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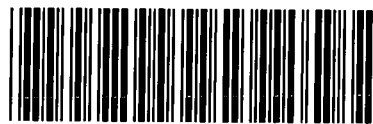
Registered number: 09276929

**Market Operator Services Limited**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2017**

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# Market Operator Services Limited

Report and financial statements  
for the year ended 31 March 2017

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### Directors

Jim Keohane  
Desmond Sean Edward Burke  
Margaret Elizabeth Beels  
Dr Simon Orebi Gann  
Josh Gill  
Andrew Hughes  
Mehran Karam  
James David Cleave  
Steve Hervouet  
Ben Newby

### Company secretary

Roland George

### Company number

09276929

### Registered office

Milton Gate, 60 Chiswell Street, London, EC1Y 4AG

### Bankers

HSBC, 60 Queen Victoria Street, London, EC4N 4TR

# Market Operator Services Limited

## Directors' report for the year ended 31 March 2017

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The Directors present their report and the financial statements for the year ended 31 March 2017.

### Directors

The Directors who have served during the year were:

John Andrew Pinder (Chair, Resigned 9 April 2017)  
Chris Scoggins (CEO, resigned 14 November 2018)  
John Jeffs (CEO, resigned 2 June 2017)  
Margaret Elizabeth Beels (Independent Director)  
Peter Bucks (Independent Director, resigned 1 March 2018)  
Peter Simpson (Wholesaler Director, resigned 27 September 2017)  
Heidi Mottram (Alternate Wholesaler Director, resigned 15 December 2017)  
Richard Charles Moore (Alternate Unassociated Retail Director, resigned 18 September 2018)  
John Nigel Reynolds (Unassociated Retailer Director, resigned 18 September 2018)

### Business review

On 1 April 2017 the non-household water market was officially opened allowing customers in England to choose their retailer for the first time through the Open Water programme.

The Open Water programme is led by the Department for Food, the Environment and Rural Affairs (Defra), and 'Ofwat' the water industry economic regulator. Market Operator Services Limited (MOSL) are working closely with Defra and Ofwat to:

- Maintain and develop our core IT system 'CMOS', enabling an effective registration, switching and settlement process between wholesalers and retailers;
- Provide secretariat services to the Panel and committees who provide independent strategic governance of the market; and
- Offer our members the necessary support and advice to drive improvements in market performance.

During the year ended 31 March 2017 the Company continued with the design and build of CMOS and engagement with its members to enable the market to open on time. On market opening, MOSL were appointed the market operator and are required to comply with its obligations under the Wholesale and Retail Code and the Market Arrangement Code.

MOSL funding for the year ended 31 March 2017 was agreed up front through the approval of its annual business plan. The business plan for the year ended 31 March 2018 was approved by our members on 15 December 2017.

The Company has made a statutory loss for the year ended 31 March 2017 of £631,597 (2016: £631,597 profit) which will be used to offset previous profits.

# Market Operator Services Limited

## Directors' report for the year ended 31 March 2017

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### Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the Directors must not approve the financial statements unless 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 judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Going concern

The Directors consider that the Company has adequate resources to remain in operation for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements.

### Post balance sheet events

There have been no significant events outside the normal course of business affecting the Company since the year end.

# Market Operator Services Limited

Directors' report  
for the year ended 31 March 2017

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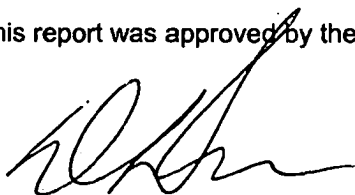
## Auditors

A resolution to appoint Moore Stephens LLP as auditor will be proposed at the Annual General Meeting in accordance with section 485 of the Companies Act 2006.

## Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by Section 415A of the Companies Act 2006.

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



Desmond Sean Edward Burke  
Director

Date: 30/1/19

**Market Operator Services Limited**  
**Independent Auditor's report**  
**for the year ended 31 March 2017**

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**Opinion**

We have audited the financial statements of Market Operator Services Limited (the 'company') for the year ended 31 March 2017 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Funds, Statement of Cash Flows 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 FRS 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 March 2017 and of its results 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.

**Emphasis of matter - Recovery of VAT**

We draw attention to note 3.2 in the financial statements, which indicates that there is a material uncertainty regarding the recovery of unclaimed VAT. Whilst the directors are confident this amount will be recovered they have still not received positive confirmation from the relevant authorities that this is the case, therefore there remains a material uncertainty. Our opinion is not qualified in respect of this matter.

**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 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 audit opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs(UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils website at: [www.frc.org.uk/auditorsresponsibilities](http://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.

*Moore Stephens LLP*

Stephen Corral, *Senior Statutory Auditor*  
For and on behalf of Moore Stephens LLP, Statutory Auditor  
150 Aldersgate Street  
London  
EC1A 4AB  
31 January 2019

**Market Operator Services Limited**  
**Statement of comprehensive income**  
**for the year ended 31 March 2017**

	Note	Year ended 31 March 2017	18 months to 31 March 2016
		£	£
Members funding	3	9,639,003	6,604,009
<b>Gross profit</b>		<b>9,639,003</b>	<b>6,604,009</b>
Operating expenditure	6	(7,462,599)	(5,014,256)
Wages and salaries	7	(2,155,877)	(462,060)
Rent		(654,241)	(496,993)
<b>Administration expenses</b>		<b>(10,272,717)</b>	<b>(5,973,309)</b>
Interest received		3,325	897
Interest paid		(1,208)	-
<b>(Loss)/profit before tax</b>		<b>(631,597)</b>	<b>631,597</b>
Tax on profits	5	-	-
<b>Total comprehensive (expense)/income for the year</b>		<b>(631,597)</b>	<b>631,597</b>

There was no other comprehensive income for the year (2016: £nil).

The notes on pages 10 to 16 form part of these financial statements.



# Market Operator Services Limited

Company Number: 09276929

Balance sheet  
as at 31 March 2017

		31 March 2017	31 March 2016
	Note	£	£
<b>Non-current assets</b>			
Tangible fixed assets	9	148,882	78,878
Intangible assets	10	<u>9,232,367</u>	<u>6,182,091</u>
<b>Total non-current assets</b>		<b>9,381,249</b>	<b>6,260,969</b>
<b>Current assets</b>			
Debtors	11	3,044,131	532,695
Cash at bank and in hand		<u>2,490,625</u>	<u>5,342,896</u>
<b>Total current assets</b>		<b>5,534,756</b>	<b>5,875,591</b>
Creditors: amounts falling due within one year	12	<u>(4,733,833)</u>	<u>(5,620,372)</u>
<b>Net current assets</b>		<b>800,923</b>	<b>255,219</b>
<b>Total assets less current liabilities</b>		<b>10,182,172</b>	<b>6,516,188</b>
Deferred income	13	<u>(10,182,172)</u>	<u>(5,884,591)</u>
<b>Net assets</b>		<b>-</b>	<b>631,597</b>
<b>Capital and reserves</b>			
Profit and loss account		-	631,597
<b>Members funds surplus</b>		<b>-</b>	<b>631,597</b>

The notes on pages 10 to 16 form part of these financial statements.

The Company's financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime. The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:



Desmond Sean Edward Burke  
Director

Date: 30/1/19

**Market Operator Services Limited**  
**Statement of changes in funds**  
**for the year ended 31 March 2017**

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	<b>Profit and loss account</b>
	<b>£</b>
Members funds surplus at 1 April 2016	631,597
<b>Comprehensive income for the year</b>	
Loss for the year	(631,597)
<b>Total comprehensive loss for the year</b>	<u>(631,597)</u>
<b>Total transactions with owners</b>	<u>-</u>
<b>Members funds deficit at 31 March 2017</b>	<u>-</u>
Members funds at 23 October 2014	-
<b>Comprehensive income for the period</b>	
Profit for the period	631,597
<b>Total comprehensive income for the period</b>	<u>631,597</u>
<b>Total transactions with owners</b>	<u>-</u>
<b>Members funds surplus at 31 March 2016</b>	<u>631,597</u>

The notes on pages 10 to 16 form part of these financial statements.

# Market Operator Services Limited

## Statement of cash flows for the year ended 31 March 2017

	Year ended 31 March 2017	18 months to 31 March 2016
	£	£
<b>Cash flows from operating activities</b>		
(Loss)/profit for the year	(631,597)	631,597
<b>Adjustments for:</b>		
Depreciation	23,435	13,989
Amortisation	10,379	-
Interest received	(3,325)	(897)
Interest paid	1,208	-
Increase in debtors	(2,511,436)	(532,695)
Increase in deferred income	4,297,581	5,884,591
(Decrease)/increase in creditors	(886,539)	5,620,372
<b>Cash generated from operations</b>	<b>299,706</b>	<b>11,616,957</b>
<b>Cash flows from investing activities</b>		
Payments to acquire fixed assets	(93,439)	(92,867)
Payments to acquire intangible assets	(3,060,655)	(6,182,091)
Interest received	3,325	897
Interest paid	(1,208)	-
<b>Net cash used in investing activities</b>	<b>(3,151,977)</b>	<b>(6,274,061)</b>
Net (decrease)/increase in cash	(2,852,271)	5,342,896
Cash and cash equivalents at beginning of the year	5,342,896	-
<b>Cash and cash equivalents at the end of the year</b>	<b>2,490,625</b>	<b>5,342,896</b>
<b>Cash and cash equivalents at the end of the year comprise:</b>		
Cash at bank and in hand	2,490,625	5,342,896
	<b>2,490,625</b>	<b>5,342,896</b>

The notes on pages 10 to 16 form part of these financial statements.

# Market Operator Services Limited

## Notes forming part of the financial statements for the year ended 31 March 2017

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### 1. STATUTORY INFORMATION

Market Operator Services Limited is a private company, limited by guarantee, domiciled and incorporated in England and Wales, registration number 09276929. The registered office is Milton Gate, 60 Chiswell Street, London, EC1Y 4AG.

### 2. COMPLIANCE WITH ACCOUNTING STANDARDS

The financial statements have been prepared in accordance with the provisions of Financial Reporting Standard 102 Section 1A.

### 3. ACCOUNTING POLICIES

#### 3.1 Basis of preparation of financial statements

The principal accounting policies adopted in the preparation of the financial statements are set out below.

The financial statements have been prepared under the historical cost convention and the Companies Act 2006, and unless otherwise specified within these accounting policies, in accordance with Section 1A of Financial Reporting Standard 102, the standard applicable in the UK and Republic of Ireland. The presentation currency is £ sterling.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

#### 3.2 Material uncertainty

Directors formed a judgement at the time of approving these financial statements and are fully expectant that that a historical £1.2 million VAT receivable balance due to the Company can be recovered in full.

This recovery is subject to HMRC approving the revised VAT returns and given the magnitude of the balance and potential punitive measures, there is a risk over the recoverability of the amount due to the Company. Whilst the Directors acknowledge this risk, their belief remains that the VAT receivable balance can be fully recovered in full due to circumstances in which this balance has arisen, and their confidence in the supporting evidence.

#### 3.2 Revenue recognition

Revenue should be measured at the fair value of the consideration received or receivable when;

- it is probable that any future economic benefit associated with the item of revenue will flow to the entity, and
- the amount of revenue can be measured with reliability

Members of MOSL pay subscriptions or other sums due in line with the published and agreed business plan. The calculation is based on formula presented in the Market Arrangements Code and as set out in the Company articles.

The total amounts invoiced in the year was £12,633,566 (2016: £14,549,600) which consists of £11,550,203 (2016: £12,488,600) revenue for the year to fund costs of the design and build of the Central Market Operating System ("CMOS"), £nil (2016: £2,061,000) contingency, and £1,083,363 (2016: £nil) of Market Operator charges, invoiced in advance of the market opening on 1 April 2017.

# Market Operator Services Limited

## Notes forming part of the financial statements for the year ended 31 March 2017

### 3. ACCOUNTING POLICIES (continued)

£2,916,718 (2016: £5,884,591) of the revenue received has been deferred to match CMOS capitalised expenditure. The remaining £9,775,637 (2016: £6,604,009) represents revenue recognised in the year.

Of the £2,061,000 contingency fund recognised as a liability in the prior year, £1,603,012 was utilised in the year ended 31 March 2017.

Revenue recognition policy for member funding in relation to CMOS expenditure relating to design, build and testing which has been capitalised. The accruals process matching revenue and cost has been adopted. Revenue will then be released in the same profile as the intangible asset amortization profile resulting in nil gain or loss as a result of timing.

#### 3.3 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 3.4 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 3.5 Provision for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the period that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance sheet.

#### 3.6 Intangible assets

CMOS and settlement checker capitalised costs relates to design, build and test costs directly attributable to the respective programmes. These costs will continue to be capitalised when they can be reliably measured and include invoiced and accrued costs. Upon market opening CMOS and settlement checker capitalised costs will be amortised in line with the contractual rates.

Website costs are amortised over 3 years.

#### 3.7 Tangible fixed assets

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. The residual values and useful lives of plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period if there are indicators of change. The carrying amount of an asset is written down immediately to its recoverable amount if the asset's carrying amount is assessed as greater than its estimated recoverable amount.

Fixtures and equipment	5 years
Computer Hardware	3 Years
Computer Software	3 Years

# Market Operator Services Limited

Notes forming part of the financial statements  
for the year ended 31 March 2017

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Management have made a key judgement in assessing the completion of CMOS during the build phase. Management have based their estimation on completion of contractual milestones and functionality built. The capitalisation of CMOS has been classified as intangible assets. Amortisation shall commence upon market opening and matched revenue received during the period recognised as deferred income will be released in line.

## 5. TAXATION

The Company is regarded by H.M. Revenue and Customs as a mutual trading concern and thereby is not liable for corporation tax on any surplus arising from transactions with its Members. The Company, however, remains liable to corporation tax in respect of investment income and capital gains and any other profit arising other than from Members' activities.

## 6. OPERATING EXPENDITURE

	31 March 2017	18 months to 31 March 2016
	£	£
Audit fees	20,250	18,000
Depreciation	23,435	13,989
Amortisation	10,379	-
Contractors	3,454,530	1,412,569
Secondees	297,352	1,083,320
Other operating expenditure	3,822,826	2,486,378
	<u>7,628,772</u>	<u>5,014,256</u>

## 7. EMPLOYEES

	31 March 2017	18 months to 31 March 2016
	£	£
Wages and salaries	1,830,750	416,355
Social security costs	156,334	45,705
Employer pension contributions	139,254	-
	<u>2,126,338</u>	<u>462,060</u>

The average number of staff in the year was 35 (2016: 18).

## 8. DIRECTORS' REMUNERATION

	31 March 2017	18 months to 31 March 2016
	£	£
Directors' emoluments	<u>525,722</u>	<u>378,442</u>

The highest paid director received remuneration of £398,211 (2016: £296,828) in the year.

# Market Operator Services Limited

Notes forming part of the financial statements  
for the year ended 31 March 2017

## 9. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computers and software £	Total £
<b>Cost or valuation</b>			
At 1 April 2016	25,393	67,474	92,867
Additions	84,525	8,914	93,439
<b>At 31 March 2017</b>	<b>109,918</b>	<b>76,388</b>	<b>186,306</b>
<b>Accumulated depreciation and impairment</b>			
At 1 April 2016	2,117	11,872	13,989
Charge for the year	9,458	13,977	23,435
<b>At 31 March 2017</b>	<b>11,575</b>	<b>25,849</b>	<b>37,424</b>
<b>Net book value</b>			
<b>At 31 March 2017</b>	<b>98,343</b>	<b>50,539</b>	<b>148,882</b>
At 1 April 2016	23,276	55,602	78,878

## 10. INTANGIBLE ASSETS

	Website £	Settlement checker £	CMOS £	Total £
<b>Cost or valuation</b>				
At 1 April 2016	-	-	6,182,091	6,182,091
Additions	47,409	96,528	2,916,718	3,060,655
<b>At 31 March 2017</b>	<b>47,409</b>	<b>96,528</b>	<b>9,098,809</b>	<b>9,242,746</b>
<b>Accumulated amortisation and impairment</b>				
At 1 April 2016	-	-	-	-
Charge for the year	10,379	-	-	10,379
<b>At 31 March 2017</b>	<b>10,379</b>	<b>-</b>	<b>-</b>	<b>10,379</b>
<b>Carrying amount</b>				
<b>At 31 March 2017</b>	<b>37,030</b>	<b>96,528</b>	<b>9,098,809</b>	<b>9,232,367</b>
At 23 April 2016	-	-	6,182,091	6,182,091

CMOS capitalised costs relates to design, build and test costs directly attributable to CMOS. These costs continue to be capitalised when can be reliably measured and include invoiced and accrued costs. Upon market opening on 1 April 2017, CMOS capitalised costs are amortised in line with the contractual rates.

Website development and settlement checker cost relates to build of tools related to operating the market and will be amortised once in use in use and are amortised over three years.

# Market Operator Services Limited

Notes forming part of the financial statements  
for the year ended 31 March 2017

## 11. DEBTORS: Amounts falling due within one year

	2017 £	2016 £
Trade debtors	974,216	-
VAT recoverable	1,547,961	495,813
Prepayments	521,954	36,882
	<u>3,044,131</u>	<u>532,695</u>

## 12. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	1,323,602	618,735
Contingency fund	-	2,061,000
Other tax and social security	55,432	29,539
Accruals	2,897,788	2,911,098
Member funds	457,011	-
	<u>4,733,833</u>	<u>5,620,372</u>

The contingency fund was invoiced and received from the members of the Company in the year ended 31 March 2016. The fund was undrawn and held as a liability to members on the balance sheet. £1,603,012 of the contingency fund was utilised in the year ended 31 March 2017. The remaining unutilised contingency is now deemed repayable to those who contributed and has been classified as Member funds (2017: £457,988, 2016: £nil).

## 13. DEFERRED INCOME

	2017 £	2016 £
CMOS membership payments	9,098,809	5,884,591
April 2017 Market Operator Charges	1,083,363	-
	<u>10,182,172</u>	<u>5,884,591</u>

£9,098,809 of the deferred income relates to membership payments made to MOSL to fund the design, build and test of CMOS. These payments have been received and recognised as deferred income and will be amortised in line with the amortisation profile of the CMOS once in use.

The balance, £1,083,363 relates to April 2017 Market Operator Charges, invoiced in March 2017.

## 14. MEMBERS FUNDS

The Company is a United Kingdom company limited by Guarantee. It is both incorporated and domiciled in England and Wales. The address of its registered office is Milton Gate, 60 Chiswell Street, London, EC1Y 4AG.

The Company is limited by guarantee and has no share capital.

Every Member of the Company undertakes to contribute to the assets of the Company, in the event of a winding up, such an amount as may be required not exceeding £1.



# Market Operator Services Limited

Notes forming part of the financial statements  
for the year ended 31 March 2017

## 15. OPERATING LEASE ARRANGEMENTS

	2017	2016
	£	£
<i>Non-cancellable operating lease rentals are payable as follows:</i>		
Not later than 1 year	438,510	412,046
Within 2 - 5 years	-	281,873
	<b>438,510</b>	<b>693,919</b>

## 16. RELATED PARTIES

All of the wholesale and retail members of the Company are related parties.

Those wholesalers who funded the costs of the design and build of the Central Market Operating System, and were invoiced in advance for their April 2017 Market Operator Charges were:

Affinity Water Ltd  
Anglian Water Services Limited  
Bristol Water Plc  
Northumbrian Water Ltd  
Pennon Water Services Ltd (previously Bournemouth Water Ltd)  
Portsmouth Water Ltd  
Severn Trent Water Ltd  
South East Water Ltd  
South West Water Ltd  
Southern Water Services Ltd  
South Staffordshire Water Plc  
Sutton & East Surrey Water Plc  
Thames Water Utilities Ltd  
United Utilities Group Ltd  
Wessex Water Services Ltd  
Yorkshire Water Services Ltd

Wholesalers who were invoiced in advance for their April 2018 Market Operator Charges were:

Albion Water Ltd  
Dee Valley Water Plc  
Dwr Cymru Cyfyngedig  
Independent Water Networks Ltd  
Leep Water Networks Ltd  
SSE Water Ltd  
Veolia Water Projects Ltd

Those retailers who did not contribute towards the costs of the design and build of the Central Market Operating System, but were invoiced in advance for their April Market Operator Charges were:

Affinity for Business (Retail) Ltd  
Albion Water Ltd  
Anglian Water Business (National) Ltd  
Scottish Water Business Stream Ltd  
Castle Water Ltd  
Dee Valley Water Plc  
Dwr Cymru Cyfyngedig  
Independent Water Networks Ltd  
Three Sixty Water Ltd  
NWG Business Ltd  
Leep Water Networks Ltd  
Severn Trent Services (Water & Sewerage) Ltd

# Market Operator Services Limited

Notes forming part of the financial statements  
for the year ended 31 March 2017

## 16. RELATED PARTIES (CONTINUED)

South East Water Ltd  
Pennon Water Services Limited  
SSE Water Ltd  
SSWB Ltd  
Sutton and East  
Surrey Water Services Ltd  
Water Plus Ltd  
Veolia Water Retail (UK) Ltd  
Water 2 Business Limited  
Yorkshire Water Services Ltd

In total £11,659,350 (2016: £14,549,600) was received from the above wholesale members. At the end of the year £974,216 (2016: £nil) was due to the Company.

A total of £114,952 (2016: £253,522) was paid to Anglian Water Services Limited during the financial year for employees seconded to MOSL.

*Amounts owed to related parties:*

	2017	2016
	£	£
Severn Trent Water Plc	-	31,126
Anglian Water Services Ltd	24,075	47,783
	<u>24,075</u>	<u>78,909</u>

These amounts are due to secondment of employees to MOSL as part of the normal course of business.

*Personnel:*

John Jeffs, is a MOSL Director and a Director of TIDI Limited. MOSL paid TIDI Limited £398,211 in the year ended 31 March 2017 (2016: £nil). At the year end the Company owed TIDI Limited £49,730 (2016: £nil).

John Reynolds is a MOSL Director and Castle Water Ltd CEO. Castle Water Ltd are an Unassociated Retailer member of MOSL.

Mehran Karam is a MOSL Director and Bristol Water Plc CEO. Bristol Water Plc are a Wholesaler member of MOSL.

Peter Simpson was a MOSL Director during the year ended 31 March 2017 and Anglian Water Services Ltd CEO. Anglian Water Services Ltd are a Wholesaler member of MOSL.

## 16. AMENDED ACCOUNTS

The financial statements for the year ended 31 March 2017 were originally filed as unaudited. In order to comply with best practice the executive committee felt it appropriate to file audited accounts. Therefore, the financial statements for the year ended 31 March 2017 have since been audited and any amendments made are deemed necessary to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the year.