

Registration number: 03539600

Water UK

Financial Statements

(Companies House Version)

for the Year Ended 31 March 2017



Page Kirk LLP
Chartered Accountants and Statutory Auditors
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Nottingham
NG7 6LB

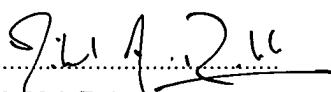
Water UK

(Registration number: 03539600)
Balance Sheet as at 31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	4	222,788	192,604
Current assets			
Debtors	5	1,489,096	1,324,319
Cash at bank and in hand		<u>845,497</u>	<u>783,821</u>
		2,334,593	2,108,140
Creditors: Amounts falling due within one year	6	<u>(1,599,992)</u>	<u>(1,419,564)</u>
Net current assets		<u>734,601</u>	<u>688,576</u>
Total assets less current liabilities		957,389	881,180
Provisions for liabilities		<u>(39,000)</u>	<u>(39,000)</u>
Net assets excluding defined benefit pension scheme liability/(asset)		<u>918,389</u>	<u>842,180</u>
Net assets		<u>918,389</u>	<u>842,180</u>
Capital and reserves			
Profit and loss account		<u>918,389</u>	<u>842,180</u>
Total equity		<u>918,389</u>	<u>842,180</u>

The company's annual accounts and reports have been prepared and delivered to the registrar in accordance with the provisions applicable to companies subject to the small companies regime and the directors have not delivered to the registrar a copy of the company's profit and loss account.

Approved and authorised by the Board on 13 December 2017 and signed on its behalf by:


Mr M A Roberts
Director

Water UK

Notes to the Financial Statements for the Year Ended 31 March 2017

1 General information

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

The address of its registered office is:

3rd Floor
36 Broadway
Westminster
London
SW1H 0BH

These financial statements were authorised for issue by the Board on 13 December 2017.

Company status

Water UK is a company limited by guarantee and has no share capital. Membership is open, subject to the Council's approval, to organisations engaged in the supply and treatment of water in the UK. Members are currently required to meet the expenditure arising from ordinary activities of the company by subscriptions, and in accordance with the Company's Articles of Association the Members are obliged to make good any deficit upon cessation of the company.

2 Accounting policies

Basis of preparation of financial statements

These financial statements were prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards, including the Financial Reporting Standard 102 ('FRS 102') Section 1A small entities, and with the Companies Act 2006.

This is the first year in which the financial statements have been prepared under FRS 102. Material adjustments have been made to the comparative year and these are shown in note 11.

Technically under the Companies Act 2006 UK Water Industry Research Limited (UKWIR) and Resolving Water Disputes Limited could be deemed to be subsidiaries of Water UK.

UK Water Industry Research Limited (UKWIR): UKWIR's membership consists of the members of Water UK and those members can appoint the directors of UKWIR.

Resolving Water Disputes Limited: As of 19 June 2014, Water UK is the sole member of Resolving Water Disputes Limited, giving it the right to appoint the directors of the company.

Notwithstanding this, the company operates in practice through a consensus of the whole of the UK Water industry. For this reason, it is not considered appropriate to prepare consolidated accounts.

The auditor's report included in the annual accounts delivered to members was unqualified. The audit report dated 13 December 2017 was issued by Page Kirk LLP and was signed by John Wallis FCA.

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 398 of the Companies Act 2006 not to prepare group accounts.

Water UK

Notes to the Financial Statements for the Year Ended 31 March 2017

Change in accounting estimate

During the year, there was a change in the estimated useful life of short leasehold land and buildings within tangible assets which has decreased the depreciation charge for the year by £62,082.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, 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 income 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 income tax is recognised on temporary 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 income 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.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Short leasehold land and buildings	6 years straight line
Fixtures & fittings	4-7 years straight line
Office equipment	4 years straight line

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.

Water UK

Notes to the Financial Statements for the Year Ended 31 March 2017

Trade 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.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable 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.

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Defined benefit pension obligation

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

Water UK

Notes to the Financial Statements for the Year Ended 31 March 2017

3 Staff numbers

During the year, the average number of employees at the company was 13 (2016 - 14).

4 Tangible assets

	Short leasehold land and buildings £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation				
At 1 April 2016	341,825	75,455	37,032	454,312
Additions	65,564	2,626	13,953	82,143
At 31 March 2017	<u>407,389</u>	<u>78,081</u>	<u>50,985</u>	<u>536,455</u>
Depreciation				
At 1 April 2016	197,494	44,193	20,021	261,708
Charge for the year	25,417	18,918	7,624	51,959
At 31 March 2017	<u>222,911</u>	<u>63,111</u>	<u>27,645</u>	<u>313,667</u>
Carrying amount				
At 31 March 2017	<u>184,478</u>	<u>14,970</u>	<u>23,340</u>	<u>222,788</u>
At 31 March 2016	<u>144,331</u>	<u>31,262</u>	<u>17,011</u>	<u>192,604</u>

5 Debtors

	2017 £	2016 £
Trade debtors	1,266,676	759,769
Other debtors	222,420	564,550
	<u>1,489,096</u>	<u>1,324,319</u>

Water UK

Notes to the Financial Statements for the Year Ended 31 March 2017

6 Creditors

	Note	2017 £	2016 £
Due within one year			
Trade creditors		709,804	855,532
Other taxes and social security		59,362	65,762
Other creditors		818,414	495,380
Corporation tax		12,412	2,890
		<u>1,599,992</u>	<u>1,419,564</u>

7 Pension and other schemes

Define benefit pension scheme

The Company participates in a defined benefit pension scheme, the Water Companies Pension Scheme. This is a sectionalised Scheme and the Company participates in the Water UK Section of the Scheme. The assets of the Section are held in a separate trustee administered fund.

The trustees and the Company together agree a funding strategy for the Section every three years. As the Section is closed to future accrual and the benefits earned by the members are covered in full by annuity policies, the Company does not expect to pay any further contributions into the Scheme.

The initial results of the formal actuarial valuation as at 31 March 2017 were used to calculate the liabilities at the accounting date by an independent qualified actuary in accordance with FRS102. The results, based on assumptions used for FRS102, are as follows:

Water UK

Notes to the Financial Statements for the Year Ended 31 March 2017

Statement of financial position

	31 March 2017	31 March 2016
	£ 000	£ 000
Present value of define benefit obligation	14,822	13,163
Fair value of plan assets	(16,253)	(19,307)
(Surplus)/deficit	(1,431)	(6,144)
Adjustment for asset limit	1,431	6,144
Net liability / (asset) recognised in the balance sheet	-	-

Movement in net defined benefit liability

	2016/17	2015/16
	£ 000	£ 000
Opening net defined benefit liability/(asset)	-	(272)
Current service cost	-	41
Contributions by the employers	-	(42)
Past service cost	-	130
Running costs	198	60
Other financial income	-	(8)
Actuarial gain/(loss)	(198)	91
Closing net defined benefit liability/(asset)	-	-

Expense recognised in profit or loss

	2016/17	2015/16
	£ 000	£ 000
Employer's part of current service cost	-	41
Past service cost	-	130
Running costs	198	60
Interest expense/(income)	-	(8)
Total expense recognised in profit or loss	198	223

Water UK

Notes to the Financial Statements for the Year Ended 31 March 2017

Movement in present value of defined benefit obligation

	2016/17	2015/16
	£ 000	£ 000
Opening defined benefit obligation	13,163	13,965
Employer's part of current service cost	-	41
Past service costs	-	130
Interest on obligation	414	423
Contributions from plan members	-	6
Actuarial (gains) / losses	2,514	(743)
Benefits paid	(1,269)	(659)
Closing defined benefit obligation	<u>14,822</u>	<u>13,163</u>

Movement in fair value of plan assets

	2016/17	2015/16
	£ 000	£ 000
Opening fair value of the plan assets	19,307	19,630
Interest on plan assets	616	599
Actual return less interest on plan assets	(2,203)	(251)
Contributions by the employer	-	42
Contributions from plan members	-	6
Benefits paid	(1,269)	(659)
Running costs	(198)	(60)
Closing fair value of plan assets	<u>16,253</u>	<u>19,307</u>

The total return on the assets over the year was a loss of £1,587,000.

Reconciliation of asset ceiling

	2016/17	2015/16
	£ 000	£ 000
Opening asset ceiling	6,144	5,393
Net interest on asset ceiling	202	168
Change to asset ceiling	(4,915)	583
Closing asset ceiling	<u>1,431</u>	<u>6,144</u>

Water UK

Notes to the Financial Statements for the Year Ended 31 March 2017

The major categories of plan assets at the balance sheet date are as follows:

	%
Equity instruments	-
Debt instruments	6
Annuity policies	91
All other assets	3
	100

The plan does not invest directly in property occupied by the Company or in financial securities issued by the Company.

The following table sets out the significant assumptions used for the plan:

	31 March 2017	31 March 2016
Price inflation (RPI)	3.4% pa	3.0% pa
Price inflation (CPI)	2.3% pa	2.0% pa
Discount rate	2.4% pa	3.3% pa
Pension increases in payment		
Pension Increase (Review) Orders (members with standard benefits)	2.3% pa	2.1%
RPI capped at 5% pa (members with "WAEPs" benefits)	3.2% pa	2.9%
Life expectancy of male aged 60 at balance sheet date	27.9 years	27.8 years
Life expectancy of male aged 60 in 20 years' time	30.3 years	30.1 years

8 Legal charge

There is a debenture dated 20 February 2008 with The Royal Bank of Scotland which is charged over all assets of the company as security on the overdraft facility.

9 Obligations under leases and hire purchase contracts

Operating leases

At 31 March 2017, the company had total commitments under non-cancellable operating leases over the remaining life of those leases of £1,828,950 (31 March 2016 - £233,609).

10 Financial commitments, guarantees and contingencies

The total amount of financial commitments not included in the balance sheet is £149,248 (2016 - £nil).

Water UK

Notes to the Financial Statements for the Year Ended 31 March 2017

11 Transition to FRS 102

The company has adopted FRS102 for the first time during the period to 31 March 2017 and has restated comparative prior year amounts. The following transitional adjustments have been made:

31 March 2016

The items making up the movement in the defined benefit pension scheme balance have been remeasured leading to the following adjustments:

Profit for the financial year decreasing by £53,000;

Movement in net losses in the statement of total recognised gains and losses decreasing by £53,000.

There have been no transitional adjustments to the balance sheet at 31 March 2016.