

**ICOSA WATER LTD**  
**Unaudited Financial Statements**  
**for the year ended 31 March 2019**

**ICOSA WATER LTD**  
**UNAUDITED FINANCIAL STATEMENTS**  
**for the year ended 31 March 2019**

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**ICOSA WATER LTD**  
**COMPANY INFORMATION**  
**for the year ended 31 March 2019**

**DIRECTORS**

R A Bradley  
S J Bradley  
R De Lange  
J B Lawrence

**REGISTERED OFFICE**

Sophia House  
28 Cathedral Road  
Cardiff  
CF11 9LJ

United Kingdom

**COMPANY NUMBER**

09155925(England and Wales)

**ACCOUNTANT**

Deloitte LLP  
Fusion Point  
2 Dumballs Road  
Cardiff  
CF10 5BF  
United Kingdom

**ACCOUNTANT'S REPORT**  
**TO THE BOARD OF DIRECTORS ON THE PREPARATION OF THE UNAUDITED STATUTORY FINANCIAL**  
**STATEMENTS OF ICOSA WATER LTD**  
**for the year ended 31 March 2019**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Icosa Water Ltd for the year ended 31 March 2019 which comprises the Balance Sheet and the related notes 1 to 9 from the Company's accounting records and from information and explanations you have given us.

We are subject to the ethical and other professional requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) which are detailed at [\\_http://www.icaew.com/en/members/regulations-standards-and-guidance/\\_](http://www.icaew.com/en/members/regulations-standards-and-guidance/)

It is your duty to ensure that Icosa Water Ltd has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of Icosa Water Ltd. You consider that Icosa Water Ltd is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Icosa Water Ltd. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

This report is made solely to the Board of Directors of Icosa Water Ltd, as a body, in accordance with the terms of our engagement letter dated 04 November 2019. Our work has been undertaken solely to prepare for your approval the financial statements of Icosa Water Ltd and state those matters that we have agreed to state to you in this report in accordance with ICAEW Technical Release 07/16 AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Icosa Water Ltd and its Board of Directors as a body for our work or for this report.

Deloitte LLP  
Accountant

Fusion Point  
2 Dumballs Road  
Cardiff  
CF10 5BF  
United Kingdom

20 December 2019

**ICOSA WATER LTD**  
**BALANCE SHEET**  
as at 31 March 2019

		<b>2019</b>	<b>2018</b>
	Note	£	£
<b>Fixed assets</b>			
Tangible assets	3	32,606	10,349
Investments	4	100	100
		<b>32,706</b>	<b>10,449</b>
<b>Current assets</b>			
Stocks	5	650,206	20,302
Debtors	6	1,328,578	144,847
Cash at bank and in hand		879,304	848,052
		<b>2,858,088</b>	<b>1,013,201</b>
<b>Creditors</b>			
Amounts falling due within one year	7	( 2,751,391)	( 508,530)
<b>Net current assets</b>		<b>106,697</b>	<b>504,671</b>
<b>Total assets less current liabilities</b>		<b>139,403</b>	<b>515,120</b>
<b>Net assets</b>		<b>139,403</b>	<b>515,120</b>
Called-up share capital		1,275,046	1,275,046
Profit and loss account		( 1,135,643)	( 759,926)
<b>Total shareholders' funds</b>		<b>139,403</b>	<b>515,120</b>

For the year ending 31 March 2019 the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- the members have not required the Company to obtain an audit of its financial statements for the year in accordance with section 476;
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements; and
- these financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and a copy of the Profit and Loss Account has not been delivered.

The financial statements of Icosa Water Ltd (registered number: 09155925) were approved and authorised for issue by the Board of Directors on 20 December 2019. They were signed on its behalf by:

R A Bradley  
Director

**ICOSA WATER LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2019**

**1. Accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

**General information and basis of accounting**

Icosa Water 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 Sophia House, 28 Cathedral Road, Cardiff, CF11 9LJ, United Kingdom.

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council.

The functional currency of Icosa Water Ltd is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

**Basis of consolidation**

The Company has taken advantage of the option not to prepare consolidated financial statements contained in Section 398 of the Companies Act 2006 on the basis that the Company and its subsidiary undertaking qualifies as a small group.

**Going concern**

The directors have assessed the Balance Sheet and likely future cash flows at the date of approving these financial statements. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence and to meet its financial obligations as they fall due for at least 12 months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

**Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Office equipment - 3 years  
Plant and machinery - 5 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

**ICOSA WATER LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**for the year ended 31 March 2019**

**Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

*Financial assets and liabilities*

Financial assets and liabilities are only offset in the Balance Sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the Profit and Loss Account, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

*Investments*

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through the Profit and Loss Account. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

**Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

**ICOSA WATER LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**for the year ended 31 March 2019**

**Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each Balance Sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Profit and Loss Account as described below.

*Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

*Financial assets*

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

**Taxation**

*Current tax*

Current tax is provided at amounts expected to be paid (or recoverable) using the tax rates and laws that have been enacted or substantively enacted at the Balance Sheet date.

*Deferred tax*

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the Company's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more or less tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

Deferred tax assets and liabilities are not discounted.



**ICOSA WATER LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**for the year ended 31 March 2019**

**Turnover**

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. The Company earns revenue from contracts with developers to construct and adopt network infrastructure assets, and from contracts with Icosa Water Services Limited to sell adopted and constructed network infrastructure assets and to provide ongoing asset operation and maintenance services.

**Contracts with developers**

The Company has one commitment to the developer: the service of connecting households to an operational water and wastewater network, having built or adopted such networks for that purpose. As either the developer or the Company may be making cash payments to the other, the general approach to calculating revenue from contracts with developers takes in to account the fair value of any network asset(s) received from the developer, plus payments received from the developer, less payments made to the developer.

The payments received from the developer include payments for design and licensing fees, connection charges, adoption fees, fees for the construction of on-site and off-site pipes and other network infrastructure (e.g. pumping stations) but does not include infrastructure charges. Payments to the developer may be part of the adoption of network assets. Revenue from a contract with a developer for a particular development is recognised proportionally as each house on that development is connected by the Company based on the number of houses connected out of the total to be connected.

**Infrastructure charges**

The Company's obligation in relation to the infrastructure charges is to collect the charges from developers and then to pass them on to monopoly providers. The Company is acting as an agent, and receives no commission, therefore no revenue is recognised in relation to these charges.

**Contracts with Icosa Water Services Limited**

The Company accounts for the construction and sale of water and wastewater networks to Icosa Water Services Limited as a construction contract using the percentage of completion method.

The sale of assets adopted from developers to Icosa Water Services Limited is treated as the sale of inventory with corresponding revenue and cost of sales recognised at the point of sale.

**Dividend and interest revenue**

Interest income is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**Employee benefits**

The Company operates a defined contribution scheme. The amount charged to the Profit and Loss Account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are included as either accruals or prepayments in the Balance Sheet.

**Leases**

*The Company as lessee*

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

**ICOSA WATER LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
for the year ended 31 March 2019

**2. Employees**

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
Average number of persons employed by the Company during the year, including directors	20	19

**3. Tangible fixed assets**

	<b>Plant and machinery</b>	<b>Office equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost/Valuation</b>			
At 01 April 2018	6,799	6,603	13,402
Additions	10,541	18,173	28,714
<b>At 31 March 2019</b>	<b>17,340</b>	<b>24,776</b>	<b>42,116</b>
<b>Accumulated depreciation</b>			
At 01 April 2018	311	2,742	3,053
Charge for the year	3,182	3,275	6,457
<b>At 31 March 2019</b>	<b>3,493</b>	<b>6,017</b>	<b>9,510</b>
<b>Net book value</b>			
<b>At 31 March 2019</b>	<b>13,847</b>	<b>18,759</b>	<b>32,606</b>
At 01 April 2018	6,488	3,861	10,349

**ICOSA WATER LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
for the year ended 31 March 2019

**4. Fixed asset investments**

	<b>Investments in subsidiaries</b>
	<b>£</b>
<b>Cost</b>	
At 01 April 2018	100
<b>At 31 March 2019</b>	<b>100</b>
<b>Carrying value at 31 March 2019</b>	<b>100</b>
Carrying value at 31 March 2018	100

The Company holds 100% of the share capital in the subsidiary undertaking, Icosa Water Services Limited. Icosa Water Services Limited's principal activity is that of a water and wastewater network operator and its registered office is Sophia House, 28 Cathedral Road, Cardiff, CF11 9LJ.

The Company's investments are secured as a guarantee for a loan in the subsidiary company, Icosa Water Services Limited.

	<b>Total</b>
	<b>£</b>
<b>Carrying value before impairment</b>	
At 01 April 2018	0
<b>At 31 March 2019</b>	<b>0</b>
<b>Provisions for impairment</b>	
At 01 April 2018	0
<b>At 31 March 2019</b>	<b>0</b>
<b>Carrying value at 31 March 2019</b>	<b>0</b>
Carrying value at 31 March 2018	0

**5. Stocks**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Work in progress	650,206	20,302
	650,206	20,302

**ICOSA WATER LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**for the year ended 31 March 2019**

**6. Debtors**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade debtors	971,638	144,847
Amounts owed by own subsidiaries (note 8)	315,262	0
Other debtors	41,678	0
	<b>1,328,578</b>	<b>144,847</b>

**7. Creditors: amounts falling due within one year**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade creditors	281,657	12,782
Other creditors	767,486	93,882
Other taxation and social security	0	57,147
Accruals and deferred income	1,702,248	344,719
	<b>2,751,391</b>	<b>508,530</b>

**8. Related party transactions**

The Company has taken advantage of the exemptions available in Section 33 Related Party Transactions of FRS 102 to not disclose transactions between wholly owned subsidiaries in the group.

The total aggregate directors remuneration for the year was £348,000 (2018: £348,000). The directors are the only key management personnel of the Company.

**9. Ultimate controlling party**

The directors do not consider there to be one controlling party.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.