

# GENECO LIMITED

## Annual Report and Unaudited Financial Statements 30 June 2023

Registered in England and Wales No. 06842738

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## **Directors' Report**

The Directors present their report and unaudited financial statements for the year to 30 June 2023.

### **Principal Activities**

The Company owns and operates a food waste plant at Avonmouth near Bristol.

### **Results**

The profit for the year was £65k (2022 - £491k).

### **Dividend**

Dividends of £300k were declared in the year (2022 - £350k).

### **Directors**

The Directors of the Company during the year were:

Collin Skellett

Mark Watts

Colin Skellett and Mark Watts are also Directors of Wessex Water Ltd, Wessex Water Services Finance Plc, Turnbull Infrastructure and Utilities Ltd, Wessex Water Enterprises Ltd, Wessex Utility Solutions Ltd, Wessex Water Trustee Company Ltd, Brabazon Estates Ltd, YTL Arena Ltd, YTL Places Ltd, YTL Homes Ltd, YTL Property Holdings (UK) Ltd, YTL Developments Ltd, YTL Land and Property (UK) Ltd and YTL Utilities (UK) Ltd.

Colin Skellett is also a Director of Wessex Water Services Ltd, YTL Arena Holdings Ltd and Bristol Wessex Billing Services Ltd. Mark Watts is also a Director of Water 2 Business Ltd.

### **Directors' emoluments**

Directors' emoluments in respect of services to group companies are disclosed in the accounts of YTL Utilities (UK) Ltd.

### **Directors' share interests**

#### *Shares held*

The ordinary shares of YTL Power International Berhad held by Mark Watts are shown in the accounts of YTL Utilities (UK) Ltd.

### **Political donations**

The Company made no political donations nor incurred any political expenditure during the year (2022: £nil).

## **Directors' Report (continued)**

### **Going Concern**

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on a parent company, Wessex Water Ltd. The company has received undertakings from Wessex Water Ltd, until 31 December 2024, that they will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue to trade for the going concern period to 31 December 2024 by meeting its liabilities as and when they become due. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result if such funds were not available.

### **The modern slavery act 2015**

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

### **Basis of preparation**

This report has been prepared based on the small companies' regime and a strategic report has not been prepared.

### **Exemption of audit**

For the financial year ending 30 June 2023 the company was entitled to exemption from audit under section 479A of the companies Act 2006 relating to subsidiary companies.

#### **Directors' responsibilities:**

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

By order of the Board



Colin Skellett, Director  
Claverton Down  
Bath BA2 7WW  
1 December 2023

## **Statement of Directors' Responsibilities in Respect of the Directors' Report and the Unaudited Financial Statements**

The Directors are responsible for preparing the Annual Report and the financial statements (subsequently referred to as accounts) in accordance with applicable United Kingdom 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 Company's financial statements in accordance with UK adopted international accounting standards in accordance with the provisions of the Companies Act 2006.

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 for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- in respect of the company's financial statements, state whether UK adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company will not 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 Company 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and Directors' report, that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

### **Directors' responsibility statement**

The Directors confirm, to the best of their knowledge:

- that the unaudited financial statements, prepared in accordance with UK adopted International Accounting Standards give a true and fair view of the assets, liabilities, financial position and profit for the Company; and
- that the annual report, includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that they face; and
- that they consider the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

**Income Statement and Statement of Other Comprehensive Income**  
**For the year ended 30 June 2023**

	<i>Note</i>	<b>2023</b> <b>£000</b>	2022 £000
<b>Revenue</b>	<b>2</b>	<b>3,183</b>	2,980
Raw materials and consumables		(577)	(381)
Staff costs	3	(402)	(433)
Depreciation	7	(688)	(692)
Other operating costs		(1,117)	(955)
<b>Total operating costs</b>		<b>(2,784)</b>	(2,461)
<b>Operating profit</b>		<b>399</b>	519
Financial expenses	4	(78)	(28)
<b>Net financing expense</b>		<b>(78)</b>	(28)
<b>Profit before tax</b>		<b>321</b>	491
Taxation	5	(256)	-
<b>Profit for the year</b>		<b>65</b>	491
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>65</b>	491

The notes on pages 9 to 25 are an integral part of these financial statements.

**Statement of Financial Position**  
**At 30 June 2023**

	<i>Note</i>	<b>2023</b> <b>£000</b>	<b>2022</b> <b>£000</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	<u>6,896</u>	<u>6,685</u>
<b>Current assets</b>			
Trade and other receivables	9	187	154
Cash and cash equivalents	10	<u>-</u>	<u>28</u>
		<u>187</u>	<u>182</u>
<b>Total assets</b>		<u><b>7,083</b></u>	<u><b>6,867</b></u>
<b>Current liabilities</b>			
Bank overdraft	10	(260)	-
Other interest-bearing loans and borrowings	11	(5,119)	(5,119)
Trade and other payables	12	<u>(284)</u>	<u>(318)</u>
		<u>(5,663)</u>	<u>(5,437)</u>
<b>Non-current liabilities</b>			
Other interest-bearing loans and borrowings	11	(162)	(193)
Deferred tax liabilities	13	<u>(953)</u>	<u>(697)</u>
<b>Total liabilities</b>		<u><b>(6,778)</b></u>	<u><b>(6,327)</b></u>
<b>Net assets</b>		<u><b>305</b></u>	<u><b>540</b></u>
<b>Equity</b>			
Share capital	14	-	-
Retained earnings		<u>305</u>	<u>540</u>
<b>Total equity</b>		<u><b>305</b></u>	<u><b>540</b></u>

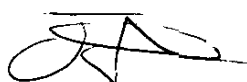
The notes on pages 9 to 25 are an integral part of these financial statements.

For the financial year ending 30 June 2023 the company was entitled to exemption from audit under section 479A of the companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements were approved by the Board of Directors on 1 December 2023 and signed on its behalf by:



Colin Skellett  
Director

**Statement of Changes in Equity**  
**For the year ended 30 June 2023**

	<i>Note</i>	<b>Share capital £000</b>	<b>Retained earnings £000</b>	<b>Total equity £000</b>
Balance at 1 July 2021		-	399	399
<b>Total comprehensive income for the year</b>				
Profit for the year		-	491	491
Other comprehensive income		-	-	-
Total comprehensive income for the year		-	491	491
<b>Transactions with owners, recorded directly in equity</b>				
Dividends	6	-	(350)	(350)
Total contributions by and distributions to owners		-	(350)	(350)
<b>Balance at 30 June 2022</b>		-	540	540
Balance at 1 July 2022		-	540	540
<b>Total comprehensive income for the year</b>				
Profit for the year		-	65	65
Other comprehensive income		-	-	-
Total comprehensive income for the year		-	65	65
<b>Transactions with owners, recorded directly in equity</b>				
Dividends	6	-	(300)	(300)
Total contributions by and distributions to owners		-	(300)	(300)
<b>Balance at 30 June 2023</b>		-	305	305



**Statement of Cash Flows**  
**For the year ended 30 June 2023**

	<i>Note</i>	<b>2023</b>	2022
		<b>£000</b>	£000
<b>Cashflow from operating activities</b>			
Profit for the year		65	491
<i>Adjustments for:</i>			
Depreciation	7	688	687
Financial expense	4	78	28
Taxation	5	256	-
		<u>1,087</u>	<u>1,206</u>
(Increase) / decrease in trade and other receivables		(68)	75
(Decrease) in trade and other payables		<u>(100)</u>	<u>(52)</u>
		<u>(168)</u>	<u>23</u>
Tax paid		-	-
<b>Net cashflow from operating activities</b>		<u>919</u>	<u>1,229</u>
<b>Cashflow used in investing activities</b>			
Acquisition of property, plant and equipment		<u>(899)</u>	<u>(699)</u>
<b>Net cashflow used in investing activities</b>		<u>(899)</u>	<u>(699)</u>
<b>Cashflow from financing activities</b>			
Repayment of borrowings		-	(100)
Principal lease repayments		(31)	(25)
Interest payments		(77)	(28)
Dividend payments		<u>(200)</u>	<u>(350)</u>
<b>Net cashflow from financing activities</b>		<u>(308)</u>	<u>(503)</u>
(Decrease) / increase in cash and cash equivalents		<u>(288)</u>	<u>27</u>
Cash and cash equivalents at 1 July		<u>28</u>	<u>1</u>
<b>Cash and cash equivalents at 30 June</b>	10	<u><u>(260)</u></u>	<u><u>28</u></u>

## Notes to the unaudited financial statements

### 1. Accounting policies

#### 1.1 Basis of preparation

GENeco Limited (the "Company") is a private company limited by shares, incorporated, domiciled and registered in England in the UK. The registered number is 06842738 and the registered address is Wessex Water Operations Centre, Claverton Down, Bath, BA2 7WW.

The Company financial statements have been prepared and approved by the Directors in accordance with UK adopted international accounting standards in accordance with the provisions of the Companies Act 2006.

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

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

Judgements made by the Directors, in the application of these accounting policies, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 21.

#### 1.2 Measurement convention

The financial statements are prepared on a cost basis and presented in pounds sterling which is the company's functional and presentational currency.

#### 1.3 Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on a parent company, Wessex Water Ltd. The company has received undertakings from Wessex Water Ltd, until 31 December 2024, that they will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue to trade for the going concern period to 31 December 2024 by meeting its liabilities as and when they become due. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result if such funds were not available.

#### 1.4 Financial instruments

##### *Cash and cash equivalents*

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

##### **Financial assets**

##### *Initial recognition and measurement*

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

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

## **Notes to the unaudited financial statements (continued)**

### **1. Accounting policies (continued)**

#### **1.4 Financial instruments (continued)**

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

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

##### *Subsequent measurement*

Financial assets at amortised cost (receivables)

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

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

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

The Company's financial assets at amortised cost includes intercompany loans receivable in less than 12 months.

##### *Derecognition*

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

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

### **Financial liabilities**

#### *Initial recognition and measurement*

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

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

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

## Notes to the unaudited financial statements (*continued*)

### 1. Accounting policies (*continued*)

#### 1.4 *Financial instruments (continued)*

##### *Subsequent measurement – Financial liabilities at amortised cost*

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

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

##### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### 1.5 *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Land and buildings 10 to 60 years
- Plant, equipment and vehicles 3 to 20 years

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

## **Notes to the unaudited financial statements (continued)**

### **1. Accounting policies (continued)**

#### **1.6 Impairment**

##### *Financial assets (including receivables)*

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

The Company considers a financial asset in default when contractual payments are 80 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

##### *Non-financial assets*

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

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

#### **1.7 Employee benefits**

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

##### *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### **1.8 Revenue**

The company has short term agreements with multiple companies based on a gate fee per tonne of waste, the rate being determined by the contaminant content and the potential gas yields of each waste stream. Due to waste regulations there are no storage options and waste is either treated immediately or bulked up and treated at an external facility. The customers obligations to the waste are discharged on completion of waste transfer notes at time of delivery to the facility.

Revenue is recognised in the period the waste is received, the acceptance of waste from the customer being the fulfilment of the performance obligation.

## **Notes to the unaudited financial statements (continued)**

### **1. Accounting policies (continued)**

#### **1.9 Expenses**

##### *Lease payments*

Lease payments on short-term leases and leases of low value assets are recognised as expenses on a straight-line basis over the lease term.

##### *Financing income and expenses*

Financing expenses comprise interest payable and finance leases recognised in profit or loss using the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprises interest receivable on funds invested

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

#### **1.10 Taxation**

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### **1.11 Dividends**

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

## Notes to the unaudited financial statements (continued)

### 1. Accounting policies (continued)

#### 1.12 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### *Company as a lessee*

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land and property 10 to 20 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 1.5 Impairment of non-financial assets.

##### ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a *modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.*

The Company's lease liabilities are included in Interest-bearing loans and borrowings (see note 11).

##### iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

## Notes to the unaudited financial statements *(continued)*

### 2. Revenue from contracts with customers

	2023	2022
	£000	£000
<b>Revenue type</b>		
Intra-group income – gas sales	2,698	2,274
Intra-group income – waste treatment	301	-
Food waste	184	206
	<b>3,183</b>	<b>2,480</b>

The Company's revenue derives from the provision of waste services and gas sales in the UK. All performance obligations are satisfied on a point in time basis.

### 3. Staff numbers and costs

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

	Number of employees	
	2023	2022
Average number of employees	9	10

The employees engaged on the food waste activity are recharged to the Company from Wessex Water Enterprises Ltd. The aggregate payroll costs of these employees is as follows:

	2023	2022
	£000	£000
Wages and salaries	402	433

No Directors' emoluments are charged to the Company (see Directors' Report) – (2022: £nil).

### 4. Finance expense

	2023	2022
	£000	£000
Interest on lease liabilities	3	3
Interest payable to immediate parent company	75	25
Net interest payable	78	28



## Notes to the unaudited financial statements (continued)

### 5. Taxation

#### Recognised in the income statement

	2023 £000	2022 £000
<i>Current tax expense</i>		
Current year	-	-
<i>Deferred tax expense</i>		
Origination and reversal of temporary differences	113	5
Increase in tax rate	-	-
Adjustments for prior years	143	(5)
Deferred tax expense	256	-
Tax expense in income statement	256	-

#### Reconciliation of effective tax rate

	2023 £000	2022 £000
Profit for the year	65	491
Total tax expense	256	-
Profit excluding taxation:	321	491
Tax using the UK corporation tax rate of 20.5% (2022 - 19%)	66	93
Impact of change in rate	-	-
Rate difference on current year earnings	20	1
Non-deductible expenses	31	14
Under provided in prior years	143	(5)
Group relief for nil consideration	(4)	(103)
Total tax expense	256	-

The statutory rate of Corporation tax increased from 19% to 25% effective 1 April 2023, resulting in a statutory rate of 20.5% for the current year (2022: 19%). The Group has benefited from the Super deduction regime until 31 March 2023 and the Full Expensing regime due to be in place until 31 March 2026.

Finance (No 2) Bill 2023, that includes BEPS Pillar Two legislation, was substantively enacted on 20 June 2023 for IFRS purposes. The group has applied the exemption from recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes as required by the amendments to IAS 12 - International Tax Reform—Pillar Two Model Rules – issued in May 2023.

### 6. Dividends

The dividend policy is to declare dividends consistent with the company's performance and prudent management of the economic risk of the business.

	2023 £000	2022 £000
Interim dividends for the current year	200	350
Final dividend for the current year	100	-
	300	350

## Notes to the unaudited financial statements (continued)

### 7. Property, plant & equipment

	Land & buildings £000	Plant & machinery £000	Office & IT equipment £000	Company total £000
<b>Cost</b>				
Balance at 1 July 2021	1,494	8,986	13	10,493
Additions of ROU assets	40	-	-	40
Additions	-	704	-	704
Balance at 30 June 2022	1,534	9,690	13	11,237
Balance at 1 July 2022	1,534	9,690	13	11,237
Additions of ROU assets	-	-	-	-
Additions	-	899	-	899
Disposals	-	-	-	-
Balance at 30 June 2023	1,534	10,589	13	12,136
<b>Depreciation and impairment</b>				
Balance at 1 July 2021	(272)	(3,576)	(12)	(3,860)
Depreciation on ROU assets	(26)	-	-	(26)
Depreciation charge for the year	(28)	(637)	(1)	(666)
Disposals	-	-	-	-
Balance at 30 June 2022	(326)	(4,213)	(13)	(4,552)
Balance at 1 July 2022	(326)	(4,213)	(13)	(4,552)
Depreciation on ROU assets	(20)	-	-	(20)
Depreciation charge for the year	(28)	(640)	-	(668)
Disposals	-	-	-	-
Balance at 30 June 2023	(374)	(4,853)	(13)	(5,240)
<b>Net Book Value</b>				
At 1 July 2021	1,222	5,410	1	6,633
At 30 June 2022	1,208	5,477	-	6,685
<b>At 30 June 2023</b>	<b>1,160</b>	<b>5,736</b>	<b>-</b>	<b>6,896</b>

Assets under construction included in the values above were £1,130k (2022 - £218k).

## Notes to the unaudited financial statements (continued)

### 8. Leases

#### Assets

The Company has lease contracts for items of property used in its operations. Leases of land and buildings generally have lease terms between 10 and 20 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land & buildings £000	Total £000
As at 1 July 2022	197	197
Depreciation charge for the year	(20)	(20)
As at 30 June 2023	<u>177</u>	<u>177</u>

#### Liabilities

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the year:

	£000
As at 1 July 2022	212
Repayments	(34)
Accretion of interest	3
As at 30 June 2023	<u>181</u>
Current	19
Non-Current	162

#### Expenses

The following are the amounts recognised in the income statement:

	2023 £000	2022 £000
Depreciation expense of right of use assets	20	26
Interest expense on lease liabilities	3	3
Expenses relating to short term or low value leases	<u>316</u>	<u>418</u>
	<u>339</u>	<u>447</u>

## Notes to the unaudited financial statements (continued)

### 9. Trade and other receivables

	2023 £000	2022 £000
Owed by immediate parent company	60	-
Owed by fellow subsidiaries	24	24
Owed by other group companies	58	-
Amounts receivable from customers	17	36
Prepayments	3	86
VAT recoverable	25	8
	<b>187</b>	<b>154</b>

Trade and other receivables are due in less than one year.

All outstanding related party receivable balances are owed on commercial terms and arise through normal business operations. The Company has considered the present value of the contractual cash flows and compared this to a prudent assessment of the present value of the cash flows that are expected to be received. Having performed this assessment, the Company has determined that no material expected credit loss provisions are required as at year-end for related party balances owed.

### 10. Cash and cash equivalents

	2023 £000	2022 £000
Cash at bank	-	28
Bank overdraft	260	-

### 11. Other interest-bearing loans and borrowings

	2023 £000	2022 £000
<b>Current liabilities</b>		
Current portion of lease liabilities	19	19
Owed to immediate parent company	5,100	5,100
	<b>5,119</b>	<b>5,119</b>
<b>Non-current liabilities</b>		
Lease liabilities	162	193
	<b>162</b>	<b>193</b>

The loan from Wessex Water Enterprises Limited is a rolling 3-month facility and interest is charged at GBP SONIA plus 0.98% for each period.

## Notes to the unaudited financial statements (*continued*)

### 12. Trade and other payables

	2023 £000	2022 £000
<b>Current</b>		
Owed to immediate parent company	100	56
Owed to other group companies	-	47
Amounts payable to suppliers	43	26
Accrued expenses	141	189
	<u>284</u>	<u>318</u>

### 13. Deferred tax liabilities

#### *Recognised deferred tax liabilities*

Deferred tax liabilities are attributable to the following:

	Liabilities		Assets		Net	
	2023 £000	2022 £000	2023 £000	2022 £000	2023 £000	2022 £000
Property, plant and equipment	953	697	-	-	953	697
Tax liabilities	953	697	-	-	953	697
Net tax liabilities	<u>953</u>	<u>697</u>	<u>-</u>	<u>-</u>	<u>953</u>	<u>697</u>

#### *Movement in deferred tax during the year*

	1 July 2022 £000	Recognised in income £000	30 June 2023 £000
Property, plant and equipment	697	256	953
	<u>697</u>	<u>256</u>	<u>953</u>

#### *Movement in deferred tax during prior year*

	1 July 2021 £000	Recognised in income £000	30 June 2022 £000
Property, plant and equipment	697	-	697
	<u>697</u>	<u>-</u>	<u>697</u>

## Notes to the unaudited financial statements (continued)

### 14. Capital and Reserves

#### Ordinary shares

	2023 £	2022 £
Allotted and called up 100 Ordinary shares of £1.00 each	100	100
Shares classified in shareholders' funds	100	100

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### 15. Capital Management

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

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

### 16. Financial Instruments

#### a) Fair values of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in an arms-length transaction between informed and willing parties, other than a forced or liquidation sale. The fair value of short term and floating rate borrowings approximate to book value. The fair value of long-term fixed rate borrowings has been calculated using market values or discounted cash flow techniques.

The IFRS 13 fair value hierarchy is a categorisation relating to the extent that the fair value can be determined by reference to comparable market values. The hierarchy ranges from level 1 where instruments are quoted on an active market through to level 3 where the assumptions used to derive fair value do not have comparable market data.

The fair values of floating rate inter-company loans are classified as level 2 in the IFRS 13 fair value hierarchy and have a carrying value and fair value of £5,100k. All other loans and leases are classified as level 2 and have a carrying value and fair value of £181k.

It is the Company's policy to recognise all the transfers into the levels and transfers out of the levels at the date of the event or change in circumstances that caused the transfer. No liabilities are classified as level 3.

The fair values of all financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

	Carrying amount 2023 £000	Fair Value 2023 £000	Level 2 2023 £000	Carrying amount 2022 £000	Fair Value 2022 £000	Level 2 2022 £000
<b>Financial liabilities:</b>						
Other interest-bearing loans and borrowings (note 11)	5,100	5,100	5,100	5,100	5,100	5,100
Lease liabilities (note 11)	181	181	181	212	212	212
<b>Total financial liabilities</b>	<b>5,281</b>	<b>5,281</b>	<b>5,281</b>	<b>5,312</b>	<b>5,312</b>	<b>5,312</b>

The management assessed that the fair values of cash and cash equivalents, debtors (excluding VAT) and creditors approximate their carrying value due to the short-term maturities of these instruments.

## Notes to the unaudited financial statements (continued)

### 16. Financial Instruments (continued)

#### b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investment securities.

Cash and cash equivalents are short term deposits with counterparties that have a credit rating of A1+/P1 or A1/P1, and hence there is minimal exposure to credit risk for these values.

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Cash and cash equivalents	-	28
	<u>-</u>	<u>28</u>

#### Amounts receivable from customers

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Billed receivables	8	23
Unbilled receivables	12	16
Expected credit losses	(3)	(3)
	<u>17</u>	<u>36</u>

Billed and unbilled receivables are from business customers. Set out below is the information about the credit risk exposure on the Company's trade receivables.

	<b>Gross</b>	<b>ECL</b>	<b>Gross</b>	<b>ECL</b>
	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Less than 1 year	20	(3)	39	(3)
	<u>20</u>	<u>(3)</u>	<u>39</u>	<u>(3)</u>

## Notes to the unaudited financial statements (continued)

### 16. Financial Instruments (continued)

#### c) Liquidity risk

##### Financial risk management

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

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

	Carrying amount	Contractual cash flows	Year 1	Years 2- 5	Over 5 years
	2023 £000	2023 £000	2023 £000	2023 £000	2023 £000
<b>Non-derivative financial instruments</b>					
Leases	181	195	22	89	84
Inter-company loans	5,100	5,199	5,199	-	-
<b>Total financial instruments</b>	<b>5,281</b>	<b>5,394</b>	<b>5,221</b>	<b>89</b>	<b>84</b>

	Carrying amount	Contractual cash flows	Year 1	Years 2- 5	Over 5 years
	2022 £000	2022 £000	2022 £000	2022 £000	2022 £000
<b>Non-derivative financial instruments</b>					
Leases	212	219	19	78	122
Inter-company loans	5,100	5,211	5,211	-	-
<b>Total financial instruments</b>	<b>5,312</b>	<b>5,430</b>	<b>5,230</b>	<b>78</b>	<b>122</b>

#### c) Market Risk

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

##### Interest rate risk

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

	2023 £000	2022 £000
Fixed rate instruments	3,431	3,462
Floating rate instruments	1,850	1,850
	<b>5,281</b>	<b>5,312</b>

##### Sensitivity

The floating rate instruments are sensitive to interest rate movements. If there was a 1% increase in interest rates on those floating rate instruments at the balance sheet date, there would be an additional interest charge to the income statement of £19k (2022: £19k).



## Notes to the unaudited financial statements (continued)

### 17. Commitments

The Company has made no commitments (2022 - £nil).

### 18. Contingencies

There are no material contingent liabilities at 30 June 2023 for which provision has not been made in these accounts (2022: £nil).

### 19. Significant transactions with related parties

There were no transactions with Directors. Directors' emoluments have been disclosed in the Director's Report.

There have been no transactions with pre-penultimate, penultimate and ultimate holding companies described in note 20.

	2023 £000	2022 £000
<b>Sales of goods and services:</b>		
Immediate parent company	2,708	2,315
Fellow subsidiaries	291	459
<b>Interest expense:</b>		
Immediate parent company	74	25
<b>Purchase of goods and services:</b>		
Immediate parent company	683	591
Other group companies	328	295
<b>Year-end balances owing by:</b>		
Immediate parent company	60	-
Fellow subsidiaries	24	24
Other group companies	58	-
<b>Year-end balances owing to:</b>		
Immediate parent company	5,200	5,156
Other group companies	-	47

### 20. Ultimate parent company and parent company of the larger group

The immediate parent of GENeco Limited is Wessex Water Enterprises Limited.

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

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

The largest group in which the results of the Company are consolidated is that headed by YTL Corporation Berhad incorporated in Malaysia. The consolidated financial statements of these groups are available to the public and can be obtained from Menara YTL, 205 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia.

## **Notes to the unaudited financial statements *(continued)***

### **21. Accounting Estimates and Judgements**

In preparing the financial statements and applying the accounting policies, the Company is required to make reasonable estimates and judgements based on the available information. The most significant are the asset lives used to determine depreciation disclosed in note 1.5.