

REGISTERED NUMBER: 09918643 (England and Wales)

Strategic Report, Report of the Directors and
Financial Statements
for the Year Ended 31 December 2021
for
Yu Water Limited

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Yu Water Limited (Registered number: 09918643)

**Contents of the Financial Statements
for the Year Ended 31 December 2021**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	3
Statement of Comprehensive Income	4
Balance Sheet	5
Statement of Changes in Equity	6
Notes to the Financial Statements	7

Yu Water Limited

Company Information
for the Year Ended 31 December 2021

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

Yu Water Limited (Registered number: 09918643)

Strategic Report
for the Year Ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021.

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 commenced trading activities during the year ended 31 December 2019, prior to this Yu Water Limited was a dormant entity. 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.

2021 was a positive year for the business and the Group as a whole. Despite turbulence in the wider external market, we remain strong and focused so as to deliver continued growth in revenue and profitability. The Board are pleased with progress during 2021 and into 2022.

The Company generated revenues of £1.6m during the year and a profit before tax of £244,000.

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.

KEY PERFORMANCE INDICATORS

The business has only recently commenced trading activities and as such is focused on a small number of Key Performance Indicators:

- Revenue - £1.6m (2020: £277,000)
- Number of meters supplied - (2020: 408)
662

The Directors will develop the range of KPI's as the business continues to grow.

ON BEHALF OF THE BOARD:



P E Rawson - Director

Date: 21/9/22

**Report of the Directors
for the Year Ended 31 December 2021**

The directors present their report with the financial statements of the company for the year ended 31 December 2021.

DIVIDENDS

The directors do not recommend the payment of a dividend (2020: £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 2021 to the date of this report.

B B Kalar
P E Rawson

Other changes in directors holding office are as follows:

R F Paynter Bryant - appointed 20 January 2021
A J Perkins - appointed 20 January 2021
J C Glasgow - appointed 20 January 2021

POLITICAL CONTRIBUTIONS

The Company made no political donations or incurred any political expenditure during the year (2020: £nil).

DISCLOSURE OF INFORMATION TO AUDITOR

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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 E Rawson - Director

Date: 21 September 2022

Yu Water Limited (Registered number: 09918643)

**Statement of Comprehensive
Income
for the Year Ended 31 December 2021**

	Notes	2021 £'000	2020 £'000
TURNOVER		1,623	277
Cost of sales		1,336	296
GROSS PROFIT/(LOSS)		287	(19)
Administrative expenses		43	-
OPERATING PROFIT/(LOSS) and PROFIT/(LOSS) BEFORE TAXATION	2	244	(19)
Tax on profit/(loss)	3	56	(4)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		188	(15)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		188	(15)

The notes form part of these financial statements

Yu Water Limited (Registered number: 09918643)

**Balance Sheet
31 December 2021**

	Notes	£'000	2021 £'000	£'000	2020 £'000
CURRENT ASSETS					
Debtors	4		506		406
CREDITORS					
Amounts falling due within one year	5		312		447
NET CURRENT ASSETS/(LIABILITIES)			<u>194</u>		<u>(41)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			194		(41)
PROVISIONS FOR LIABILITIES	6		47		-
NET ASSETS/(LIABILITIES)			<u>147</u>		<u>(41)</u>
CAPITAL AND RESERVES					
Called up share capital	7		-		-
Retained earnings			147		(41)
SHAREHOLDERS' FUNDS			<u>147</u>		<u>(41)</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 2021.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2021 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) 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 21 September 2022 and were signed on its behalf by:



 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 2021**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2020	-	(26)	(26)
Changes in equity			
Total comprehensive income	-	(15)	(15)
Balance at 31 December 2020	-	(41)	(41)
Changes in equity			
Total comprehensive income	-	188	188
Balance at 31 December 2021	-	147	147

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 December 2021**

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 2021 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.

Yu Water Limited (Registered number: 09918643)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

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.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2021**

1. ACCOUNTING POLICIES - continued

Going concern

Yu Water Limited is a subsidiary undertaking of Yü Group PLC.

Management prepare detailed budgets and forecasts of financial performance and cash flow 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 and sensitivities in relation to performance.

The Group has demonstrated significant progress in its results. This has led to adjusted EBITDA profitability in 2021 (a close) profitability measure to cash generated from operations), which is a significant turnaround in performance from the losses of 2018 and 2019 and continues the positive trend in 2020 despite the impact in that year of Covid-19.

Group available cash remains at significant levels, with £7.0m available at 31 December 2021. Cash held has reduced in 2021 because of an investment in a newly built innovation and sales office in Leicester; an increased investment in sales acquisition costs and the digital programme; and the commencement of payments on VAT deferred as part of the UK Government's Covid-19 relief scheme. In view of the significant growth in the business, working capital movements have increased from Q4 2021, with a £19.7m increase in trade and other receivables (excluding the financial derivative asset) largely mitigated by a £17.5m increase in trade and other payables.

The Group has no debt other than £0.3m (at 31 December 2021) recognised from IFRS 16 as a consequence of operating leases for the Group's premises.

The five year commodity trading arrangement between SmartestEnergy Ltd and the main trading entities of the Group (Yü Energy Holding Limited and Yü Energy Retail Limited), signed December 2019, enables the Group to purchase electricity and gas on forward commodity markets in line with its hedging strategy, supporting the Group's commodity hedging position. As part of the arrangement, SmartestEnergy Ltd holds security over the trading assets of the Group. In return, a variable commodity trading limit is provided, which scales with the Group, having the benefit of significantly reducing the need to post cash collateral from cash reserves. The Board carefully monitors covenants associated with this agreement to assess the likelihood of the credit facility being reduced.

Summary

Following extensive review of the Group's forward business plan and associated risks and sensitivities to these base forecasts, the Board concludes that it is appropriate to prepare the financial statements on a going concern basis.

2. PROFIT/(LOSS) BEFORE TAXATION

All of the directors are also directors of a fellow Group company, Yü Energy Retail Limited. Their remuneration of £749,000 (2020: £555,000) was paid by Yü Energy Retail Limited and no allocation was made for services to the Company.

There are no other employees employed by the company.

3. TAXATION

Analysis of tax expense/(income)

	2021	2020
	£'000	£'000
Deferred tax	56	(4)
Total tax expense/(income) in statement of comprehensive income	56	(4)

Yu Water Limited (Registered number: 09918643)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2021**

3. TAXATION - continued

Factors affecting the tax expense

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

	2021 £'000	2020 £'000
Profit/(loss) before income tax	244	(19)
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	46	(4)
Effects of:		
Utilisation of tax losses brought forward	10	-
Tax expense/(income)	56	(4)

4. DEBTORS

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Trade debtors	183	-
Other debtors	154	42
Prepayments and accrued income	169	355
	506	397
Amounts falling due after more than one year:		
Deferred tax asset	-	9
Aggregate amounts	506	406

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Trade creditors	-	326
Amounts owed to group undertakings	312	121
	312	447

6. PROVISIONS FOR LIABILITIES

	2021 £'000	
Deferred tax	47	
		Deferred tax
		£'000
Balance at 1 January 2021		(9)
Provided during year		56
Balance at 31 December 2021		47

Yu Water Limited (Registered number: 09918643)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

7. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2021	2020
Number:	Class:	Nominal value:	£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

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 2021 (2020: £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.