

Company registration number: 03102176

**Albion Water Limited
Filleter Annual Report and Unaudited Financial Statements
for the Year Ended 30 June 2023**

ALBION WATER LIMITED

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ALBION WATER LIMITED

(Registration number: 03102176)
Balance Sheet as at 30 June 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	<u>4</u>	24,493	20,679
Tangible assets	<u>5</u>	12,601,677	12,882,426
		<u>12,626,170</u>	<u>12,903,105</u>
Current assets			
Debtors	<u>6</u>	832,440	506,638
Cash at bank and in hand		274,552	60,483
		1,106,992	567,121
Creditors: Amounts falling due within one year	<u>7</u>	<u>(1,533,302)</u>	<u>(632,492)</u>
Net current liabilities		<u>(426,310)</u>	<u>(65,371)</u>
Total assets less current liabilities		12,199,860	12,837,734
Creditors: Amounts falling due after more than one year	<u>7</u>	<u>(11,871,426)</u>	<u>(12,148,071)</u>
Net assets		<u>328,434</u>	<u>689,663</u>
Capital and reserves			
Called up share capital		1	1
Profit and loss account		328,433	689,662
Total equity		<u>328,434</u>	<u>689,663</u>

For the financial year ending 30 June 2023 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 accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared and delivered in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006. The option not to file the profit and loss account and directors' report has been taken.

Approved and authorised by the Board on 27 March 2024 and signed on its behalf by:

A Shore
Director

ALBION WATER LIMITED

Notes to the Unaudited Financial Statements for the Year Ended 30 June 2023

1 General information

The company is a private company limited by share capital, incorporated in England.

The address of its registered office is:
3 Filers Way
Weston Gateway Business Park
Weston-super-Mare
BS24 7JP

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

These financial statements are presented in Sterling (£).

**Notes to the Unaudited Financial Statements
for the Year Ended 30 June 2023**

Turnover recognition

Supply of water and sewerage services:

The nature of the water industry in the UK is such that revenue recognition is subject to a degree of estimation. The assessment of water sales to customers is based on internal data where final settlement data is not yet available. At the end of each period, amounts of water delivered to customers are estimated and the corresponding billed and unbilled revenue is assessed and recorded in Revenue. For the purpose of the judgement various factors are considered such as seasonality, historic billing profiles, leakage data and general economic conditions.

The company, under the license granted by the Government, has the right to supply water and sewerage services to customers, together with an obligation to maintain and develop the network and ensure its continued availability. Revenue from contracts with customers is recognised when control of these goods or services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

For metered customers this amount is determined by the meter reading. For unmetered customers, the amount to which the Company has a right to receive is determined by the passage of time during which the customer occupies a property within the Company's licensed region. Revenue represents income receivable in the ordinary course of business, excluding VAT, for services provided. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company.

Variable Consideration:

Unbilled receivables are considered to be a variable consideration which is not constrained as the Company considers it to be highly probable that a significant amount will not be reversed after year end. Unbilled receivables and the variable consideration are estimated using the most likely outcome approach.

Developer Services:

These are services related to the obligation under statute to allow property developers to establish an authorised connection to the water and/or sewerage network. In obtaining the connection the developer may require the Company to undertake one or more of the of the following:

- (i) Connections and meter installation in exchange for payment.
- (ii) Adoptions of water and wastewater mains.

The developer is also required to pay infrastructure charges being a contribution to network reinforcement.

Period over which performance obligations are satisfied:

From the perspective of the Company these activities are not separable nor distinct and instead form a bundle of activities necessary to establish an authorised connection from which the network access can be obtained. Also, the Company has an additional obligation under statute to keep the connection in place for all current and future occupiers and facilitate ongoing access to the network for as long as the property requires service provision. Consequently, revenue from Developer Services will be deferred over the shorter of expected period of service provision or the need to replace the assets at the end of their useful life (typically in the range 60 to 125 years).

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Notes to the Unaudited Financial Statements for the Year Ended 30 June 2023

Deferred Grants and Contributions

Grants and contributions in respect of specific expenditure on non-infrastructure fixed assets are treated as contract liability and recognised in the profit and loss account over the expected useful economic lives of the related assets.

Grants and contributions relating to infrastructure assets are amortised over an average of between 60 and 125 years. Under FRS102-1A sewers adopted at nil cost to the company are shown in contract liabilities at a fair value, equivalent to the estimated cost of construction, and amortised at the same rate as infrastructure assets are depreciated.

Tax

The tax expense for the period comprises tax. Tax is recognised in the profit and loss account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised on timing differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Deferred tax liabilities are presented within provisions for liabilities on the balance sheet.

Tangible assets

Tangible assets are stated at cost, less accumulated depreciation and accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

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Notes to the Unaudited Financial Statements for the Year Ended 30 June 2023

Depreciation of tangible assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Asset class	Depreciation method and rate
Land and Buildings	10 - 125 years
Plant, equipment and vehicles	3 - 20 years
Office and IT equipment	3 - 15 years
Infrastructure assets	60 - 125 years

Intangible assets

Intangible assets that are acquired by the company are stated at cost less accumulated amortisation and less accumulated impairment losses

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Specialised computer software	10 years
In-house software development	5 years

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

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Notes to the Unaudited Financial Statements for the Year Ended 30 June 2023

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year was 10 (2022 - 9).

ALBION WATER LIMITED**Notes to the Unaudited Financial Statements
for the Year Ended 30 June 2023****4 Intangible assets**

	Other intangible assets £	Total £
Cost or valuation		
At 1 July 2022	89,063	89,063
Additions acquired separately	9,321	9,321
	<hr/>	<hr/>
At 30 June 2023	98,384	98,384
	<hr/>	<hr/>
Amortisation		
At 1 July 2022	68,384	68,384
Amortisation charge	5,507	5,507
	<hr/>	<hr/>
At 30 June 2023	73,891	73,891
	<hr/>	<hr/>
Carrying amount		
At 30 June 2023	24,493	24,493
	<hr/>	<hr/>
At 30 June 2022	20,679	20,679
	<hr/>	<hr/>

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Notes to the Unaudited Financial Statements for the Year Ended 30 June 2023

5 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Plant and machinery £	Infrastructure assets £	Total £
Cost or valuation					
At 1 July 2022	1,058,952	15,000	1,811,737	11,977,126	14,862,815
Additions	-	31,634	6,080	-	37,714
At 30 June 2023	1,058,952	46,634	1,817,817	11,977,126	14,900,529
Depreciation					
At 1 July 2022	121,742	15,000	265,320	1,578,327	1,980,389
Charge for the year	15,877	7,908	127,351	167,327	318,463
At 30 June 2023	137,619	22,908	392,671	1,745,654	2,298,852
Carrying amount					
At 30 June 2023	921,333	23,726	1,425,146	10,231,472	12,601,677
At 30 June 2022	937,210	-	1,546,417	10,398,799	12,882,426

Included within the net book value of land and buildings above is £921,333 (2022 - £937,210) in respect of freehold land and buildings.

ALBION WATER LIMITED**Notes to the Unaudited Financial Statements
for the Year Ended 30 June 2023****6 Debtors**

	2023	2022
	£	£
Current		
Trade debtors	412,443	41,557
Prepayments	20,815	34,542
Other debtors	399,182	430,539
	<u>832,440</u>	<u>506,638</u>

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

	2023	2022
	£	£
Trade creditors	616,381	163,496
Amounts owed to connected undertakings	657,214	114,207
Taxation and social security	18,309	-
Other creditors	241,398	354,789
	<u>1,533,302</u>	<u>632,492</u>

Due after one year

Deferred income and developer contributions	<u>11,871,426</u>	<u>12,148,071</u>
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Notes to the Unaudited Financial Statements for the Year Ended 30 June 2023

8 Loans and borrowings

Other borrowings

On 8 March 2022 the entity share capital of the company was acquired by Albion Water Holdings Limited from Wessex Water Limited. Prior to the change in ownership it was agreed that the loans owing to Wessex Water Limited of £6,730,166 would be waived in full. A credit to profit of £6,760,166 has been recognised in the prior year.

9 Financial commitments, guarantees and contingencies

Amounts not provided for in the balance sheet

The total amount of financial commitments not included in the balance sheet is £9,427 (2022 - £37,708).

10 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £7,542 (2022 - £8,159).

Contributions totalling £1,547 (2022 - £Nil) were payable to the scheme at the end of the year and are included in creditors.

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