176**	**233**	**418**
Charged in the income statement	**35**	**(102)**	**308**	**241**
At 31 March 2019	**44**	**74**	**541**	**659**

A deferred tax asset has been recognised on the basis that it will be recovered against forecast future profits of the Group.

22. Share capital

	2019 £000	2018 £000
Shares classified as equity Authorised, allotted, called up and fully paid		
15,660,000 Ordinary-A shares of £1 each	**15,660**	15,660
15,660,000 Ordinary-B shares of £1 each	**15,660**	15,660
	31,320	31,320

On 31 August 2017, 15,660,000 Ordinary-A shares were allotted and issued to AVHL and 15,660,000 Ordinary-B shares were allotted and issued to NWGL. Equivalent rights are associated with both Ordinary-A and Ordinary-B shares.

23. Related parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Related party:	**Trading charges**	**Interest**	**Amounts owed to related party**
Year ended 31 March 2019	**£000**	**£000**	**£000**
NWGL	**-**	**1,336**	**28,319**
AVHL		**2,381**	**48,363**

	Trading charges	Interest	Amounts owed to related party
Year ended 31 March 2018	£000	£000	£000
NWGL	-	1,037	28,319
AVHL	116	1,354	52,363

Remuneration of key management personnel

Key management personnel comprise the Chief Executive Officer, Finance Director, Industrial & Commercial Customer Director, and Sales Director. The remuneration of the key management personnel is included within the amounts disclosed below.

	Year to 31 March 2019	Year to 31 March 2018
Short term employment benefits	**767**	403
Post-employment benefits	**56**	50
	823	453

24. Reserves

Profit & loss account

Includes all current and prior periods' retained profits and losses.

25. Pension commitment

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £899k (2018: £638k). Contributions totaling £nil (2018: £nil) were payable to the fund at the reporting date.

26. Controlling party

The Directors consider that Wave Ltd is the ultimate parent company of the Group.

The Group is jointly owned by NWGL and AVHL.

27. Post balance sheet event

There were no events subsequent to the balance sheet date that require adjusting in these financial statements.

Wave Ltd

Company Statement of Financial Position

For the Year Ended 31 March 2019

	Note	2019 £000	2019 £000	2018 £000	2018 £000
Non-current assets					
Investment in subsidiaries	2		**113,960**		82,640
Deferred tax	3		**371**		146
Current assets			**114,331**		82,786
Debtors amounts falling due within one year	4	**560**		177	
Cash and cash equivalents	5	**69**		122	
			629		299
Current liabilities					
Creditors amounts falling due within one year	6	**(33)**		(83)	
Loans and borrowings falling due within one year	7	**(40,722)**		(2,104)	
			(40,755)		(2,187)
Net current liabilities			**(40,126)**		(1,888)
Total assets less current liabilities			**74,205**		80,898
Non-current liabilities					
Loans and borrowings due after more than one year	7	**(47,320)**		(51,320)	
			(47,320)		(51,320)
Net assets			**26,885**		29,578
Capital and reserves					
Called up share capital	8		**31,320**		31,320
Retained earnings			**(4,435)**		(1,742)
			26,885		29,578

The loss within the statements of the Company is £2.7m (2018: £1.7m).

The financial statements of Wave Ltd (registered number 06492265) were approved by the Board of Directors and authorised for issue on 30 September 2019. They were signed on its behalf by:

S Hazon

Director

Notes 1 to 12 form part of these financial statements.

Wave Ltd

Company Statement of Changes in Equity

For the Year Ended 31 March 2019

Statement of Changes in Equity
For the Year Ended 31 March 2019

	Called up share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 April 2018	**31,320**	**(1,742)**	**29,578**
Comprehensive income for the year			
Loss for the year and other comprehensive income	**-**	**(2,693)**	**(2,693)**
At 31 March 2019	**31,320**	**(4,435)**	**26,885**

Statement of Changes in Equity
For the Year Ended 31 March 2018

	Called up share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 April 2017	-	-	-
Comprehensive income for the year			
Loss for the year and other comprehensive income	-	(1,742)	(1,742)
Total comprehensive income for the year	-	(1,742)	(1,742)
Issue of shares (see note 8)	31,320	-	31,320
At 31 March 2018	31,320	(1,742)	29,578

Notes 1 to 12 form part of these financial statements.

1. Accounting policies

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 101 issued by the Financial Reporting Council. Accordingly, these financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemption available under that standard in relation to presentation of a cash flow statement, financial instruments, standards not yet effective, capital management and remuneration of key management personnel. As permitted by S408 of the Companies Act 2006, no profit and loss account has been presented for the Company.

Where relevant, equivalent disclosures have been given in the Notes to the Consolidated financial statements. Apart from the above, the accounting policies as outlined in note 2 to the consolidated financial statements have been applied consistently to the company only financial statements and form part of these notes by cross reference'

2. Employees

The average monthly number of employees during the year was nil (2018: nil).

3. Investments in subsidiaries

	£000
At 1 April 2018	82,640
Additions	31,320
At 31 March 2019	**113,960**

The Company's subsidiaries as at 31 March 2019 were as follows:

Name	Country of incorporation	Class of shares	Holding	Principal activity
NWG Business Limited	England & Wales	Ordinary	100 %	Non-trading
Anglian Water Business (National) Limited	England & Wales	Ordinary	100 %	Water retail

On 31 August 2018 NWG Business Limited transferred its trade and net assets to Anglian Water Business (National) Limited.

The registered office of both subsidiaries is Northumbria House, Abbey Road, Pity Me, Durham, DH1 5FJ.

4. Deferred taxation

The following are the major deferred tax assets recognised by the Company and movements thereon during the current year.

	Corporate interest restriction £000	Other £000	Total £000
At 1 April 2018	146	-	146
Credited in the income statement	185	40	225
At 31 March 2019	**331**	**40**	**371**

5. Trade and other receivables

	2019	2018
	£000	£000
Trade debtors	**35**	35
Amounts due from shareholders	**5**	-
Amounts recoverable from subsidiaries	**520**	142
	560	177

Amounts owed by other group undertakings carry no interest, are unsecured and are repayable on demand.

6. Cash and cash equivalents

	2019	2018
	£000	£000
Cash at bank and in hand	**69**	122
	69	122

7. Creditors: Amounts falling due within one year

	2019	2018
	£000	£000
Trade creditors	**-**	58
Accruals	**33**	25
	33	83

8. Loans and borrowings

	2019	2018
	£000	£000
Amounts falling due within one year		
Loans from subsidiaries	**38,566**	523
Loans from shareholders	**2,156**	1,581
	40,722	2,104
Amounts falling due after more than one year		
Loans from shareholders	**47,320**	51,320
	47,320	51,320
Total Loans	**88,042**	53,424

8. Loans and borrowings (continued)

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	**Face value and carrying amount 31 March 2019**	Face value and carrying amount 31 March 2018
				£000	**£000**
Non-current liabilities					
JV Preference Loan	GBP	5.0%	2022	**16,000**	**20,000**
JV Medium term loan – Anglian Venture Holdings Limited ("AVHL")	GBP	5.5%	2027	**15,660**	**15,660**
JV Medium term loan – Northumbrian Water Group Limited ("NWGL")	GBP	5.5%	2027	**15,660**	**15,660**
				47,320	**51,320**

9. Share capital

Shares classified as equity Authorised, allotted, called up and fully paid

	2019	2018
	£000	£000
15,660,000 Ordinary-A shares of £1 each	**15,660**	15,660
15,660,000 Ordinary-B shares of £1 each	**15,660**	15,660
	31,320	31,320

On 31 August 2017, 15,660,000 Ordinary-A shares were allotted and issued to AVHL and 15,660,000 Ordinary-B shares were allotted and issued to NWGL. Equivalent rights are associated with both Ordinary-A and Ordinary-B shares.

10. Related parties

During the year, the Company entered into transactions, in the ordinary course of business with other related parties. Transactions entered into and trading balances outstanding at the balance sheet date between the Company, its subsidiaries and companies within the groups of either shareholder (NWGL and AVHL), are as follows:

Related party:	Trading charges	Interest	Amounts owed to related party
Year ended 31 March 2019	£000	£000	£000
NWGL	-	**861**	**15,660**
AVHL	-	**1,745**	**31,660**

10. Related parties (continued)

Related party:	Trading charges	Interest	Amounts owed to related party
Year ended 31 March 2018	£000	£000	£000
NWGL	-	500	15,660
AVHL	26	1,081	35,660

Interest and outstanding balances relate to both NWGL and AVHL relate to the loan facilities outlined in note 8.

11. Controlling party

The Directors consider that Wave Ltd is the ultimate parent company of the Group.

The Group is jointly owned by NWGL and AVHL.

12. Post balance sheet event

There were no events subsequent to the balance sheet date that require adjusting in these financial statements.