

REGISTERED NUMBER: 09651912 (England and Wales)

**Strategic Report, Report of the Directors and
Financial Statements
for the Year Ended 31 December 2020
for
Everflow Limited**

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for the Year Ended 31 December 2020**

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Everflow Limited
Company Information
for the Year Ended 31 December 2020

DIRECTORS:

J Gill
A E Straker
J D Cleave
P R Williams

REGISTERED OFFICE:

Unit 4 Suite 2
Wynyard Avenue
Wynyard
BILLINGHAM
TS22 5TB

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 2020**

The directors present their strategic report for the year ended 31 December 2020.

REVIEW OF BUSINESS

The directors are pleased with the performance of the business over the year to 31 December 2020. Turnover grew by 17% from £48.9m to £57.4m 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 Covid-19 pandemic, which resulted in a reduction in customer consumption and slowdown in demand through business closures. Headcount continues to grow as the business has further invested in staff throughout the pandemic, with average headcount growing from 39 to 54, with further recruitment taking place throughout 2021. Normalised EBITDA grew from £0.7m to £1.3m as a result of continued growth in the customer book. The loss before tax reflects the impact of Covid-19 on the business in the form of the exceptional bad debt charge of £1.0m, coupled with investment in the business to provide a platform for the next phase of growth.

The company managed liquidity effectively through the pandemic, with a resulting increase in year-end cash from £1.0m to £3.6m. During the year and post-year end, the company has, like the rest of the business community, had to contend with challenging trading conditions resulting from the global Covid-19 pandemic. The business was able to trade successfully through the pandemic, making use of banking facilities secured in early 2020 prior to the pandemic, as well as securing additional funding post-year end. The business is well-placed to continue to navigate the uncertain economic environment and to continue to grow and invest through the next year and beyond. The directors are confident in the continued prospects of the business, and anticipate a successful year in 2021.

Everflow Limited

**Strategic Report
for the Year Ended 31 December 2020**

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 Covid-19 pandemic 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.

ON BEHALF OF THE BOARD:


.....
J B Cleave - Director

Date: 24/2/21
.....

**Report of the Directors
for the Year Ended 31 December 2020**

The directors present their report with the financial statements of the company for the year ended 31 December 2020.

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 2020 will be £196,267.

FUTURE DEVELOPMENTS

Going forward, the business is focussed on continuing to win new customers within the water retail market, implementing new 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 2020 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 - appointed 1 March 2020

GOING CONCERN

The directors have reviewed the Company's forecasts and projections in detail on a monthly basis throughout the Covid-19 pandemic to ensure adequate resources are available to continue in operational existence for the foreseeable future. Despite multiple lockdowns impacting a significant proportion of the UK-wide economy, the business has been able to operate within existing facilities throughout the pandemic, as well as securing additional investment in 2021, and based on current forecasts and the state of the wider economy moving into 2021 and beyond 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.

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

**Report of the Directors
for the Year Ended 31 December 2020**

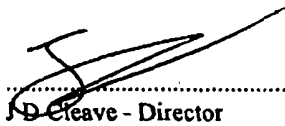
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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: 21/6/21

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 2020 which comprise the Profit and Loss Account, Other 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 2020 and of its loss 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.

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, employment law, 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. This description forms part of our Report of the Auditors.

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: 2/6/21

Everflow Limited (Registered number: 09651912)

Profit and Loss Account

for the Year Ended 31 December 2020

	Notes	2020 £	2019 £
TURNOVER		57,394,440	48,853,005
Cost of sales		(52,520,422)	(45,337,539)
GROSS PROFIT		4,874,018	3,515,466
Administrative expenses		(5,618,151)	(3,694,015)
		(744,133)	(178,549)
Other operating income		32,125	183,071
OPERATING (LOSS)/PROFIT	4	(712,008)	4,522
Interest receivable and similar income		58,165	33,345
		(653,843)	37,867
Interest payable and similar expenses	6	(171,143)	(261,462)
LOSS BEFORE TAXATION		(824,986)	(223,595)
Tax on loss	7	(2,382)	12,408
LOSS FOR THE FINANCIAL YEAR		(827,368)	(211,187)

The notes form part of these financial statements

Everflow Limited (Registered number: 09651912)

Other Comprehensive Income

for the Year Ended 31 December 2020

	Notes	2020 £	2019 £
LOSS FOR THE YEAR		(827,368)	(211,187)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(827,368)</u>	
Prior year adjustment			<u>417,682</u>
TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT			<u>206,495</u>

The notes form part of these financial statements

Everflow Limited (Registered number: 09651912)

Balance Sheet
31 December 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Intangible assets	9	1,713,332	1,256,522
Tangible assets	10	49,452	43,623
		<u>1,762,784</u>	<u>1,300,145</u>
CURRENT ASSETS			
Debtors	11	18,356,821	14,808,338
Cash at bank		3,612,051	1,006,986
		<u>21,968,872</u>	<u>15,815,324</u>
CREDITORS			
Amounts falling due within one year	12	21,271,618	13,631,796
		<u>21,271,618</u>	<u>13,631,796</u>
NET CURRENT ASSETS		<u>697,254</u>	<u>2,183,528</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,460,038</u>	<u>3,483,673</u>
CAPITAL AND RESERVES			
Called up share capital	14	200	200
Share premium	15	2,999,900	2,999,900
Retained earnings	15	(540,062)	483,573
		<u>2,460,038</u>	<u>3,483,673</u>
SHAREHOLDERS' FUNDS		<u>2,460,038</u>	<u>3,483,673</u>

The financial statements were approved by the Board of Directors and authorised for issue on 24/2/21 and were signed on its behalf by:


J. D. Cleave - Director

The notes form part of these financial statements

**Statement of Changes in Equity
for the Year Ended 31 December 2020**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2019	100	545,810	-	545,910
Prior year adjustment	-	417,682	-	417,682
	<hr/>	<hr/>	<hr/>	<hr/>
As restated	100	963,492	-	963,592
	<hr/>	<hr/>	<hr/>	<hr/>
Changes in equity				
Issue of share capital	100	-	2,999,900	3,000,000
Dividends	-	(268,732)	-	(268,732)
Total comprehensive income	-	(211,187)	-	(211,187)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	200	483,573	2,999,900	3,483,673
	<hr/>	<hr/>	<hr/>	<hr/>
Changes in equity				
Dividends	-	(196,267)	-	(196,267)
Total comprehensive income	-	(827,368)	-	(827,368)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2020	200	(540,062)	2,999,900	2,460,038
	<hr/>	<hr/>	<hr/>	<hr/>

**Notes to the Financial Statements
for the Year Ended 31 December 2020**

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 throughout the Covid-19 pandemic to ensure adequate resources are available to continue in operational existence for the foreseeable future. Despite multiple lockdowns impacting a significant proportion of the UK-wide economy, the business has been able to operate within existing facilities throughout the pandemic, and based on current forecasts and the state of the wider economy moving into 2021, 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.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

2. ACCOUNTING POLICIES - continued

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 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.

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

Fixed assets are recognised at cost less accumulated depreciation and impairment.

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.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

Government grants

Grants relating to revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

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.

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. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	1,357,248	850,515
Social security costs	122,669	69,452
Other pension costs	28,657	14,710
	<u>1,508,574</u>	<u>934,677</u>

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

	2020	2019
Directors	-	3
Staff	54	36
	<u>54</u>	<u>39</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

3. **EMPLOYEES AND DIRECTORS - continued**

	2020	2019
	£	£
Directors' remuneration	-	25,731

4. **OPERATING (LOSS)/PROFIT**

The operating loss (2019 - operating profit) is stated after charging:

	2020	2019
	£	£
Hire of plant and machinery	528	222
Depreciation - owned assets	25,961	24,902
Loss on disposal of fixed assets	-	15,149
Customer acquisitions amortisation	953,120	628,886
Auditors' remuneration	10,000	9,750
Auditors' remuneration for non-audit services	8,146	7,947
Rent payments	64,439	61,598

5. **EXCEPTIONAL ITEMS**

	2020	2019
	£	£
Covid bad debts	(955,602)	-
Write off intercompany account	(47,428)	-
	(1,003,030)	-

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2020	2019
	£	£
Wholesaler interest	171,143	-
Loan interest	-	261,462
	171,143	261,462

7. **TAXATION**

Analysis of the tax charge/(credit)

The tax charge/(credit) on the loss for the year was as follows:

	2020	2019
	£	£
Current tax:		
Under/(over) provision in prior year	2,382	(12,408)
Tax on loss	2,382	(12,408)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

7. **TAXATION - continued**

Reconciliation of total tax charge/(credit) included in profit and loss

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

	2020 £	2019 £
Loss before tax	(824,986)	(223,595)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(156,747)	(42,483)
Effects of:		
Expenses not deductible for tax purposes	12,190	(40,243)
Capital allowances in excess of depreciation	(1,108)	-
Depreciation in excess of capital allowances	-	1,242
Adjustments to tax charge in respect of previous periods	-	(12,408)
Prior year adjustment	2,382	79,360
Taxable losses in the year	145,665	2,124
Total tax charge/(credit)	2,382	(12,408)

8. **DIVIDENDS**

	2020 £	2019 £
Ordinary shares of £1 each		
Final	196,267	268,732

9. **INTANGIBLE FIXED ASSETS**

	Customer acquisitions £
COST	
At 1 January 2020	2,270,320
Additions	1,409,930
At 31 December 2020	3,680,250
AMORTISATION	
At 1 January 2020	1,013,798
Amortisation for year	953,120
At 31 December 2020	1,966,918
NET BOOK VALUE	
At 31 December 2020	1,713,332
At 31 December 2019	1,256,522

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

10. TANGIBLE FIXED ASSETS

	Long leasehold £	Computer equipment £	Totals £
COST			
At 1 January 2020	1,120	68,425	69,545
Additions	-	31,790	31,790
	<hr/>	<hr/>	<hr/>
At 31 December 2020	1,120	100,215	101,335
	<hr/>	<hr/>	<hr/>
DEPRECIATION			
At 1 January 2020	299	25,623	25,922
Charge for year	224	25,737	25,961
	<hr/>	<hr/>	<hr/>
At 31 December 2020	523	51,360	51,883
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 31 December 2020	597	48,855	49,452
	<hr/>	<hr/>	<hr/>
At 31 December 2019	821	42,802	43,623
	<hr/>	<hr/>	<hr/>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade debtors	4,794,323	3,300,279
Amounts owed by group undertakings	4,368,532	3,387,437
Other debtors	82,602	257,105
VAT debtor	495,248	415,809
Wholesaler credit support	6,517,850	5,221,156
Prepayments and accrued income	2,098,266	2,226,552
	<hr/>	<hr/>
	18,356,821	14,808,338
	<hr/>	<hr/>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	5,642,656	1,414,032
Taxation and social security	45,427	27,872
Other creditors	1,228,161	145,129
Payments on account	2,973,488	1,084,835
Directors' current accounts	63,144	84,687
Accruals and deferred income	11,318,742	10,875,241
	<hr/>	<hr/>
	21,271,618	13,631,796
	<hr/>	<hr/>

13. LEASING AGREEMENTS

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

	2020 £	2019 £
Within one year	60,755	45,155
Between one and five years	170,706	108,636
In more than five years	67,480	-
	<hr/>	<hr/>
	298,941	153,791
	<hr/>	<hr/>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	2020 £ 200	2019 £ 200
200	Ordinary		<u>200</u>	<u>200</u>

200 ordinary shares of £1 each were allocated and fully paid.

15. RESERVES

	Retained earnings £	Share premium £	Totals £
At 1 January 2020	483,573	2,999,900	3,483,473
Deficit for the year	(827,368)		(827,368)
Dividends	(196,267)		(196,267)
At 31 December 2020	<u>(540,062)</u>	<u>2,999,900</u>	<u>2,459,838</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.

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 £2,895,303 (2019: £2,852,326).

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 3.

The Directors Current Accounts amount to :

A Straker - £40,745

J Gill - £29,585

J Cleave - £(7,186)

18. ULTIMATE PARENT COMPANY

The ultimate parent company is Everflow Holdings Limited. The parent company registered office is Unit 4 Suite 2, Wynyard Avenue, Wynyard, Billingham, TS22 5TB.