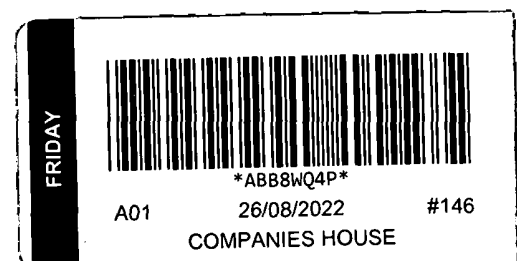


Registered number: 04410548

METER FIT (NORTH EAST) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



METER FIT (NORTH EAST) LIMITED

COMPANY INFORMATION

Directors	S Latus S A Blackburn P A Mclelland
Company secretary	J P Powell
Registered number	04410548
Registered office	5th Floor 1 Marsden Street Manchester M2 1HW
Independent auditor	KPMG LLP Chartered Accountants & Statutory Auditor 1 St Peter's Square Manchester M2 3AE
Bankers	Natwest Group 15 Bishopgate London EC2P 2AP

METER FIT (NORTH EAST) LIMITED

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Directors' Responsibilities Statement	5
Independent Auditors' Report	6 - 9
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 - 24

METER FIT (NORTH EAST) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Business review

The installation period (or Initial Period), under an agreement with British Gas Trading Limited ("BGT") was completed on 30th June 2010. No further meter installations have taken place and the agreement with BGT has entered the Secondary Period, during which Meter Fit continues to receive income in respect of installed meters.

The Company also has agreements with other energy suppliers to receive meter use income when BGT customers have switched to those suppliers under the competitive supply market.

The primary KPI's that the Company monitors are Turnover and Earnings before interest, tax, depreciation, amortisation and NBV of meters disposed ("EBITDA"). Turnover for the year ended 31 December 2021 was £7,715,000 (2020: £8,581,000). EBITDA for the year ended 31 December 2021 was £7,086,000 (2020: £8,146,000). The business continually assesses the KPI's across each of its contract and can confirm that these KPI's continue to perform in line with business expectations.

Principal risks and uncertainties

The Company uses various financial instruments – these include cash and various items, such as trade debtors, trade creditors and shareholder subordinated loans that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

The existence of these financial instruments exposes the Company to a number of financial risks, which are described in more detail below. The Directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Liquidity risk

The Company seeks to manage financial risks by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and efficiently. Short and long term flexibility is achieved by shareholder subordinated loans.

Credit risk

The Company's principal financial assets are cash and trade debtors. The principal credit risk arises therefore from the Company's trade debtors.

In order to manage credit risk Directors ensure debt ageing is reviewed regularly in conjunction with collection history, and monitored accordingly.

Future developments

The Directors are not aware, at the date of this annual report, of any likely major changes in the Company's activities in the next financial year.

METER FIT (NORTH EAST) LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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



P A McClelland
Director

Date: 25 April 2022

METER FIT (NORTH EAST) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and the financial statements for the year ended 31 December 2021.

The business review and principal risks and uncertainties have been included in the Strategic Report.

Principal activity

The principal activity of the Company is to install and service gas and electricity meters for domestic properties in accordance with an agreement with BGT.

Results and dividends

The profit for the year, after taxation, amounted to £4,879,000 (2020 - £7,068,000).

The Company is in the secondary phase of the contract and has completed installations; the reduction in profit reflects the impact of the declining meter portfolio ultimately reducing revenues.

The Directors have made dividend payments of £8,228,000 (2020: £9,039,000).

Directors

The Directors who served during the year and up to the date of this report were:

H L Pijls (resigned 30 June 2021)
S Latus
S A Blackburn
G M Donoghue (resigned 31 July 2021)
J M Cox (resigned 30 June 2021)
P A Mclelland
D M Taylor (appointed 1 August and resigned 31 March 2022)

Disclosure of information to auditors

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

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

Going concern

The Directors have prepared the accounts using the going concern assumption, more details of which are set out in note 1.3 to the financial statements.

METER FIT (NORTH EAST) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Auditors

The auditor, KPMG LLP, will be proposed for reappointment in accordance with Section 487 of the Companies Act 2006.

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



P A Mclelland
Director

Date: 25 April 2022

5th Floor
1 Marsden Street
Manchester
M2 1HW

METER FIT (NORTH EAST) LIMITED

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE
DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law the Directors must not approve the financial statements unless 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for such internal control as they determine in necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditors' Report to the members of Meter Fit (North East) Limited

Opinion

We have audited the financial statements of Meter Fit (North East) Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Independent Auditors' Report to the members of Meter Fit (North East) Limited (CONTINUED)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors, the audit committee, and inspection of policy documentation] as to the Group's high-level policies and procedures to prevent and detect fraud, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, audit committee minutes.
- Considering remuneration incentive schemes and performance targets for management, and Directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that Group and component management may be in a position to make inappropriate accounting entries;
- the risk of bias in accounting estimates such as acquisition accounting; and
- the risk that Meter and Hub Rental Revenue is not accurately recorded.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test for all components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management and those posted between unusual or unexpected account combinations, including revenue, fixed assets and cash.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Directors (as required by auditing standards), and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Independent Auditors' Report to the members of Meter Fit (North East) Limited (CONTINUED)

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law and certain aspects of Company legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Directors are responsible for the other information, which comprises the strategic report and the Directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

We have nothing to report in these respects.

Independent Auditors' Report to the members of Meter Fit (North East) Limited (CONTINUED)

Directors' responsibilities

As explained more fully in their statement set out on page 5, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Stuart Burdass (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

1 St. Peter's Square
Manchester
M2 3AE

Date: 26 April 2022

METER FIT (NORTH EAST) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Turnover	3	7,715	8,581
Cost of sales		(979)	(999)
Gross profit		6,736	7,582
Administrative expenses		(629)	(435)
Operating profit	4	6,107	7,147
Interest receivable and similar income	6	183	208
Profit before tax		6,290	7,355
Tax on profit	7	(1,411)	(287)
Profit for the financial year		4,879	7,068

There are no recognised gains and losses other than those passing through the Statement of Comprehensive Income.

The results presented above all are derived from the Company's continuing operations.

The notes on pages 13 to 24 form part of these financial statements.

METER FIT (NORTH EAST) LIMITED
REGISTERED NUMBER:04410548

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	9	3,080	4,609
Current assets			
Debtors: amounts falling due within one year	10	1,620	2,762
Cash at bank and in hand	11	731	611
		<u>2,351</u>	<u>3,373</u>
Creditors: amounts falling due within one year	12	(1,166)	(271)
Net current assets		<u>1,185</u>	<u>3,102</u>
Total assets less current liabilities		<u>4,265</u>	<u>7,711</u>
Provisions for liabilities			
Deferred tax	14	(770)	(867)
		<u>(770)</u>	<u>(867)</u>
Net assets		<u>3,495</u>	<u>6,844</u>
Capital and reserves			
Called up share capital	15	50	50
Profit and loss account		3,445	6,794
		<u>3,495</u>	<u>6,844</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:



P A Mclelland
Director

Date: 25 April 2022

The notes on pages 13 to 24 form part of these financial statements.

METER FIT (NORTH EAST) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2020	50	8,765	8,815
Comprehensive income for the year:			
Profit for the year	-	7,068	7,068
Contributions by and distributions to owners:	-	7,068	7,068
Dividends: paid (note 8)	-	(9,039)	(9,039)
At 1 January 2021	50	6,794	6,844
Comprehensive income for the year:			
Profit for the year	-	4,879	4,879
Contributions by and distributions to owners:	-	4,879	4,879
Dividends: paid (note 8)	-	(8,228)	(8,228)
At 31 December 2021	50	3,445	3,495

The notes on pages 13 to 24 form part of these financial statements.

METER FIT (NORTH EAST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies

1.1 Company information

Meter Fit (North East) Limited ("the Company") is a private Company limited by shares and is domiciled, incorporated and registered in England, in the UK.

The address of its registered office is 5th Floor, 1 Marsden Street, Manchester, M2 1HW and the registered number is 04410548.

1.2 Basis of preparation of financial statements

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. All amounts in the financial statements have been rounded to the nearest thousand pound.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The Company has taken advantage of section 33.1A of FRS 102 and not disclosed transactions with fellow Group companies.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The Company's controlling party in the UK at the 31 December 2021 was Calisen Limited (formerly Coyote Bidco Limited). This represents a change from the year ended 31 December 2020 when the controlling party was Calisen Group (Holdings) Limited (formerly Calisen plc). In March 2021, Calisen Group (Holdings) Limited was acquired by Calisen Limited, the ultimate parent of whom is GEPIF III Coyote Topco I Limited who therefore became the Company's controlling party as set out in note 17.

METER FIT (NORTH EAST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies (continued)

1.3 Going concern

The Company is a trading subsidiary of intermediate parent Meter Serve (Holdco) Limited. The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors of Meter Serve (Holdco) Limited have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, there will be sufficient funds, through access to resources derived from the long term contractual revenue streams and cash resources, to meet its liabilities as they fall due for that period.

The Directors of Meter Serve (Holdco) Limited have indicated its intention to continue to make available such funds as are needed by the Company to meet its liabilities as they fall due for not less than 12 months from the date of approval of the financial statements. As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Computer Hardware	- 3 years
Financial Model	- 20 years
Credit Meters	- straight line to 30 June 2025
Prepayment Meters	- the period which is shorter of 10 years and 30 June 2025

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

During the year ended 31 December 2021, a review was performed and the useful expected lives of meters were deemed to be appropriate and therefore no changes were made.

METER FIT (NORTH EAST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies (continued)

1.5 Debtors

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

1.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.7 Creditors

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

1.8 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at a board meeting.

1.9 Revenue

Revenue represents the rental income for meters and maintenance income receivable in the ordinary course of business.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes.

METER FIT (NORTH EAST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies (continued)

1.10 Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

Financial instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial instruments constitute a financing transaction are measured, initially and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.

Finance costs are charged to the profit and loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

METER FIT (NORTH EAST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies (continued)

1.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the year end date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

METER FIT (NORTH EAST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Useful economic lives of tangible assets

Useful economic lives (UEL) and residual values are re-assessed annually and are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. During the year ended 31 December 2020, the Company performed a detailed review of the estimated UELs of its meter portfolio. Traditional meters (credit and prepayment) had been depreciated over the shorter of 10 years or to the end of 2021 and smart meters over 15 years. In June 2020, the Department for Business, Energy and Industrial Strategy announced its intention to extend the smart meter implementation programme to the end of June 2025. The Company reviewed its policy as traditional meters therefore have a longer asset life as a result of the announcement and determined that the UEL of the traditional meters should be extended to the shorter of their asset life or 30 June 2025. The Company had tangible fixed assets with a net book value of £3,080,000 (2020: £4,609,000) as at 31 December 2021, see note 9 for the carrying value of fixed assets and note 1.4 for the accounting policy of fixed assets.

The Company reviewed the policy in the year ended 31 December 2021 and determined the UELs to still be a reliable estimate and therefore no changes were made in the year ended 31 December 2021.

3. Analysis of turnover

An analysis of turnover by class of business is as follows:

	2021 £000	2020 £000
Rendering of services	7,715	8,581

All turnover arose within the United Kingdom.

4. Operating profit

The operating profit is stated after charging/(crediting):

	2021 £000	2020 £000
Depreciation of tangible fixed assets	1,107	1,349
Profit on disposal	(128)	(350)

The audit fee for the current and previous year has been borne by a fellow group Company.

METER FIT (NORTH EAST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

5. Employees

The Company had no employees during the year ended 31 December 2021 or the year ended 31 December 2020.

6. Interest receivable and similar income

	2021 £000	2020 £000
Interest receivable from group companies	173	208
Bank interest receivable	10	-
	<u>183</u>	<u>208</u>

7. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	1,477	161
Adjustments in respect of previous periods	31	-
	<u>1,508</u>	<u>161</u>
Group taxation relief	-	340
	<u>1,508</u>	<u>501</u>
Total current tax	<u>1,508</u>	<u>501</u>
Deferred tax		
Origination and reversal of timing differences	(371)	(342)
Effect of tax rate change on opening balance	274	128
Total deferred tax	<u>(97)</u>	<u>(214)</u>
Taxation on profit on ordinary activities	<u>1,411</u>	<u>287</u>

METER FIT (NORTH EAST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

7. Taxation (continued)

Factors affecting tax charge for the year

	2021 £000	2020 £000
Profit on ordinary activities before tax	6,290	7,355
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	1,195	1,397
Effects of:		
Group relief	(1,477)	(1,578)
Payment for group relief	1,477	340
Adjustments to tax charge in respect of prior periods	31	-
Remeasurement of deferred tax for change in tax rates	185	128
Total tax charge for the year	1,411	287

Factors that may affect future tax charges

The standard rate of UK corporation tax on ordinary activities was 19% in the year ended 31 December 2021 (31 December 2020: 19%). In April 2021, the UK Government announced its intention to increase the corporation tax rate from 19% to 25%, enacted from 1 June 2021 and effective from 1 April 2023; therefore deferred taxation balances have been measured at 25% as this is the rate at which the balances will unwind.

8. Dividends

	2021 £000	2020 £000
Dividends paid of £164.56 (2020: £180.78) per ordinary share	8,228	9,039

METER FIT (NORTH EAST) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

9. Tangible fixed assets

	Equipment £000	Other fixed assets £000	Total £000
Cost or valuation			
At 1 January 2021	42,159	813	42,972
Disposals	(5,476)	-	(5,476)
	<hr/>	<hr/>	<hr/>
At 31 December 2021	36,683	813	37,496
Depreciation			
At 1 January 2021	37,550	813	38,363
Charge for the year on owned assets	1,107	-	1,107
Disposals	(5,054)	-	(5,054)
	<hr/>	<hr/>	<hr/>
At 31 December 2021	33,603	813	34,416
Net book value			
At 31 December 2021	<hr/> <hr/> 3,080	<hr/> <hr/> -	<hr/> <hr/> 3,080
<i>At 31 December 2020</i>	<hr/> <hr/> 4,609	<hr/> <hr/> -	<hr/> <hr/> 4,609

METER FIT (NORTH EAST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

10. Debtors

	2021 £000	2020 £000
Trade debtors	151	501
Shareholder subordinated loan receivable	782	999
Amounts owed from group undertakings	687	283
Prepayments and accrued income	-	167
Tax recoverable	-	812
	<u>1,620</u>	<u>2,762</u>

There is no specific repayment plan regarding the shareholder subordinated loan receivable and therefore is not possible to quantify what may or may not be repaid after twelve months. The loan is repayable on demand and has therefore been classified as due within twelve months. The loan notes hold an interest rate of 8.123% (2020: 8.123%).

Amounts owed from group undertakings are due within one year.

11. Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	<u>731</u>	<u>611</u>

12. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Corporation tax	695	-
Other taxation and social security	402	271
Other creditors	69	-
	<u>1,166</u>	<u>271</u>

METER FIT (NORTH EAST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

13. Financial instruments

	2021 £000	2020 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>2,200</u>	<u>1,395</u>
Financial liabilities measured at amortised cost	<u>(69)</u>	<u>-</u>

Financial assets measured at amortised cost comprise cash at bank and in hand and trade debtors.

Financial liabilities measured at amortised cost comprise other creditors.

14. Deferred taxation

	2021 £000
At beginning of year	(867)
Credited to the Statement of Comprehensive Income	97
At end of year	<u>(770)</u>

The provision for deferred taxation is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	(770)	(876)
Short term timing differences	-	9
	<u>(770)</u>	<u>(867)</u>

15. Share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
50,000 (2020 - 50,000) Ordinary shares of £1.00 each	<u>50</u>	<u>50</u>

METER FIT (NORTH EAST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

16. Related party transactions

The Company is a wholly owned subsidiary of Meter Serve (North East) Limited. At the year-end 100% of the Company's voting rights are controlled within the group headed by Calisen Limited (formerly Coyote Bidco Limited). This represents a change from the year ended 31 December 2020 when the group was headed by Calisen Group (Holdings) Limited, see note 17 for further details of the changes in ownership. As permitted by FRS 102 33.1A, the Company has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Calisen Limited within which this Company is included, can be obtained from the address given in note 17.

17. Controlling party

At 31 December 2020, the immediate parent Company and ultimate controlling party of Calisen Group (Holdings) Limited (formerly Calisen plc) was KKR Infrastructure II Limited. The registered office address of this Company is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The smallest and largest group in which the results of the Company for the period to 31 December 2020 are consolidated is that headed by Calisen Group (Holdings) Limited. The consolidated financial statements of this group are available to the public and may be obtained from 5th Floor, 1 Marsden Street, Manchester, M2 1HW.

In March 2021, Calisen Group (Holdings) Limited was acquired by Calisen Limited, a newly incorporated Company, formed on behalf of, and which is indirectly owned by, a consortium consisting of (i) GEPIF (an energy and infrastructure fund managed by BlackRock Alternatives Management LLC, which is an indirect wholly-owned subsidiary of BlackRock, Inc.), together with its co-investor Ninteenth (an indirectly wholly-owned subsidiary of Mubadala); and (ii) Goldman Sachs Asset Management. Calisen Limited is ultimately indirectly owned by GEPIF, Mubadala and Goldman Sachs Asset Management in the following proportions: (a) GEPIF owns 46.84 per cent.; (b) Mubadala owns 16.98 per cent.; and (c) Goldman Sachs Asset Management owns 36.18 per cent. The ultimate controlling party of Calisen Limited is GEPIF III Coyote Topco I Limited, the address of which is 44 Esplanade, St Helier, Jersey, JE4 9WG. The smallest group in which the results of the Company for the period to 31 December 2021 are consolidated is that headed by Calisen Group (Holdings) Limited and the largest group is that headed by Calisen Limited; the consolidated financial statements of both groups are available to the public and may be obtained from 5th Floor, 1 Marsden Street, Manchester, M2 1HW.