

REGISTERED NUMBER: 09918643 (England and Wales)

Strategic Report, Report of the Directors and

Financial Statements

for the Year Ended 31 December 2022

for

Yu Water Limited



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for the Year Ended 31 December 2022

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Yu Water Limited

Company Information
for the Year Ended 31 December 2022

DIRECTORS:

B B Kalar
P E Rawson
R F Paynter Bryant
A J Perkins
J C Glasgow

REGISTERED OFFICE:

CPK House 2 Horizon Place
Mellors Way
Nottingham Business Park
Nottingham
Nottinghamshire
NG8 6PY

REGISTERED NUMBER:

09918643 (England and Wales)

ACCOUNTANTS:

Bates Weston LLP
Chartered Accountants
The Mills
Canal Street
Derby
DE1 2RJ

Strategic Report
for the Year Ended 31 December 2022

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

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is that of a water supply business, supplying water and water related services to small and medium sized enterprises (SMEs) and larger corporates. The Company is a subsidiary of Yü Group PLC.

The principal activity of the Group during the year was the supply of gas, electricity and water to small and medium sized enterprises (SMEs) and larger corporates.

Financial performance of the Group for the year ended 31 December 2022 delivered above management expectations in revenue, EBITDA and cash, and the Board is confident in continuing this strong trajectory.

PRINCIPAL RISKS AND UNCERTAINTIES

Financial and operational risk management is undertaken as part of the Group operations as a whole. Details of the principal risks and uncertainties facing the Group are included in the financial statements of Yü Group PLC, which are available from the Group headquarters, CPK House, 2 Horizon Place, Nottingham Business Park, Mellors Way, Nottingham, NG8 6PY.

ON BEHALF OF THE BOARD:

P Rawson

P E Rawson - Director

18 August 2023

Yu Water Limited (Registered number: 09918643)

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.

DIVIDENDS

The directors do not recommend the payment of a dividend (2021: £nil).

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

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

B B Kalar
P E Rawson
R F Paynter Bryant
A J Perkins
J C Glasgow

POLITICAL CONTRIBUTIONS

The Company made no political donations or incurred any political expenditure during the year (2021: £nil).

STRATEGIC REPORT

The Company has chosen, in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) regulations 2013 to set out in the Company's Strategic Report, certain information required by Schedule 7 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the Directors' Report.

ON BEHALF OF THE BOARD:

P Rawson

P E Rawson - Director

18 August 2023

Yu Water Limited (Registered number: 09918643)

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

	Notes	2022 £'000	2021 £'000
TURNOVER		2,680	1,623
Cost of sales		3,281	1,336
GROSS (LOSS)/PROFIT		(601)	287
Administrative expenses		293	43
OPERATING (LOSS)/PROFIT and (LOSS)/PROFIT BEFORE TAXATION		(894)	244
Tax on (loss)/profit	2	(265)	56
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(629)	188
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(629)	188

The notes form part of these financial statements

Yu Water Limited (Registered number: 09918643)

Balance Sheet
31 December 2022

	Notes	2022 £'000	£'000	2021 £'000	£'000
NON CURRENT ASSETS					
Deferred tax asset	3		218		-
CURRENT ASSETS					
Debtors	4	358		506	
CREDITORS					
Amounts falling due within one year	5	<u>1,058</u>		<u>312</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(700)</u>		<u>194</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			(482)		194
PROVISIONS FOR LIABILITIES	6		-		47
NET (LIABILITIES)/ASSETS			<u>(482)</u>		<u>147</u>
CAPITAL AND RESERVES					
Called up share capital	7		-		-
Retained earnings			<u>(482)</u>		<u>147</u>
SHAREHOLDERS' FUNDS			<u>(482)</u>		<u>147</u>

The company is entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies for the year ended 31 December 2022.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2022 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements were approved by the Board of Directors and authorised for issue on 18 August 2023 and were signed on its behalf by:

P Rawson

P E Rawson - Director

The notes form part of these financial statements

Yu Water Limited (Registered number: 09918643)

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

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2021	-	(41)	(41)
Changes in equity			
Total comprehensive income	-	188	188
Balance at 31 December 2021	-	147	147
Changes in equity			
Total comprehensive income	-	(629)	(629)
Balance at 31 December 2022	-	(482)	(482)

The notes form part of these financial statements

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

1. ACCOUNTING POLICIES

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"), under the historical cost convention.

In preparing these financial statements, the Company applies the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006.

The financial statements are presented in British pounds sterling (£).

The Company's ultimate parent undertaking, Yü Group PLC, includes the Company in its consolidated financial statements. The consolidated financial statements of Yü Group PLC are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from CPK House, 2 Horizon Place, Nottingham Business Park, Mellors Way, Nottingham, NG8 6PY.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements and, where relevant, equivalent disclosures have been made in the Group accounts of the parent, in accordance with FRS101:

- Presentation of a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with the parent or wholly owned subsidiaries;
- IFRS 7, Financial Instruments: Disclosures;
- Disclosures in respect of capital management;
- Disclosures in respect of the compensation of Key Management Personnel;
- Comparative period reconciliations for share capital;
- Disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date.

There are no amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2022 that have had a material impact on the Company's financial statements.

Basic financial instruments

Non-derivative financial instruments comprise trade and other debtors and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Turnover

The Company enters into contracts to supply water and water related services to its customers. Turnover represents the fair value of the consideration received or receivable from the sale of actual and estimated water supplied during the year, net of discounts and value added tax. Revenue is recognised in line with the consumption by the end user, being the point at which the transfer of goods or services to the customer takes place and based on an assessment of the extent to which performance obligations have been achieved.

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

1. ACCOUNTING POLICIES - continued

Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Going concern

The financial statements are prepared on a going concern basis.

At 31 December 2022 the Group had net assets of £14.8m (2021: £9.3m) and cash of £19.0m (2021: £7.0m). Yu Water Limited as a standalone entity made a loss for the year after taxation of £0.6m (2021: profit of £1.2m) and at 31 December 2022 had net current liabilities of £0.7m (2021: net current assets of £0.2m) and net liabilities of £0.5m (2021: net assets of £0.1m). As such the Company is reliant on support from the ultimate parent company Yü Group plc.

Management prepares detailed budgets and forecasts of financial performance and cash flow (including capital commitments) over the coming 12 to 36 months. The Board has confidence in achieving such targets and forecasts and has performed comprehensive analysis of various risks (including those set out in the Strategic Report) and sensitivities in relation to performance, the energy market and the wider economy.

Summary

Following extensive review of the Company's forward business plan and associated risks and sensitivities, together with support from the Company's parent company, Yü Group plc, the Board concludes that it is appropriate to prepare the financial statements on a going concern basis.

2. TAXATION

Analysis of tax (income)/expense

	2022	2021
	£'000	£'000
Deferred tax	(265)	56
Total tax (income)/expense in statement of comprehensive income	<u>(265)</u>	<u>56</u>

Yu Water Limited (Registered number: 09918643)

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

2. TAXATION - continued

Factors affecting the tax expense

The tax assessed for the year is lower (2021 - higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £'000	2021 £'000
(Loss)/profit before income tax	(894)	244
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	(170)	46
Effects of:		
Utilisation of tax losses brought forward	(95)	10
Tax (income)/expense	(265)	56

3. DEFERRED TAX ASSET

	Deferred tax asset £'000
Provided on losses	218
At 31 December 2022	218

4. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Trade debtors	62	183
Other debtors	46	154
Prepayments and accrued income	250	169
	358	506

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Trade creditors	11	-
Amounts owed to group undertakings	607	312
Accruals and deferred income	440	-
	1,058	312

6. PROVISIONS FOR LIABILITIES

	2022 £'000	2021 £'000
Deferred tax	-	47

Yu Water Limited (Registered number: 09918643)

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

6. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £'000
Balance at 1 January 2022	47
Utilised during year	(47)
	<hr/>
Balance at 31 December 2022	-
	<hr/>

7. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2022	2021
			£	£
100	Ordinary	£1	100	100
			<hr/>	<hr/>

8. ULTIMATE PARENT COMPANY

The Company's ultimate parent and controlling party is Yü Group PLC, a Company incorporated in the United Kingdom.

Copies of Group accounts can be obtained from the parent company at CPK House, 2 Horizon Place, Mellors Way, Nottingham, NG8 6PY.

9. CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2022 (2021: £nil).

10. SUBSEQUENT EVENTS

There are no significant or disclosable post balance sheet events.

11. AUDIT EXEMPTION

The Company has taken advantage of audit exemption for the year as its parent undertaking, Yü Group PLC has guaranteed the debts of the Company at the balance sheet date which has been given under Section 479C of the Companies Act 2006.