

Zoom Holding Limited

Consolidated Interim Report

Period Ended

30 June 2020

Registered number 05777758

Zoom Holding Limited

Consolidated Interim Report
For the period ended 30 June 2020

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Directors

A Dellis
N Horler
P Miles
K O'Connor
B Sottomayor
S Schwengber

Secretary and registered office

Beach Secretaries Limited, Bluebird House, Mole Business Park, Leatherhead, KT22 7BA

Company number

05777758

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA

Zoom Holding Limited

Consolidated statement of comprehensive income For the period ended 30 June 2020

	6 month period ended 30 June 2020 Unaudited £'000	6 month period ended 30 June 2019 Unaudited £'000	12 month period ended 31 December 2019 Audited £'000
Turnover	37,162	33,749	69,329
Cost of sales	(16,169)	(15,307)	(31,100)
Gross profit	20,993	18,442	38,229
Administrative expenses	(8,606)	(8,427)	(16,050)
Group operating profit	12,387	10,015	22,179
Other interest receivable and similar income	-	24	25
Interest payable and similar charges	(15,897)	(15,199)	(30,820)
Loss on ordinary activities before taxation	(3,510)	(5,160)	(8,616)
Taxation on profit on ordinary activities	(50)	(1,440)	(1,056)
Loss for the financial year and total comprehensive income for the year	(3,560)	(6,600)	(9,672)

Zoom Holding Limited

Consolidated balance sheet at 30 June 2020

	30 June 2020 Unaudited £'000	30 June 2020 Unaudited £'000	30 June 2019 Unaudited £'000	30 June 2019 Unaudited £'000	31 December 2019 Audited £'000	31 December 2019 Audited £'000
Fixed assets						
Intangible assets		33,398		38,889		36,144
Tangible assets		335,554		297,774		309,084
		<u>368,952</u>		<u>336,663</u>		<u>345,228</u>
Current assets						
Deferred tax asset	17,234		16,898		17,282	
Debtors	8,170		8,122		7,608	
Cash at bank and in hand	22,180		19,623		18,104	
	<u>47,584</u>		<u>44,643</u>		<u>42,994</u>	
Creditors: amounts falling due within one year	<u>(24,505)</u>		<u>(27,526)</u>		<u>(23,991)</u>	
Net current assets		<u>23,079</u>		<u>17,117</u>		<u>19,003</u>
Total assets less current liabilities		<u>392,031</u>		<u>353,780</u>		<u>364,231</u>
Creditors: amounts falling due after more than one year		<u>(576,431)</u>		<u>(531,548)</u>		<u>(545,071)</u>
Net assets		<u>(184,400)</u>		<u>(177,768)</u>		<u>(180,840)</u>
Capital and reserves						
Called up share capital		134,241		134,241		134,241
Profit and loss account		(318,641)		(312,009)		(315,081)
		<u>(184,400)</u>		<u>(177,768)</u>		<u>(180,840)</u>

The consolidated interim report was approved by the Board of Directors and authorised for issue on 25 September 2020 and were signed on its behalf by:



P Miles
Director

Zoom Holding Limited

Consolidated statement of changes in equity For the period ended 30 June 2020

	Share capital 30 June 2020 Unaudited £'000	Profit and loss account 30 June 2020 Unaudited £'000	Total equity 30 June 2020 Unaudited £'000	Share capital 30 June 2019 Unaudited £'000	Profit and loss account 30 June 2019 Unaudited £'000	Total Equity 30 June 2019 Unaudited £'000	Share capital 31 December 2019 Audited £'000	Profit and loss account 31 December 2019 Audited £'000	Total Equity 31 December 2019 Audited £'000
1 January	134,241	(315,081)	(180,840)	134,241	(305,409)	(171,168)	134,241	(305,409)	(171,168)
Correction opening balance	-	-	-	-	-	-	-	-	-
Comprehensive income for the period	-	(3,560)	(3,560)	-	(6,600)	(6,600)	-	(9,672)	(9,672)
Profit / (loss) for the period	-	(3,560)	(3,560)	-	(6,600)	(6,600)	-	(9,672)	(9,672)
Total comprehensive income for the year	-	(3,560)	(3,560)	-	(6,600)	(6,600)	-	(9,672)	(9,672)
Contributions by and distributions to owners	-	-	-	-	-	-	-	-	-
Share issue	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-
30 June	134,241	(318,641)	(184,400)	134,241	(312,009)	(177,768)	134,241	(315,081)	(180,840)

Zoom Holding Limited

Consolidated statement of cash flows For the period ended 30 June 2020

	6 month ended 30 June 2020 Unaudited £'000	6 month ended 30 June 2019 Unaudited £'000	Year ended 31 December 2019 Audited £'000
Cash flows from operating activities			
Profit/(Loss) for the financial period	(3,560)	(6,600)	(9,672)
Adjustments for:			
Depreciation and amortisation of fixed assets	7,526	7,638	15,335
Net interest payable/(receivable)	15,898	15,176	30,795
Taxation expense	50	1,440	1,056
(Increase)/Decrease in trade and other debtors	(561)	414	927
Increase/(decrease) in trade creditors	502	569	(1,848)
(Gain)/Loss on disposal of tangible assets	(43)	(31)	(44)
Cash from operations	19,812	18,606	36,549
Interest paid	(14,164)	(11,247)	(23,290)
Taxation paid	-	-	-
Net cash generated from operating activities	5,648	7,359	13,259
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets	51	44	62
Purchases of tangible fixed assets	(31,623)	(16,625)	(34,064)
Interest received	-	23	25
Net cash used in investing activities	(31,572)	(16,558)	(33,977)
Cash flows from financing activities			
Debt issued	30,000	-	-
Capex loan draw down	-	10,000	20,000
Net cash from financing activities	30,000	10,000	20,000
Net (decrease) / increase in cash and cash equivalents	4,076	801	(718)
Cash and cash equivalents at beginning of year	18,104	18,822	18,822
Cash and cash equivalents at end of period	22,180	19,623	18,104
Cash and cash equivalents comprise:			
Cash at bank and in hand	22,180	19,623	18,104
Bank overdrafts	-	-	-
	22,180	19,623	18,104

Non cash flow fixed asset reduction of (£329,311) (June 2019: £326,723; December 2019 reduction: £1,491,693) have been accrued in the year.

Zoom Holding Limited

Notes forming part of the consolidated interim report For the period ended 30 June 2020

1 Financial Information

The interim financial information for the 6 months ended 30 June 2020 does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. It has been prepared using accounting policies and principles consistent with those applied in the preparation of the audited accounts of Zoom Holding Limited Group for the period ended 31 December 2019.

The interim financial information has been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

2 Comparatives

The comparatives in the interim financial information are the figures included in the audited financial statements for Zoom Holding Limited for the period ended 31 December 2019, together with the unaudited results for the six months ending 30 June 2019.

3 Analysis of Turnover

	6 month ended 30 June 2020 Unaudited £'000	6 month ended 30 June 2019 Unaudited £'000	12 month ended 31 December 2019 Audited £'000
Analysis by class of business:			
Gas transportation	15,344	13,827	28,347
Gas metering	5,004	5,652	11,350
Electricity distribution	16,814	14,270	29,632
	<u>37,162</u>	<u>33,749</u>	<u>69,329</u>

The Group's revenue is generated in the United Kingdom (excluding Northern Ireland).

4 Debtors

	Group 30 June 2020 Unaudited £'000	Group 30 June 2019 Unaudited £'000	Group 31 December 2019 Audited £'000
Trade debtors	5,425	5,386	6,325
Other debtors	3	44	20
Prepayments and accrued income	2,742	2,692	1,263
	<u>8,170</u>	<u>8,122</u>	<u>7,608</u>

All debtors are due within one year.

Zoom Holding Limited

Notes forming part of the consolidated interim report For the period ended 30 June 2020 (continued)

5 Creditors: amounts falling due within one year

Group	30 June 2020 Unaudited £'000	30 June 2019 Unaudited £'000	31 December 2019 Audited £'000
Trade creditors	16,740	19,995	16,019
Loan interest due	2,009	1,728	1,795
Taxation and social security	145	252	141
Other creditors	998	702	972
Corporation tax	3	-	-
Accruals and deferred income	4,610	4,849	5,064
	24,505	27,526	23,991

6 Creditors: amounts falling due after more than one year

Group	30 June 2020 Unaudited £'000	30 June 2019 Unaudited £'000	31 December 2019 Audited £'000
Loan notes	251,260	220,054	220,657
Capex loan	20,000	10,000	20,000
8% PIK notes	248,629	248,263	248,205
12% PIK notes	23,983	20,524	23,492
Deferred income	32,559	32,707	32,717
	576,431	531,548	545,071

The loan notes are secured by an All Assets charge over the assets of the Group, and are structured as follows :-

£54m at 2.69% Senior Secured Tranche A note due 6th October 2027

£85m at 3.05% Senior Secured Tranche B note due 6th October 2032

£30m at 2.116% Senior Secured note due 13 February 2035

£85m at 3.35% Senior Secured Tranche C note due 6th October 2037

The 12% and 8% PIK loan notes are listed on the Channel Island Stock Exchange and mature in 2036.

The Capex loan is repayable in full in October 2022 and incurs interest is at a rate of LIBOR plus 1.5%.

The deferred income relates to contributions, from owner-occupiers of premises, partly to offset the capital expenditure on the infill networks, which are received at the time of initial connection. These receipts are released to the statement of comprehensive income account, as a reduction in the depreciation charge, over the useful life of the related assets.

Zoom Holding Limited

Notes forming part of the consolidated interim report
For the period ended 30 June 2020 (*continued*)

6 Creditors: amounts falling due after more than one year (continued)

The maturity of sources of debt finance is as follows:

Group	30 June 2020 Unaudited £'000	30 June 2019 Unaudited £'000	31 December 2019 Audited £'000
In one year or less, or on demand	-	-	-
In more than one year but not more than five years	20,000	10,000	20,000
In more than five years	523,872	488,841	492,354
	<u>543,872</u>	<u>498,841</u>	<u>512,354</u>

7 Financial instruments

The Group's financial instruments may be analysed as follows:

	Group 30 June 2020 Unaudited £'000	Group 30 June 2019 Unaudited £'000	Group 31 December 2019 Unaudited £'000
Financial assets			
<i>measured at amortised cost:</i>			
Cash at bank	22,180	19,623	18,104
Trade debtors	5,425	5,386	6,325
Other debtors	3	44	20
	<u></u>	<u></u>	<u></u>
Financial liabilities			
<i>measured at amortised cost:</i>			
Trade creditors	16,740	19,995	16,019
Other creditors	998	702	972
Accrual less than one year	4,610	4,848	5,064
Loan notes	251,260	220,054	220,657
Bank loan	20,000	10,000	20,000
12% PIK notes	23,983	20,524	23,492
8% PIK notes	248,629	248,263	248,205
	<u></u>	<u></u>	<u></u>

Zoom Holding Limited

Notes forming part of the consolidated interim report For the period ended 30 June 2020 (continued)

8 Capital commitments

Group	30 June 2020 Unaudited £'000	30 June 2019 Unaudited £'000	31 December 2019 Audited £'000
Contracted but not provided for	130,572	106,362	115,793

9 Reconciliation of operating profit to EBITDA

Group	30 June 2020 Unaudited £'000	30 June 2019 Unaudited £'000	31 December 2019 Audited £'000
Group Operating Profit	12,387	10,015	22,179
Add back net depreciation	7,172	7,289	14,634
EBITDA	19,559	17,304	36,813

10 Related party disclosures

The parent undertaking is 3i MIA Holdings Limited, which is wholly owned by 3i Managed Infrastructure Acquisitions LP ("3i MIA LP").

The Company is ultimately controlled by 3i MIA LP, an English limited partnership, which is managed by 3i Investments plc. 3i Investments plc is wholly owned by 3i Group plc. The general partner of 3i MIA LP is 3i Managed Infrastructure GP (2017) LLP.

10 Related party disclosures

On 21st December 2019 E.S. Pipelines Limited (ESP) entered into an agreement with Fulcrum Utility Services Limited to purchase its domestic customer gas connection assets, including order book and associated meters for circa £46m. The first tranche of the deal completed on 31 March 2020, with circa £17m paid on completion. The balance relating to part-complete networks and the internal and external order books will be payable over the next 5 years, as assets are built out and transferred to ESP.

The purchase has been funded by the issue of £30m of 2.116% PP loan notes which mature on 13 February 2035.

Zoom Holding Limited

Notes forming part of the consolidated interim report
For the period ended 30 June 2020 (*continued*)

11 Covid-19 outbreak

As a transporter of gas and electricity within the UK the Group's ongoing business continued without interruption during the lockdown within the UK. The Group has continued to provide uninterrupted energy to homes and businesses, adapting working practises while maintaining our commitment to providing the very best service.

As the UK went into lock-down there was a sharp slow-down in construction and therefore asset adoption activity initially. However, since mid Q2 there has been a gradual monthly increase in activity and the Group are now seeing new connections increasing.

Due to the mature nature of our regulated income streams, our levels of profitability and cash flow generation remain in line with original, pre Covid-19 budget.