

Registration number: 02471438

SSE Contracting Group Limited
Directors Report and Financial Statements
for the Year Ended 31 March 2023



SSE Contracting Group Limited

Contents

Company Information	1
Directors' Report	2 to 3
Statement of Directors' Responsibilities	4
Independent Auditor's Report	5 to 8
Profit and Loss Account	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 to 21

SSE Contracting Group Limited

Company Information

Directors' of the company

K Gilmurray

N Sanders

S Anderson

Company secretary

M Khalid

Registered office

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

Auditors

Ernst & Young LLP
G1 Building
5 George Square
Glasgow
G2 1DY

Registered number

02471438

SSE Contracting Group Limited

Directors' Report for the Year Ended 31 March 2023

The directors present their report and financial statement for SSE Contracting Group Limited (the "Company") for the year ended 31 March 2023.

This report has been prepared in accordance with the special provisions of section 414(b) of the Companies Act 2006 relating to small companies. The directors have taken exemption under this regime not to disclose the strategic report.

Directors of the company

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

K Gilmurray

N Sanders

S Anderson

Principal activity

The principal activity of the company is that of a holding company to the Energy Solutions Group company and prior to its sale on 30 June 2021 SSE Contracting Limited.

Dividends

The directors do not recommend payment of a dividend (2022: £nil) be made in respect of the financial year ended 31 March 2023.

Business review

Fair review of the business

The profit and loss account for the year ended 31 March 2023 is set out on page 9. The profit for the year after tax amounted to £0.2m (2022: £17.8m loss). The balance sheet at 31 March 2023 is set out on page 10 and indicated net liabilities of £94.2m (2022: £94.4m).

Principal risks and uncertainties

The principal risk facing the company is that it would be unable to realise the value of its investments carried in the company's balance sheet. To mitigate this risk, the Directors ensure careful selection of investments and monitor the performance and financial status of those companies on an ongoing basis.

Political donations

During the year the company made no political or charitable donations (2022: £nil).

SSE Contracting Group Limited

Directors' Report for the Year Ended 31 March 2023 (continued)

Going concern

The financial statements are prepared on a going concern basis which has been supported by the provision of a parental letter of support from SSE plc. The Group letter of support confirms that the Group will provide support to 31 December 2024 where required. The Directors are satisfied that the Group has the ability to provide this support, should it be required.

In assessing the financial strength of the letter of support provided, the directors considered the cash and cash equivalents balance of £891.8m at 31 March 2023, and the undrawn committed bank facilities of £2.75bn maintained by the Group. In coming to this conclusion, the Directors have taken into account the Group's credit rating and the successful issuance of £1.6bn of long term funding in the 22/23 financial year being a €1bn NC6 Hybrid at 4% in April 2022, a 7 year €650m Eurobond at a coupon of 2.875% and a £350m dual tranche US Private Placement. As well as taking account of the factors noted, the going concern conclusion is arrived at after applying stress testing sensitivities to the Group's cash flow and funding projections including removal of proceeds from unconfirmed future divestments, negative and positive sensitivities on operating cash flows and uncommitted capex and other adjustments.

Having reviewed the financial strength of the Group, the directors are satisfied that the Group, and the company itself, will remain funded for foreseeable future. The Directors have therefore concluded it is appropriate for the financial statements to be prepared on a going concern basis.

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

The auditors Ernst & Young LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 21 September 2023 and signed on its behalf by:

Kieran Gilmurray
Kieran Gilmurray (Sep 21, 2023 11:32 GMT+1)

.....
K Gilmurray
Director

SSE Contracting Group Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not continue in business.

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

Under applicable law and regulations, the directors are also responsible for preparing a directors' report, that complies with that law and those regulations.

Approved by the Board on 21 September 2023 and signed on its behalf by:

Kieran Gilmurray
Kieran Gilmurray (Sep 21, 2023 11:32 GMT+1)

.....
K Gilmurray
Director

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

Opinion

We have audited the financial statements of SSE Contracting Group Limited for the year ended 31 March 2023 which comprise Profit and Loss Account, the Balance Sheet, the statement of changes in equity and the related notes 1 to 15, 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 2023 and of its profit 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 to 31 December 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 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 this report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SSE CONTRACTING GROUP LIMITED (Continued)

Other information (Continued)

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 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 4, 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SSE CONTRACTING GROUP LIMITED (Continued)

Auditor's responsibilities for the audit of the financial statements (Continued)

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS101 and Companies Act 2006) and relevant tax compliance regulations in the UK. We also determined there was no non-compliance with regulatory requirements.
- We understood how SSE Contracting Group Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We confirmed our enquiries through our review of board minutes, regulatory correspondence and papers provided to the SSE plc Audit Committee.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence on efforts made by management to manage earnings. We considered the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls at a group level.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business and enquiries of legal counsel and management. In addition, we completed procedures to conclude on the compliance of the disclosures in the financial statements and accounts with all applicable requirements.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SSE CONTRACTING GROUP LIMITED (Continued)

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.

DocuSigned by:
Ernst & Young LLP
663F61CAEED0445...

*Gillian Gilmour (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor*

Glasgow

22 September 2023

SSE Contracting Group Limited

Profit and Loss Account for the Year Ended 31 March 2023

	Note	2023 £ m	2022 £ m
Exceptional items	4	-	(18.0)
Operating loss		-	(18.0)
Interest receivable and similar income	6	0.3	0.3
Profit/(loss) before tax		0.3	(17.7)
Tax on profit/(loss)	8	(0.1)	(0.1)
Profit/(loss) for the year		0.2	(17.8)

The above results for the current year were derived from continuing operations, and in the prior year related to discontinued operations.

The company had no other comprehensive income in the current or prior financial years.

SSE Contracting Group Limited

(Registration number: 02471438)
Balance Sheet as at 31 March 2023

	Note	31 March 2023 £ m	31 March 2022 £ m
Fixed assets			
Investments	9	31.7	31.7
Other financial assets	10	-	5.2
		<u>31.7</u>	<u>36.9</u>
Current assets			
Debtors	11	-	1.0
Creditors: Amounts falling due within one year		<u>(0.1)</u>	<u>(0.1)</u>
Net current (liabilities)/assets		<u>(0.1)</u>	<u>0.9</u>
Total assets less current liabilities		31.6	37.8
Creditors: Amounts falling due after more than one year	12	<u>(125.8)</u>	<u>(132.2)</u>
Net liabilities		<u>(94.2)</u>	<u>(94.4)</u>
Capital and reserves			
Called up share capital	13	-	-
Profit and loss account		<u>(94.2)</u>	<u>(94.4)</u>
		<u>(94.2)</u>	<u>(94.4)</u>
Shareholders' deficit		<u>(94.2)</u>	<u>(94.4)</u>

Approved by the Board on 21 September 2023 and signed on its behalf by:

Kieran Gilmurray
Kieran Gilmurray (Sep 21, 2023 11:32 GMT+1)

.....
K Gilmurray
Director

SSE Contracting Group Limited

Statement of Changes in Equity for the Year Ended 31 March 2023

	Share capital £ m	Profit and loss account £ m	Total £ m
At 1 April 2021	-	(76.6)	(76.6)
Loss for the year	-	(17.8)	(17.8)
Total comprehensive loss	-	(17.8)	(17.8)
At 31 March 2022	-	(94.4)	(94.4)
	Share capital £ m	Profit and loss account £ m	Total £ m
At 1 April 2022	-	(94.4)	(94.4)
Profit for the year	-	0.2	0.2
Total comprehensive gain	-	0.2	0.2
At 31 March 2023	-	(94.2)	(94.2)

The notes on pages 12 to 21 form an integral part of these financial statements.

SSE Contracting Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

1 General information

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

These financial statements were authorised for issue by the Board on 21 September 2023.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the company has applied the recognition, measurement and disclosure requirements of UK adopted International Financial Reporting Standards, 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.

Functional currency and presentation currency

The functional currency and presentation currency used in the financial statements is the Pound (£), and the amounts have been presented in millions (m), rounded to the nearest hundred thousand.

SSE Contracting Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (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;
- 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 intangible assets with an indefinite useful life; 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.

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.

Exceptional items

Exceptional items are those charges or credits that are considered unusual by nature and/or scale and of such significance that separate disclosure is required for the financial statements to be properly understood. The trigger points for exceptional items will tend to be non-recurring although exceptional charges may impact the same asset class over time.

Market conditions that have deteriorated significantly over time will only be captured to the extent observable at the balance sheet date.

Examples of items that may be considered exceptional include provision and group indemnity income.

SSE Contracting Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

Going concern

The financial statements are prepared on a going concern basis which has been supported by the provision of a parental letter of support from SSE plc. The Group letter of support confirms that the Group will provide support to 31 December 2024 where required. The Directors are satisfied that the Group has the ability to provide this support, should it be required.

In assessing the financial strength of the letter of support provided, the directors considered the cash and cash equivalents balance of £891.8m at 31 March 2023, and the undrawn committed bank facilities of £2.75bn maintained by the Group. In coming to this conclusion, the Directors have taken into account the Group's credit rating and the successful issuance of £1.6bn of long term funding in the 22/23 financial year being a €1bn NC6 Hybrid at 4% in April 2022, a 7 year €650m Eurobond at a coupon of 2.875% and a £350m dual tranche US Private Placement. As well as taking account of the factors noted, the going concern conclusion is arrived at after applying stress testing sensitivities to the Group's cash flow and funding projections including removal of proceeds from unconfirmed future divestments, negative and positive sensitivities on operating cash flows and uncommitted capex and other adjustments.

Having reviewed the financial strength of the Group, the directors are satisfied that the Group, and the Company itself, will remain funded for foreseeable future. The Directors have therefore concluded it is appropriate for the financial statements to be prepared on a going concern basis.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 April 2022 have had a material effect on the financial statements.

Tax

Taxation on the profit for the year comprises current tax. Taxation is recognised in the profit and loss account unless it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

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

Investments

Investments are shown at cost less provision for any impairment in value.

SSE Contracting Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

Impairment

The carrying amount of the company's investments in subsidiaries, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, or where there are indications that a previously recognised impairment loss has reduced. For investments in subsidiaries that have previously been identified as exhibiting indications of impairment, the review of impairment will be performed annually until there is sufficient evidence to confirm that any potential impairment loss has been appropriately recognised, or until previously recognised impairment losses have been fully written back.

For assets subject to impairment testing, the asset's carrying value is compared to the asset's recoverable amount. The recoverable amount is determined to be the higher of the fair value less costs to sell (FVLCS) and the value-in-use (VIU) of the asset.

If the carrying amount of the asset exceeds its recoverable amount, an impairment charge will be recognised immediately in the profit and loss account. Reversals of previous impairment charges are recognised if the recoverable amount of the asset significantly exceeds the carrying amount.

Value in use (VIU) calculations require the estimation of future cash flows to be derived from the respective assets and the selection of an appropriate discount rate in order to calculate their present value. The VIU methodology is consistent with the approach taken by management to evaluate economic value and is deemed to be the most appropriate for reviews of investments in subsidiaries. The methodology is based on the pre-tax cash flows arising from the specific assets or underlying assets, and discounted using a pre-tax discount rate based on the company's cost of funding and adjusted for any specific risks. The estimation of the timing and value of underlying projected cash flows and the selection of appropriate discount rates involves management judgement. Subsequent changes to these estimates or judgements may impact the carrying value of the assets.

The fair value less costs to sell methodology also uses a present value technique, unless there is a quoted price in an active market for that asset. The methodology is based on the post-tax cash flows arising from the specific assets or underlying assets, and discounted using a post-tax discount rate determined in the same manner as the rates used in the VIU calculations, adjusted for the relevant taxation rate.

Other debtors

Other debtors are amounts due from customers for merchandise sold or 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 fixed assets.

Other 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 other 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 debtors.

Loan note

Interest-bearing loan receivables are initially recognised at fair value including transaction costs and are subsequently measured at amortised costs less allowance for impairment.

SSE Contracting Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

2 Accounting policies (continued)

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed when a present obligation arises from a past event, when it is not probable that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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. At 31 March 2023 and 2022, management has applied its judgement to the determination of the value of its investments in subsidiaries. While the company holds its investments under the cost model, these are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

The Company holds a £5m loan note due from Aurelius Antelope Limited following the disposal of SSE Contracting Limited on 30 June 2021. The loan is repayable in full by 31 March 2026, carries interest at 6% and is presented cumulative of accrued interest payments, discounted at 6%. At 31 March 2023, the Company has recognised a provision of £5.6m against the loan note which represents the full value of the receivable.

SSE Contracting Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

4 Exceptional items

The analysis of the company's exceptional items for the year is as follows:

	2023 £ m	2022 £ m
Group Indemnity	6.5	-
Provision	(6.5)	(18.0)
	<u>-</u>	<u>(18.0)</u>

On 29 March 2023, the Company received an indemnity from SSE Services plc for any loss in relation to the non-recoverability of the loan note receivable and the other debtor balance. At 31 March 2023 the Company recognised an exceptional charge of £6.5m to provide for these receivables. As a result of the indemnity provided to the Company from SSE Services plc, the Company has reduced the loan note and other debtors balances from £6.5m to £nil and recognised a receivable from SSE Services plc for £6.5m. This receivable balance has been offset against the amounts owed to SSE Services plc.

5 Directors' remuneration

The total remuneration received by the Directors for qualifying and non-qualifying services during the year was £1.0m (2022: £0.9m). The above value is for 3 Directors (2022: 3), 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 £0.5m (2022: £0.5m) including company pension contributions of £nil (2022: £nil).

0 staff are employed by the Company.

6 Interest receivable and similar income

	2023 £ m	2022 £ m
Interest receivable	<u>0.3</u>	<u>0.3</u>

7 Auditors' remuneration

The company incurred an audit fee of £17,473 in the year (2022: £12,960). The fee in the current year was borne by another group company.

SSE Contracting Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

8 Income tax

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

	2023 £ m	2022 £ m
Current taxation		
UK corporation tax adjustment to prior periods	0.1	0.1
Total current income tax	<u>0.1</u>	<u>0.1</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2022 - higher than the standard rate of corporation tax in the UK) of 19% (2022 - 19%).

The differences are reconciled below:

	2023 £ m	2022 £ m
Profit/(loss) before tax	0.3	(17.7)
Corporation tax at standard rate of 19% (2022: 19%)	0.1	(3.4)
Increase from amounts otherwise transferred	-	3.7
Decrease from effect of expenses not deductible in determining taxable profit (tax loss)	-	(0.2)
Total tax charge	<u>0.1</u>	<u>0.1</u>

The 2021 Budget announcement, to increase the main corporation tax rate to 25%, effective from 1 April 2023, was substantively enacted on 24 May 2021. Prior to 1 April 2023, the rate of corporation tax has remained at 19%.

SSE Contracting Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

9 Investments

	Total £m
Cost or valuation	
At 1 April 2022	66.0
At 31 March 2023	66.0
Impairment	
At 1 April 2022	(34.3)
At 31 March 2023	(34.3)
Carrying amount	
At 31 March 2023	31.7
At 31 March 2022	31.7

An investment of £31.7m relates to the Company's investment in The Energy Solutions Group.

Details of the investments as at 31 March 2023 are as follows:

Name of subsidiary	Principal activity	Registered address (key)	Country of incorporation	Proportion of ownership interest and voting rights held	
				2023	2022
The Energy Solutions Group Topco Limited	Dormant holding company	A	England & Wales	100%	100%
TESGL Limited*	Contracting & management services	A	England & Wales	100%	100%
The Energy Solutions Group Bidco Limited*	Dormant	A	England & Wales	100%	100%
The Energy Solutions Group Midco Limited*	Dormant	A	England & Wales	100%	100%
Building Automation Solutions Limited*	Dormant	A	England & Wales	100%	100%

*denotes indirect investment

SSE Contracting Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

9 Investments (continued)

Registered address key

Reference Registered Office:

A Ocean Court Caspian Road, Atlantic Street, Altrincham, Cheshire, WA14 5HH

10 Other receivables

	31 March 2023 £ m	31 March 2022 £ m
Other receivables	-	5.2

The Company holds a £5m loan note due from Aurelius Antelope Limited following the disposal of SSE Contracting Limited on 30 June 2021. The loan is repayable in full by 31 March 2026, carries interest at 6% and is presented cumulative of accrued interest payments, discounted at 6%. At 31 March 2023, the Company has recognised a provision of £5.6m against the loan note which represents the full value of the receivable.

See details of provision and indemnity from SSE Services plc in note 4.

11 Trade and other debtors

	31 March 2023 £ m	31 March 2022 £ m
Other debtors	-	1.0

See details of provision and indemnity from SSE Services plc in note 4.

SSE Contracting Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

12 Creditors

Amounts falling due after more than one year

	31 March 2023 £ m	31 March 2022 £ m
Amounts owed to Group undertakings	125.8	132.2

See details of indemnity from SSE Services plc in note 4.

13 Share capital

	31 March 2023 £	31 March 2022 £
Allotted, called up and fully paid:		
1,561 A ordinary shares of £0.10 each	156.1	156.1
669 B ordinary share of £0.10 each	66.9	66.9
	<u>223.0</u>	<u>223.0</u>

14 Contingent liabilities

A contingent liability has been recognised in relation to the claim received for £7.5m from Aurelius Antelope Limited for warranties given as part of the sale of SSE Contracting to Aurelius Group. The directors do not consider that the claim has merit and do not believe that a loss is reasonably possible.

15 Parent and ultimate parent undertaking

The company's immediate and ultimate parent is SSE plc.

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.