

**ICOSA WATER LTD**  
**Unaudited Financial Statements**  
**For the financial year ended 31 March 2020**

**ICOSA WATER LTD**  
**UNAUDITED FINANCIAL STATEMENTS**  
**For the financial year ended 31 March 2020**

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**ICOSA WATER LTD**  
**COMPANY INFORMATION**  
**For the financial year ended 31 March 2020**

**DIRECTORS**

R A Bradley

S J Bradley

R De Lange

L Hainey

M W Pearce

**SECRETARY**

K J Nellany

**REGISTERED OFFICE**

Sophia House

28 Cathedral Road

Cardiff

CF11 9LJ

United Kingdom

**COMPANY NUMBER**

09155925(England and Wales)

**ACCOUNTANT**

Deloitte LLP

5 Callaghan Square

Cardiff

CF10 5BT

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 financial year ended 31 March 2020**

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 financial year ended 31 March 2020 which comprises the Balance Sheet and the related notes 1 to 12 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 financial 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

5 Callaghan Square  
Cardiff  
CF10 5BT  
United Kingdom

29 March 2021

**ICOSA WATER LTD**  
**BALANCE SHEET**  
**As at 31 March 2020**

		<b>2020</b>	<b>2019</b>
	Note	£	£
			<b>restated - note 2</b>
<b>Fixed assets</b>			
Tangible assets	4	40,769	32,606
Investments	5	100	100
		<b>40,869</b>	<b>32,706</b>
<b>Current assets</b>			
Stocks	6	686,347	650,206
Debtors	7	2,817,031	1,332,500
Cash at bank and in hand		1,408,203	879,304
		<b>4,911,581</b>	<b>2,862,010</b>
<b>Creditors</b>			
Amounts falling due within one year	8	( 5,400,924)	( 3,201,353)
<b>Net current liabilities</b>		<b>(489,343)</b>	<b>(339,343)</b>
<b>Total assets less current liabilities</b>		<b>(448,474)</b>	<b>(306,637)</b>
<b>Net liabilities</b>		<b>( 448,474)</b>	<b>( 306,637)</b>
<b>Capital and reserves</b>			
Called-up share capital		1,275,046	1,275,046
Profit and loss account		( 1,723,520 )	( 1,581,683 )
<b>Total shareholder's deficit</b>		<b>( 448,474)</b>	<b>( 306,637)</b>

For the financial year ending 31 March 2020 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 financial 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 29 March 2021. They were signed on its behalf by:

R A Bradley  
Director

**ICOSA WATER LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 March 2020**

**1. Accounting policies**

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

**Going concern**

The Company has not seen any material disruption to its business as a result of the COVID-19 pandemic and significant growth can be seen on the prior year.

In the early stages of the pandemic, housing development did experience a slow down in the UK, however this has since recovered and new houses continue to be built. The Company has therefore not experienced any material disruption to its business. The customer base continues to provide a strong debtors book with more new homes being connected each month. Additionally, the Company has not seen any notable negative impact on the recovery of its debtor balances.

The directors have considered a number of scenarios in respect of the impact of COVID-19 on the business and also reflected on the period post balance sheet up until the date of signing of these accounts. Post year end, the external bank debt of the 100% owned subsidiary Icosa Water Services Limited was repaid in full following the acquisition of the business by the Last Mile Infrastructure Group ('the Group') future funding requirements of the Company and its subsidiary will be met by the Group. The Group has access to a long term financing facility with sufficient headroom to meet its ongoing obligations and meet its long term growth plans. Post-acquisition, the Company and its subsidiary has been able to access this facility through an inter-company loan facility with the Group. The Group will not seek repayment of amounts due to it until such time as the company has sufficient resources to meet its short term liabilities.

The post balance sheet date acquisition of the business by the Group further supports the going concern assertion since it provides improved access to funding, new sources of business, additional industry expertise, cost savings and synergies.

After making enquiries and taking into consideration the above, the directors continue to adopt the going concern basis in preparing the financial statements.

**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.

**ICOSA WATER LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 March 2020**

**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 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 on a percentage of completion basis.

**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.

**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 financial year. Differences between contributions payable in the financial year and contributions actually paid are included as either accruals or prepayments in the Balance Sheet.

**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 financial statements. 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.

**Interest receivable**

Interest income is recognised 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.

**ICOSA WATER LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Tangible fixed assets**

Tangible fixed assets are stated at cost, 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 - 3 - 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.

**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.

**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.

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items.



**ICOSA WATER LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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### **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*

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 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.

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*

Investment in a subsidiary company is held at cost less accumulated impairment losses.

### **2. Prior year adjustment**

During the preparation of these financial statements, and subsequent to the date of signing of the financial statements for the year ended 31 March 2019, it has been identified that the turnover accounting policy has not been consistently applied in prior years to all elements of income generated on long term contracts. Consequently the 2019 amounts have been restated.

The impact of this re-statement is an adjustment to reserves, revenue, tax, accrued income and deferred income. The comparative figures in the primary statements and notes have been restated to reflect this prior period adjustment.

The profit and loss account at 1 April 2018 as previous stated was a deficit of £759,926. There was an adjustment of £113,001 to the opening balance at 1 April 2018 as a result of the restatement. The restatement has resulted in an increase in the loss for 2019 of £333,039 and an decrease in net assets for 2019 by £446,040 to a net liability. The profit and loss account at 1 April 2019 as previous stated was a deficit of £1,135,643. The restatement has resulted in an opening balance adjustment of £446,040. The profit and loss account at 1 April 2019 as restated is a deficit of £1,581,683.

### **3. Employees**

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
Monthly average number of persons employed by the Company during the year, including directors	19	20

**ICOSA WATER LTD**  
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**4. Tangible 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 2019	17,340	24,776	42,116
Additions	1,735	20,355	22,090
<b>At 31 March 2020</b>	<b>19,075</b>	<b>45,131</b>	<b>64,206</b>
<b>Accumulated depreciation</b>			
At 01 April 2019	3,493	6,017	9,510
Charge for the financial year	3,914	10,013	13,927
<b>At 31 March 2020</b>	<b>7,407</b>	<b>16,030</b>	<b>23,437</b>
<b>Net book value</b>			
<b>At 31 March 2020</b>	<b>11,668</b>	<b>29,101</b>	<b>40,769</b>
At 31 March 2019	13,847	18,759	32,606

**5. Fixed asset investments**

**Investments in subsidiaries**

	<b>2020</b>
	<b>£</b>
<b>Cost</b>	
At 01 April 2019	100
<b>At 31 March 2020</b>	<b>100</b>
<b>Carrying value at 31 March 2020</b>	<b>100</b>
Carrying value at 31 March 2019	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.

**6. Stocks**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Work in progress	686,347	650,206
	<b>686,347</b>	<b>650,206</b>

**ICOSA WATER LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**7. Debtors**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade debtors	2,042,526	971,638
Amounts owed by own subsidiaries	675,222	315,262
Accrued income	44,353	3,922
Other debtors	54,930	41,678
	<b>2,817,031</b>	<b>1,332,500</b>

Amounts owed by subsidiary undertakings are repayable on demand and do not bear interest.

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade creditors	801,667	281,657
Other creditors	916,975	767,486
Accruals and deferred income	3,644,141	2,152,210
Other taxation and social security	38,141	0
	<b>5,400,924</b>	<b>3,201,353</b>

**9. Financial commitments**

**Commitments**

Total future minimum lease payments under non-cancellable operating leases are as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
- within one year	90,520	82,870
- between one and five years	17,999	70,240
	<b>108,519</b>	<b>153,110</b>

The operating leases relate to land and buildings.

**10. 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 £478,000 (2019: £348,000). The directors are the only key management personnel of the Company.

**ICOSA WATER LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. Events after the Balance Sheet date**

Post year end, the Company was acquired by Last Mile Water Limited which is part of the Last Mile group of companies, and whose majority owner is Infracapital Partners III (Euro) SCSp and Infracapital Partners III (Sterling) SCSp, partnerships established in Luxembourg (together 'Infracapital'), the infrastructure equity investment arm of M&G Plc.

Since the period under review, the rapid spreading of COVID-19 has continued to be a significant risk to the global economy. The directors continue to monitor the impact of the virus on the business as more information about the epidemic emerges and adjust the business' operations to respond to the circumstances. The directors note that up to the date of the signing of these accounts the effect of COVID-19 on the business has been negligible.

**12. Ultimate controlling party**

At the balance sheet date the directors do not consider there to be one controlling party.

Post year end, in May 2020, the company's immediate parent became Last Mile Water Limited and the ultimate parent undertaking and controlling party became Infracapital Partners III (Euro) SCSp and Infracapital Partners III (Sterling) SCSp, partnerships established in Luxembourg (together 'Infracapital').

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.