

LEEP NETWORKS (WATER) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

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LEEP NETWORKS (WATER) LIMITED

COMPANY INFORMATION

Directors	Victoria Manfredi Lee Kitchen
Company number	06021063
Registered office	Level 2 Metro 33 Trafford Road Manchester M5 3NN
Auditor	Deloitte LLP 100 Embankment Cathedral Approach Manchester M3 7FB
Bankers	The Royal Bank of Scotland Plc PO Box 320 St Ann Street Manchester M60 2SS National Westminster Bank Unit L11 The Oracle Reading RG1 2AG

LEEP NETWORKS (WATER) LIMITED

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LEEP NETWORKS (WATER) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2025

The directors present the strategic report for the year ended 31 March 2025.

Principal activities

Leep Networks (Water) Limited (“the Company”) is a private limited company, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. Its principal activity is operation of water infrastructure, including supply of water and provision of wastewater and sewerage services.

Business Review

The directors monitor performance for the wider group and do not have KPI’s for the company in isolation.

The result for the year was a profit before tax of £4.0m (2024: £2.8m). The increase in profitability is principally associated with a 21% increase in turnover, cost metrics were consistent year on year.

Principal risks and uncertainties

The Company is subject to those risks affecting the wider group where a comprehensive risk register is maintained and managed, such as reliance on group performance to support the payment of credit.

Financial risks and future developments are discussed in the Directors’ Report.

Approved by the board and signed on its behalf by on XXXX.

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Lee Kitchen

Director

LEEP NETWORKS (WATER) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2025

The directors present their annual report and audited financial statements for the year ended 31 March 2025.

Principal activities

Leep Networks (Water) Limited ("the Company") is a private limited company, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. Its principal activity is operation of water infrastructure, including supply of water and provision of wastewater and sewerage services.

Going concern

Leep Networks (Water) Limited has net current liabilities of £8.9m (2024: £1.3m) stated after amounts owed to group undertakings of £5.4m (2024: £1.6m).

The directors have received a formal letter of support from Leep Utilities Topco Limited ("Leep"), the ultimate holding company, will continue to provide the necessary level of support to enable the company to continue in operational existence for at least 12 months from the date of the approval of these financial statements. In considering the ability of Leep to provide any necessary support in the context of the uncertainties it faces as a result of the current economic climate, the directors have obtained an understanding of Leep's forecasts, the continuing availability of its facilities and its strategic and contingent plans. The Directors have sought confirmation that this will not be called up to the detriment of Leep Networks (Water) Limited and therefore consider it appropriate to prepare the accounts on a going concern basis.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the company's policies approved by the directors. The company does not use derivative financial instruments for speculative purposes.

Cash flow risk

The company has no exposure to foreign currency risk and interest rate risk is minimal because swaps has been taken out to mitigate the risk of interest rate movements.

Credit risk

Trade debtors as presented in the notes to the balance sheet are net of provisions for doubtful debts. A provision for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cashflows. There is no credit risk on other financial assets.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company can rely on appropriate funding from the group it belongs to.

Future developments

The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the coming year.

Directors' indemnities

The company granted qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

LEEP NETWORKS (WATER) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Victoria Manfredi

Lee Kitchen

John Peter Whittaker

(Resigned 2 September 2024)

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 accounting estimates that are reasonable and prudent; and.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LEEP NETWORKS (WATER) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

Results and dividends

Profit before tax for the year was £4.0m (2024: £2.8m).

The company continues to invest in water supply infrastructure and has agreements with developers that will more double the number of connections. The majority of these are expected to be completed in the next 2-3 years.

No dividends have been proposed or paid 2025: Nil (2024: Nil).

Auditor

The auditor, Deloitte LLP, has expressed its willingness to continue in office as auditor and appropriate arrangements are being made for Deloitte to be deemed reappointed as auditors in accordance with section 487 of the Companies Act 2006 in the absence of an Annual General Meeting.

Statement of disclosure to auditor

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

This report was approved by the board on and signed on its behalf on XXXX.

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Lee Kitchen
Director

LEEP NETWORKS (WATER) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LEEP NETWORKS (WATER) LIMITED

Independent auditors report to the members of Leep Networks (Water) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Leep Networks (Water) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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.

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 Financial Reporting Council's (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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

LEEP NETWORKS (WATER) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LEEP NETWORKS (WATER) LIMITED (CONTINUED)

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 contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

LEEP NETWORKS (WATER) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LEEP NETWORKS (WATER) LIMITED (CONTINUED)

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's operating licence requirements.

We discussed among the audit engagement team including relevant internal specialists such as IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud within revenue recognition due to pressures to meet stakeholder expectations could provide incentives to record revenue where risk and reward have not passed. We also identified a risk from fraud around valuation and recoverability of debtors owed from water customers and risk of fraud around the valuation and occurrence of accrued expenses this year due to the continued increase in accrued expenses not being invoiced. Our specific procedures performed to address these risks are described below:

Revenue recognition:

- Testing of the accuracy of the recording of revenue transactions through cut-off, by agreeing a sample of transactions both pre and post year end to the underlying invoice and consumption reports and ensuring these have been appropriately recorded within the financial statements, and corroborating the accuracy and completeness of consumption reports to other sources of evidence;

Valuation and recoverability of debtors:

- Testing the valuation and recoverability of debtors through audit and recalculation of bad debt provision for both under- and over-statement, agreeing a sample of balances to invoice, and of subsequent receipts to cash after date, and seeking explanations for any not received nor provided for amounts. This enabled us to independently assess an acceptable bad debt provision and compare to that provided by management's expert. We also assessed the management expert report and challenged management over its accuracy and completeness and reviewed post year end analysis to ensure no contradictory evidence noted;

Valuation and occurrence of accrued expenses

- Testing of the valuation and occurrence of the costs through audit of management estimates, agreeing inputs into third party support where available, and where no such support, understanding the reasonableness of the inputs with reference to similar sites and locations. Where possible we also projected consumption information received from suppliers for a period over the remainder of the year as a reasonableness assessment of management's estimate.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and internal audit concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, and reviewing correspondence with the licensing authority OFWAT.

LEEP NETWORKS (WATER) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LEEP NETWORKS (WATER) LIMITED (CONTINUED)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 requires us to report to in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, 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.

We have nothing to report in respect of these matters.

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.

Elizabeth Benson BSc ACA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Manchester

United Kingdom

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LEEP NETWORKS (WATER) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2025 £'000	2024 £000
Turnover	3	19,623	16,240
Cost of sales		(12,489)	(10,489)
		<hr/>	<hr/>
Gross profit		7,134	5,751
Administrative expenses	4	(3,066)	(2,997)
Exceptional items		(84)	-
		<hr/>	<hr/>
Profit before taxation	4	3,984	2,754
Tax charge	6	(933)	(842)
		<hr/>	<hr/>
Profit for the financial year		3,051	1,912
		<hr/>	<hr/>

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

There are no other gains and losses than as presented in the above profit and loss account, and accordingly, no separate statement of comprehensive income is presented.

LEEP NETWORKS (WATER) LIMITED

BALANCE SHEET

AS AT 31 MARCH 2025

			2025	2024
	Notes	£'000	£'000	£'000
Fixed assets				
Tangible assets	7		24,890	18,270
Amounts owed by parent undertakings	8		6,194	2,222
			31,084	20,492
Current assets				
Stocks	9	262		427
Debtors	8	9,743		8,541
Cash at bank and in hand		582		393
		10,587		9,361
Creditors: amounts falling due within one year	10	(19,476)		(10,681)
Net current (liabilities)			(8,889)	(1,320)
Total assets less current liabilities			22,195	19,172
Creditors: amounts falling due after more than one year	11		(3,653)	(3,681)
Net assets			18,542	15,491
Capital and reserves				
Called up share capital	13		-	-
Capital contribution reserve			14,467	14,467
Retained earnings			4,075	1,024
Shareholder's funds			18,542	15,491

The financial statements were approved by the board of directors and authorised for issue on XXX and are signed on its behalf by:

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Lee Kitchen
Director

Company Registration No. 06021063

LEEP NETWORKS (WATER) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2025

	Share capital	Capital contribution reserve	Retained earnings	Total equity
	£'000	£'000	£000	£000
Balance at 1 April 2023	-	14,467	(888)	13,579
Year ended 31 March 2024:				
Profit and total comprehensive income for the year	-	-	1,912	1,912
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2024	-	14,467	1,024	15,491
Year ended 31 March 2025:				
Profit and total comprehensive income for the year	-	-	3,051	3,051
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2025	-	14,467	4,075	18,542
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

LEEP NETWORKS (WATER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

1 Accounting policies

Company information

Leep Networks (Water) Limited is a private company limited by shares incorporated in the United Kingdom, registered in England and Wales under Companies Act 2006. The registered office is Level 2, Metro, 33 Trafford Road, Manchester, England, M5 3NN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

Due to the Company having net current liabilities at 31 March 2025 the directors have received a formal letter of support that Leep Utilities Topco Limited ("Leep"), the division's holding company, will continue to provide the necessary level of support to enable the company to continue in operational existence for at least 12 months from the date these financial statements are authorised for issue. In considering the ability of Leep to provide any necessary support the directors have obtained an understanding of Leep's forecasts, the continuing availability of its facilities and its strategic and contingent plans.

Taking all these factors into account, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the at least 12 months from the date these financial statements are authorised for issue and therefore continue to adopt the going concern basis in preparing the annual report and financial statements.

1.3 Turnover

Turnover, stated net of value added tax, represents income associated with operating and maintaining a water distribution network within the UK. Revenue is recognised as the water services are provided to the customer.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Network assets	40 years
Fixtures & fittings	5 years

Assets under construction are not depreciated.

Developer contributions

In certain instances, the Company receives contributions from developers towards the cost of constructing water supply and wastewater infrastructure for new-build properties. These contributions are capitalised and amortised to profit and loss over the life of the relevant assets.

LEEP NETWORKS (WATER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

LEEP NETWORKS (WATER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

1.7 Financial Instruments (continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

LEEP NETWORKS (WATER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

1.7 Financial Instruments (continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

Current tax

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

LEEP NETWORKS (WATER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

1.9 Taxation (continued)

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected

1.10 Disclosure exemptions applied

The Company's intermediary parent undertaking Leep Utilities Topco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Leep Utilities Topco Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from Companies House. In these financial statements, the Company is considered to be a qualifying entity (for the purpose of this IFRS) and has applied the following exemptions under FRS102 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Related party transactions (Section 33 FRS102); &
- Key Management Personnel compensation.

LEEP NETWORKS (WATER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The directors do not consider there to be any critical accounting judgements that must be applied, apart from those involving estimates which are dealt with separately below:

Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The directors do not consider there to be any estimates or assumptions, other than those listed below, that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year.

Accruals

Accruals have reduced this year; management has provided estimates based on information directly from suppliers or consumption data. However, whilst portfolio may provide a basis for an estimate, the actual values can vary from site to site. These accruals amount to £3,720k (2024: £4,603k).

Bad Debt Provisions

Provisions against debtors take into account the contractual obligations, probability of recovery and credit worthiness. Management has used historical performance to determine the future recoverability of trade debtors. Management has also considered the potential downside due to macroeconomic factors, but current year performance has not indicated that such factors have a material impact on recoverability. The bad debt provision as at 31 March 2025 is £2,987k (2024: £2,196k).

Deferred Tax

The carrying value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The deferred tax asset recognised is £74k (2024: £574k). Further detail can be found in note 12.

3 Turnover

Turnover derives entirely from supply of water and collection of wastewater within the United Kingdom.

4 Profit before tax

	2025	2024
	£'000	£'000
4 Profit before tax for the year is stated after charging:		
Depreciation of owned tangible fixed assets	790	563
Amortisation of developers' contribution	(125)	(125)
Bad debt expense	1,350	1,220
	<u> </u>	<u> </u>

The auditor's remuneration of £11,263 (2024: £10,600) for audit work was borne by Leep Holdings (Utilities) Limited, (a group company) and was not recharged. There has been no remuneration in the year for non-audit services (2024: £nil).

LEEP NETWORKS (WATER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

5 Employees

There were no employees during the year apart from the directors (2024: none).

The director's remuneration is borne by Leep Holdings (Utilities) Limited, a group company.

6 Taxation

	2025 £'000	2024 £'000
Current tax		
UK corporation tax on profits for the current period	768	654
Adjustments in respect of prior periods	(37)	10
	<hr/>	<hr/>
Total UK current tax	731	664
Deferred tax		
Origination and reversal of timing differences	198	180
Adjustment in respect of prior periods	4	(2)
Effect of changes in tax rates	-	-
	<hr/>	<hr/>
Total deferred tax	202	178
	<hr/>	<hr/>
Total tax charge	933	842
	<hr/>	<hr/>

LEEP NETWORKS (WATER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

6 Taxation (continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2025 £'000	2024 £'000
Profit before taxation	3,984	2,754
Expected tax charge based on the standard rate of corporation tax in the UK of 25.00% (2024:25.00%)	996	689
Tax effect of expenses that are not deductible in determining taxable profit	30	127
Income not taxable	-	(31)
Adjustment to tax in respect of previous periods	(33)	10
Deferred tax not recognised	-	47
Tax rate changes	-	-
Taxation charge for the year	933	842

The Finance Bill was substantially enacted on 24 May 2021 and increased the UK corporation tax rate from 19% to 25% from 1 April 2023. A rate of 25% is used and intended to represent the overall effective rate which will apply for the year. Deferred tax balances are measured at the rate of 25%. We expect no impact from pillar two.

7 Tangible fixed assets

	Assets under construction £'000	Network Assets £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 April 2024	125	28,562	957	29,644
Additions	6	5,161	2,243	7,410
At 31 March 2025	131	33,723	3,200	37,054
Depreciation and impairment				
At 1 April 2024	-	11,322	52	11,374
Depreciation charged in the year	-	703	87	790
At 31 March 2025	-	12,025	139	12,164
Carrying amount				
At 31 March 2025	131	21,698	3,061	24,890
At 31 March 2024	125	17,240	905	18,270

The group has no commitment to purchase tangible fixed assets.

LEEP NETWORKS (WATER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

8 Debtors

	2025	2024
	£'000	£'000
Amounts falling due within one year:		
Gross trade debtors	7,669	6,549
Provision for bad debts	(3,387)	(2,196)
Trade Debtors	4,282	4,353
Amounts owed by other group undertakings	-	-
Other Debtors	399	-
Taxation and social security	932	230
Prepayments	215	98
Accrued income	3,841	3,286
Deferred tax asset (note 12)	74	574
	9,743	8,541

Amounts owed by group companies do not carry interest and are repayable on demand.

	2025	2024
	£'000	£'000
Amounts falling due after more than one year:		
Amounts owed by parent undertakings	4,729	1,294
Amount owed by other group undertakings	1,465	928
	6,194	2,222

Amounts owed by group companies do not carry interest and are repayable on demand. Nevertheless, some balances are intended for continuing use in the business to support their day to day activities, and have been reported as a fixed asset.

9 Stocks

	2025	2024
	£'000	£'000
Stocks	262	427

Costs of £207k (2024: £142k) relating to stock have been recognised as an expense in the profit and loss. account
There is no difference between the replacement cost of stocks and carrying value.

LEEP NETWORKS (WATER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

10 Creditors: amounts falling due within one year

	2025	2024
	£'000	£'000
Trade creditors	2,342	715
Amounts owed to parent undertakings	195	225
Amounts owed to other group undertakings	5,193	1,407
Developer contributions	125	125
Other creditors	2,542	1,065
Accruals	3,720	4,603
Receipts in advance	2,965	1,877
Group relief	2,394	664
	<u>19,476</u>	<u>10,681</u>

Amounts due to group undertakings do not carry interest and are repayable on demand.

11 Creditors: amounts falling due after more than one year

	2025	2024
	£'000	£'000
Developer contributions	<u>3,653</u>	<u>3,681</u>

12 Deferred taxation

The following are the deferred tax assets recognised by the company and movements thereon:

	Assets 2025	Assets 2024
	£'000	£'000
Balances:		
Fixed asset timing differences	<u>74</u>	<u>574</u>
	<u>74</u>	<u>574</u>
Movements in the year:		2025
		£'000
Asset at 1 April 2024		574
Charge to profit and loss		<u>(500)</u>
Asset at 31 March 2025		<u>74</u>

LEEP NETWORKS (WATER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

13 Share capital

	2025	2024
	£'000	£'000
Ordinary share capital		
Issued and fully paid		
1 Ordinary Share of £1 each	-	-
	<hr/>	<hr/>

14 Controlling party

The immediate parent company is Leep Nav Networks Limited.

Leep Utilities Topco Limited is the ultimate parent company and is the largest group to consolidate these accounts. A copy of the consolidated accounts is available from its registered office at The Le Gallais Building, 54 Bath Street, St Helier, Jersey, JE1 1FW. The smallest group to consolidate these accounts is Leep Utilities Investco Limited.

The Company is ultimately controlled by Ancala Essential Growth Infrastructure Fund LP, which does not prepare consolidated accounts for public use.