

Registration number: 02317133

Enerveo Ltd (formerly SSE Contracting Ltd)

Annual Report and Financial Statements

for the Year Ended 31 March 2021



Enerveo Ltd (formerly SSE Contracting Ltd)

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Enerveo Ltd (formerly SSE Contracting Ltd)

Company Information

Directors

Luca Warnke (appointed 30 June 2021)
Zak Houlahan (appointed 29 November 2021)
Thomas Wood (resigned 6 April 2022)
John Farrell (resigned 15 April 2022)
Thomas Smith (resigned 30 June 2021)
Andrew O'Connor (resigned 30 June 2021)
Stuart Chaston (deceased 16 August 2021)
Justin Ridley (resigned 31 January 2022)

Company secretary

Helen McCombe (resigned 30 June 2021)
David Dandy (appointed 23 August 2021)

Registered office

No.1 Forbury Place
43 Forbury Road
Reading
Berkshire
RG1 3JH

Auditors

CLA Evelyn Partners Limited
Chartered Accountants, Statutory Audit Firm
45 Gresham St.
London
EC2V 7BG
United Kingdom

Registered number

02317133

Enerveo Ltd (formerly SSE Contracting Ltd)

Strategic Report for the Year Ended 31 March 2021

The Directors present their report for the year ended 31 March 2021.

This Strategic Report has been prepared in accordance with the requirements of Section 414 of the Companies Act 2006. Its purpose is to inform shareholders and help them assess how the Directors have performed their duty to promote the success of Enerveo Ltd (formerly SSE Contracting Ltd.)

The Strategic and Financial Review sets out the main trends and factors underlying the development and performance of Enerveo Ltd (formerly SSE Contracting Ltd) (the 'Company') during the year ended 31 March 2021, as well as those matters which are likely to affect its future development and performance.

Review of the business and financial performance

SSE Contracting Ltd was a wholly owned subsidiary of SSE Plc and part of the SSE Group (the 'Group') until 30 June 21, when its entire share capital was purchased by AURELIUS Antelope Ltd ('AURELIUS'). The Company subsequently rebranded and changed its name to Enerveo Ltd on 28th October 2021.

Key financials

The Company's key financial and other performance indicators during the year were as follows:

	Unit	2021	2020
Revenue	£m	246.7	303.5
Underlying operating (loss)/profit	£m	(12.4)	(2.5)
Exceptional items	£m	(10.9)	-
Operating operating (loss)/profit	£m	(23.3)	(2.5)
(Loss)/profit before tax	£m	(22.6)	0.1
Net assets	£m	138.0	159.5

Revenue

During the year ending 31 March 2021, Enerveo Ltd's revenue was £246.7m, a 19% reduction against the prior year (2020: revenue £303.5m). The main driver for this revenue reduction was the impact of the Coronavirus. In the first 3 months of the financial year (April to June 2020), at the peak of the UK's lockdown, the Company had stood down over 500 engineers, who were unable to gain access to customer sites. At ~23% gross margin, this lost revenue increased reported operating loss by ~£13m vs prior year.

Exceptional items

As well as strangling revenues, operating profits were affected further as SSE Group's management decided not to make use of any government support schemes (including the Coronavirus Job Retention Scheme). This would have helped offset the fixed payroll cost (approximately £4.8m, 2020: £nil) of the unproductive stood down engineers.

Provisions of £4.7m (2020: £nil) have been taken against a number of specific large one-off contracts that are onerous contracts that need to be completed, and that do not form part of management's future strategy for the Company, which has further impacted operating results. The unforeseen deterioration in the profitability of individual large projects, which reflects the long term commercial risk associated with these projects, accounts for £2.1m (2020: £nil) of this provision. The remaining provision (£2.6m) can be attributed to projects in the Rail business unit.

Furthermore, projects were executed with the intention of restructuring Enerveo. This led to exceptional redundancy costs of £1.2m (2020: £nil).

Net assets

The reduction in net assets reflects the loss for the year ending 31 March 2021. The Directors did not declare a dividend during the year (2020: £nil).

Enerveo Ltd (formerly SSE Contracting Ltd)

Strategic Report for the Year Ended 31 March 2021 (continued)

Principal risks and uncertainties

The Board of Directors are responsible for assessing and monitoring business risk. This is achieved through regular board meetings to review potential risks and areas of uncertainty, ensuring the Company is appropriately addressing both Operational and Financial risks as and when they arise.

The Directors acknowledge that they have responsibility for the Company's systems of internal control and risk management and for monitoring their effectiveness. The purposes of these systems are to manage, rather than eliminate, the risk of failure to achieve business objectives, to provide reasonable assurance as to the quality of management information and to maintain proper control over the income, expenditure, assets and liabilities of the Company.

No system of control can, however, provide absolute assurance against material misstatement or loss. Accordingly, the directors have regard to what controls, in their judgement, are appropriate to the Company's business and to the relative costs and benefits of implementing specific controls.

The Directors have considered the impact of inflationary pressures on the future prospects of the Company. The majority of the Company's long-term contracts have indexation mechanisms built in, whilst new contracts are tendered so as to minimise the direct burden that rapidly increasing prices might have on the Company's finances when delivering the project.

The inflationary pressures mentioned above have been compounded by the conflict in the Ukraine. Even though the Company has no direct association with either suppliers or customers in these regions, the Directors have taken into account the market uncertainties that the conflict has created in generating its forecasts and in reaching their assessment of the Company's ability to continue as a going concern.

It would appear as though the most severe phase of the Coronavirus pandemic is over, and the government has relaxed its restrictions. However, the Directors are aware that further mutations of the virus may also require restrictions to be reintroduced. The government's eagerness to remove restrictions after the most recent wave may make a renewed lockdown more unlikely but should not be excluded as a possibility. The Directors have therefore considered the effect of any revenue reduction as part of their scenario analysis when assessing the Company's ability to continue as a going concern.

Future developments of the business

The Directors are continuing to structure and align the business to best suit the markets that it operates in. This includes pushing forward into the cleaner energy and carbon reduction industries by increasing the focus on electric vehicle charging infrastructure and renewable energy generation.

The transition away from the SSE Group recently culminated in replacing the legacy ERP system with an industry leading one. This complex and multifaceted project will help to unlock significant efficiency improvements for the Company and will allow the business to operate more effectively. This will help Enerveo to work with its suppliers and serve its customers better in the long term.

Enerveo Ltd (formerly SSE Contracting Ltd)

Strategic Report for the Year Ended 31 March 2021 (continued)

Section 172(1) statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the:

- likely consequences of any decisions in the long term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the Company.

In discharging their section 172 duties, the Directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made. Those factors, for example, include the Company's applicable legal and regulatory obligations.

The Directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company's stakeholders.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies, the responsibility of the Directors.

Enerveo Ltd (formerly SSE Contracting Ltd)

Strategic Report for the Year Ended 31 March 2021 (continued)

The Company is represented by a Board of Directors. The Board reviews health and safety; financial and operational performance; debt funding availability and funder relations management; legal and regulatory compliance at every meeting. Additionally, other pertinent areas are reviewed over the course of the financial year, including: the Company's business strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; corporate responsibility; governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to the Board.

The views of the Company's stakeholders are always considered where appropriate in decision making across the SSE Group. The mechanisms which are in place to assist the Directors in understanding relevant views are set out in the Strategic Report. Information is generally provided in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPIs, risk, ESG matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

Engagement with employees

The views of Company employees are gathered at business unit level, where mechanisms include monthly KPIs, regular CEO and Senior Management townhalls and tailored business unit led engagement. People strategies and action plans to address employee views are developed and overseen by the Directors in response to feedback received.

Employment of disabled people

The Company has a range of employment policies which clearly detail the standards, processes, expectations and responsibilities of its people and the organisation. These policies are designed to ensure that everyone, including those with existing or new disabilities and people of all backgrounds, are dealt with in an inclusive and fair way from the recruiting process on through their career, whether that means access to appropriate training, development opportunities or job progression.

Engagement with suppliers, customers and other relationships

The Company's stakeholders are people, communities and organisations with an interest or concern in its purpose, strategy, operations and actions, and who in turn, may be affected by them. This includes: shareholders and debt providers; employees; government and regulators; NGOs, communities and civil society; suppliers, contractors and partners; and customers. The perspectives, insights and opinions of stakeholders are recognised as a key factor in the relevant operational, investment and business decisions taken by the Company and its Directors, to ensure that as a whole they are more robust and sustainable.

Enerveo Ltd (formerly SSE Contracting Ltd), while owned by SSE Group, sat within the SSE Enterprise business unit and was represented on a dedicated Executive Committee of which a number of the Directors were part. Details of the mechanisms which were used to engage with stakeholders across the SSE Group, in order to gain understanding of the issues which they deem material are set out on pages 28 to 31 of the SSE plc Annual Report 2021. Details of those specific to the Company are set out within this Strategic Report.

Enerveo Ltd (formerly SSE Contracting Ltd)

Strategic Report for the Year Ended 31 March 2021 (continued)

Going concern

The financial statements have been prepared on a going concern basis.

The Company had net assets and net current assets as at 31 March 2021 and, until being acquired by AURELIUS, had met its day-to-day working capital requirements through the SSE plc cash pool arrangements. Since the completion of the acquisition by AURELIUS on 30 June 2021, a long term asset backed lending facility of £20m has been implemented to fund Enerveo's working capital requirements, separation costs and capital expenditure. Close management of this facility has minimised the value of any drawdowns and ensured that Enerveo had a net-cash balance of £1.7m as at 30 June 2022. A strong relationship has been built up with the lender, who has proven to be supportive of the management's strategy for the business despite its operating losses.

There is also a £2m emergency revolving credit facility that is provided by the immediate parent should the case arise that the asset backed facility's covenants are not met.

The Directors have prepared cashflow forecasts for the period of 12 months from the date of approval of these financial statements, which indicate that, taking account of reasonably possible downsides, the Company will return to operating profits in the year ending 31 March 2023 and beyond and will have sufficient funds to meet its obligations as they fall due.

The key drivers for the improvement in performance are:

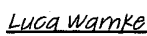
- The realignment of Enerveo's customer base and sales strategy: This is expected to result in a consolidation of revenues in the short term, reflecting the management's decision to no longer bid for higher risk contracts that don't align with Enerveo's core services. Despite generating significant revenue historically, these projects have been to the detriment of Enerveo's gross profit margins and have resulted in substantial losses. The forecast revenues are supported by a strong order book and weighted pipeline. Furthermore, the refocus of its revenue streams, whereby non-strategic customers and non-profitable contracts are reviewed, will also help Enerveo generate stronger gross profit margins and achieve more competitive operating profits.
- The implementation and realisation of additional efficiency and savings potentials: As a former subsidiary of a large plc, Enerveo had the infrastructure that was required to provide a nationwide service offering. A coherent review of the processes and cost base associated with this infrastructure has already generated substantial savings in the year ending 31 March 2022, the full year effect of which will be felt from the year ending 31 March 2023.

Despite the inflationary pressures and uncertainty that is prevalent in the market, Enerveo's customer base predominantly consists of large blue chip or public sector customers, with whom there are few recoverability issues. Enerveo also has indexation mechanisms built into its long-term contracts, which ensures that increasing costs can often be passed on to or shared with the customer.


Based on these indications the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

IAS 1 paragraph 25 states that when management is aware, in making its going concern assessment of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern that the Company shall disclose those uncertainties. The Directors consider that no such uncertainty exists and as such consider it appropriate that these financial statements be prepared on a going concern basis. The financial statements do not reflect any adjustments that would be required to be made if they were prepared on a basis other than the going concern basis.

Approved by the Board on 15/08/2022 and signed on its behalf by:


Luca Warnke (Aug 15, 2022 15:43 GMT+1)

Luca Warnke
Director


Zak Houlahan (Aug 15, 2022 14:50 GMT+1)

Zak Houlahan
Director

Enerveo Ltd (formerly SSE Contracting Ltd)

Directors' Report for the Year Ended 31 March 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

Directors of the Company

The Directors, who held office during the year, were as follows:

Luca Warnke (appointed 30 June 2021)
Zak Houlahan (appointed 29 November 2021)
Thomas Wood (resigned 6 April 2022)
John Farrell (resigned 15 April 2022)
Thomas Smith (resigned 30 June 2021)
Andrew O'Connor (resigned 30 June 2021)
Stuart Chaston (deceased 16 August 2021)
Justin Ridley (resigned 31 January 2022)

Directors' third party indemnity provision

Qualifying third party indemnity provisions were in force (as defined by section 234 of the Companies Act 2006) during the course of the financial year ended 31 March 2021 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties, powers or office.

Principal activity

Enerveo Ltd is one of the UK's largest mechanical and electrical contracting businesses, delivering a wide scope of services such as high voltage engineering, LED lighting, railway services, electrical and instrumentation, specialist cable laying and facilities management. The Company is the largest street lighting contractor in the UK, responsible for managing over one million streetlights across 24 local authorities in England, Wales and Scotland.

Subsequent events

Details of important events affecting the Company which have occurred since the end of the financial year are given in note 22 to the financial statements.

Dividends

The Directors do not recommend payment of a dividend (2020: £nil) be made in respect of the financial year ended 31 March 2021.

Political donations

During the year the Company made political donations of £nil (2020: £nil).

Enerveo Ltd (formerly SSE Contracting Ltd)

Directors' Report for the Year Ended 31 March 2021 (continued)

Financial Risk Management

The company's activities are exposed to a variety of financial risks, including:

- a) Credit risk: the risk of suffering financial loss should any of the Company's customers or suppliers fail to fulfil their contractual obligations to the Company;
- b) Liquidity risk: the risk that the Company may not have sufficient funds to meet its obligations as they become due;
- c) Market risk: the risk that the Company's earnings, capital or ability to meet business objectives will be adversely affected by changes in the level or volatility of market prices as a result of both direct competition or wider economic conditions.

The Directors have ultimate responsibility for ensuring effective risk management and control (including mandatory adherence to relevant SSE Group risk management policies). In exercising certain of their responsibilities on a day-to-day basis, however, they rely on the independent oversight provided by Group functions such as Treasury, risk and internal audit.

Further detail on the management of financial risk is provided in the Financial Statements of the ultimate parent, SSE plc.

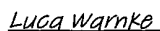
Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Appointment of auditors

CLA Evelyn Partners Limited were appointed as auditor of the Company in accordance with Section 383(2) of the Companies Act 2014. A resolution proposing that they be re-appointed will be put forward at the Annual General Meeting of the Company.

Approved by the Board on 15/08/2022 and signed on its behalf by:


Luca Warnke (Aug 15, 2022 15:43 GMT+1)

Luca Warnke
Director


Zak Houlahan (Aug 15, 2022 14:50 GMT+1)

Zak Houlahan
Director

Enerveo Ltd (formerly SSE Contracting Ltd)

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has 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 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.

Approved by the Board on 15/08/2022 and signed on its behalf by:

Luca Warnke
Luca Warnke (Aug 15, 2022 15:43 GMT+1)

Luca Warnke
Director

Zak Houlahan
Zak Houlahan (Aug 15, 2022 14:50 GMT+1)

Zak Houlahan
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENERVEO LIMITED

Opinion

We have audited the financial statements of Enerveo Limited (the 'company') for the year ended 31 March 2021 which comprise Profit and Loss Account, Balance sheet, Statement of Changes in Equity and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (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 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Directors' Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we

identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material

misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained an understanding of the legal and regulatory frameworks applicable to the company and sector in which it operates. We determined that the following laws and regulations were most significant: health and safety, competition and employment law and regulations and FRS101 being the United Kingdom Accounting Standard utilised for financial reporting by the company together with the Companies Act 2006.

We understood how the company is complying with those legal and regulatory frameworks by making inquiries to management. We also reviewed board minutes and carried out audit procedures relevant to ensuring compliance with the financial reporting framework.

We enquired of management and the board, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud. None were noted.

The senior statutory auditor led a discussion with members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The areas identified in this discussion were with regard to manipulation of the financial statements through manual journals and incorrect recognition of revenue and accrued income.

The procedures we carried out to gain evidence in the above areas included:

- Substantive work on appropriateness of revenue recognition and cut off; and
- Testing of manual journal entries, selected based on specific risk assessments applied based on the client processes and controls surrounding manual journals.

Overall, the senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities.

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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.

CLA Evelyn Partners

Andrew Bond

Senior Statutory Auditor for and on behalf of

CLA Evelyn Partners Limited

Statutory Auditor

Chartered Accountants

45 Gresham Street

London

EC2V 7BG

Date: 15/08/2022

Enerveo Ltd (formerly SSE Contracting Ltd)

Profit and Loss Account for the Year Ended 31 March 2021

	Note	2021 £ m	2020 £ m
Revenue	4	246.7	303.5
Cost of sales		<u>(188.8)</u>	<u>(230.7)</u>
Gross profit		57.9	72.8
Administrative expenses	6	<u>(81.2)</u>	<u>(75.3)</u>
Operating loss	5	(23.3)	(2.5)
<hr/>			
Underlying operating loss		(12.4)	(2.5)
Exceptional items	5	<u>(10.9)</u>	<u>-</u>
Operating loss	5	(23.3)	(2.5)
<hr/>			
Interest receivable and similar income	8	<u>0.7</u>	<u>2.6</u>
		<u>0.7</u>	<u>2.6</u>
(Loss)/profit before tax		(22.6)	0.1
Tax on profit/loss	10	<u>0.1</u>	<u>(0.3)</u>
Loss for the year		<u>(22.5)</u>	<u>(0.2)</u>

The notes on pages 16 to 32 form an integral part of these financial statements.

Enerveo Ltd (formerly SSE Contracting Ltd)

**(Registration number: 02317133)
Balance Sheet as at 31 March 2021**

	Note	31 March 2021 £ m	31 March 2020 £ m
Fixed assets			
Intangible assets	11	1.9	1.0
Tangible assets	12	1.5	1.2
Investments	13	-	-
Deferred tax assets	10	0.3	0.2
		<u>3.7</u>	<u>2.4</u>
Current assets			
Stocks	14	1.7	2.4
Trade and other debtors	15	213.2	241.5
Cash at bank and in hand		0.2	1.0
		<u>215.1</u>	<u>244.9</u>
Current liabilities			
Creditors: amounts falling due within one year	16	<u>(70.3)</u>	<u>(75.7)</u>
Net current assets		<u>144.8</u>	<u>169.2</u>
Total assets less current liabilities		148.5	171.6
Creditors: Amounts falling due after more than one year			
Finance lease liability	16	(1.3)	(1.1)
Provisions	18	<u>(9.2)</u>	<u>(11.0)</u>
Net assets		<u>138.0</u>	<u>159.5</u>
Capital and reserves			
Called up share capital	20	4.0	4.0
Profit and loss account		<u>134.0</u>	<u>155.5</u>
Shareholders' funds		<u>138.0</u>	<u>159.5</u>

Approved by the Board on 15/08/2022 and signed on its behalf by:

Luca Warnke
Luca Warnke (Aug 15, 2022 15:43 GMT+1)

Zak Houlahan
Zak Houlahan (Aug 15, 2022 14:50 GMT+1)

Luca Warnke
Director

Zak Houlahan
Director

The notes on pages 16 to 32 form an integral part of these financial statements.

Enerveo Ltd (formerly SSE Contracting Ltd)

Statement of Changes in Equity for the Year Ended 31 March 2021

	Share capital £ m	Retained earnings £ m	Total £ m
At 1 April 2019	4.0	154.2	158.2
IFRS 16 adoption adjustment	-	0.5	0.5
At 1 April 2019 (As restated)	4.0	154.7	158.7
Loss for the year	-	(0.2)	(0.2)
Total comprehensive loss	-	(0.2)	(0.2)
Employee share awards	-	1.0	1.0
At 31 March 2020	4.0	155.5	159.5
	Share capital £ m	Retained earnings £ m	Total £ m
At 1 April 2020	4.0	155.5	159.5
Loss for the year	-	(22.5)	(22.5)
Total comprehensive loss	-	(22.5)	(22.5)
Employee share awards	-	1.0	1.0
At 31 March 2021	4.0	134.0	138.0

The notes on pages 16 to 32 form an integral part of these financial statements.

Enerveo Ltd (formerly SSE Contracting Ltd)

Notes to the Financial Statements for the Year Ended 31 March 2021

1 General information

The company is a private company limited by share capital, incorporated in United Kingdom and domiciled in England.

The address of its registered office is:

No.1 Forbury Place

43 Forbury Road

Reading

Berkshire

RG1 3JH

England

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The financial statements are prepared in £ (£) and the balances presented have been rounded to the nearest £0.1m.

In preparing these financial statements, the Company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU, but has made amendments, where necessary, in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Going concern

The financial statements have been prepared on a going concern basis.

The Company had net assets and net current assets as at 31 March 2021 and, until being acquired by AURELIUS, had met its day-to-day working capital requirements through the SSE plc cash pool arrangements. Since the completion of the acquisition by AURELIUS on 30 June 2021, a long term asset backed lending facility of £20m has been implemented to fund Enerveo's working capital requirements, separation costs and capital expenditure. Close management of this facility has minimised the value of any drawdowns and ensured that Enerveo had a net-cash balance of £1.7m as at 30 June 2022. A strong relationship has been built up with the lender, who has proven to be supportive of the management's strategy for the business despite its operating losses.

There is also a £2m emergency revolving credit facility that is provided by the immediate parent should the case arise that the asset backed facility's covenants are not met.

The Directors have prepared cashflow forecasts for the period of 12 months from the date of approval of these financial statements, which indicate that, taking account of reasonably possible downsides, the Company will return to operating profits in the year ending 31 March 2023 and beyond and will have sufficient funds to meet its obligations as they fall due.

The key drivers for the improvement in performance are:

Enerveo Ltd (formerly SSE Contracting Ltd)

Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

2 Accounting policies (continued)

- The realignment of Enerveo's customer base and sales strategy: This is expected to result in a consolidation of revenues in the short term, reflecting the management's decision to no longer bid for higher risk contracts that don't align with Enerveo's core services. Despite generating significant revenue historically, these projects have been to the detriment of Enerveo's gross profit margins and have resulted in substantial losses. The forecast revenues are supported by a strong order book and weighted pipeline. Furthermore, the refocus of its revenue streams, whereby non-strategic customers and non-profitable contracts are reviewed, will also help Enerveo generate stronger gross profit margins and achieve more competitive operating profits.
- The implementation and realisation of additional efficiency and savings potentials: As a former subsidiary of a large plc, Enerveo had the infrastructure that was required to provide a nationwide service offering. A coherent review of the processes and cost base associated with this infrastructure has already generated substantial savings in the year ending 31 March 2022, the full year effect of which will be felt from the year ending 31 March 2023.

Despite the inflationary pressures and uncertainty that is prevalent in the market, Enerveo's customer base predominantly consists of large blue chip or public sector customers, with whom there are few recoverability issues. Enerveo also has indexation mechanisms built into its long-term contracts, which ensures that increasing costs can often be passed on to or shared with the customer.

Based on these indications the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

IAS 1 paragraph 25 states that when management is aware, in making its going concern assessment of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern that the Company shall disclose those uncertainties. The Directors consider that no such uncertainty exists and as such consider it appropriate that these financial statements be prepared on a going concern basis. The financial statements do not reflect any adjustments that would be required to be made if they were prepared on a basis other than the going concern basis.

Enerveo Ltd (formerly SSE Contracting Ltd)

Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes required by IAS 7;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets required by IAS 1, IAS 16 and IAS 36 respectively;
- Disclosures in respect of a statement of financial position as at the beginning of the preceding period when an entity makes a retrospective restatement of items in its financial statements required by IAS 1 10 (f) and paragraphs 40A to 40D;
- The effect of new, but not yet effective, IFRSs required by IAS 1;
- Disclosures in respect of the compensation of key management personnel required by IAS 24;
- Disclosures in respect of capital management required by IAS 1
- Disclosures in respect of the disaggregation of revenue, qualitative and quantitative information related to changes in contract assets and contract liabilities, and information about an entity's performance obligations, transaction prices and any significant judgements required by IFRS 15; and
- Related party disclosures required by IAS 24.

As the consolidated financial statements of SSE plc include the equivalent disclosure, the Company has also taken advantage the exemptions , under FRS 101, available in respect of the following disclosures:

- Certain disclosures required by IAS 36, Impairment of assets, in respect of the impairment of goodwill and life intangible assets; and
- Certain disclosures required by IFRS 13, Fair value measurement, and the disclosures required by IFRS 7, Financial instrument disclosures.

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

Consolidated accounts

The Company was a subsidiary of SSE plc for the year ended 31 March 2021 and the financial statements of the Company are consolidated with the consolidated financial statements of that company. Consolidated accounts have not been prepared as the Company is availing itself of the exemption whereby, as a wholly owned subsidiary of an entity which prepares consolidated accounts, it is not required to prepare consolidated accounts under section 400 of the Companies Act 2006.

Enerveo Ltd (formerly SSE Contracting Ltd)

Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

2 Accounting policies (continued)

Changes in accounting policy

New standards, interpretations and amendments effective

None of the other standards, interpretations and amendments effective for the first time from 1 April 2020 have had a material effect on the financial statements.

Future standards, amendments to standards, and interpretations not yet effective are noted below. None of these are expected to have a material impact on the Company.

- Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Amendments
- to IAS 1: Classification of Liabilities as Current or Non-current – Deferral of Effective Date – effective 1 January 2023
- Amendments to IFRS 3: Business Combinations – Reference to the Conceptual Framework – effective 1 January 2022
- Amendments to IAS 16: Property, Plant and Equipment – effective 1 January 2022
- Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets – effective 1 January 2022
- Annual Improvements to IFRS Standards 2018-2020 Cycle – effective 1 January 2022

Revenue recognition

Revenue comprises the value of work completed and agreed with the client, during the year, exclusive of value added tax.

Revenue is recognised in accordance with the five-step model outlined in IFRS 15:

1. Identify the contract with the customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognise revenue when or as the entity satisfies its performance obligations.

Revenue derives largely from two sources: from contracts whereby the Company designs, installs and integrates mechanical and electrical systems for customers ('construction contracts'); and from PFI contracts, whereby the Company operates as a sub-contractor to install and maintain street lighting networks for local authorities. In both instances, steps one to five of the revenue recognition process are determined with reference to the formal contract which exists with the customer. In these contracts, the transaction price, performance obligations, etc. are readily identifiable and distinct.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction price for the time value of money.

Where the outcome of a contract can be estimated reliably, revenue and costs are recognised over time by reference to the stage of completion of the contract activity at the reporting date, measured and based on the proportion of contract costs (direct costs and overheads) incurred for the work performed to date relative to the estimated total costs required to satisfy the contract, provided the contract outcome can be assessed with reasonable certainty and except where this would not be representative of the stage of completion (instances of which are rare). Where construction or PFI contracts include separately identifiable performance obligations, this policy is applied to the individual elements of the contract.

Revenue from non-contracted agreements or variations to contracted work is only recognised to the extent there is additional supporting evidence to their recoverability and may be subject to constraints on recognition. Revenue on contracts in customer dispute is recognised only to the extent it is considered to be highly probable that the revenue will be recovered.

Enerveo Ltd (formerly SSE Contracting Ltd)

Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

2 Accounting policies (continued)

The earliest point at which profit is taken is that at which the outcome of the contract, based on an assessment by officials of the Company, can be reliably foreseen, taking into account the circumstances of each contract. Variations are included to the extent it is highly probable that their inclusion will not result in a significant revenue reversal in the future. Full provision is made for any foreseeable losses to completion. Whilst the bulk of consideration associated with construction contracts is fixed, variable consideration elements can exist (e.g. event claims). The Company only recognises revenue for these amounts if they are highly probable not to reverse.

‘Contract assets’ (as discussed in IFRS 15.107) are recognised when the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due. This asset is assessed for impairment in accordance with IFRS 9. These ‘contract assets’ have been termed ‘Accrued income’ in these financial statements.

‘Contract liabilities’ (as discussed in IFRS 15.106) are recognised if a customer pays consideration before the entity transfers a good or service. These have been captioned in these financial statements as ‘Deferred income’ respectively.

Bid costs are expensed as incurred, unless recoverable from customers.

Foreign currency transactions and balances

The financial statements are presented in pounds sterling, which is the functional currency of the Company. Transactions in foreign currency are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Any gain or loss on the restatement of such items is taken into the income statement.

Tax

The charge for taxation is based on the profit for the year and takes into account deferred taxation.

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

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 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.

Tangible assets

Owned assets

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Enerveo Ltd (formerly SSE Contracting Ltd)

Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

2 Accounting policies (continued)

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Years
Vehicles and miscellaneous equipment	4-5 years
ROU (right of use assets)	Period of lease

Intangibles

Other intangibles assets

Other intangible assets primarily comprise software used by the business. This asset class is amortised over its estimated useful life of 4 to 5 years.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current receivables.

Trade debtors are non-interest bearing and are measured on initial recognition at fair value and subsequently at amortised cost. On initial recognition, a loss allowance is created which reflects the lifetime expected credit loss on that asset. This loss allowance is subsequently reassessed at each reporting period date.

Stock

Inventories are stated at the lower of cost and net realisable value. The cost of raw materials and consumables comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Lease arrangements

Lease arrangements are separately distinguished from service contracts on the basis of whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the Company is deemed to control the use of an identified asset, a right of use asset and a corresponding lease liability are recognised on the balance sheet. Right of use assets are capitalised and held as part of property, plant and equipment.

Lease liabilities are initially measured at the present value of the future lease payments discounted using the rate implicit in the lease if that can be readily determined. If the interest rate implicit in the lease cannot be readily determined the incremental borrowing rate is used.

Enerveo Ltd (formerly SSE Contracting Ltd)

Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

2 Accounting policies (continued)

In determining whether any break and/or extension clauses should be included within the lease term, the Company has considered that where an internal decision has been made to break or extend the lease agreement, that decision shall be applied in determining the appropriate lease term. Where an internal decision has not been made, and where the non-cancellable element of the lease term has longer than five years remaining, it is considered that any clauses will not be triggered as any decision beyond that date is not reasonably certain. For all leases with less than five years remaining, an assessment is made at each reporting period on a lease-by-lease basis on whether the clause is reasonably certain to be triggered. Reassessment of break and/or extension judgements made in prior periods could result in recalculation of the lease liability and adjustments to associated balances.

The lease liability is subsequently adjusted for unwind of discounting, repayments and other modifications to the underlying agreement. Lease modifications are accounted for as a separate lease where the scope of the lease increases through the right to use one or more underlying assets and where the consideration of the lease increases by an amount that is equivalent to the standalone price of the increase in scope. Where a modification decreases the scope of the lease, the carrying amount of the right of use asset is adjusted and a gain or loss is recognised in proportion to the decrease in scope of the lease. All other modifications are accounted for as a reassessment of the lease liability with a corresponding adjustment to the right of use asset.

Leases with a duration of 12 months or less and leases for assets which are deemed "low value" are expensed to the Profit and Loss Account on a straight-line basis over the lease term.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Any unpaid dividends that do not meet these criteria are disclosed in the notes to these financial statements.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contribution to pension schemes on behalf of the employees of the Company are charged to the profit and loss account in accordance with the contributions incurred in the year.

Share based payments

SSE plc, the ultimate parent of the Company, operates a number of All Employee Share Schemes as described in the remuneration policy of the Group. These schemes enable Group employees to acquire shares of the ultimate parent company. The employees of the Company are entitled, where applicable, to participate in these schemes. The Company has not been charged with the cash cost of acquiring shares on behalf of its employees, this cost is borne by the ultimate parent company. Where the fair value of the options granted has been measured, the Company has recognised the expense as if the share-based payments related to the Company's own shares. The exercise prices of the sharesave scheme are set at a discount to market price at the date of the grant. The fair value of the sharesave scheme option granted is measured at the grant date by use of an option pricing model. The fair value of the options granted is recognised as an expense on a straight-line basis over the period that the scheme vests. Estimates are updated at each balance sheet date with any adjustments in respect of the current and prior years being recognised in the profit and loss account.

The costs associated with the other main employee schemes, the share incentive plan and the deferred bonus scheme, are recognised over the period to which they relate.

Enerveo Ltd (formerly SSE Contracting Ltd)

Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

It should be noted that the impact of variation in some assumptions, judgements and estimates can have a particularly material impact on the reported results. These include, but are not limited to; the calculation of accrued income, recoverability of trade and other receivables, the useful lives of property, plant and equipment, tax liabilities and also accruals for goods received or work completed are estimated in accordance with the accounting policies of the Company and current IFRSs.

The recognition of revenue and profit on construction contracts over time is considered to be appropriate for the Company's services as these are performed at or on the client's premises. The client therefore receives the service simultaneously to it being delivered. This presents a key source of estimation uncertainty due to the difficulty of forecasting the final costs to be incurred on a contract in progress and the process whereby applications are made during the course of the contract with variations, which can be significant, often being agreed as part of the final account negotiation. The Company's policies for the recognition of revenue and profit on construction contracts are set out in 2 above. Commercial reviews of all live contracts are undertaken on a regular basis, with all significant contracts being reviewed on a monthly basis. The Directors also take into account the recoverability of contract balances and trade receivables, and allowances are made for those balances which are considered to be impaired. The Company only recognises revenue once there is a formal contractual entitlement and the recognition criteria of IFRS 15 have been met.

A further area involving a high degree of uncertainty and estimation are the PFI Lighting provisions (note 18). These are provisions for replacement work that it is anticipated will need to be carried out at the Company's expense in order to meet minimum handover standards at the end of the contracts. They are based on profiled models incorporating factors such as technical risk and latent defects and reviewed annually in the light of actual experience. Another area of uncertainty relates to the guarantees the Company provides for general repairs of defects that existed at the time of sale of the contracts, as required by law. Provisions related to these assurance-type guarantees are recognised when the service is provided to the customer. Initial recognition is based on historical experience. The estimate of guarantee-related costs is revised annually.

Enerveo Ltd (formerly SSE Contracting Ltd)

Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

4 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2021 £ m	2020 £ m
Revenue from UK customers	246.7	303.5

The main driver for this revenue reduction was the impact of the Coronavirus. In the first 3 months of the financial year (April to June 2020), at the peak of the UK's lockdown, the Company had stood down up to 500 engineers, who were unable to gain access to customer sites.

5 Operating loss

Arrived at after charging

	2021 £ m	2020 £ m
Depreciation expense	0.2	0.4
Amortisation expense	0.7	0.1
Foreign exchange gain/(loss)	0.1	-
Impairment of financial instruments incl. changes to provision for bad debts	0.1	(0.9)
Inventories recognised as an expense	0.2	-

The table below provide a reconciliation of the reported operating loss to the underlying operating loss (before exceptional items):

	Unit £m	2021 246.7	2020 303.5
Revenue			
Underlying operating (loss)/profit	£m	(12.4)	(2.5)
Exceptional items	£m	(10.9)	-
Reported operating (loss)/profit	£m	(23.3)	(2.5)

Exceptional items

As well as strangling revenues, operating profits were affected further as SSE Group's management decided not to make use of any government support schemes (including the Coronavirus Job Retention Scheme). Due to lockdown, management incurred fixed payroll costs (approximately £4.8m, 2020: £nil) of the unproductive stood down engineers. This would have helped offset the fixed payroll cost of the unproductive stood down engineers.

Provisions of £4.7m (2020: £nil) have been taken against a number of specific large one-off contracts that do not form part of management's future strategy for the Company, which has further impacted operating results. The unforeseen deterioration in the profitability of individual large projects, which reflects the long term commercial risk associated with these projects, accounts for £2.1m (2020: £nil) of this provision. The remaining provision (£2.6m) can be attributed to projects in the Rail business unit.

Furthermore, projects were executed with the intention of restructuring Enerveo. This led to exceptional redundancy costs of £1.2m (2020: £nil).

Enerveo Ltd (formerly SSE Contracting Ltd)

Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021 £ m	2020 £ m
Wages and salaries	74.2	76.5
Social security costs	7.8	8.1
Pension costs	10.0	10.5
Share-based payment expenses	1.0	1.0
	<u>93.0</u>	<u>96.1</u>

The pension costs reflect the total costs associated with the defined benefit and defined contribution pension schemes that the Company operates.

The average number of persons employed by the Company (including directors) during the year was as follows:

	2021	2020
Servicing	1,182	1,254
Management	696	648
	<u>1,878</u>	<u>1,902</u>

7 Directors' remuneration

The total remuneration received by the directors for qualifying and non-qualifying services during the year was £1.0m (2020: £1.2m). The above value is for 6 directors (2020: 8), who were remunerated via another Group company in the year. A value of services to the Company for these directors cannot be determined, therefore the above value reflects the remunerations received for services to the SSE Group as a whole.

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £0.2m (2020: £0.4m) including company pension contributions of £ nil (2020: £0.02m) which were made to a Master Trust pension scheme on their behalf. There are 4 directors to whom retirement benefits are accruing under the Master Trust pension scheme, in respect of qualifying services (see note 19).

8 Interest receivable and similar income

	2021 £ m	2020 £ m
Interest received on funds held with SSE treasury	<u>0.7</u>	<u>2.6</u>

9 Auditors' remuneration

The company incurred an audit fee of £170,000 in the year (2020: £15,990). The fee in both the current and previous year was borne by SSE plc.

Enerveo Ltd (formerly SSE Contracting Ltd)

Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

10 Income tax

Tax charged/(credited) in the profit and loss account

	2021	2020
	£ m	£ m
Current taxation		
UK corporation tax	-	(0.1)
Deferred taxation		
Arising from origination and reversal of temporary differences	-	0.4
Adjustments in respect of prior periods	(0.1)	-
Tax expense/(receipt) in the profit and loss account	<u>(0.1)</u>	<u>0.3</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2020 - higher than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled in the table below.

	2021	2020
	£ m	£ m
(Loss)/profit before tax	<u>(22.6)</u>	<u>0.1</u>
Corporation tax at standard rate of 19% (2020: 19%)	(4.3)	-
Decrease in current tax from adjustment for prior periods	-	(0.1)
Decrease in deferred tax from adjustment for prior periods	(0.1)	-
Decrease arising from fixed asset differences	(0.2)	-
Increase arising from group relief tax reconciliation	4.1	0.6
Decrease from transfer pricing adjustments	(0.2)	(0.2)
Adjustments to brought forward balances	0.4	-
Other permanent differences	<u>0.2</u>	<u>-</u>
Total tax charge/(credit)	<u>(0.1)</u>	<u>0.3</u>

Enerveo Ltd (formerly SSE Contracting Ltd)

Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

10 Income tax (continued)

Deferred tax

Deferred tax assets and liabilities

	Asset £ m
2021	
Tangible fixed assets	0.2
Other timing differences	-
	<u>0.2</u>
2020	
Tangible fixed assets	0.2
Other timing differences	-
	<u>0.2</u>

Deferred tax movement during the year:

	At 1 April 2020 £ m	Recognised in income £ m	Recognised in equity £ m	At 31 March 2021 £ m
Tangible fixed assets	0.2	-	-	0.2
Other timing differences	-	0.1	-	0.1
Adjustments to tax charge in respect of previous periods	-	-	-	-
Net tax assets/(liabilities)	<u>0.2</u>	<u>0.1</u>	<u>-</u>	<u>0.3</u>

Deferred tax movement during the prior year:

	At 1 April 2019 £ m	Recognised in income £ m	Recognised in equity £ m	At 31 March 2020 £ m
Tangible fixed assets	0.1	0.1	-	0.2
Other timing differences	-	(0.1)	0.1	-
Deferred tax on prior year accounting adjustment	0.4	(0.4)	-	-
Net tax assets/(liabilities)	<u>0.5</u>	<u>(0.4)</u>	<u>0.1</u>	<u>0.2</u>

Factors that may affect future tax charges

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that these changes will have a material impact on the Company's deferred tax balances.

Enerveo Ltd (formerly SSE Contracting Ltd)

Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

11 Intangible assets

	Other intangible assets £ m	Total £ m
Cost or valuation		
At 1 April 2020	1.1	1.1
Transfers	2.3	2.3
At 31 March 2021	<u>3.4</u>	<u>3.4</u>
Amortisation		
At 1 April 2020	0.1	0.1
Amortisation charge	0.7	0.7
Transfers	<u>0.7</u>	<u>0.7</u>
At 31 March 2021	<u>1.5</u>	<u>1.5</u>
Carrying amount		
At 31 March 2021	<u>1.9</u>	<u>1.9</u>
At 31 March 2020	<u>1.0</u>	<u>1.0</u>

12 Tangible assets

	Right of use assets £ m	Vehicles and equipment £ m	Total £ m
Cost or valuation			
At 1 April 2020	0.9	1.8	2.7
Additions	0.4	0.5	0.9
Disposals	<u>-</u>	<u>(1.7)</u>	<u>(1.7)</u>
At 31 March 2021	<u>1.3</u>	<u>0.6</u>	<u>1.9</u>
Depreciation			
At 1 April 2020	0.1	1.4	1.5
Charge for the year	0.1	0.1	0.2
Disposals	<u>-</u>	<u>(1.3)</u>	<u>(1.3)</u>
At 31 March 2021	<u>0.2</u>	<u>0.2</u>	<u>0.4</u>
Carrying amount			
At 31 March 2021	<u>1.1</u>	<u>0.4</u>	<u>1.5</u>
At 31 March 2020	<u>0.8</u>	<u>0.4</u>	<u>1.2</u>

Enerveo Ltd (formerly SSE Contracting Ltd)

Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

13 Investments

Details of the investments as at 31 March 2021 are shown below. Both investments have a nil carrying value.

Name of subsidiary	Principal activity	Registered address (key)	Country of incorporation	Proportion of ownership interest and voting rights held	
				2021	2020
SSE Airtricity Utility Solutions Limited	Lighting maintenance and electrical contracting services	*	Ireland	100%	100%
PriDE (SERP) Limited	Facilities management for MOD	**	England and Wales	50%	50%

Registered Offices

* Registered office at Red Oak South, South County Business Park, Leopardstown, Dublin 18

** Registered office at Level 12, The Shard, 32 London Bridge Street, London, SE1 9SG

14 Stock

	31 March 2021 £ m	31 March 2020 £ m
Raw materials and consumables	1.7	2.4

Inventories noted as an expense have been included within the Operating Profit note.

15 Trade and other debtors

	31 March 2021 £ m	31 March 2020 £ m
Trade debtors	53.9	54.5
Amounts receivable from related parties	118.2	134.1
Accrued income	41.0	52.8
Other debtors	0.1	0.1
	<u>213.2</u>	<u>241.5</u>

Enerveo Ltd (formerly SSE Contracting Ltd)

Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

15 Trade and other debtors (continued)

The Company's receivables from related parties comprise a mix of trading and non-trading balances. The receipt of trading balances is governed by normal commercial terms (generally 30 days) while non-trading balances are due on demand.

Non-trading balances predominantly comprise funds deposited with Group Treasury for management. Group Treasury pays the Company interest on these funds at base rate.

16 Creditors

Amounts falling due within one year

	31 March 2021 £ m	31 March 2020 £ m
Trade creditors	18.9	20.9
Accrued expenses and deferred income	28.3	32.4
Amounts due to related parties	11.8	17.1
Finance lease liabilities	0.3	0.1
Other creditors	11.0	5.2
	<u>70.3</u>	<u>75.7</u>

Amounts falling due after more than one year

	31 March 2021 £ m	31 March 2020 £ m
Finance lease liabilities	1.3	1.1

As at 31 March 2021 deferred income totalled £24.5m (2020: £21.5m).

17 Leases

Lease liability maturity analysis

	31 March 2021 £ m	31 March 2020 £ m
Leases which expire:		
Within one year	0.3	0.1
Between one and five years	0.8	0.7
In more than five years	0.5	0.4
Total	<u>1.6</u>	<u>1.2</u>

Enerveo Ltd (formerly SSE Contracting Ltd)

Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

18 Provisions

	Obligations and Guarantees	Lighting Provision	Total
	£m	£m	£m
At 1st April 2020	4.1	6.9	11.0
Added during the year	0.4	1.0	1.4
Released during the year	(0.1)	-	(0.1)
Utilised during the year	(1.2)	(1.9)	(3.1)
At 31st March 2021	3.2	6.0	9.2

Provisions due to unwind in less than 12 months total £4.7m, and provisions due to unwind after 12 months total £4.5m.

The nature of the provisions above are described in the critical accounting judgements and key sources of estimation uncertainty disclosure (note 3).

19 Pension and other schemes

Defined benefit pension schemes

Some of the Company's employees are members of the Electricity Supply Pension Scheme which provides defined benefits based on final pensionable pay. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by SSE Services PLC, which is another member of the group.

Employees that were members of defined benefit pension schemes transferred their contracts of employment to another company within the SSE Group prior to the acquisition of the Company by AURELIUS. Therefore, there are no longer any employees that are members of defined benefit pension schemes.

Defined contribution pension schemes

New employees are auto enrolled in a Master Trust pension scheme, managed by Aviva, with the Company matching the members' contributions up to a maximum of 6% salary.

The Company's share of the total contributions payable to the pension schemes during the year was £5.1m (2020: £5.1m)

20 Share capital

	2021	2020
	£m	£m
Allotted, called-up and fully paid:		
4,000,002 ordinary shares of £1 each	4.0	4.0

Enerveo Ltd (formerly SSE Contracting Ltd)

Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

21 Parent and ultimate parent undertaking

The Company's immediate and ultimate parent was SSE Plc.

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated was SSE plc, incorporated in Scotland. The consolidated financial statements of the Group (which include the Company) are available from the Company Secretary, SSE plc, Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ or by accessing the parent company's website at www.sse.com.

The address of SSE plc is:

Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ

Following the acquisition by AURELIUS Antelope Limited on 30 June 2021 the immediate parent is AURELIUS Antelope Limited, incorporated in England & Wales. The ultimate parent is AURELIUS European Opportunities IV, S.C.A. SICAV-RAIF, registered in Luxembourg.

22 Post balance sheet events

On 1 April 2021, the ultimate parent of the Company, SSE plc, exchanged contracts and sold the entire share capital of the Company to AURELIUS Antelope Limited, with completion of the deal taking place on 30 June 2021.

As part of the sale, the non-trading balances with SSE Group, noted as Amounts receivable from or due to related parties were netted and waived, resulting in a £106m reduction of net assets.

Following completion, BNP Paribas has provided a long-term asset backed £20m facility to Enerveo Ireland Ltd and Enerveo Ltd. A fixed and floating charge over the Company's assets is held by BNP Paribas and SSE Plc as a result of the funding and the transaction structure.