

Glide Utilities Limited

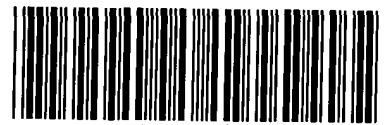
Report and Financial Statements

Year ended

31 January 2020

Company Number: 06194523

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Glide Utilities Limited

Report and financial statements for the year ended 31 January 2020

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Directors

T Pilcher
Z Tindall-Doman

Secretary and registered office

Alpha Tower, Suffolk Street, Queensway, Birmingham, B1 1TT

Company number

06194523

Auditor

BDO LLP, Bridgewater House, Counterslip, Bristol, BS1 6BX

Glide Utilities Limited

Strategic report for the year ended 31 January 2020

Introduction

The Directors present their strategic report together with the audited financial statements for the year ended 31 January 2020.

Principal Activities

The Company is part of a Group headed by Glide Topco Limited ("the Group"). The Group is the leading provider of internet services, networking and utility reselling to its core markets:

- Student – student halls of residence and HMOs
- Residential – Build to Rent ("BTR") residential buildings
- Business – business and science parks

The Company's principal activity is the utilisation of proprietary software for utility supply and bill-splitting services to multi-tenanted houses (Houses of Multiple Occupancy "HMOs") within the Student market sector.

Business Review

Network Development

Key to our unique customer proposition and market leading customer service that the Group offers is the core infrastructure network. Over the past year the Group have continued to invest and develop its next generation national fibre network to provide significant latent capacity to meet the future demands of our customers. Driven by customer demand the Group has pursued a strategy of developing its own network with the past year seeing the migration of capacity to wavelengths, dark fibre and continuing the fibre deployment via PIA ('Physical Infrastructure Access'). Our network now serves over 250,000 active end users across its core markets with strategically located network PoPs close to end users, delivering high speed quality and underpinning market leading uncapped connectivity.

Core Markets

Over the past year the Company has continued to expand and develop in its core market with a key focus being the improvement of customer experience and engagement leading to a successful sales period with over 38,000 services being provided to our customers.

The Company continues to be the UK's leading provider of utility bill-splitting services to student HMOs.

Products and Innovation

During the year considerable investment was made in the utility bill-splitting software to better integrate energy suppliers and therefore reducing overreliance on key utility suppliers. In addition, particular focus has been on enhancing the customer journey via an improved transfer service to better serve our end-users.

Glide Utilities Limited

Strategic report (continued)
for the year ended 31 January 2020

Business Review (continued)

Employees

The Group's performance depends largely on its employees both in the field and the support centres. The Directors would like to thank the employees for their extraordinary efforts ensuring operational excellence and sustaining customer satisfaction.

Our business is built on the strength of our people and as a group we use several methods to engage with our employees:

- Weekly interactive sessions with the senior management team, encouraging staff to ask questions
- Monthly 'town hall' sessions informing staff of operational developments
- Annual away day to keep staff up to date with development and strategy across the business and to say 'thank you' for everyone's continued efforts
- Staff benefits scheme, including medical cover and a recently launched 'digital GP' service
- 'People Forums' are in place at each of our office locations – encouraging the communication of all views and ideas to senior management which contributes to innovation, productivity and organisational improvements across the business
- Introduction of a series of virtual mental health support sessions during Covid-19 lockdown

Glide operates an equal opportunities employment policy and is opposed to all forms of discrimination. Our selection processes are non-discriminatory and always seek to give full and fair consideration to those with disabilities for all vacancies, taking into account their aptitudes and skills. In the event of employees becoming disabled, every effort is made to ensure their employment with the company continues and appropriate training arranged. So far as possible the company ensures that the training, career development and promotion of any disabled person is identical to that of a colleague who does not suffer from such a disability.

Community

The Company supports a number of charities including Love Brum and KidsOut.

Exit of majority shareholders

On 31st May 2020 Inflexion Private Equity exited the business as majority shareholders, replaced by Alinda Capital Investment ("Alinda"). The Directors would like to thank Inflexion for their support and guidance during their time with the business. Alinda is one of the world's most experienced infrastructure investment firms with depth of investing in the digital infrastructure space in the United States, Canada and Europe. The Directors would like to extend a warm welcome to Alinda and look forward to working with them during the next chapter of growth.

Refinance

The Group are currently going through a re-finance process to extend their borrowing facilities which will support the Group's ongoing activity, further investment and the Group's longer-term growth ambitions.

Glide Utilities Limited

Key Financial highlights of the Company

The Company has delivered yet another strong financial performance with impressive growth in revenues and profit.

	2020 £000	2019 £000
Revenue	26,178	24,969
Gross Profit	8,937	7,630
Gross Profit %	34%	31%
Adjusted EBITDA	3,935	3,171
Adjusted EBITDA %	15%	13%

Revenue, Margins and Profitability

Revenues for the Company were £26m for the year ended 31 January 2020 demonstrating 5% organic growth on previous year due to increasing customer volumes.

Gross margin of the Company for the year ended 31 January 2020 was 34%, an improvement through operational efficiency and improved relationships with our suppliers. The organic growth in revenue has driven 24% year on year growth in Adjusted EBITDA to £3.9m for the year ended 31 January 2020.

Non-Trading Costs

During the year ended 31 January 2020 the Company incurred £0.02m of non-trading costs. These are one-off, non-recurring costs relating to abortive fees on potential acquisitions and restructuring costs.

Glide Utilities Limited

Strategic report (*continued*) for the year ended 31 January 2020

Principal Risks and Uncertainties

Management of the business and the execution of the Company's strategy are subject to a number of risks. These risks are reviewed by management and appropriate processes are in place to monitor and mitigate them. The key business risks which may affect the Company are set out below:

Competition and Market Conditions

The Company operates in competitive markets but continued development and investment in product development and first-class customer services ensures the Company continues to grow market share by acquiring new customers and retaining existing ones.

The Company acts as a white label supplier for utility services and as such may be affected by fluctuations in wholesale energy prices. This risk is managed via long term, fixed price contracts with the Company's energy provider and customer contracts allowing for price changes in the event of adjustments to market rates.

Suppliers and Margins

Although over-reliance on key suppliers is minimal, there are a number of suppliers on which the Company's quality service and pricing depends. Through maintaining strong trading relationships, benefits of scale purchasing and robust tendering of key supplier contracts, the Company is confident in mitigating potential increase to its cost base.

Credit Risk

The provision of bill splitting services to HMOs comes within inherent credit risk. To mitigate this risk the Company operates policies to ensure credit worthiness of new customers and protecting against future default via customer deposits and payment plans.

Interest Rate Risk

The interest on the Group's senior banking facilities are subject to fluctuations in LIBOR. The Group minimises this risk by entering into a hedging instrument.

Covid-19

The current financial year has started in unprecedented times as we navigate the Covid-19 crisis. The Group successfully implemented our Business Continuity Planning and are undertaking daily operational, financial and planning reviews to ensure our focus on maintaining quality of service and close relationships with our customers and suppliers. Since mid-March the majority of our workforce have been working remotely. For those that remain working but cannot work remotely, we have implemented robust procedures to ensure that we protect staff as best we can, while at the same time ensuring that we continue to keep services running for our customers. Glide have implemented a number of support mechanisms to ensure communications across the business and amongst team members remain open, even when working remotely, including bi-weekly updates to all staff members by our CEO, Tim Pilcher.

Glide operates with secure, long term contracts, delivering critical connectivity and utility products and services. The impact of the Covid-19 pandemic has been assessed by the directors. In the short term we have seen our growth slow, but this is only temporary and is already starting to pick up as restrictions ease. The situation is continually changing however following a detailed re-forecasting exercise, including downside scenario planning, the Directors are confident in the ability to continue to meet the obligations of the business. Glide are reliant on the continued support of the existing finance providers and new owners Alinda however both are committed to supporting the business through the short-term impact of Covid-19 and to realise their current growth ambitions. As a result, the Directors continue to adopt the going concern basis in preparing the annual report and accounts.

Glide Utilities Limited

Future developments

With considerable capacity in the existing infrastructure and continued investment to further expand the footprint and develop products, the Directors are confident the growth of the Group will continue at similar levels in the future. Areas of particular focus for the Group include:

- Continued investment in core infrastructure and products to further drive scale efficiencies, broaden the customer offering and explore technologies for the living and work spaces of tomorrow
- Penetration of the high growth Residential BTR market to further drive contracted revenues - numerous framework agreements signed with large scale premium developers
- Continued penetration of the existing Student (halls of residence and HMOs) market – current sales pipelines looking very encouraging
- Growth in annuity revenue streams of business and science park customers and further expansion in the Group's fibre footprint
- Investing in employees to drive development opportunities, reward and recognition
- Actively explore acquisitions in both new and existing sectors to expand market reach and enhance product offering
- Continued growth through acquisition of smaller players in the utilities sector

Corporate Social Responsibility

Our business does not exist in isolation – our employees, customers, suppliers and the local community are affected by what we do and how we do it.

Stakeholder Engagement

Our key stakeholders are our customers, employees, suppliers, investors, shareholders and funding providers. We work to build these relationships by meeting regularly and presenting our financial results and plans as appropriate.

Section 172 Statement

During the year Glide have engaged in a number of principal decisions for the business which impact the long-term success of the business.

KPI reporting

Glide have invested in KPI and financial management reporting during the year, creating enhanced monthly reporting packs to key stakeholders including senior management and the board. When scoping the requirements, we engaged with operational and finance teams across the business, as well as senior management, executive directors and investors to understand requirements and ensure the end result created enhanced clarity of key business reporting metrics.

Exit of majority shareholders and refinance

See Business Review section of the Strategic Report.

On behalf of the board



Z Tindall-Doman

Date: 30 July 2020

Glide Utilities Limited

Directors' report for the year ended 31 January 2020

The directors present their report together with the audited financial statements for the year ended 31 January 2020.

Results and dividends

The profit and loss account is set out on page 12 and shows the profit for the year.

Directors

The directors of the company during the year were:

M Burchfield (resigned 31 May 2020)

T Pilcher

Z Tindall-Doman

J Villarreal (resigned 31 May 2020)

N Lloyd (resigned 31 May 2020)

Directors' responsibilities

The directors are responsible for preparing the directors' report, the strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 accounting estimates that are reasonable and prudent;
- 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.

Glide Utilities Limited

Director's report *(continued)* for the year ended 31 January 2020

Auditor

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditor for the purposes of their audit and to establish that the auditor is aware of that information. The directors are not aware of any relevant audit information of which the auditor is unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board

A handwritten signature in black ink, appearing to read 'Z Tindall-Doman', with a stylized flourish at the end.

Z Tindall-Doman

Director

Date: 30 July 2020

Glide Utilities Limited

Independent auditor's report to the members of Glide Utilities Limited

Opinion

We have audited the financial statements of Glide Utilities Limited ("the Company") for the year ended 31 January 2020 which comprise the Profit and loss account, Balance sheet, Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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. 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 where:

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

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 this 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 Strategic report and Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Glide Utilities Limited

Independent auditor's report to the members of Glide Utilities 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 Strategic report and Director's 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, 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.

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.

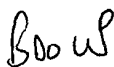
Auditor's responsibilities for the audit of the financial statements

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 at 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.



Neil Dimes (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Bristol
Date: 30 July 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Glide Utilities Limited

Profit and loss account for year ended 31 January 2020

	Note	2020 £000	2019 £000
Turnover	4	26,178	24,969
Cost of sales		(17,241)	(17,339)
Gross profit		8,937	7,630
Administrative expenses		(5,369)	(4,946)
Operating profit	5	3,568	2,684
Interest payable and similar income	7	-	(4)
Profit on ordinary activities before taxation		3,568	2,680
Tax on profit on ordinary activities	8	19	19
Profit and comprehensive income for the financial year		3,587	2,699

The notes on pages 15 to 24 form part of these financial statements.

There are no recognised gains and losses for the financial periods other than those included above.
Accordingly, no separate statement of comprehensive income is presented.

Glide Utilities Limited

Balance sheet as at 31 January 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	9	308	221
Tangible assets	10	165	169
		<u>473</u>	<u>390</u>
Current assets			
Debtors	12	15,523	10,145
Cash at bank and in hand		1,953	5,983
		<u>17,476</u>	<u>16,128</u>
Creditors: amounts falling due within one year	13	<u>(7,651)</u>	<u>(9,798)</u>
Net current assets		<u>9,825</u>	<u>6,330</u>
Total assets less current liabilities		<u>10,298</u>	<u>6,720</u>
Creditors: amounts falling due after one year		<u>(228)</u>	<u>237</u>
Provisions for liabilities and charges	14	<u>-</u>	<u>-</u>
Net assets		<u>10,070</u>	<u>6,483</u>
Capital and reserves			
Called up share capital	16	1	1
Profit and loss account		<u>10,069</u>	<u>6,482</u>
Total equity		<u>10,070</u>	<u>6,483</u>

The notes on pages 15 to 24 form part of these financial statements.

The financial statements were approved by the board of directors and were signed on its behalf by:



Z Tindall-Doman
Director
Date: 30 July 2020

Company number: 06194523

Glide Utilities Limited

Statement of changes in equity for the year ended 31 January 2020

	Called up share capital	Profit and loss account	Total
	£000	£000	£000
Balance as at 1 February 2018	1	3,783	3,784
Profit for the year	-	2,699	2,699
Balance as at 31 January 2019	1	6,482	6,483
Profit for the year	-	3,587	3,587
Balance as at 31 January 2020	1	10,069	10,070

The notes on pages 15 to 24 form part of these financial statements.

Glide Utilities Limited

Notes forming part of the financial statements for the year ended 31 January 2020

1. General information

Glide Utilities Limited ("the company") is an energy and telecommunications company specialising in shared accommodation and supplying services to tenants, landlords, letting agents and property investors in the UK.

The company is a private company limited by share capital and is incorporated and domiciled in the UK. The address of its registered office is Alpha Tower, Suffolk Street, Queensway, Birmingham B1 1TT.

2. Statement of compliance

The individual financial statements of the company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

3.1 Basis of preparation of financial statements

The financial statements have been prepared on the going concern basis in accordance with the historical cost convention and with the applicable accounting standards in the United Kingdom and the Companies Act 2006.

The company was, at the year end, a wholly owned subsidiary of Glide Topco Limited, another company incorporated in the EEA that is preparing consolidated accounts. In accordance with Section 440 of the Companies Act 2006, the company is therefore not required to produce, and has not published, consolidated accounts. These financial statements only relate to the results of the company and not of the group.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed at the end of note 3.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

3.2 Company disclosure exemptions

In preparing the separate financial statements of the company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cashflow statement has been presented for the company.
- The requirements of Section 11 Financial instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c)
- The requirements of Section 12 Financial instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A

This information is included in the consolidated financial statements of Glide Topco Limited.

Glide Utilities Limited

Notes forming part of the financial statements for the year ended 31 January 2020 (continued)

The company has taken advantage of the exemption granted under FRS 102 paragraph 1.12 (e) to not disclose transactions with other group companies where they are wholly owned by a common parent entity.

3.3 Going concern

The directors acknowledge that the group headed by Glide Topco Limited ("the Group") has net current liabilities. Following the Covid-19 pandemic, the directors have performed a re-forecast exercise to assess the impact. In the short term we have seen our growth slow, but this is only temporary and is already starting to pick up as restrictions ease. The current banking facilities are committed until 2023 however the Group are currently going through a re-finance process to extend their borrowing facilities which will support the Group's ongoing activity, further investment and enable the business to meet their longer-term growth ambitions. In the short term and until such time as the re-finance completes, the new investors, Alinda, are committed to supporting the business for the foreseeable future, and have provided specific assurances that they will be willing and able to provide such support. The directors are delighted with this ongoing support to help them meet their longer-term growth ambitions.

The directors review the financial forecasts of the business with specific reference made to the ability of the business to service any outstanding borrowings and meet the obligations of the banking facilities as well as meeting all other obligations and liabilities of the business when they fall due.

After making such enquiries, the directors are confident that the Group is well placed to manage its business risks successfully. The directors are confident that the Company and the Group, along with the support of the Investors, have more than adequate resources to continue investing and growing for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

3.4 Revenue recognition

Turnover comprises revenue recognised by the company in respect of goods and services attributable to distributing, trading and provision of utilities and telecommunications during the year, exclusive of Value Added Tax.

Turnover is recognised in the period that the service was provided. Where payment plans are billed in advance the billed amounts are recorded as trade debtors and revenue is deferred within accruals and deferred income until earned.

3.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office equipment - 33% - 67% straight line

Computer equipment - 33% straight line

The depreciation expense is classified within administrative expenses.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised as a profit/loss on disposal.

Glide Utilities Limited

Notes forming part of the financial statements for the year ended 31 January 2020 (*continued*)

3.6 Intangible assets

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of between three and five years, on a straight line basis. The amortisation expense is classified within administrative expenses.

Where factors, such as technological advancement or changes in market price, indicate that residual value of useful life has changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

3.7 Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Investments are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have previously been impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

3.8 Hire purchase contracts

Assets held under hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the assets' useful lives. The capital elements of future obligations under hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged to the profit and loss account over the periods of the hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

3.9 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period of the lease.

3.10 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period.

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

3.11 Deferred taxation

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements

Glide Utilities Limited

Notes forming part of the financial statements for the year ended 31 January 2020 *(continued)*

Deferred taxation *(continued)*

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

3.12 Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

I. Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances and balances with group undertakings are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 the profit or loss.

II. Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies 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 receipts discounted at a market rate of interest.

Trade payables 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 payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

3.13 Critical accounting judgements and estimation uncertainty

Turnover

Turnover includes an estimate of revenue earned in the period which remained unbilled at the end of the period.

Doubtful debts

Provisions are made against Glide's trade receivables based on historical experience of levels of recovery from accounts in a particular ageing category. The actual amounts collected could differ from the estimated level of recovery which could impact operating results.

Glide Utilities Limited

Notes forming part of the financial statements for the year ended 31 January 2020 *(continued)*

4. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company and all turnover is generated within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:	2020	2019
	£000	£000
Amortisation of intangible fixed assets	173	130
Depreciation of tangible fixed assets		
- owned by the company	170	182
- held under finance leases	-	1
Auditors' remuneration - fees payable to the company's auditor in respect of the audit of the financial statements	19	17
Impairment of trade receivables	536	506
Non-trading costs	23	174
Pension expense	35	19
Operating leases – land and buildings	85	85
Operating leases – other	<u>29</u>	<u>19</u>

In accordance with SI 2008/489 the company has not disclosed the fees payable to the company's auditor for 'other services' as this information is included in the consolidated financial statements of Glide Topco Limited.

6. Employees

The monthly average number of persons employed by the company, including the directors, during the financial year amounted to:

	2020	2019
	No.	No.
Sales and marketing staff	22	27
Management and administrative staff	71	54
	<u>93</u>	<u>81</u>

The aggregate payroll costs of the above were:	2020	2019
	£000	£000
Wages and salaries	2,225	2,149
Social security costs	221	184
Pension costs	35	19
	<u>2,481</u>	<u>2,352</u>

The directors did not receive emoluments from the company (2019: none). The directors' emoluments are incurred and disclosed in the parent company financial statements. Key management personnel are deemed to only be the directors for the company.

There was no pension commitment outstanding at the year end.

Glide Utilities Limited

Notes forming part of the financial statements for the year ended 31 January 2020 *(continued)*

7. Interest payable and similar charges

	2020	2019
	£000	£000
Interest payable and similar	-	4

8. Tax on profit on ordinary activities

	2020	2019
	£000	£000
Current tax		
UK corporation tax on profits	(20)	(12)
Adjustments in respect of prior periods	-	4
Total current tax	(20)	(8)
Deferred tax		
Origination and reversal of timing differences	1	(11)
Adjustments in respect of prior periods	-	0
Total deferred tax (see note 14)	1	(11)
Total tax on profit on ordinary activities	(19)	(19)

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%) The differences are explained below:

	2020	2019
	£000	£000
Profit on ordinary activities before tax	3,568	2,681
Profit on ordinary activities at standard CT rate of 19.00% (2019: 19.00%)	678	509
Effects of		
Fixed asset differences	1	1
Expenses not deductible for tax purposes	6	6
Research and development credits	5	3
Group relief claimed	(688)	(532)
Adjustments to tax charge in respect of previous periods	-	5
Adjustments to tax charge in respect of previous periods – deferred tax	-	-
2019 RDEC	-	(12)
2020 RDEC	(20)	-
Adjust closing deferred tax to average rate 19%	-	1
Adjust opening deferred tax to average rate 19%	(1)	-
Total tax credit for the year (see note above)	(19)	(19)

Glide Utilities Limited

Notes forming part of the financial statements for the year ended 31 January 2020 (continued)

9. Intangible fixed assets

	Intangibles £000
Cost	
At 1 January 2019	611
Additions	260
At 31 January 2020	<u>871</u>
Accumulated depreciation	
At 1 January 2019	390
Charge for the year	173
At 31 January 2020	<u>563</u>
Net book value	
At 31 January 2020	<u>308</u>
At 31 January 2019	<u>221</u>

10. Tangible fixed assets

	Office equipment £000	Computer equipment £000	Total £000
Cost			
At 1 January 2019	935	287	1,222
Additions	99	67	166
At 31 January 2020	<u>1,034</u>	<u>354</u>	<u>1,388</u>
Accumulated depreciation			
At 1 January 2019	844	209	1,053
Charge for the year	134	36	170
At 31 January 2020	<u>978</u>	<u>245</u>	<u>1,223</u>
Net book value			
At 31 January 2020	<u>56</u>	<u>109</u>	<u>165</u>
At 31 January 2019	<u>91</u>	<u>78</u>	<u>169</u>

Our depreciation policies are reviewed on a regular basis against the background of changing technological and competitive developments. Office equipment contains some specialist items that are depreciated at 67%.

Glide Utilities Limited

Notes forming part of the financial statements for the year ended 31 January 2020 (continued)

11. Fixed asset investments

Glide 3 Limited was a wholly owned subsidiary of Glide Utilities Limited. Glide 3 Limited was a dormant company. Glide 3 Limited was a private company limited by share capital and was incorporated and domiciled in the UK. The address of its registered office was Alpha Tower, Suffolk Street, Queensway, Birmingham B1 1TT. Glide 3 Limited was dissolved on 1 October 2019.

12. Debtors

	2020	2019
	£000	£000
Due after more than one year		
Amounts owed by group undertakings	9,523	5,474
Due within one year		
Trade debtors	5,318	4,069
Other debtors	1	4
Prepayments and accrued income	647	479
Corporation tax	31	115
Deferred tax asset (note 14)	3	4
	<u>15,523</u>	<u>10,145</u>

All amounts owed by group undertakings are unsecured. Amounts owed by group undertakings due after more than one year are interest free.

13. Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Due within one year		
Trade creditors	5,185	5,741
Other taxation and social security	147	364
Other creditors	995	2,576
Accruals and deferred income	1,324	1,117
	<u>7,651</u>	<u>9,798</u>
Due after more than one year		
Amounts owed to group undertakings	228	237

All amounts owed to group undertakings are unsecured and interest free.

Glide Utilities Limited

Notes forming part of the financial statements for the year ended 31 January 2020 *(continued)*

14. Provisions for liabilities

Deferred taxation:	2020	2019
	£000	£000
At beginning of year	(4)	7
Credit for the year	1	(11)
At end of year	<u>(3)</u>	<u>(4)</u>
The deferred tax provision is made up as follows:		
Accelerated capital allowances	<u>(3)</u>	<u>(4)</u>

15. Contingent Liabilities

The company has guaranteed bank borrowings of other companies in the Glide Group. At the year end the liabilities covered by these guarantees totalled £87,844,586 (2019 - £68,911,000).

16. Called up share capital

	2020	2019
	£000	£000
Allotted, called up and fully paid		
660 A Ordinary shares of £1 each	1	1
540 B Ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

A and B ordinary shares have equal voting rights and rank pari-passu.

17. Operating lease commitments

	2020		2019	
	Land & Buildings	Other	Land & Buildings	Other
	£000	£000	£000	£000
Expiry date				
Within one year	143	-	97	8
Within one to two years	112	-	-	-
Within two to five years	336	110	32	3
More than five years	191	-	-	-
	<u>782</u>	<u>110</u>	<u>129</u>	<u>11</u>

Glide Utilities Limited

18. Parent company and controlling related party

There is no controlling party of the company.

The company's immediate parent company is Glide 2 Limited, a company incorporated in England and Wales.

The company's ultimate parent company is Project Hawk Topco Limited, a company incorporated in England and Wales.

The largest and smallest group in which the results of the Company are consolidated are those headed by Glide Topco Limited. The consolidated financial statements of Glide Topco Limited are available to the public and may be obtained from the registered office, 1 Rivermead Court, Kenn Business Park, Windmill Road, Kenn, Clevedon, BS21 6FT. Glide Topco Limited is not controlled by any one individual party.

19. Post balance sheet events

On 31st May 2020 Inflexion Private Equity exited the business as majority shareholders, replaced by Alinda Capital Investment ("Alinda").