

**REGISTERED NUMBER: 09651912 (England and Wales)**

**Strategic Report, Report of the Directors and  
Financial Statements  
for the Year Ended 31 December 2022  
for  
Everflow Limited**

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for the Year Ended 31 December 2022**

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**Everflow Limited**  
**Company Information**  
**for the Year Ended 31 December 2022**

**DIRECTORS:**

J Gill  
A E Straker  
J D Cleave  
C L Dallison

**REGISTERED OFFICE:**

Traynor Hub (T2)  
Traynor Way  
Whitehouse Business Park  
Peterlee  
SR8 2RU

**REGISTERED NUMBER:**

09651912 (England and Wales)

**SENIOR STATUTORY AUDITOR:** Kevin Shotton BA BFP FCA

**AUDITORS:**

Clive Owen LLP  
Chartered Accountants  
& Statutory Auditors  
140 Coniscliffe Road  
Darlington  
County Durham  
DL3 7RT

**Strategic Report  
for the Year Ended 31 December 2022**

The directors present their strategic report for the year ended 31 December 2022.

**REVIEW OF BUSINESS**

The directors are pleased with the performance of the business over the year to 31 December 2022. Turnover grew by 47% from £79.3m to £116.5m year on year as a result of the business' continued success in winning customers. The business achieved this growth despite the significant economic challenges posed by the cost of living crisis resulting from the war in Ukraine. Headcount continues to grow as the business has further invested in staff, with average headcount growing from 75 to 108, with further recruitment taking place in 2023. The loss before tax reflects the investment in the business to provide a platform for the next phase of growth.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The directors maintain a risk register to identify and manage the key risks for the business, which is reviewed on a quarterly basis to highlight changes that have occurred during the period, as well as to identify any new risks which affect the business' operations. The principal risks and uncertainties are as follows:

**Regulatory risk** - The business operates in a regulated environment, and is required to adhere to licence obligations and market codes, as well as wider regulations governing all businesses such as GDPR, competition and employment law. In order to manage this risk, the business has appointed experienced personnel with detailed knowledge of the requirements to comply with legislation. Detailed processes and policies ensure compliance with regulations is embedded within the business. The business also engages with third parties to supplement internal experience where it is deemed appropriate.

**Trading risk** - Key to the business' offering is maintaining high quality levels of service to retain customers and maintain strong relationships with other stakeholders. In order to manage this risk, the business monitors customer service performance on a regular basis, and has invested in additional resources and systems during the year to enhance the customer proposition.

**Liquidity risk** - the business' liquidity is dependent on managing the cash inflows from customers and cash outflows to wholesalers. The business has a prudent policy of ensuring sufficient reserves are in place to enable continued liquidity and timely payment in line with market credit terms. The cost of living crisis has created liquidity challenges for the company's end customers, which has had a knock-on effect on cash inflows to the business. Additional processes and controls have been implemented to provide further visibility of cash in and outflows to effectively manage the business' liquidity. The business also engages regularly with lenders and investors to ensure that further liquidity is accessible if required.

**Credit risk** - the risk of customers failing to pay bills impacts on liquidity and profitability. All new customers are credit-checked, and the debt position is reviewed on a daily basis to identify concerns and escalate collection activities where appropriate.

**Technology risk** - The business' operations are wholly dependent on operational and billing systems to facilitate the delivery of service to customers. In order to reduce the risk of system issues impacting on customers, the business uses cloud-based technologies, as well as partnering with a sister company with significant expertise in developing and maintaining systems to reduce the risk to an acceptable level.

**Strategic Report  
for the Year Ended 31 December 2022**

**SECTION 172(1) STATEMENT**

Section 172 of the Companies Act 2006 requires the directors of a company to act in a way they consider to be in good faith and would be most likely to promote the success of the company for the benefit of all of its members as a whole both in the current period and in the long term.

In discharging their duties above, the directors carefully consider, amongst other matters, the impact of their decisions on various stakeholder groups. The groups we consider in this regard are our employees, our customers, our suppliers and our shareholders as well as the wider community in which we operate. The directors recognise that building strong relationships with our stakeholders will help us to deliver our long-term strategy in line with our core values and operate the business in a sustainable way. We are committed to conducting business responsibly.

**Employees**

Directors receive information on various staff metrics. The directors are committed to promoting a healthy workforce comprising both physical and mental wellbeing. The directors keep staff informed of key issues through structured communication channels, ensure equal opportunities in the workplace and also provide training and development opportunities where they are considered of benefit to the company and employees. Using the company's recruitment and development strategies, the directors seek to attract and retain talented staff.

**Customers**

The directors and senior management commit considerable time, effort and resources into understanding and responding to the needs of our customers with a view to fostering long term mutually beneficial partnerships. We act to service our customers' needs to the highest standards and ensure appropriate processes are in place to mitigate and manage any disputes that may arise from time to time.

**Suppliers**

The directors have established company procedures to ensure that external suppliers are individually verified to ensure they meet with the health and safety, regulatory and financial security standards required by the company. The company seeks to pay all suppliers any undisputed amounts due and that conform with the Group's billing requirements within agreed terms. The company has established procedures for dispute resolution in a timely and fair manner.


**Community and the environment**

The company takes its role within the sector very seriously and promotes and encourages community and charitable contribution. The company also recognises the importance of its environmental responsibilities, its impact on the local environment and its compliance with any regulatory environmental standards. The company seeks to implement policies aimed at reducing any potential detrimental environmental impact of its activities.

**Shareholders**

The directors endeavour to create value for our ultimate shareholders by ensuring the company's performance remains strong as well as sustainable. The directors adhere to the company's long term strategic plan when making operational decisions.

**ON BEHALF OF THE BOARD:**

  
.....  
J.D. Cleave - Director

Date: 24/7/23 .....

**Report of the Directors  
for the Year Ended 31 December 2022**

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the supply of water and sewerage services.

**DIVIDENDS**

The total distribution of dividends for the year ended 31 December 2022 will be £nil.

**FUTURE DEVELOPMENTS**

Going forward, the business is focussed on continuing to win new customers within the water retail market. Further investment is planned in solutions to automate more of the customer journey and deliver service improvements to customers. The directors expect that growth will continue in line with current performance.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

J Gill  
A E Straker  
J D Cleave

Other changes in directors holding office are as follows:

P R Williams - resigned 28 July 2022  
C L Dallison - appointed 28 July 2022

**GOING CONCERN**

The directors have reviewed the Company's forecasts and projections in detail on a monthly basis to ensure adequate resources are available to continue in operational existence for the foreseeable future. The directors are confident that the business will have sufficient resources to continue to trade. The company therefore continues to adopt the going concern basis in preparing its financial statements.

**STREAMLINED ENERGY AND CARBON REPORTING**

The company has taken the exemption for reporting on Streamlined Energy and Carbon Reporting on the grounds that the information is contained within the parent company financial statements.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**Everflow Limited (Registered number: 09651912)**

**Report of the Directors  
for the Year Ended 31 December 2022**

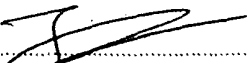
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Clive Owen LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

**ON BEHALF OF THE BOARD:**

  
.....  
J.D. Cleave - Director

Date: 24/7/23 .....

## **Report of the Independent Auditors to the Members of Everflow Limited**

### **Opinion**

We have audited the financial statements of Everflow Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

### **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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.



**Report of the Independent Auditors to the Members of  
Everflow Limited**

**Matters on which we are required to report by exception**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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 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 company or to cease operations, or have no realistic alternative but to do so.

## **Report of the Independent Auditors to the Members of Everflow Limited**

### **Auditors' 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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, to detect material misstatements in respect of irregularities, including fraud. Our audit must be alert to the risk of manipulation of the financial statements and seek to understand the incentives and opportunities for management to achieve this.

We undertake the following procedures to identify and respond to these risks of non-compliance:

- Understanding the key legal and regulatory frameworks that are applicable to the Company. We communicated identified laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit. We determined the most significant of these to be around Ofwat regulations, health and safety, employment law, GDPR, company law and taxation law.
- Enquiry of directors and management as to policies and procedures to ensure compliance and any known instances of non-compliance
- Review of board minutes and correspondence with regulators
- Enquiry of directors and management as to areas of the financial statements susceptible to fraud and how these risks are managed
- Challenging management on key estimates, assumptions and judgements made in the preparation of the financial statements. These key areas of uncertainty are disclosed in the accounting policies
- Identifying and testing unusual journal entries, with a particular focus on manual journal entries.

Through these procedures, we did not become aware of actual or suspected non-compliance.

We planned and performed our audit in accordance with auditing standards but owing to the inherent limitations of procedures required in these areas, there is an unavoidable risk that we may not have detected a material misstatement in the accounts. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve concealment, collusion, forgery, misrepresentations, or override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Report of the Independent Auditors to the Members of  
Everflow Limited**

**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 a Report of the Auditors 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.



Kevin Shotton BA BFP FCA (Senior Statutory Auditor)  
for and on behalf of Clive Owen LLP  
Chartered Accountants  
& Statutory Auditors  
140 Coniscliffe Road  
Darlington  
County Durham  
DL3 7RT

Date: 26/7/13

**Everflow Limited (Registered number: 09651912)**

**Statement of Comprehensive  
Income  
for the Year Ended 31 December 2022**

	Notes	2022 £	2021 £
<b>TURNOVER</b>	3	116,558,562	79,284,367
Cost of sales		106,762,783	72,060,047
<b>GROSS PROFIT</b>		9,795,779	7,224,320
Administrative expenses		9,967,428	7,035,785
		(171,649)	188,535
Other operating income		143,579	160,535
<b>OPERATING (LOSS)/PROFIT</b>	5	(28,070)	349,070
Interest receivable and similar income		154,186	17,845
		126,116	366,915
Interest payable and similar expenses	7	2,134	25,031
<b>PROFIT BEFORE TAXATION</b>		123,982	341,884
Tax on profit	8	(182,752)	-
<b>PROFIT FOR THE FINANCIAL YEAR</b>		306,734	341,884
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		306,734	341,884

The notes form part of these financial statements

Everflow Limited (Registered number: 09651912)

Balance Sheet  
31 December 2022

	Notes	2022 £	2021 £
<b>FIXED ASSETS</b>			
Intangible assets	9	3,627,362	2,269,561
Tangible assets	10	133,822	87,034
		<u>3,761,184</u>	<u>2,356,595</u>
<b>CURRENT ASSETS</b>			
Debtors	11	33,085,022	25,553,968
Cash at bank		3,803,467	3,344,930
		<u>36,888,489</u>	<u>28,898,898</u>
<b>CREDITORS</b>			
Amounts falling due within one year	12	36,791,017	27,703,571
		<u>36,791,017</u>	<u>27,703,571</u>
<b>NET CURRENT ASSETS</b>		<u>97,472</u>	<u>1,195,327</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,858,656</u>	<u>3,551,922</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	220	220
Share premium	15	3,749,880	3,749,880
Retained earnings	15	108,556	(198,178)
		<u>3,858,656</u>	<u>3,551,922</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>3,858,656</u>	<u>3,551,922</u>

The financial statements were approved by the Board of Directors and authorised for issue on 28/7/23 and were signed on its behalf by:

  
J O Cleave - Director

The notes form part of these financial statements

**Everflow Limited (Registered number: 09651912)**

**Statement of Changes in Equity  
for the Year Ended 31 December 2022**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
<b>Balance at 1 January 2021</b>	200	(540,062)	2,999,900	2,460,038
<b>Changes in equity</b>				
Issue of share capital	20	-	749,980	750,000
Total comprehensive income	-	341,884	-	341,884
<b>Balance at 31 December 2021</b>	<u>220</u>	<u>(198,178)</u>	<u>3,749,880</u>	<u>3,551,922</u>
<b>Changes in equity</b>				
Total comprehensive income	-	306,734	-	306,734
<b>Balance at 31 December 2022</b>	<u>220</u>	<u>108,556</u>	<u>3,749,880</u>	<u>3,858,656</u>

The notes form part of these financial statements

**Notes to the Financial Statements  
for the Year Ended 31 December 2022**

**1. STATUTORY INFORMATION**

Everflow Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

There were no material departures from that standard.

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same accounts.

**Going concern**

The directors have reviewed the Company's forecasts and projections in detail on a monthly basis to ensure adequate resources are available to continue in operational existence for the foreseeable future. The directors are confident that the business will have sufficient resources to continue to trade. The company therefore continues to adopt the going concern basis in preparing its financial statements.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

**Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**Significant judgements and estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The basis of key estimates that management has considered in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

**Bad debt provision** - Provisions are made against the company's trade and intercompany debtors based on historical experience of recoverability. The estimates made could differ to the amount subsequently recovered from these debtors, which impacts on operating results.

**Accrued income** - The company recognises revenues based on unbilled volumes and charges at each period end, based on historical market data. The estimates made are based on cyclical meter reads which are not always coterminous with the year end. Where no billing history exists, estimates based on similar sized customers are utilised.

**Customer acquisitions** - Customer acquisition costs are capitalised as they are paid and are released to the profit and loss account in line with the contract length. On an annual basis the Directors review for any potential disposals due to customers leaving the contract early.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022

2. ACCOUNTING POLICIES - continued

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

**Income recognition**

Income is recognised in the period water and sewerage services are supplied to the customer.

**Intangible assets**

Intangible assets are initially recorded at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Customer acquisitions are being amortised in line with the contract length to which they relate.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Long leasehold	- 20% on cost
Computer equipment	- 33% on cost and 25% on cost

Tangible fixed assets are included at cost less any accumulated depreciation and impairment.

**Impairment of assets**

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss. If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**Government grants**

Revenue based grants are credited to the profit and loss account on receipt.

**Financial instruments**

Basic financial instruments are recognised at amortised cost with changes recognised in profit or loss.

**Taxation**

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

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.



Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022

2. ACCOUNTING POLICIES - continued

**Leasing commitments**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

All turnover is from the UK.

4. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	3,117,422	2,046,349
Social security costs	323,559	191,292
Other pension costs	99,332	98,929
	<u>3,540,313</u>	<u>2,336,570</u>

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

	2022	2021
Staff	<u>108</u>	<u>75</u>

	2022	2021
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

5. OPERATING (LOSS)/PROFIT

The operating loss (2021 - operating profit) is stated after charging:

	2022	2021
	£	£
Hire of plant and machinery	412	464
Depreciation - owned assets	61,696	33,560
Customer acquisitions amortisation	1,773,180	1,289,320
Computer software amortisation	17,428	-
Auditors' remuneration	18,800	14,600
Auditors' remuneration for non-audit services	7,441	7,609
Operating lease payments	<u>128,052</u>	<u>56,689</u>

6. EXCEPTIONAL ITEMS

	2022	2021
	£	£
Covid bad debts	<u>-</u>	<u>(403,919)</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Wholesaler interest	<u>2,134</u>	<u>25,031</u>

8. TAXATION

**Analysis of the tax credit**

The tax credit on the profit for the year was as follows:

	2022	2021
	£	£
Current tax:		
Under/(over) provision in prior year	(92,692)	-
R&D tax credit	<u>(90,060)</u>	<u>-</u>
Tax on profit	<u>(182,752)</u>	<u>-</u>

**Reconciliation of total tax credit included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2022	2021
	£	£
Profit before tax	<u>123,982</u>	<u>341,884</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	23,557	64,958
Effects of:		
Expenses not deductible for tax purposes	-	2,390
Utilisation of tax losses	(16,520)	(11,508)
R&D tax credit	<u>(182,752)</u>	<u>-</u>
Taxable losses in the year	<u>(7,037)</u>	<u>(55,840)</u>
Total tax credit	<u>(182,752)</u>	<u>-</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022

9. INTANGIBLE FIXED ASSETS

	Customer acquisitions £	Computer software £	Totals £
<b>COST</b>			
At 1 January 2022	5,525,799	-	5,525,799
Additions	3,091,371	57,038	3,148,409
At 31 December 2022	8,617,170	57,038	8,674,208
<b>AMORTISATION</b>			
At 1 January 2022	3,256,238	-	3,256,238
Amortisation for year	1,773,180	17,428	1,790,608
At 31 December 2022	5,029,418	17,428	5,046,846
<b>NET BOOK VALUE</b>			
At 31 December 2022	3,587,752	39,610	3,627,362
At 31 December 2021	2,269,561	-	2,269,561

10. TANGIBLE FIXED ASSETS

	Long leasehold £	Computer equipment £	Totals £
<b>COST</b>			
At 1 January 2022	1,120	171,307	172,427
Additions	15,529	92,955	108,484
At 31 December 2022	16,649	264,262	280,911
<b>DEPRECIATION</b>			
At 1 January 2022	747	84,646	85,393
Charge for year	3,773	57,923	61,696
At 31 December 2022	4,520	142,569	147,089
<b>NET BOOK VALUE</b>			
At 31 December 2022	12,129	121,693	133,822
At 31 December 2021	373	86,661	87,034

11. DEBTORS

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	7,970,527	5,700,205
Amounts owed by group undertakings	3,160,037	1,928,082
Other debtors	512,272	270,393
VAT debtor	958,262	702,588
Wholesaler credit support	8,845,522	6,897,531
Prepayments and accrued income	6,200,739	6,650,035
	27,647,359	22,148,834

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022

11. **DEBTORS - continued**

	2022 £	2021 £
Amounts falling due after more than one year:		
Amounts owed by group undertakings	5,437,663	3,405,134
	<u>5,437,663</u>	<u>3,405,134</u>
Aggregate amounts	33,085,022	25,553,968
	<u>33,085,022</u>	<u>25,553,968</u>

12. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022 £	2021 £
Trade creditors	2,841,870	2,101,920
Taxation and social security	97,780	60,195
Other creditors	1,881,182	2,574,832
Payments on account	4,734,861	3,635,360
Accruals and deferred income	27,235,324	19,331,264
	<u>36,791,017</u>	<u>27,703,571</u>

13. **LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022 £	2021 £
Within one year	104,272	65,562
Between one and five years	200,390	202,606
	<u>304,662</u>	<u>268,168</u>

14. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	2022 £	2021 £
220	Ordinary		<u>220</u>	<u>220</u>

15. **RESERVES**

	Retained earnings £	Share premium £	Totals £
At 1 January 2022	(198,178)	3,749,880	3,551,702
Profit for the year	306,734		306,734
	<u>306,734</u>		<u>306,734</u>
At 31 December 2022	108,556	3,749,880	3,858,436
	<u>108,556</u>	<u>3,749,880</u>	<u>3,858,436</u>

Retained earnings represent the accumulated profits and losses less distributions to shareholders since incorporation.

A share premium account has been recognised in respect to the excess in fair value above nominal value received for the shares sold.

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022**

**16. OTHER FINANCIAL COMMITMENTS**

There is a cross guarantee in place in relation to the Perwyn Advisors UK Limited loan held in Everflow Holdings Limited. The cross guarantee is between Everflow Holdings Limited, Everflow Limited, Everflow Operations Limited and Everflow Tech Limited. The loan is secured with a fixed and floating charge over the assets of the company. At the year end the loan balance outstanding was £2,981,257 (2021: £2,938,280).

There is a second cross guarantee in place in relation to the FW Capital loan held in Everflow Holdings Limited. The cross guarantee is between Everflow Holdings Limited, Everflow Limited, Everflow Operations Limited and Everflow Tech Limited. The loan is secured with a fixed and floating charge over the assets of the company. At the year end the loan balance outstanding was £564,348 (2021: £704,086).

**17. RELATED PARTY DISCLOSURES**

Only the Directors of the company are considered to be key management personnel. Details of Directors remuneration is shown in note 4.

**18. ULTIMATE PARENT COMPANY**

The ultimate parent company is Everflow Holdings Limited. The parent company registered office is Traynor Hub (T2) Traynor Way, Whitehouse Business Park, Peterlee, England, SR8 2RU.