UK ENERGY PARTNERS LIMITED

Report and financial statements
Year ended 30 June 2022

Registered number 07364765

Contents

DIRECTORS' REPORT

The Directors present their report on the affairs of the company together with the audited accounts and the independent auditor's report for the year ended 30 June 2022.

Principal activity

The principal activities of UK Energy Partners Limited (the "Company") are:

- the design and implementation of energy efficient buildings and energy conservation measures; and
- the principal contractor for the construction and delivery of Net Zero buildings; energy positive buildings manufactured by the sister company Net Zero Buildings Limited.

The Company is an established project manager, contractor and low-carbon consultant covering operations, upgrades, and new build designs to achieve efficient energy use in buildings. The Company's Operations, Upgrade, and Design services have been used by hundreds of schools in both the public and private sectors; over the next twenty years these will realise millions of pounds of energy cost savings and reduce these schools' carbon emissions by tens of thousands of tonnes.

Business review

During the year the Company was contracted to build two energy efficient buildings. These buildings both reached practical completion in August 2022.

On 30 June 2021, the Company's previous ultimate parent undertaking, Net Zero Buildings Holding Limited, was acquired by Premier Modular Finance Limited. At the time of acquisition, Premier Modular Finance Limited was under common control of the General Partner of Cabot Square Capital's private equity fund CS Capital Partners V, LP.

During the year, the Company's parent group structure remained unchanged, and the Company continued to report to 30 June under Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

Premier Modular Finance Limited is an intermediate holding company within the Premier Modular group, one of the UK's leading offsite construction specialists. The consolidation creates one of the strongest groups in the fast-growing offsite sector. The Company remains part of the NetZero Buildings group which specialises in the design, manufacture and delivery of some of the UK's most energy-efficient school buildings.

The combination provides synergies and potential for collaboration between both legacy groups offering new routes to market for the NetZero Buildings group and the opportunity to deliver its innovative building solutions to new customer segments in addition to its strong presence in the education sector.

Results and dividends and future developments

The profit before tax for the year amounts to £20,000 (18 months ended 30 Jun 2021: loss before tax £338,000).

No dividends were paid or declared in the current year or previous period.

No significant business developments are anticipated in the foreseeable future.

Subsequent events

There have been no significant events affecting the Company since the end of the year.

Principal risks and uncertainties

Details of the principal risks and uncertainties faced by the Company and its group are set out in the consolidated report and financial statements of Premier Modular Holdings Ltd, the ultimate parent undertaking.

Directors' and Officers' liability insurance

The group maintains Directors' and Officers' liability insurance for the benefit of its directors. Such insurance was in place throughout the year and remains in place at the date of this Report. The cost of this insurance is met by another group company

DIRECTORS' REPORT *(Continued)*

Going concern

As described in note 2.2 the Company had net assets of £43,000 (30 Jun 2021: £187,000) and net current assets of £39,000 (30 Jun 2021: £16,000) at 30 June 2021.

The directors have undertaken a going concern review, considering the Company's, and its wider group's performance, position, future prospects and principal risks, including macro factors such as the continuing impact of the COVID-19 and the conflict in the Ukraine which affect the group's supply chain and costs.

The directors have reviewed the Company's and Group's most recent financial forecasts which incorporate the actual results of the 9 months to March 2023 which show the business is now consistently generating a positive monthly EBITDA with a reduced cost base and is forecast to modestly grow from a sustainable position. The directors have also applied a number adverse sensitivities to their base case forecast and the results of those forecasts provide confidence that the Company and Group have adequate resources to remain cash positive beyond the next twelve months, albeit if growth is slower than expected, the directors would expect to increase overheads at a slower rate than otherwise planned.

Following this review, the directors have a reasonable expectation that the Company has adequate resources to continue for the foreseeable future and to service its liabilities as they fall due and therefore the Company continues to adopt the going concern basis and has drawn up its financial statements accordingly.

Directors

The directors who served during the year and subsequently were as follows:

K Maddin
J Page
D Allison
C Glover
D Harris
J Crosby (Resigned 18 April 2022)

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Auditor

The auditor, BDO LLP, have expressed their willingness to be reappointed in accordance with section 485 of the Companies Act 2006.

Strategic report

The Directors have taken advantage of the exemptions allowed under Section 414B of the Companies Act 2006 and have not prepared a Strategic Report.

This report was approved by the board on 28 July 2023 and signed on its behalf.

C Glover - *Director*

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 "Reduced Disclosure Framework". 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK ENERGY PARTNERS LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2022 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.

We have audited the financial statements of UK Energy Partners Limited (the 'Company') for the year ended 30 June 2022, which comprise the Income Statement, the Statement of financial position, the Statement of Changes in Equity and notes to the financial statements, 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 Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK ENERGY PARTNERS LIMITED *(continued)*

Other Companies Act 2006 reporting

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

- the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

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 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; or
- the Directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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.

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

- we gained an understanding using our general commercial and sector experience and through discussion with the Directors and other senior management of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud;
- we enquired of management and the Directors as to their identification of any non-compliance with laws or regulations, or any actual or potential claims;
- we performed our own checks of compliance with relevant areas identified which included financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, health & safety and anti-money laundering;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK ENERGY PARTNERS LIMITED *(continued)*

Extent to which the audit was capable of detecting irregularities, including fraud (continued)

- we communicated identified laws and regulations and potential fraud risks throughout our team and remained alert to any indications of non-compliance or fraud throughout the audit;
- we agreed the financial statement disclosures to underlying supporting documentation to assess compliance with those laws and regulations having an impact on the financial statements;
- we reviewed Board meeting minutes and enquired of the Directors and management as to the risks of non-compliance and any instances thereof;
- we challenged assumptions and judgements made by management in their significant accounting estimates;
- in relation to the risk of management override of internal controls, we undertook procedures to review journal entries processed during and subsequent to the period end and evaluated whether there was a risk of material misstatement due to fraud; and
- we designed audit procedures to respond to the risk, recognising that 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.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

DocuSigned by:
Geraint Jones
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Geraint Jones (Senior Statutory Auditor)

for and on behalf of

BDO LLP, Statutory Auditor

London, UK

Date: 28 July 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registration number OC305127).

INCOME STATEMENT
for the year ended 30 June 2022

	Note	**Year ended 30 Jun 2022 £'000**	18 months ended 30 Jun 2021 £'000
Turnover		**1,639**	436
Cost of sales		**(1,412)**	(567)
Gross profit/(loss)		**227**	(131)
Administrative expenses		**(207)**	(205)
Operating profit/loss		**20**	(336)
Finance costs		**-**	(2)
Profit/(loss) on ordinary activities before taxation	3	**20**	(338)
Tax on profit/(loss) for the financial year/period	5	(164)	-
Loss for the financial year/period		**(144)**	(338)

The Company has no other comprehensive income/expenses other than the loss for the financial year/period. As such no Statement of Other Comprehensive Income is presented.

All results arise from continuing activities.

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

Registered no: 07364765

at 30 June 2022

	Note	30 Jun 2022 £'000	30 Jun 2021 £'000
Non-current assets			
Tangible fixed assets	6	**4**	7
Other receivables: due after 1 year	7	**-**	164
		4	171
Current assets			
Trade and other receivables: due within 1 year	7	**440**	116
Cash at bank and in hand	8	**2**	10
		442	126
Current liabilities			
Trade and other payables	9	**(403)**	(110)
Net current assets		**39**	16
Total assets less current liabilities		**43**	187
Equity			
Called up share capital	11	**407**	407
Other reserves	12	**922**	922
Retained earnings	12	**(1,286)**	(1,142)
Total equity attributable to owners of the Company		**43**	187

These financial statements were approved by the board of directors on 28 July 2023 and were signed on its behalf by:

C Glover
Director

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
at 30 June 2022

	Share capital £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance as at 1 Jan 2020	407	586	(804)	**189**
Capital contribution from parent undertaking	-	336	-	**336**
Loss for the financial year	-	-	(338)	**(338)**
Balance as at 30 Jun 2021	407	922	(1,142)	**187**
Loss for the financial year	-	-	(144)	**(144)**
Balance as at 30 June 2022	407	922	(1,286)	**43**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 General information

UK Energy Partners Limited is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales. The registered number is 07364765 and the registered office address is Zero1, Wilbraham Road, Six Mile Bottom, Cambridgeshire, CB8 0UW.

2 Accounting policies

These financial statements are prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006. The presentation currency used is sterling and amounts have been presented in round thousands ("£'000s").

The Company's ultimate parent undertaking, Premier Modular Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Premier Modular Holdings Limited are prepared in accordance with International Financial Reporting Standards and are filed with, and available from, the Register of Companies.

The following principal accounting policies have been applied in the current and previous financial period:

In these financial statements, the Company has taken advantage of the following disclosure exemptions available under FRS 101:

- the requirements of IAS 7 'Statement of Cash Flows;
- comparative period reconciliations for share capital and tangible fixed assets;
- a statement of compliance with IFRS (a statement of compliance with FRS 101 is provided instead);
- the requirements of IAS 24 for disclosures in respect of Related Parties;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of Key Management Personnel;
- certain disclosures required under IFRS 15 Revenue from Contracts with Customers, including disaggregation of revenue, details of changes in contract assets and liabilities, and details of incomplete performance obligations;
- IFRS 7 Financial Instruments: Disclosures;
- paragraphs 91 to 99 of IFRS 13, 'Fair value measurement', (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities); and
- IAS 1 Presentation of financial statements: 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements); and 40A-D (requirements for a third statement of financial position).

The Company proposes to continue to adopt the accounting policies set out below and the reduced disclosure framework of FRS 101 in its next financial statements.

2.1 Use of estimates and judgements

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

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

2.1 Use of estimates and judgements *(continued)*

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Areas where estimates and judgement are applied by management in applying accounting policies are set out below.

Revenue from contracts with customers

The following are the critical judgements and estimates in applying accounting policies that the Directors have made in the process of applying IFRS 15 Revenue from Contracts with Customers and that have the most significant effect on the amounts recognised in the financial statements.

Estimates in determining the recognition of revenue on construction contracts over time – construction contract revenue is recognised in accordance with the stage of completion of the contract where the contract's outcome can be estimated reliably.

The principal method used to recognise the stage of completion of a contract is an in-house or external survey of the work performed and costs to complete.

There is a judgment involved in identifying the performance obligations in a contract and allocation of the transaction price. Management estimate the stand-alone selling price at contract inception based on observable prices of the services rendered in similar circumstances to similar customers. Transaction price is allocated to performance obligations based on their relative stand-alone selling prices.

Deferred tax asset

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain.

The Company recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Assessing the recoverability of deferred tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the reporting date could be impacted.

2.2 Going concern

The Company had net assets of £43,000 (30 Jun 2021: £187,000) and net current assets of £39,000 (30 Jun 2021: £16,000) at 30 June 2021.

The directors have undertaken a going concern review, considering the Company's, and its wider group's performance, position, future prospects and principal risks, including macro factors such as the continuing impact of the COVID-19 and the conflict in the Ukraine which affect the group's supply chain and costs.

The directors have reviewed the Company's and Group's most recent financial forecasts which incorporate the actual results of the 9 months to March 2023 which show the business is now consistently generation a positive monthly EBITDA with a reduced cost base and is forecast to modestly grow from a sustainable position. The directors have also applied a number adverse sensitivities to their base case forecast and the results of those forecasts provide confidence that the Company and Group have adequate resources to remain cash positive beyond the next twelve months, albeit if growth is slower than expected, the directors would expect to increase overheads at a slower rate than otherwise planned.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

2.2 Going concern *(continued)*

Following this review, the directors have a reasonable expectation that the Company has adequate resources to continue for the foreseeable future and to service its liabilities as they fall due and therefore the Company continues to adopt the going concern basis and has drawn up its financial statements accordingly.

2.3 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

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.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

2.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of accumulated depreciation.

Depreciation is provided on all tangible fixed assets, on rates calculated to write off the cost less the estimated residual value, of each asset on a straight line basis over its estimated useful economic life as follows:

Computer equipment	- 3 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

2.5 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Income statement in the periods during which services are rendered by employees.

2.6 Taxation

Tax on the result for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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

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 following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business Combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

2.7 Turnover

Turnover represents the amounts (net of VAT and trade discounts) receivable from the provisions of goods and services to the customer during the year. All turnover arises within the United Kingdom.

IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive '5 step' framework for determining whether, how much and when revenue is recognised. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Under IFRS 15, revenue is recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion of the usage of the projects, and there are no unfulfilled obligation which could affect the customers' acceptance of the products and when the entity has a present right to payment for the asset. Delivery occurs when the products are delivered to a specific location and erected at that location, the risks have been transferred and the customer has accepted the products in accordance with the sales agreement.

A receivable is recognised when control transfers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Where the sale of goods requires installation/erection, control is transferred to the customer over a period of time. Revenue is recognised as work progresses using an output method in accordance with agreed-upon contractual terms. The amount of revenue and corresponding receivable are recognised based on surveys/milestones, as per the contract, performed by the Company and by the customer.

Where surveys/milestones reached indicate that revenue is to be recognised but has not been invoiced, an accrued receivable is recognised.

No element of financing is deemed present as the sales are typically made with a credit term of 30 days from invoice date, which is consistent with market practice. The company's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.

Contract Revenue

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. Any expected loss on a contract is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

IFRS 15 Revenue from contracts with customers *(continued)*

Contract revenue is billed as work progresses using an output method in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., biweekly or monthly) or upon achievement of contractual milestones.

The recognised amount includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred using the input method per the standard.

Contract assets and contract liabilities

The timing of revenue recognition, billings and cash collections results in billed, accounts receivable unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) on the Balance Sheet.

For contract revenue, amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., biweekly or monthly) or upon achievement of contractual milestones.

Generally, billing occurs subsequent to revenue recognition, resulting in contract assets. However, we sometimes receive advances or deposits from our customers, particularly on our larger and longer-term contracts, before revenue is recognized, resulting in contract liabilities.

Construction work in progress is presented as part of trade and other receivables in the statement of financial position. If payments received from customers exceed the revenue recognised, then the difference is presented as deferred income within trade and other payables.

Contracts with customer are also accounted for under IFRS 15 and are billed as work progresses using an output method in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., biweekly or monthly) or upon achievement of contractual milestones. The recognised amount includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

2.8 Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI (fair value through other comprehensive income) and FVTPL (fair value through profit or loss). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

The company does not apply hedge accounting.

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 Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

2.8 Classification and measurement of financial assets and financial liabilities *(continued)*

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.

The Company's trade receivables 'contractual cash flows' consists solely of principal and interest and the business model remains that of 'hold to collect'. Trade receivables continue to be held at amortised cost. The company doesn't hold debt or equity securities or investments in subsidiaries.

2.9 Impairment excluding stocks, and deferred tax assets

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2.10 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

3 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:	**Year ended 30 Jun 2022 £'000**	18 months ended 30 Jun 2021 £'000
Depreciation of tangible fixed assets (note 6)	**3**	3
Auditor's remuneration:		
Audit of these financial statements	**-**	9
	3	12

The auditor's remuneration is borne by Net Zero Buildings Limited, another group undertaking. The above amounts are applicable to the Company. In the current year no recharge was made to the Company.

4 Staff numbers and costs

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

Number of employees:	**Year ended 30 Jun 2022 No.**	18 months ended 30 Jun 2021 No.
Directors	**5**	3
Development and administration staff	**5**	11
	10	14

The aggregate payroll costs of these persons were as follows:	**Year ended 30 Jun 2022 £'000**	18 months ended 30 Jun 2021 £'000
Wages and salaries	**174**	841
Social security costs	**19**	92
Other pension costs	**3**	14
	196	947

A defined contribution pension scheme is operated by the company on behalf of the employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company.

Staff costs incurred have been recharged to other group companies where the Company's staff were working on construction contracts or administrative matters belonging to those other group companies.

The directors received no emoluments for their services to the Company in the current period or previous year.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

5 Taxation

Amounts recognised in the profit and loss account:	**Year ended 30 Jun 2022 £'000**	18 months ended 30 Jun 2021 £'000
UK Corporation tax		
Current tax on loss for the year/period	-	-
Deferred tax charge/(credit) (see note 10)	164	-
Total tax charge/(credit) for the year/period	**164**	-

Factors affecting the tax charge/(credit) for the year/period:

The tax charge/(credit) for the year/period is different to the standard rate of corporation tax in the UK of 19% (18 months ended 30 Jun 2021: 19%). The differences are explained as follows:

	Year ended 30 Jun 2022 £'000	18 months ended 30 Jun 2021 £'000
Profit/(loss) before tax	**20**	(338)
Loss multiplied by the standard rate of corporation tax in the UK of 19%	**4**	(64)
Effects of		
Reversal of previously recognised deferred tax asset (see note 10)	**164**	-
Potential deferred tax asset not recognised	-	64
Other tax differences	**(4)**	-
Total income tax charge/(credit) for the year/period	**164**	-

6 Tangible fixed assets

	Computer equipment £'000	**Total £'000**
Cost		
At 1 Jul 2021	10	**10**
Additions in the period	-	-
At 30 June 2022	10	**10**
Depreciation		
At 1 Jul 2021	3	**3**
Charge for the period	3	**3**
At 30 June 2022	6	**6**
Net book value		
At 30 Jun 2022	4	**4**
At 30Jun 2021	7	**7**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

7 Trade and other receivables

	30 Jun 2022 £'000	30 Jun 2021 £'000
Due after 1 year		
Deferred tax asset	**-**	164
Due within 1 year		
Amounts owed by group undertakings	**8**	-
Trade receivables	**214**	51
Other receivables	**218**	65
	440	116

8 Cash and cash equivalents

	30 Jun 2022 £'000	30 Jun 2021 £'000
Cash at bank and in hand	**2**	10

9 Trade and other payables

	30 Jun 2022 £'000	30 Jun 2021 £'000
Amounts owed to group undertakings	**-**	10
Other tax and social security	**166**	72
Other payables	**237**	28
	403	110

10 Deferred tax

	Deferred tax £'000
Deferred tax asset recognised at 1 July 2021	**164**
Charged to profit and loss	**(164)**
Deferred tax asset recognised at 30 June 2022	**-**

The recognised deferred tax balance is made up as follows:	**30 Jun 2022 £'000**	30 Jun 2021 £'000
Tax losses carried forward	**-**	164

Having assessed the future forecast profits of the Company and group, the directors believe due to uncertainty of the timing of future taxable profits it reasonable to recognise no deferred tax asset as at 30 June 2022 (2021: £164,000). As a result there are unrecognised tax losses carried forward of £1,171,000 (30 Jun 2021: £548,000).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

11 Called up share capital

Allotted, called-up and fully paid	**30 Jun 2022**	30 Jun 2021
	£'000	£'000
40,710,000 (2019: - 40,710,000) Ordinary shares of £0.01 each	**407**	407

12 Reserves

Other reserves

Other reserves is a capital contribution reserve. This relates to inter-group loans that have no set date for repayment, will not be called in the foreseeable future and carry no interest rate. As such these loans have been presented within equity.

Retained earnings

Retained earnings includes all current and prior period retained profits and losses less distributions.

13 Commitments under operating leases

The Company had no commitments under the non-cancellable operating leases as at the reporting date.

14 Ultimate parent company and controlling party

The immediate parent undertaking of the Company is Net Zero Buildings Finance Limited.

The ultimate parent undertaking of the Company is Premier Modular Holdings Limited.

The ultimate controlling party is Mr. John Van Deventer by virtue of his ultimate control of the General Partner of CS Capital Partners V, LP.