

Registration number: 02317133

SSE Contracting Ltd
Directors report and Financial Statements
for the Year Ended 31 March 2020

Amending



SSE Contracting Ltd

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SSE Contracting Ltd

Company Information

Directors

Thomas Wood

Thomas Smith

Justin Ridley

Andrew O'Connor

John Farrell

Stuart Chaston

Company secretary

Helen McCombe

Registered office

No.1 Forbury Place

43 Forbury Road

Reading

Berkshire

RG1 3JH

Auditors

Ernst & Young LLP

Apex Plaza

Forbury Road

Reading

RG1 1YE

Registered number

02317133

SSE Contracting Ltd

Strategic Report for the Year Ended 31 March 2020

The directors present their report for the year ended 31 March 2020.

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 SSE Contracting Ltd.

The Strategic and Financial Review sets out the main trends and factors underlying the development and performance of SSE Contracting Ltd (the "Company") during the year ended 31 March 2020, as well as those matters which are likely to affect its future development and performance.

Fair review of the business

SSE Contracting Limited is a wholly owned subsidiary of SSE Plc and part of the SSE Group (the 'Group').

During the year ending 31 March 2020, SSE Contracting Limited revenue was £303.5m, a 5% reduction against the prior year (2019: revenue £318.8m).

This reduction reflected a number of larger value contracts completing, which were primarily undertaken in the prior year; notably projects at Stronelairg Windfarm, Blackhillock HVDC (high-voltage direct current) Substation and Spittal HVDC Substation.

Profit on ordinary activities before taxation in the year ending 31 March 2020 was £0.1m, a reduction of £3.3m against prior year (2019; profit before taxation £3.4m) as a result of no dividend income being received from a subsidiary company operating in Republic of Ireland (2019: dividend £5.0m).

During the year ending 31 March 2020 we have continued our strategic change project including the right sizing of the business and the creation of a Target Operating Model and IT Strategy.

Investment has been made in a number of areas across the business including Operations, Business Development, Commercial and Procurement during the period focusing on growth, successful delivery and cost control.

This has continued to improve the performance and operating profit of our new and existing contracts and frameworks, ensuring we remain competitive within the industry when bidding for new projects and contracts.

Financial performance

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

	Unit	2020	2019
Revenue	£m	303.50	318.80
Operating profit / (loss)	£m	(2.50)	(3.50)
Net assets	£m	159.50	159.20

SSE Contracting Ltd

Strategic Report for the Year Ended 31 March 2020 (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 are aware of the political uncertainty as a result of Brexit. This is being closely monitored by the directors but, given the activities of the company, is not expected to have a significant impact on the financial statements.

The directors have considered the impact of coronavirus on the future prospects of the company. Due to the timing of the outbreak relative to the Company's year end date, the impact on the results for the year ended March 2020 are limited. Due to the operations of the Company, the impact of the virus on future periods is also expected to be limited. The directors have considered the expected impact of coronavirus in reaching their assessment of the Company's ability to continue as a going concern.

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. However, by considering the SSE Group's, and therefore Company's, purpose, vision and values, together with its strategic priorities, and having agreed processes in place for decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances.

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. The Group's statement on its corporate governance arrangements sets out further details of how this is governed within the SSE Group and the Company.

SSE Contracting Ltd

Strategic Report for the Year Ended 31 March 2020 (continued)

The Company is represented by a Board of Directors. The Board reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas 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, an annual employee engagement survey and tailored business unit led engagement. This is supplemented by SSE plc's dedicated non-Executive Director for Employee Engagement who reports directly to the SSE plc Board and provides feedback to the Managing Director of each business unit. People strategies and action plans to address employee views are developed and overseen by the Directors in response to feedback received.

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.

SSE Contracting Limited sits with the SSE Enterprise business unit and is represented on a dedicated Executive Committee of which a number of the Directors are part.

While there are cases where the Directors may judge it appropriate to engage directly with certain stakeholder groups, the size and spread of both the Company's stakeholders and those of the SSE Group, of which the Company sits within, means that stakeholder engagement takes place at many different levels. This includes at SSE Group level, business unit level, company level and operational level. This holistic approach allows a broader representation and deeper understanding of all stakeholder views and contributes towards a greater outcome for business, environmental, social and governance matters than by working in isolation. Details of the mechanisms which are 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 12 to 15 of the SSE plc Annual Report 2020. Details of those specific to the Company are set out within this Strategic Report.

SSE Contracting Ltd

Strategic Report for the Year Ended 31 March 2020 (continued)

Going concern

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

The company had net assets and net current assets at 31 March 2020 and meets its day-to-day working capital requirements through the SSE plc cash pool arrangements. The ultimate shareholder of the company, SSE plc, announced on 1 April 2021 the strategic decision to sell its Contracting business, of which this company is a component, to Aurelius Group ("acquirer") referred to in note 23. The sale process is expected to be completed by 30 June 2021.

The company has prepared two cashflow forecasts for the period of 12 months from the date of signing to May 2022, one assuming the sale to Aurelius goes ahead on 30 June 2021 ("disposal" case) and one assuming that the sale does not go ahead ("no disposal" case). Both cases indicated that the company will continue to require access to funding.

The disposal case assumes no cash and no debt is transferred on date of separation, hence financial support from the acquirer will be required immediately on acquisition. The key drivers of the cashflow forecast is revenue growth, margin and capital expenditure. Revenue for the next 12-months has assumed slight revenue growth on the pre-Covid19 level based on order book and weighted pipeline. Margin is assumed to be consistent year on year, with major capital expenditures incorporated which is linked to the separation. Upon closing the transaction, the future operating strategy will be determined by the new owner and financial support will also be determined by them. The Directors' understanding is that the acquirer's aim for the company is to support and enable them to continue and accelerate the transformation from a non-core division to a market leading standalone operator, therefore the Directors believe that the required working capital funding will be provided by Aurelius Group. However the availability of such funding cannot be evidenced, and parental support letter cannot be obtained from the potential acquirer at this stage as the transaction has not been completed hence the availability of financial support from the prospective acquirer if the sale completes represents an uncertainty.

The no disposal case assumes the same key drivers for the cashflow forecast but assumes that the current support provided by SSE plc continues throughout the going concern period. In common with prior years, the company has obtained a letter of support from its ultimate parent undertaking, SSE plc, confirming that it will provide financial support as needed for a period of at least twelve months from the date of approval of these financial statements. The financial support from SSE plc will only be available up till the point of sale of the company but would continue if the sale does not complete.

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 the uncertainty regarding availability of financial support from the prospective acquirer when the sale completes described above meets the definition of "material uncertainty". Nevertheless, after making enquiries and considering the uncertainty described above, the directors have a reasonable expectation that the company has access to adequate resources. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements. 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 21 May 2021 and signed on its behalf by:

DocuSigned by:


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Justin Ridley
Director ✓

SSE Contracting Ltd

Directors' Report for the Year Ended 31 March 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

Directors' of the company

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

Thomas Wood

Thomas Smith (appointed 3 March 2020)

Justin Ridley (appointed 1 January 2020)

Andrew O'Connor

John Farrell (appointed 1 August 2019)

Stuart Chaston

Scott Anderson (ceased 5 December 2019)

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 December 2020 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

The principal activity of the company is SSE Contracting are 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. We are the largest street lighting contractor, responsible for managing over one million streetlights across 24 local authorities in England, Wales and Scotland, and a further 28 authorities in the Republic of Ireland.

Dividends

The directors do not recommend payment of a dividend (2019: £Nil) be made in respect of the financial year ended 31 March 2020.

Political donations

During the year the company made political donations of £ nil (2019: £ nil).

Future developments

On 1 April 2021, the ultimate parent of the company, SSE Plc, exchanged contracts to sell the company to Aurelius Group, with completion of the deal expected to take place on 30 June 2021.

SSE Contracting Ltd

Directors' Report for the Year Ended 31 March 2020 (continued)

Going concern

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

The company had net assets and net current assets at 31 March 2020 and meets its day-to-day working capital requirements through the SSE plc cash pool arrangements. The ultimate shareholder of the company, SSE plc, announced on 1 April 2021 the strategic decision to sell its Contracting business, of which this company is a component, to Aurelius Group ("acquirer") referred to in note 23. The sale process is expected to be completed by 30 June 2021.

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Assessing the impact of coronavirus

The Directors have considered the impact of coronavirus on the future prospects of the Company. Due to the timing of the outbreak relative to the Company's year end date, the impact on the results for the year ended 31 March 2020 is limited. Due to the operations of the Company, the impact of the virus on future periods is also expected to be limited. The Directors have considered the expected impact of coronavirus in reaching their assessment of the Company's ability to continue as a going concern above.

SSE Contracting Ltd

Directors' Report for the Year Ended 31 March 2020 (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.

Brexit

The directors were aware of the political uncertainty as the UK transitioned out of the European Union. Due to the nature of operations of the Company, the impact of Brexit has been minimal.

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.

Reappointment of auditors

Ernst & Young 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 21 May 2021 and signed on its behalf by:

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Justin Ridley
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Justin Ridley
Director

SSE Contracting Ltd

Statement of Directors' Responsibilities

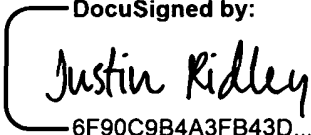
The directors acknowledge their responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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 21 May 2021 and signed on its behalf by:

DocuSigned by:

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Justin Ridley
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SSE CONTRACTING LIMITED

Opinion

We have audited the financial statements of SSE Contracting Limited for the year ended 31 March 2020 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and the related notes 1 to 23 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 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2020 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 below. 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.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which describes the uncertainty regarding the availability of funding from the prospective acquirer when the sale of the company completes. As stated in Note 2, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

San Gunapala (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

Apex Plaza
Forbury Road
Reading
RG1 1YE

Date 21 May 2021

SSE Contracting Ltd

Profit and Loss Account for the Year Ended 31 March 2020

	Note	2020 £ m	Restated 2019 £ m
Revenue	5	303.5	318.8
Cost of sales		(230.7)	(247.3)
Gross profit		72.8	71.5
Administrative expenses	7	(75.3)	(75.0)
Operating loss	6	(2.5)	(3.5)
Dividend from Subsidiary		-	5.0
Interest receivable and similar income	9	2.6	1.9
		2.6	6.9
Profit before tax		0.1	3.4
Tax on profit	11	(0.3)	0.4
(Loss)/profit for the year		(0.2)	3.8

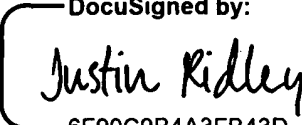
The notes on pages 16 to 32 form an integral part of these financial statements.

SSE Contracting Ltd

(Registration number: 02317133)
Balance Sheet as at 31 March 2020

	Note	31 March 2020 £ m	Restated 31 March 2019 £ m
Fixed assets			
Intangible assets	12	1.0	-
Tangible assets	13	1.2	1.2
Investments	14	-	-
Deferred tax assets	11	0.2	0.6
		<u>2.4</u>	<u>1.8</u>
Current assets			
Stocks	15	2.4	3.2
Trade and other debtors	16	241.5	412.0
Cash at bank and in hand		1.0	0.1
Corporation tax asset		-	2.5
		<u>244.9</u>	<u>417.8</u>
Current liabilities			
Creditors: amounts falling due within one year	17	<u>(75.7)</u>	<u>(244.7)</u>
Net current assets		<u>169.2</u>	<u>173.1</u>
Total assets less current liabilities		171.6	174.9
Creditors: Amounts falling due after more than one year			
Finance lease liability	17	(1.1)	-
Provisions	19	<u>(11.0)</u>	<u>(15.7)</u>
Net assets		<u>159.5</u>	<u>159.2</u>
Capital and reserves			
Called up share capital	21	4.0	4.0
Profit and loss account		<u>155.5</u>	<u>155.2</u>
Shareholders' funds		<u>159.5</u>	<u>159.2</u>

Approved by the Board on 21 May 2021 and signed on its behalf by:

DocuSigned by:

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 Justin Ridley
 Director

SSE Contracting Ltd

Statement of Changes in Equity for the Year Ended 31 March 2020

	Share capital £ m	Restated* Retained earnings £ m	Restated* Total £ m
At 1 April 2018	4.0	150.1	154.1
Profit for the year	-	3.8	3.8
Total comprehensive income	-	3.8	3.8
Employee share awards	-	1.3	1.3
At 31 March 2019	4.0	155.2	159.2
	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

*Retained Earnings have been restated as per Note 4 below.

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

SSE Contracting Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020

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 GBP (£) 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 at 31 March 2020 and meets its day-to-day working capital requirements through the SSE plc cash pool arrangements. The ultimate shareholder of the company, SSE plc, announced on 1 April 2021 the strategic decision to sell its Contracting business, of which this company is a component, to Aurelius Group ("acquirer") referred to in note 23. The sale process is expected to be completed by 30 June 2021.

The company has prepared two cashflow forecasts for the period of 12 months from the date of signing to May 2022, one assuming the sale to Aurelius goes ahead on 30 June 2021 ("disposal" case) and one assuming that the sale does not go ahead ("no disposal" case). Both cases indicated that the company will continue to require access to funding.

The disposal case assumes no cash and no debt is transferred on date of separation, hence financial support from the acquirer will be required immediately on acquisition. The key drivers of the cashflow forecast is revenue growth, margin and capital expenditure. Revenue for the next 12-months has assumed slight revenue growth on the pre-Covid19 level based on order book and weighted pipeline. Margin is assumed to be consistent year on year, with major capital expenditures incorporated which is linked to the separation. Upon closing the transaction, the future operating strategy will be determined by the new owner and financial support will also be determined by them. The Directors' understanding is that the acquirer's aim for the company is to support and enable them to continue and accelerate the transformation from a non-core division to a market leading standalone operator, therefore the Directors believe that the required working capital funding will be provided

SSE Contracting Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

2 Accounting policies (continued)

by Aurelius Group. However the availability of such funding cannot be evidenced, and parental support letter cannot be obtained from the potential acquirer at this stage as the transaction has not been completed hence the availability of financial support from the prospective acquirer if the sale completes represents an uncertainty. The no disposal case assumes the same key drivers for the cashflow forecast but assumes that the current support provided by SSE plc continues throughout the going concern period. In common with prior years, the company has obtained a letter of support from its ultimate parent undertaking, SSE plc, confirming that it will provide financial support as needed for a period of at least twelve months from the date of approval of these financial statements. The financial support from SSE plc will only be available up till the point of sale of the company but would continue if the sale does not complete.

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 the uncertainty regarding availability of financial support from the prospective acquirer when the sale completes described above meets the definition of "material uncertainty". Nevertheless, after making enquiries and considering the uncertainty described above, the directors have a reasonable expectation that the company has access to adequate resources. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements. 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.

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; 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.

Employee share based payments have not been disclosed on the basis of materiality.

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

Consolidated accounts

The company is a subsidiary of SSE plc 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.

SSE Contracting Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

2 Accounting policies (continued)

Changes in accounting policy

New standards, interpretations and amendments effective

The accounting policies are consistent with those of the prior year except for the following new standards which became effective for the period beginning on 1 April 2019.

IFRS 16 "Leases"

Changes resulting from adoption of IFRS 16

The company transitioned to IFRS 16 using the modified retrospective approach and as a result the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. The prior period figures were not adjusted.

On adoption of IFRS 16, the company elected to apply the relief provisions available and has not reviewed contracts under the definition of a lease per IFRS 16, which had previously not been classified as leases under the principles of IAS 17. Therefore, only contracts entered into or modified on or after 1 April 2019 have the definition of a lease per IFRS 16 applied.

In addition, the company decided to apply recognition exemptions to leases with a term not exceeding 12 months and leases where the underlying assets are of low value.

For leases classified as operating leases under IAS 17, these lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The company has used the following practical expedients permitted by IFRS 16 when applying this for the first time to leases previously classified as operating leases:

- Applied a single discount rate to a portfolio of leases with similar characteristics
- Applied the exemption not to recognise liabilities for leases with less than 12 months of lease term remaining
- Excluded initial direct costs for the measurement of right-to-use assets at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

Right-of-use assets are measured at their carrying amount as if IFRS 16 has been applied since commencement, discounted using the lessee's incremental borrowing rate at the date of initial application

No adjustments are required on transition to IFRS 16 for leases where the company acts as a lessor, except for a sub-lease. A reassessment of the classification of a sub-lease is required under IFRS 16.

On transition to IFRS16, the Company recognised £0.9m of additional right of use assets and £1.4m of additional lease liabilities. This resulted in an adjustment to Retained Earnings of £0.5m on transition.

Where the interest rate implicit in the lease is not readily determinable, the Company has applied the intercompany borrowing rate of 5.06% which is based on SSE plc's external medium-term borrowing rates with premia adjustments for any subsidiary specific risk factors.

SSE Contracting Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

2 Accounting policies (continued)

	£ m
Operating lease commitments at 31 March 2019	2.3
Discount effect	(0.9)
Additional lease liability recognised on 1 April 2019	1.4

None of the other standards, interpretations and amendments effective for the first time from 1 April 2019 have had a material effect on the financial statements.

Revenue recognition

Revenue comprises the value of work completed and agreed with the client, during the year, exclusive of value added tax. Services are deemed to be delivered when and to the extent that, the entity has met its contractual performance obligations under its service contracts and no material contingencies related to the earnings process remain. Services provided over a fixed period are recognised rateably as those services are deemed delivered. Services billed in advance are initially recognised in the balance sheet. Thereafter, revenue and costs incurred in providing these services are transferred to the profit and loss account based on the stage of completion of the service.

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.

SSE Contracting Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020 (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.

Investments

Fixed asset investments are capitalised and amortised on a straight-line basis over their estimated useful lives. The Directors believe that this treatment is most appropriate in order to reflect the carrying value of their investments.

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 recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtor.

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.

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.

SSE Contracting Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

2 Accounting policies (continued)

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.

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 unbilled work in progress, 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.

One area involving a high degree of uncertainty and estimation are the PFI Lighting provisions (note 19). 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 product is sold, or the service is provided to the customer. Initial recognition is based on historical experience. The estimate of guarantee-related costs is revised annually.

SSE Contracting Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

4 Prior year adjustment

During the year, the company identified a number of uncorrected errors in its prior year financial statements. While these have all been assessed as having the same root cause - rapid staff turnover leading to a loss of corporate knowledge and the poor understanding and operation of certain key controls - further details on the exact nature of each adjustment are provided below. Appropriate steps have been taken to prevent the possibility of similar errors occurring in the future.

The effects of the above restatements are detailed below:

	Originally reported as at 31 March 2019	Adj 1	Adj 2	Adj 3	Adj 4	Adj 5	Restated as Adj 6 at 31 March 2019	
	£m	£m	£m	£m	£m	£m	£m	£m
Profit and Loss Account								
Revenue	319.2			(0.4)				318.8
Cost of sales	(261.0)		(0.3)				14.0	(247.3)
Gross Profit	58.2		(0.3)	(0.4)			14.0	71.5
Administrative costs	(59.7)		(1.1)		(0.2)		(14.0)	(75.0)
Other operating income	5.0						(5.0)	
Operating profit	3.5		(1.4)	(0.4)	(0.2)		(5.0)	(3.5)
Dividend from subsidiary							5.0	5.0
Interest receivable	1.9							1.9
Profit before tax	5.4		(1.4)	(0.4)	(0.2)			3.4
Tax charge	0.1					0.3		0.4
Profit for the financial year	5.5		(1.4)	(0.4)	(0.2)	0.3		3.8

SSE Contracting Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

4 Prior year adjustment (continued)

	Originally reported as at 31 March 2019	Adj 1	Adj 2	Adj 3	Adj 4	Adj 5	Restated as Adj 6 at 31 March 2019	
	£m	£m	£m	£m	£m	£m	£m	£m
Balance Sheet								
Deferred tax assets						0.3	0.3	0.6
Trade and other debtors	408.3			1.1			2.7	412.1
Corporation tax asset		1.9					0.6	2.5
Creditors: amounts falling due within one year	(238.2)		(2.6)		(0.4)		(3.6)	(244.8)
Net current assets	173.4	1.9	(2.6)	1.1	(0.4)		(0.3)	173.1
Total assets less current liabilities	174.6	1.9	(2.6)	1.1	(0.4)	0.3		174.9
Provisions for liabilities	(13.9)			(1.8)				(15.7)
Net assets	160.7	1.9	(2.6)	(0.7)	(0.4)	0.3		159.2
Profit and Loss Account	156.7	1.9	(2.6)	(0.7)	(0.4)	0.3		155.2
Equity Shareholder's Funds	160.7	1.9	(2.6)	(0.7)	(0.4)	0.3		159.2
Statement of Changes in Equity								
Balance at 1 April 2018	153.9	1.9	(1.2)	(0.3)	(0.2)			154.1
Profit for the financial year	5.5		(1.4)	(0.4)	(0.2)	0.3		3.8
Balance at 31 March 2019	160.7	1.9	(2.6)	(0.7)	(0.4)	0.3		159.2

SSE Contracting Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

4 Prior year adjustment (continued)

Nature of adjustments:

Adj 1 - Within the prior year statutory accounts, Corporation Tax adjustment (£1.9m) was not properly incorporated in accounting records after year end and therefore, omitted from subsequent periods in error.

Adj 2 - Profit and loss account items were incorrectly netted off within Other Payables in the balance sheet due to a lack of understanding about the timing differences inherent in the Company's industrial payroll processes (£2.2m) and expense accrual reconciliation failures (£0.4m).

Adj 3 - The historic incorrect accounting of one-off transactions as follows:

a) a historical credit note settlement for a Private Finance Initiative (PFI) projects with Equitix was not removed from the accrued income schedule resulting in double counting in subsequent years, which led to an understatement of accrued income (£1.1m);

b) an error in the payment mechanism calculation of one of the retained PFI sub-contracts leading to the over-recognition of income in prior periods (£1.9m)

Adj 4 - A system error in the company's purchase order processing system resulted in the under recognition of certain overhead costs (£0.3m) and the failure to issue a PO for a new network contract (£0.1m).

Adj 5 - Consequential changes to the company's deferred tax position as a result of the above items.

Adj 6 - This relates to account mapping and reclassification issues noted which had no impact on overall net profit, with the significant ones being reclassification of dividend income (£5m) from other operating income to other income; reclassification of project related costs (£14m) from admin expenses to COS; and reclassification of credit balance PFI debtor to deferred income (£5.2m) and accrued income (£16.5m).

5 Revenue

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

	2020 £ m	Restated 2019 £ m
Services rendered	303.5	318.8

6 Operating loss

Arrived at after charging

	2020 £ m	Restated 2019 £ m
Depreciation expense	0.4	0.2
Amortisation expense	0.1	-
Operating lease expense	-	0.6

SSE Contracting Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

7 Staff costs

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

	2020 £ m	2019 £ m
Wages and salaries	76.5	79.8
Social security costs	8.1	8.5
Pension costs, defined benefit scheme	10.5	9.4
Share-based payment expenses	1.0	1.8
	96.1	99.5

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

	2020	2019
Average number of employees during year end March 31st	1,902	2,153

8 Directors' remuneration

The total remuneration received by the directors for qualifying and non-qualifying services during the year was £1.2m (2019: £0.9m). The above value is for 8 directors (2019: 6), 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 £0.4m (2019: £0.3m) including company pension contributions of £0.02m (2019: £0.03m) 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 20).

9 Interest receivable and similar income

	2020 £ m	2019 £ m
Interest received on funds held with SSE treasury	2.6	1.9

10 Auditors' remuneration

The company incurred an audit fee of £15,990 in the year (2019: £43,000). The fee in both the current and previous year was borne by the parent group company.

SSE Contracting Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

11 Income tax

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

	2020 £ m	Restated 2019 £ m
Current taxation		
UK corporation tax	(0.1)	(2.7)
Deferred taxation		
Arising from origination and reversal of temporary differences	0.4	2.3
Tax expense/(receipt) in the profit and loss account	0.3	(0.4)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - lower than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled in the table below.

	2020 £ m	Restated 2019 £ m
Profit before tax	0.1	3.4
Corporation tax at standard rate of 19% (2019: 19%)	-	0.6
Decrease in current tax from adjustment for prior periods	(0.1)	(0.1)
Increase from effect of revenues exempt from taxation	-	(0.9)
Increase arising from group relief tax reconciliation	0.6	-
Decrease from transfer pricing adjustments	(0.2)	-
Total tax charge/(credit)	0.3	(0.4)

SSE Contracting Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

11 Income tax (continued)

Deferred tax

Deferred tax assets and liabilities

	Asset £ m
2020	
Tangible fixed assets	0.2
Other timing differences	-
Deferred tax on prior year accounting adjustment	-
	0.2
	(Restated)
	Asset £ m
2019	
Tangible fixed assets	0.2
Other timing differences	-
Deferred tax on prior year accounting adjustment	0.4
	0.6

Deferred tax movement during the 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)	0.5	(0.4)	0.1	0.2

Deferred tax movement during the prior year:

	At 1 April 2018 £ m	Recognised in income £ m	At 31 March 2019 (Restated) £ m
Tangible fixed assets	0.2	-	0.2
Other timing differences	0.1	(0.1)	-
Deferred tax on prior year accounting adjustment	-	0.4	0.4
Net tax assets/(liabilities)	0.3	0.3	0.6

Factors that may affect future tax charges

The UK Budget 2021 announcements on 3 March 2021, subsequent to the balance sheet date, 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.

SSE Contracting Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

12 Intangible assets

	Other intangible assets £ m	Total £ m
Cost or valuation		
At 1 April 2019	1.5	1.5
Additions	1.1	1.1
Disposals	(1.5)	(1.5)
At 31 March 2020	1.1	1.1
Amortisation		
At 1 April 2019	1.5	1.5
Amortisation charge	0.1	0.1
Amortisation eliminated on disposals	(1.5)	(1.5)
At 31 March 2020	0.1	0.1
Carrying amount		
At 31 March 2020	1.0	1.0
At 31 March 2019	-	-

13 Tangible assets

	Right of use assets £ m	Vehicles and equipment £ m	Total £ m
Cost or valuation			
At 1 April 2019	0.9	2.3	3.2
Additions	-	0.1	0.1
Disposals	-	(0.6)	(0.6)
At 31 March 2020	0.9	1.8	2.7
Depreciation			
At 1 April 2019	-	1.1	1.1
Charge for the year	0.1	0.3	0.4
At 31 March 2020	0.1	1.4	1.5
Carrying amount			
At 31 March 2020	0.8	0.4	1.2
At 31 March 2019	-	1.2	1.2

SSE Contracting Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

13 Tangible assets (continued)

The cost at 01 April 2019 has been revised following adoption of IFRS 16, with additional Right of Use assets of £0.9m being recognised.

14 Investments

Details of the investments as at 31 March 2020 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	
				2020	2019
SSE Airtricity Solutions Limited	Utility 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

15 Stock

	31 March 2020 £ m	31 March 2019 £ m
Raw materials and consumables	2.4	3.2

16 Trade and other debtors

	31 March 2020 £ m	Restated 31 March 2019 £ m
Trade debtors	78.7	82.9
Amounts receivable from related parties	134.1	307.0
Accrued income	27.0	19.0
Other debtors	1.7	3.1
	241.5	412.0

SSE Contracting Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

16 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.

17 Creditors

Amounts falling due within one year

	31 March 2020 £ m	Restated 31 March 2019 £ m
Trade creditors	20.9	17.9
Accrued expenses and deferred income	32.4	29.8
Amounts due to related parties	17.1	190.2
Other creditors	5.2	6.8
Finance lease liabilities	0.1	-
	<u>75.7</u>	<u>244.7</u>

Amounts falling due after more than one year

	31 March 2020 £ m	31 March 2019 £ m
Finance lease liabilities	1.1	-

18 Leases

Lease liability maturity analysis

	31 March 2020 £ m	31 March 2019 £ m
Operating leases which expire:		
Within one year	0.1	-
Between one and five years	0.7	-
In more than five years	0.4	-
Total	<u>1.2</u>	<u>-</u>

SSE Contracting Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

19 Provisions

	Obligations and Guarantees	Lighting Provision	Total
	£m	£m	£m
At 1st April 2019	4.6	9.3	13.9
Added during the year	3.0	0.8	3.8
Released during the year	(2.1)	-	(2.1)
Utilised during the year	(1.4)	(3.2)	(4.6)
At 31st March 2020	4.1	6.9	11.0

Provisions due to unwind in less than 12 months total £4.2m, and, provisions due to unwind after 12 months total £6.8m

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

20 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.

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 (2019: £3.6m)

21 Share capital

	2020	2019
	£m	£m
Allotted, called-up and fully paid:		
4,000,002 ordinary shares of £1 each	4.0	4.0

22 Parent and ultimate parent undertaking

The company's immediate parent is SSE Plc.

SSE Contracting Ltd

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

22 Parent and ultimate parent undertaking (continued)

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is 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

23 Post-balance sheet events

On 1 April 2021, the ultimate parent of the company, SSE PLC, exchanged contracts to sell the company to Aurelius Group, with completion of the deal expected to take place on 30 June 2021.