FLIPPER LIMITED

Annual Report and Financial Statements
30 June 2019

Registered in England and Wales No. 10826922

COMPANY INFORMATION

Directors:	C F Skellett C T Maher M T Watts D J Elliott
Secretary:	R E Jefferson
Registered Office:	Operations Centre Claverton Down Road Claverton Down Bath United Kingdom BA2 7WW
Auditor:	Ernst & Young LLP The Paragon Counterslip Bristol BS1 6BX

CONTENTS

DIRECTORS' REPORT

The Directors present their report and accounts for the year to 30 June 2019.

The principle activity of the Company is the provision of utility switching services to consumers of gas and electricity in the UK. For an annual fee the Company guarantees to save the customer money on their existing gas and electricity provider. Furthermore, their ongoing charges are monitored and automatically switched to a new deal if further savings can be made in the future.

Directors

The Directors of the Company during the year and subsequently were:

David Elliott
Charlotte Maher
Collin Skellett
Mark Watts

Colin Skellett and Mark Watts are also Directors of Wessex Water Services Ltd, Wessex Utility Solutions Ltd, Wessex Concierge Ltd, Wessex Water Ltd, Wessex Water Services Finance Plc, Wessex Engineering & Construction Services Ltd, GENeco Ltd, GENeco (South West) Ltd, YTL Land and Property (UK) Ltd and YTL Utilities (UK) Ltd.

Colin Skellett is also a Director of Enterprise Laundry Services Ltd and Bristol Wessex Billing Services Ltd. Mark Watts is also a Director of Albion Water Ltd.

Directors emoluments

Directors' emoluments for Colin Skellett, Mark Watts and David Elliott are shown in the accounts of Wessex Water Ltd, a group company. Emoluments of Charlotte Maher are included in the accounts of Bristol Wessex Billing Services Ltd. There were no material services to the Company.

The Modern Slavery Act 2015

The Company is committed to meeting the aims of the Modern Slavery Act 2015. We strongly oppose slavery and human trafficking in our supply chains and in any part of our business. To be trusted to do the right thing is one of our core values. We would never knowingly engage with suppliers or contractors involved in slavery or human trafficking. In accordance with the requirements of the Act we have published on our website a Slavery and Human Trafficking Statement 2018.

Basis of preparation

In preparing this report the directors have taken advantage of the exemptions provided by sections 414B and 415A of the Companies Act 2006 insofar as a Strategic Report has not been prepared.

Disclosure of information to the 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 ought to have been 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.

Re-appointment of auditor

Following the resolution of the board, Ernst & Young LLP were reappointed as the auditor of the company for the current financial year.

By order of the Board;

Mark Watts – Director
Claverton Down
Bath BA2 7WW
16th December 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' Report 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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLIPPER LIMITED

Opinion

We have audited the financial statements of Flipper Limited for the year ended 30 June 2019 which comprise the Income Statement and Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 Auditor's responsibilities for the audit of the* financial statements section of our report below. 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you were:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLIPPER LIMITED *(continued)*

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 directors' report.

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

- adequate accounting records have not been kept by the parent company, 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; or
- the directors are not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, 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 is 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.

Auditor's 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 an auditor's report 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 an auditor's report 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.

Ernst & Young LLP

Paul Mapleston (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol
Date: 16th December 2019

INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Note	**2019**	Period to 30.6.2018
		£000	£000
Revenue	*2*	**319**	153
Staff costs	*4*	**(752)**	(946)
Depreciation, amortisation and impairment		**(229)**	(172)
Other expenses	*3*	**(685)**	(1,567)
Total expenses		**(1,666)**	(2,685)
Operating loss		**(1,347)**	(2,532)
Financial expenses	*5*	**(27)**	(1)
Net financing expense		**(27)**	(1)
Loss before tax		**(1,374)**	(2,533)
Taxation	*6*	**-**	-
Loss for the year		**(1,374)**	(2,533)
Other comprehensive income for the year, net of income tax		**-**	-
Total comprehensive loss for the year		**(1,374)**	(2,533)

The notes on pages 10 to 21 are an integral part of these financial statements.

BALANCE SHEET
At 30 June 2019

	Note	**2019**	2018
		£000	£000
Non-current assets			
Property, plant and equipment	*7*	**87**	153
Intangible assets	*8*	**569**	655
		656	808
Current assets			
Trade and other receivables	*9*	**6**	12
		6	12
Total assets		**662**	820
Current liabilities			
Bank Overdraft	*10*	**(285)**	(1,726)
Other interest-bearing loans and borrowings	*11*	**(3,000)**	(500)
Trade and other payables	*12*	**(1,258)**	(1,101)
		(4,543)	(3,327)
Total liabilities		**(4,543)**	(3,327)
Net liabilities		**(3,881)**	(2,507)
Equity			
Share capital	*13*	**26**	26
Distributable reserves		**(3,907)**	(2,533)
Net Deficit		**(3,881)**	(2,507)

The notes on pages 10 to 21 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 16th December 2019 and signed on its behalf by:

Mark Watts
Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2019

	Note	**Share capital £ 000's**	**Share Premium £ 000's**	**Retained earnings £ 000's**	**Total equity £ 000's**
Total comprehensive income since incorporation					
Loss for the year		-	-	(2,533)	(2,533)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	(2,533)	(2,533)
Transactions with owners, recorded directly in equity					
Issue of shares	*13*	-	26	-	26
Dividends		-	-	-	-
Total contributions by and distributions to owners		-	26	-	26
Balance at 30 June 2018		-	26	(2,533)	(2,533)
Balance at 01 July 2018		**-**	**26**	**(2,533)**	**(2,533)**
Loss for the year		**-**	**-**	**(1,374)**	**(1,374)**
Other comprehensive income		**-**	**-**	-	**-**
Total comprehensive income for the year		**-**	**-**	**(1,374)**	**(1,374)**
Transactions with owners, recorded directly in equity					
Issue of shares		**-**	**-**	**-**	**-**
Dividends		**-**	**-**	**-**	**-**
Total contributions by and distributions to owners		**-**	**-**	**-**	**-**
Balance at 30 June 2019		**-**	**26**	**(3,907)**	**(3,881)**

CASH FLOW STATEMENT

For the year ended 30 June 2019

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Loss for the period		**(1,374)**	(2,533)
Adjustments for:			
Depreciation, amortisation and impairment		**229**	172
Financial expense		**27**	1
		(1,118)	(2,360)
Decrease/(Increase) in trade and other receivables		**6**	(12)
Increase in trade and other payables		**157**	1,101
		163	1,089
Net cash from operating activities		**(955)**	(1,271)
Cash flow used in investing activities			
Acquisition of intangible assets		**(77)**	(815)
Acquisition of property, plant and equipment		**-**	(165)
Net cash used in investing activities		**(77)**	(980)
Cash flow from financing activities			
Proceeds from new loan		**2,500**	500
Interest paid		**(27)**	(1)
Issue of share capital		**-**	26
Net cash flow		**2,473**	525
Increase/(Decrease) in cash and cash equivalents		**1,441**	(1,726)
Cash and cash equivalents at 1 July		**(1,726)**	-
Cash and cash equivalents at 30 June	*10*	**(285)**	(1,726)

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

1.1 Basis of preparation

Flipper Limited (the "Company") is a private company limited by shares and incorporated, domiciled and registered in England in the UK. The registered number is 09326393 and the registered address is Wessex Water Operations Centre, Claverton Down, Bath, BA2 7WW.

The Company financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Directors have taken advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Judgements made by the Directors, in the application of these accounting policies, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 20.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis.

1.3 Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on a parent company, Wessex Water Ltd. The company has received undertakings from Wessex Water Ltd, for at least 12 months from the date of approval of these financial statements, that they will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue to trade for the foreseeable future by meeting its liabilities as and when they become due. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result if such funds were not available.

1.4 Foreign currency

Transactions in foreign currencies are translated into sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

1.5 Financial instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1. Accounting policies *(continued)*

1.5 Financial instruments *(continued)*

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

Financial assets at amortised cost (receivables)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to expected credit loss (ECL). Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade and other receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and intercompany loans.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1. Accounting policies *(continued)*

1.5 Financial instruments *(continued)*

Subsequent measurement – Trade and other payables

This is the category most relevant to the Company. After initial recognition, trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

1.6 Intangible assets

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 charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Intellectual property rights 5 years
- Computer software development 5 years

1.7 Property, plant and equipment

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.

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. The estimated useful lives are as follows:

- Office and IT equipment 3 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.8 Impairment

Financial assets (including receivables)

For trade receivables and contract assets that are expected to have a maturity of one year or less, the Company has applied the practical expedient and followed the simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1. Accounting policies *(continued)*

1.8 Impairment *(continued)*

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

1.9 Revenue

The Company has one source of revenue which is an annual membership fee from its customers. The fee covers the contract of an annual membership of periodical tariff checking and switching. Revenue is recognised over the period of time the service is provided as this constitutes fulfilment of the performance obligation. There is no variable consideration.

1.10 Dividends

Dividends are proposed by the Board and immediately afterwards are authorised by the shareholder and are therefore recognised as a liability in the accounts until paid.

1.11 Expenses

Financing income and expenses

Financing expenses comprise interest payable.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

1.12 Taxation

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

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)*

1. Accounting policies *(continued)*

1.13 Adopted IFRS not yet applied

The following Adopted IFRS's have been issued but have not been applied in these financial statements:

- Classification and Measurement of Share-Based Payment Transactions – Amendments to IFRS 2
- Annual Improvements to IFRSs – 2014-2016 Cycle
- Annual Improvements to IFRSs – 2015-2017 Cycle

The Company does not currently expect that adoption of these standards will have a significant effect on the results or financial position of the company but may affect disclosure requirements.

- IFRS 16 Leases

IFRS 16 Leases is effective from 1 January 2019. This standard replaces IAS 17 Leases and sets out the principles for the for the recognition and, measurement, presentation and disclosure of leases. The Company does not have any leases but is currently negotiating a lease for office premises at 1 Clevedon Walk, Nailsea, Bristol. As a result, the Company is unable to quantify the impact this standard will have on the results or financial position.

1.14 New and amended standards and interpretations

The Company applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Company adopted IFRS 15 using the modified retrospective method of adoption. On reviewing the existing accounting treatment, management have concluded there is no financial impact under IFRS 15. Comparatives are presented under IAS18.

IFRS 9 Financial Instruments

The company has adopted IFRS 9 'Financial Instruments: Recognition and Measurement' as at 1 July 2018 and applied the new rules using a modified retrospective approach, including the practical expedients permitted in the standard, where applicable. The Company has undertaken an assessment of its accounting policy as a result of the changes in the standard:

Classification and Measurement

The review included as assessment of the contractual cash flow characteristics of financial instruments, in order to determine their classification and measurement under IFRS.

Management's assessment was to consider whether the contractual cash flows of the financial instruments represented SPPI in order to determine whether the financial instruments should be classified at amortised cost of fair value through profit and loss.

Management concludes that the financial instruments should continue to be held at amortised cost. There are no charges in classification or measurement of its assets and liabilities as a result of adopting IFRS 9.

IFRS 9 introduces a new impairment model which requires the recognition of impairment provision based on ECL rather than incurred credit losses, as were required under IAS 39.

A credit loss in respect of a financial asset measured at amortised cost is calculated as the difference between its' carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. An expected credit loss is then calculated by a probability-weighted ECL over the expected life of the financial instrument.

As a result of this assessment, management have determined that no provision is required.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

2. Revenue from contracts with customers

	2019	2018
	£000	£000
Revenue		
Membership fees	**319**	153
	319	153

Membership fees are recognised as revenue over the period of time the service is provided (12 months).

3. Expenses and audit fee information

	2019	2018
	£000	£000
Auditor's fees:		
Audit of these financial statements	**3**	3
	3	3

4. Staff numbers and costs

The average number of employees (including directors) during the year was as follows:

	2019	2018
Average number of employees	**16**	9

The aggregate payroll costs of these employees were:

	2019	2018
	£000	£000
Wages and salaries	**593**	707
National Insurance	**76**	81
Pension	**38**	20
Other costs	**45**	138
	752	946

The Directors' emoluments have been disclosed in the Directors' Report (see page 2).

5. Finance income and expense

	2019	2018
	£000	£000
Finance expense		
On loans from parent company	**27**	1
Net interest payable	**27**	1

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

6. Taxation

	2019	2018
	£ 000's	£ 000's
Profit for the year	**(1,374)**	(2,533)
Total tax expense	-	
Loss excluding taxation:	**(1,374)**	(2,533)
Tax using the UK corporation tax rate of 19.00% (2017 - 19.75%)	**(261)**	(481)
Losses not recognised	**261**	481
Total tax expense	-	-

As at the balance sheet date, the company has carried forward tax losses amounting to £1.3m. No deferred tax asset has been recognised on the basis the directors do not consider it probable that future taxable profits will be available within the short term.

7. Property, Plant & Equipment

	Office & IT equipment	**Company total**
	£000	£000
Cost		
Additions in the period to 30 June 2018	165	165
Disposals	-	-
Balance at 30 June 2018	165	165
Balance at 1 July 2018	165	165
Additions	-	-
Disposals	(44)	(44)
Balance at 30 June 2019	**121**	**121**
Depreciation and Impairment		
Depreciation charge for the period to 30 June 2018	(12)	(12)
Disposals	-	-
Balance at 30 June 2018	(12)	(12)
Balance at 1 July 2018	(12)	(12)
Depreciation charge for the year	(29)	(29)
Disposals	7	7
Balance at 30 June 2019	**(34)**	**(34)**
Net Book Value		
At 30 June 2018	153	153
At 30 June 2019	**87**	**87**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

8. Intangible Assets

	Customer list £000	Intellectual property rights £000	Computer software £000	Company total £000
Cost				
Additions in the period to 30 June 2018	65	300	450	815
Disposals	-	-	-	-
Balance at 30 June 2018	65	300	450	815
Balance at 1 July 2018	65	300	450	815
Additions	-	-	77	77
Disposals	-	-	-	-
Balance at 30 June 2019	**65**	**300**	**527**	**892**
Amortisation and impairment				
Amortisation charge for the period to 30 June 2018	(22)	(60)	(78)	(160)
Disposals	-	-	-	-
Balance at 30 June 2018	(22)	(60)	(78)	(160)
Balance at 1 July 2018	(22)	(60)	(78)	(160)
Amortisation charge for the year	(22)	(60)	(81)	(163)
Disposals	-	-	-	-
Balance at 30 June 2019	**(44)**	**(120)**	**(159)**	**(323)**
Net Book Value				
At 30 June 2018	43	240	372	655
At 30 June 2019	**21**	**180**	**368**	**569**

9. Trade and other receivables

	2019 £000	2018 £000
Prepayments and accrued income	**6**	5
Other debtors	**-**	7
	6	12

Trade and other receivables are due in under one year.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

10. Bank Overdraft

	2019	2018
	£000	£000
Bank Overdraft	**285**	1,726

11. Other interest-bearing loans and borrowings

	2019	2018
	£000	£000
Current		
Loan from other group companies	**3,000**	500

The loan facility from Wessex Water Limited is on a rolling 6-month basis and interest is charged at LIBOR plus 0.65%, fixed at each rollover date. During the year the company drew down £500k on 31st July 2018 and £2,000k on the 28th February 2019. The loan is repayable in February 2022.

12. Trade and other payables

	2019	2018
	£000	£000
Current		
Owed to other group companies	**1,016**	750
Owed to fellow subsidiaries	**13**	145
Trade creditors	**33**	23
Accrued expenses	**9**	61
Contract liabilities	**187**	121
Current portion of Finance Leases	**-**	1
	1,258	1,101

Analysis of contract liabilities

	2019	2018
	£000	£000
At 1 July (Restated for IFRS 15)	**121**	-
Deferred during the year	**187**	121
Recognised as revenue during the year	**(121)**	-
At 30 June	**187**	121

The contract liabilities within current payables all relate to performance obligations due to be settled within the following 12 months.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

13. Share Capital

Authorised shares

Ordinary shares

	2019	2018
	no.	no.
Ordinary shares	65	65
Ordinary shares - Class A	35	35
On issue at 30 June	100	100

Allotted, called up and fully paid

	2019	2018
	£	£
65 Ordinary shares of £1 each	65	65
35 Class A shares of £1 each	35	35
Shares classified in shareholders' funds	100	100

Ordinary Shares rank equally for voting purposes. Each share ranks equally for any dividend declared and for any distribution made on a winding up. Class A shares rank equally for voting purposes. The total voting rights of 'A' shares are capped at 25% of the total voting rights of the company. Each share ranks equally for any dividend declared and for any distribution made on a winding up (after payment of any declared dividends which are unpaid). The shares are non-redeemable.

Share Premium

	2019	2018
	£	£
Issue of Class A shares	26,215	26,215
Balance at 30th June	26,215	26,215

14. Capital Management

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

15. Operating Lease Commitments

At the reporting end date, the company had zero outstanding commitments for future minimum lease payments under non-cancellable operating leases due to moving out of Concorde house.

	2019	2018
	£000	£000
Within one year	-	85
Between 2-5 years	-	124
	-	209

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

16. Significant transactions with related parties

	2019	2018
	£000	£000
Interest expense:		
Other group companies	**27**	1
Purchase of goods and services:		
Fellow subsidiaries	**33**	83
Year-end balances owing to:		
Fellow subsidiaries	**13**	145
Other group companies	**4,016**	1,250

17. Ultimate parent company and parent company of the larger group

The company majority shareholder and immediate parent company is Wessex Concierge Limited a company incorporated in the United Kingdom whose registered office is Wessex Water Operations Centre, Claverton Down Road, Bath, BA2 7WW.

The smallest group into which the financial statements of the Company are consolidated is that headed by Wessex Water Ltd, a company incorporated in England whose registered address is Wessex Water Operations Centre, Claverton Down, Bath, BA2 7WW.

The pre-penultimate, penultimate and ultimate holding companies are YTL Corporation Berhad, Yeoh Tiong Lay & Sons Holdings Sdn Bhd (both registered in Malaysia) and Yeoh Tiong Lay & Sons Family Holdings Ltd registered in Jersey.

The largest group in which the results of the Company are consolidated is that headed by YTL Corporation Berhad incorporated in Malaysia. The consolidated financial statements of these groups are available to the public and can be obtained from Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia.

18. Financial Instruments

There are no financial instruments in the Company apart from the bank overdraft, trade payables and the loan from other group companies disclosed in notes 10, 11 and 12.

(a) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	Carrying amount	**Contractual cash flows**	**Year 1**	**Years 2-5**	**Over 5 years**
	2019	**2019**	**2019**	**2019**	**2019**
	£000	**£000**	**£000**	**£000**	**£000**
Non-derivative financial instruments					
Inter-company loan	**3,000**	**3,114**	**43**	**3,071**	**-**
Total financial instruments	**3,000**	**3,114**	**43**	**3,071**	**-**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

18. Financial Instruments *(continued)*

	Carrying amount	Contractual cash flows	Year 1	Years 2-5	Over 5 years
	2018	2018	2018	2018	2018
	£000	£000	£000	£000	£000
Non-derivative financial instruments					
Loan from participating interest	500	525	6	519	-
Total financial instruments	500	525	6	519	-

(b) Market risk

There is no exposure to equity or foreign currency risk, the interest rate risk is shown below.

Interest rate risk

At the year end the interest rate profile of the Company's interest-bearing financial instruments was:

	2019	2018
	£000	£000
Floating rate instruments	**3,000**	500

Sensitivity

The floating rate instruments are sensitive to interest rate movements. If there was a 1% increase in interest rates on those floating rate instruments at the balance sheet date, there would be an additional interest charge to the income statement of £30k (2018: £5k).

19. Subsequent events

There are no subsequent events requiring disclosure in these financial statements.

20. Accounting Estimates and Judgements

In preparing the financial statements and applying the accounting policies, the Company is required to make reasonable estimates and judgements based on the available information. The most significant is the asset lives used to determine depreciation disclosed in note 1.