Registered number 07479219

Etihad Topco Limited
Annual report and financial statements
for the year ended 30 April 2023

Etihad Topco Limited

Annual report and financial statements
for the year ended 30 April 2023

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Etihad Topco Limited

Directors and advisers

Directors
Paul Doherty
Paul Dollman
Lee Hull
Georgina Lord
Jonathan Perkins
Ken Stannard
Eric Geoffrey Unwin
Geraldine Wilson
Vitruvian Directors I Limited
Vitruvian Directors II Limited

Secretary
Gillian Hill

Registered office
No. 1 Dovecote
Old Hall Road
Sale
M33 2GS

Bankers
Lloyds
53 King Street
Manchester
M2 4LQ

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
No. 1 Spinningfields
1 Hardman Square
Manchester
M3 3EB

Strategic report

The directors present their Strategic report for the year ended 30 April 2023. In preparing this Strategic report, the directors have complied with s414C of the Companies Act 2006. This Strategic report has been prepared for the group as a whole and therefore gives greater emphasis to those matters which are significant to Etihad Topco group and its subsidiary undertakings when viewed as a whole.

Principal activities

The principal activity of the company is that of a holding company; the principal activity of the group is the provision of essential services including communication, utilities and financial services to the SME market in the United Kingdom.

Review of the business and Key Performance Indicators (KPIs)

The main financial KPIs used by the directors in assessing performance are revenue, operating profit, Earnings before Interest, Tax, Depreciation and Amortisation 'EBITDA', and 'Adjusted EBITDA', which is calculated by adding back certain exceptional non-recurring items, as set out below:

	Group Year ended 30 April 2023 £'000	Group Year ended 30 April 2022 £'000	**Change £'000**	**Change %**
Revenue	**232,565**	192,483	40,082	21%
Operating (loss)/profit	**(12,577)**	7,221	(19,798)	(274%)
Amortisation of intangible assets	**9,097**	8,176		
Depreciation of property, plant and equipment	**2,680**	2,678		
EBITDA	**(800)**	18,075	(18,875)	(104%)
EBITDA %	**(0.3%)**	9.4%		
Exceptional restructuring and remuneration costs	**576**	-		
Exceptional Covid-19 bad debt and accrued income provisions	**22,965**	4,500		
Exceptional Renewable Obligation mutualisation costs	**-**	182		
Exceptional consultancy, advisor and relocation expenses	**2,716**	3,364		
Adjusted EBITDA	**25,457**	26,121	(664)	(2%)
Adjusted EBITDA %	**10.9%**	13.6%		

Group revenue for the year is £232,565,000, an increase of £40,082,000 (21%) on the prior year, primarily due sustained increases in electricity and gas prices.

The group has reported an operating loss of £12,577,000 for the year, a decrease of £19,798,000 (274%) on the prior year. EBITDA has decreased by £18,875,000 (104%) from £18,075,000 to a negative position of £800,000. The group claimed £nil under the Coronavirus Job Retention Scheme (CJRS) during the year ended 30 April 2023 (2022: £5,000), the credits for which have been offset against the related staff costs.

During 2023, the group incurred exceptional costs including £22,965,000 bad debt charges in relation to legacy issues caused by the impact of the Covid-19 pandemic, £2,716,000 relating to professional advisor fees on non-recurring projects, and £576,000 in exceptional salary and restructuring costs.

During 2022, the group incurred exceptional costs including £4,500,000 bad debt charges in relation to the ongoing impact of the Covid-19 pandemic, £182,000 mutualisation charges in relation to the group's share of Renewable Obligation liabilities for failed electricity suppliers in relation to the delivery year 2020/21, and £3,364,000 relating to professional advisor fees on non-recurring projects.

After adjusting for these costs, Adjusted EBITDA for 2023 has decreased by £664,000 (2%) from the prior year.

Strategic report (continued)

Review of the business and Key Performance Indicators (KPIs) (continued)

Cash generated by operations, before interest and tax payments, was £13,996,000 representing 55% of Adjusted EBITDA (2022: £4,831,000, 18% of Adjusted EBITDA).

After net finance costs of £33,527,000 (2022: £23,015,000) and a taxation credit of £2,750,000 (2022: taxation charge of £26,000), the loss for the year of £43,354,000 (2022: loss for the year of £15,820,000) has been deducted from reserves.

The group's net liabilities increased from £86,101,000 at 30 April 2022 to £129,482,000 due to the loss reported for the year.

Other key performance indicators

The main non-financial KPI monitored by the directors is the total number of individual services supplied to customers; the total number of services has decreased by 2.6% from 346,000 at 30 April 2022 to 337,000 at 30 April 2023.

Principal risks and uncertainties

The directors have fully considered all known risks and uncertainties which may affect the group and company in the future. The primary business risks are as follows:

1. Changes in the regulatory environment;
2. Impact of gas and electricity market prices on customer demand and solvency; and
3. The impact of macro-economic factors such as inflation and inflation on customer business failures.

The directors' report sets out the directors' considerations of these business risks and the impact on the group's operations. The group maintains working relationships with relevant industry regulators in order to anticipate and respond to changes and mitigate the impact upon group results. The commercial offerings of the group across all services are also regularly reviewed to ensure that they remain competitive in the marketplace and good value to customers. Whilst increases in gas and electricity wholesale prices may adversely impact customer volumetric usage, there is no such effect on fixed charges, and in the event of a specific customer insolvency, utility supplies switch to the landlord or new tenant, which reduces the exposure of the group.

Financial risk management objectives and policies

The group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Credit risk

The group's principal financial assets are cash and trade receivables; credit risk for the group is primarily attributable to trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful amounts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The group has no significant concentration of credit risk with regards to trade receivables, as exposure is spread over a large number of customers. The credit risk on cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Cash flow risk

The group is exposed to cash flow risk on senior debt where interest charges are linked to SONIA; this exposure is monitored, alongside the pricing of instruments such as interest rate swaps which may be utilised to reduce the risk. There were no interest rate swaps in place at 30 April 2023 or 30 April 2022.

Strategic report (continued)

Liquidity risk

In order to maintain liquidity, and to ensure that sufficient funds are available for ongoing operation and future developments, the group uses a mixture of long-term and short-term debt finance.

Future developments

The group and company research customer requirements to ensure the ongoing development of future products, and use the latest technology available to assist with the smooth running of their activities. The directors anticipate current levels of trading performance to continue for the foreseeable future.

Directors' statement of compliance with Companies Act 2006 Section 172(1)

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, including our customers, suppliers, regulators, the environment, and the communities in which we operate, when making decisions. Acting in good faith and fairly between members, the Directors consider what is most likely to promote the success of the Company for its members in the long-term.

The Directors will sometimes engage directly with certain stakeholders on specific issues, but the number and variety of stakeholder interests is such that often engagement is undertaken at an operational level by the Senior Management Team. The Board considers and discusses operational information from across the group in order to understand the impact of operations, and the interests and opinions of stakeholders. The Board also reviews strategy, operational and financial performance, in addition to key risks, and legal and regulatory compliance. This information is provided to the Board in information packs circulated to the Board in advance of each meeting, and by presentation from members of the Senior Management Team.

As a result of the above actions, the Board has an overview of engagement with stakeholders and other relevant information, which enables the directors to comply with their legal duty under section 172 of the Companies Act 2006.

Approved by the Board of Directors and signed by its order by

Gillian Hill
Company Secretary
31 October 2023
No. 1 Dovecote
Old Hall Road
Sale
M33 2GS

Directors' report

The directors present their report and the audited consolidated and company financial statements for the year ended 30 April 2023.

Principal activities

The principal activity of the company is that of a holding company; the principal activity of the group is the provision of essential services including communication, utilities and financial services to the SME market in the United Kingdom.

Results and dividends

The loss for the year amounted to £43,354,000 (2022: loss for the year £15,820,000). No interim dividends have been paid during the year (2022: no interim dividends paid), and no final dividends are proposed (2022: none).

Matters covered in the Strategic report

The Strategic report prepared by the directors contains information relating to the review of the business and key performance indicators used by the directors, in addition to the principal risks and uncertainties, future developments of the group and its financial risk management objectives and policies.

Directors

The directors of the company who were in office during the year and to the date of approving of the financial statements, unless otherwise stated, were as follows:

Paul Doherty
Paul Dollman
Lee Hull
Georgina Lord
Jonathan Perkins
Ken Stannard
Eric Geoffrey Unwin
Geraldine Wilson
Vitruvian Directors I Limited
Vitruvian Directors II Limited

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

Disabled employees

The group and company give full consideration to applications for employment from disabled persons where the requirements for the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled it is the group and company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Directors' report (continued)

Employee involvement

The group and company have established a practice of keeping employees informed of matters affecting them as employees and the financial and economic matters affecting the performance of the group and company, and seek the views of employees on matters likely to affect their interests.

Energy use and carbon emissions

The greenhouse gas ('GHG') emissions statement below provides a summary of the group's greenhouse gas (carbon) emissions for the current and previous financial years. It gives a summary of emissions from fuel combustion and the operation of our facilities, including our offices and company cars (scope 1), and from our purchased electricity use during the year (scope 2).

We have reported on all the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. These sources fall within our own business activities over which we have operational control.

We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), data gathered from our own operations, and emissions factors from UK Government's Conversion Factors for Company Reporting 2019.

GHG emissions	**Year ended 30 April 2023**	**Year ended 30 April 2022**
Emissions from combustion of fuel (scope 1)	161,467 $kgCO_2$	335,000 $kgCO_2$
Emissions from electricity purchased for own use (scope 2)	157,225 $kgCO_2$	131,468 $kgCO_2$
Total emissions	**318,692 $kgCO_2$**	**466,468 $kgCO_2$**
Intensity: Emissions per full time employee (FTE)	**393.9 $kgCO_2$/employee**	**428.0 $kgCO_2$/employee**

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual 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 group financial statements in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law).

Under company law, 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 group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 102 Section 1A have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- 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 group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' report (continued)

Directors' confirmations

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the 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 group's and company's auditors are aware of that information.

Going concern

The group has traded profitably during the period since 30 April 2023; following the challenges of the Covid-19 pandemic, volumetric usage of our customers has broadly returned to pre-pandemic levels across all products. In Autumn 2022, a series of wholesale price shocks led to significant increases in energy prices, which translated to substantial price rises for the group's electricity and gas customers, notably those on deemed rates who were not in fixed-term contracts, and for customers reaching the end of fixed-term contracts and seeking renewals.

The Energy Bills Reduction Scheme ('EBRS') offered some respite through to March 2023, however, the support was insufficient to alleviate the burden faced by our customers amid the developing cost-of-living crisis, and the group experienced a deterioration in cash collection rates and a consequential increase in the risk of bad debt.

The challenging operating environment generated by the sustained higher energy prices had an adverse impact upon the group's forecast liquidity. As detailed in note 2, the group secured a new Senior Facilities Agreement (SFA) on 13 July 2023, which provided additional liquidity and headroom. The group has also taken operational, commercial, and strategic actions to reduce the exposure of the group and its customers to future energy price volatility, and improved credit control timelines and responses to minimise potential bad debt risks.

The wider economic environment remains difficult, with not only higher energy prices, but also inflationary pressures, interest rate rises and staff recruitment challenges impacting upon the default rate for small businesses. Further energy price shocks in Autumn and Winter 2023/24 remain a possibility, despite industry-wide measures to improve energy resilience and stability across the UK; if the group needed to respond to energy price or demand shocks by increasing prices for out of contract customers to an extent that impacted upon affordability, this could adversely affect group cashflows and forecast liquidity. In addition to the potential impact of adverse changes in expectations modelled by management as part of the going concern assessment, management has considered a final severe but plausible downside scenario, being a 32% sustained decrease in absolute cash collections from out of contract energy customers from November 2023 throughout the period to December 2024, which could lead to a breach of the liquidity covenant. As a direct consequence, it is necessary to disclose that there is a material uncertainty over the going concern of the company and group, as future Government support for small business consumers of energy is not guaranteed.

After due consideration of these circumstances, the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence and serve and settle liabilities for a period of at least 12 months from the date of approving these financial statements. Accordingly, the group and company financial statements continue to be prepared on the going concern basis. Further details regarding the adoption of the going concern basis can be found in note 2.

Events after the balance sheet date

The group secured a new Senior Facilities Agreement (SFA) on 13 July 2023, this provided additional liquidity to the company and the wider group. Details of this new facility are provided in note 2.

Etihad Topco Limited

Directors' report (continued)

Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the Board and signed by its order by

G R Hill

Gillian Hill
Company Secretary
31 October 2023
No. 1 Dovecote
Old Hall Road
Sale
M33 2GS

Independent auditors' report to the members of Etihad Topco Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- Etihad Topco Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 30 April 2023 and of the group's and company's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated balance sheet and the Company balance sheet as at 30 April 2023; the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity, the Consolidated cash flow statement, the Company profit and loss account and the Company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the group's and the company's ability to continue as a going concern. The operating environment generated by the sustained higher energy prices has had an adverse impact upon the group's forecast liquidity. This has resulted in a deterioration in cash collection rates and a consequential increase in the risk of bad debt. Management has considered a severe but plausible downside going concern scenario, factoring in a sustained decrease in absolute cash collections from out of contract energy customers from November 2023 throughout the period to December 2024, which could lead to a breach of the liquidity covenant. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the company were unable to continue as a 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.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 April 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for 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.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the laws and regulations set by the utilities and communications industry regulators, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate results and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Identifying and testing journal entries where applicable, in particular any journal entries posted with unusual account combinations;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Challenging assumptions and judgements made by management in their significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Paul Hudson

Paul Hudson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
31 October 2023

Etihad Topco Limited

Consolidated statement of comprehensive income
For the year ended 30 April 2023

	Note	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Revenue	4	**232,565**	192,483
Cost of sales		**(153,006)**	(119,434)
Gross profit		**79,559**	73,049
Administrative expenses		**(65,879)**	(57,782)
Operating profit before exceptional items		**13,680**	15,267
Exceptional items within administrative expenses	5	**(26,257)**	(8,046)
Operating (loss)/profit		**(12,577)**	7,221
Finance income	8	**6**	-
Finance costs	9	**(33,533)**	(23,015)
Net finance costs		**(33,527)**	(23,015)
Loss before tax		**(46,104)**	(15,794)
Tax credit/(charge)	10	**2,750**	(26)
Loss for the year attributable to equity holders of the parent company	5	**(43,354)**	(15,820)
Other comprehensive income (net of tax)		**-**	-
Total comprehensive expense attributable to equity holders of the parent company		**(43,354)**	(15,820)

All amounts included above relate to continuing operations.

Etihad Topco Limited

Consolidated balance sheet
As at 30 April 2023

	Note	2023 £'000	2022 £'000
Non-current assets			
Goodwill	11	**128,782**	128,782
Other intangible assets	12	**9,218**	8,298
Property, plant and equipment	13	**10,580**	11,962
Deferred tax	18	**5,327**	1,523
		153,907	150,565
Current assets			
Trade and other receivables	15	**58,659**	59,660
Current tax receivables		**6,265**	7,167
Cash		**7,173**	20,311
		72,097	87,138
Total assets		**226,004**	237,703
Current liabilities			
Trade and other payables	19	**(50,296)**	(33,356)
Lease liabilities	20	**(1,372)**	(1,002)
Current tax liabilities		**-**	(313)
Borrowings - loan notes	16	**-**	(812)
Provisions	21	**(15)**	(107)
		(51,683)	(35,590)
Non-current liabilities			
Lease liabilities	20	**(7,261)**	(8,113)
Borrowings – PIK notes	16	**(12,900)**	(10,000)
Borrowings - senior loan	16	**(280,773)**	(268,365)
Deferred tax liabilities	18	**(2,140)**	(1,033)
Provisions	21	**(729)**	(703)
		(303,803)	(288,214)
Total liabilities		**(355,486)**	(323,804)
Net liabilities		**(129,482)**	(86,101)
Equity			
Share capital	22	**12**	12
Share premium	22	**2,037**	2,037
Own shares	23	**(18,478)**	(18,451)
Accumulated deficit		**(113,053)**	(69,699)
Total equity		**(129,482)**	(86,101)

The consolidated financial statements of Etihad Topco Limited on pages 12 to 42 were approved by the board of directors and authorised for issue on 31 October 2023. They were signed on its behalf by:

Paul Doherty
Director
Company Registered number 07479219

Etihad Topco Limited

Consolidated statement of changes in equity
For the year ended 30 April 2023

	Note	Share capital £'000	Share premium £'000	Own shares £'000	Accumulated losses £'000	Total equity £'000
At 1 May 2021		**11**	**1,721**	**(18,858)**	**(53,879)**	**(71,005)**
Loss for the year		-	-	-	(15,820)	(15,820)
Total comprehensive expense for the year		**-**	**-**	**-**	**(15,820)**	**(15,820)**
Issue of shares	22	1	316	-	-	317
Transactions with equity holders	23	-	-	407	-	407
Total items recognised directly in equity		**1**	**316**	**407**	**-**	**724**
At 30 April 2022		**12**	**2,037**	**(18,451)**	**(69,699)**	**(86,101)**
Loss for the year		-	-	-	(43,354)	(43,354)
Total comprehensive expense for the year		**-**	**-**	**-**	**(43,354)**	**(43,354)**
Transactions with equity holders	23	-	-	(27)	-	(27)
Total items recognised directly in equity		**-**	**-**	**(27)**	**-**	**(27)**
At 30 April 2023		**12**	**2,037**	**(18,478)**	**(113,053)**	**(129,482)**

Etihad Topco Limited

Consolidated cash flow statement
For the year ended 30 April 2023

	Note	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Net cash used in operating activities	25	**(8,491)**	(20,701)
Investing activities			
Interest received		**6**	-
Payment to acquire other intangible assets		**(10,017)**	(8,938)
Acquisition of non-controlling interest		**-**	(100)
Purchase of property, plant and equipment		**(959)**	(2,979)
Proceeds from the sale of property, plant and equipment		**18**	48
Net cash outflow from investing activities		**(10,952)**	(11,969)
Financing activities			
Drawdown of senior loan		**5,000**	24,970
Repayment of borrowings		**(20)**	-
Issue of loan notes		**2,900**	10,000
Repayment of loan notes		**(712)**	(11,692)
Loan arrangement fees paid		**-**	(150)
Proceeds from issue of shares		**-**	317
Lease payments		**(836)**	(503)
Transactions with equity holders		**(27)**	407
Net cash generated from financing activities		**6,305**	23,349
Net decrease in cash		**(13,138)**	(9,321)
Cash at beginning of year		**20,311**	29,632
Cash at end of year		**7,173**	20,311

Notes to the consolidated financial statements

1 General information

Etihad Topco Limited is a private company, limited by shares, incorporated and domiciled in the United Kingdom under the Companies Act 2006, and registered in England. The address of the registered office is given on page 1. The nature of the group's operations and its principal activities are set out in the Strategic report on pages 2 to 4.

2 Significant accounting policies

Basis of accounting

The consolidated financial statements have been prepared on a going concern basis, under the historic cost convention, and in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The presentational currency of the group is Sterling, which is the functional currency of all companies within the group, rounded to the nearest thousand pounds. There are very few transactions in currencies other than Sterling; any such transactions are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in the Statement of total comprehensive income for the year.

In preparing the financial statements, the directors are required to use certain critical accounting estimates and are required to exercise judgement in the application of accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Further details are provided in note 3.

The principal accounting policies set out in this note have been consistently applied to all the periods presented. There were no new standards, interpretations and amendments, effective for the year ended 30 April 2023, that were relevant to the group or would have a material impact on the group's financial statements.

The following amendments to standards which will be relevant to the group were available for early adoption but have not been applied in these accounts:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current (applicable for annual periods beginning on or after 1 January 2023);
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023); and
- Amendments to IAS 8: Definition of Accounting Estimates (applicable for annual periods beginning on or after 1 January 2023).
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (applicable for annual periods beginning on or after 1 January 2024).
- IFRS S2 Climate-related Disclosures (applicable for annual periods beginning on or after 1 January 2024).
- IFRS 7 Financial Instruments: Disclosures: Amendments regarding supplier finance arrangements (applicable for annual periods beginning on or after 1 January 2024).
- IFRS 16 Leases: Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions (applicable for annual periods beginning on or after 1 January 2024).
- IAS 1 Presentation of Financial Statements: Amendments regarding the disclosure of accounting policies, and Amendments regarding the classification of debt with covenants (both applicable for annual periods beginning on or after 1 January 2024).
- IAS 7 Statement of Cash Flows: Amendments regarding supplier finance arrangements (applicable for annual periods beginning on or after 1 January 2024).

Their adoption is not expected to have a material effect on the accounts. There are no other standards or amendments to standards that are issued but not yet effective that would be expected to have a material impact on the statement of comprehensive income or balance sheet of the group.

Notes to the consolidated financial statements (continued)

2 Significant accounting policies (continued)

Basis of accounting (continued)

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurements date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of consolidation

The group financial statements comprise a consolidation of the company and entities controlled by the company, drawn up to 30 April each year. Control is achieved when the company:

- has power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. All intra-group assets and liabilities, equity, income, expenses and cashflows relating to transactions between members of the group are eliminated on consolidation.

Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the group and company can continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of signing of these financial statements. The Directors have considered the company and the group's business activities and the principal risks and uncertainties in the context of the current operating environment. This includes the possible impact of volatility and sustained high prices in wholesale gas and electricity markets on the company and the wider group, in addition to the effect of wider macroeconomic factors such as inflation and interest rate rises on our customers and the group's own costs and cashflows, and an assessment of the implications for the group's forecast liquidity and banking covenants.

The group secured a new Senior Facilities Agreement (SFA) on 13 July 2023, which provided additional liquidity; the earliest repayment date for any tranche drawn down under the new SFA remains October 2026. The group is required to maintain minimum liquidity levels of £5m throughout the period to 31 December 2023 and £6.25m thereafter, and achieve minimum levels of Pro Forma EBITDA, increasing to £21m for the 12 months ended 31 January 2025; there are no other financial covenant requirements such as leverage.

Due to the nature of the group's operations and the guarantees made by various subsidiary companies under the new SFA, management have relied upon consolidated modelling of the financial results and cash flows through to December 2024 performed by the directors of Etihad Topco Limited.

Notes to the consolidated financial statements (continued)

2 Significant accounting policies (continued)

Going concern (continued)

The group has traded profitably during the period since 30 April 2023; following the challenges of the Covid-19 pandemic, volumetric usage of our customers has broadly returned to pre-pandemic levels across all products, and the group's revenues continue to be offered some protection due to the essential nature of services provided, and have benefitted from the sustained increase in market prices for electricity and gas.

A going concern assessment was developed based on the most recent financial modelling undertaken as part of the recurring budgeting and reforecasting processes; the current forecasts used by the group already reflect the most recent expectation of future energy prices into Winter 2023/24 and beyond, and reflect the interest expenses and cashflows under the updated SFA. Market expectations of inflation and the impact of wider macro-economic conditions upon customer payment default rates and the incidence of business failures has also been reflected in the forecast.

The most important factors within the financial model include estimates of revenues, operating costs, and working capital movements, including the impact of customer receipts and default rates. Downside sensitivities were applied to the model which were formed by internal and external data sources, including a review of the group's current trading levels, the group's growth plans, and the impact of wider macro-economic factors such as energy and input cost inflation and interest rates on the group's customer base.

This data was aggregated to model various scenarios reflecting the potential impact of adverse changes in expectations on the group, and its ability to continue as a going concern, as summarised below:

- Scenario 1: a 1% reduction in customer collections for the first half of the financial year ended 30 April 2024 compared to the current monthly baseline forecast, due to an extended cost of living crisis negatively impacting upon customers' ability to pay. Operational improvements to debt recovery process forecast for that financial year would also be delayed by 12 months, and it is assumed that an 80% bad debt provision would be required for delayed collections.

- Scenario 2: forecast cross-sell improvements are delayed by 12 months throughout the forecast period, reducing the number of additional 'live' services in the year ended 30 April 2024 by 4,000 services, with 5% reduction in cross-sell lives throughout the remainder of the forecast period.

- Scenario 3: £0.3m reduction in monthly gross profit throughout the year-ended 30 April 2024, for example, due to further energy price shocks, although the reduction could apply to any service.

If all three scenarios are applied to the base case model, compounding the overall impact, headroom on the minimum level of Pro Forma EBITDA would range between £3.1m and £7m, and headroom on the minimum liquidity varies from £2.2m to £10.5m throughout the forecast period to January 2025.

The scenarios imply sufficient and prudent levels of liquidity headroom during the period under assessment, particularly when considered against potential future liquidity events the group has not factored into its financial forecasts, such as:

- Sales activities can be curtailed relatively quickly, by reducing both internal sales staff and the use of external brokers and outsourced sales agents to secure new customer contracts. Reducing such sales activities, whilst impacting upon longer-term growth in EBITDA, has an immediate positive impact upon both EBITDA and cashflows due to upfront sales salaries and commissions for contracts which typically have minimum payback periods in excess of 12 months.

- The migration of telecoms customers to fibre could be paused or deferred into future periods, it would also be possible to delay or curtail other areas of discretionary expenditure, particularly those of an investment nature where expected benefits and positive impacts upon cashflow will not be realised until future periods.

Notes to the consolidated financial statements (continued)

2 Significant accounting policies (continued)

Going concern (continued)

The forecast reflects the challenging operating environment that has evolved in response to energy price shocks in late 2022, and the impact on our customers of the cost of living crisis; the directors believe that these downside scenarios are highly unlikely, however, it is noted that there is sufficient time to respond in any such situation, and that the Board would take additional actions such as further reductions in operating costs within their control, and liquidity improvement measures, to further increase headroom.

The wider economic environment remains difficult, with not only higher energy prices, but also inflationary pressures, interest rate rises and staff recruitment challenges impacting upon the default rate for small businesses. Further energy price shocks in Autumn and Winter 2023/24 remain a possibility, despite industry-wide measures to improve energy resilience and stability across the UK if the group needed to respond to energy price or demand shocks by increasing prices for out of contract customers to an extent that impacted upon affordability, this could adversely affect group cashflows and forecast liquidity. In addition to the potential impact of adverse changes in expectations modelled by management as explained above, management has considered a final severe but plausible downside scenario, being a 32% sustained decrease in absolute cash collections from out of contract energy customers from November 2023 throughout the period to December 2024, which could lead to a breach of the liquidity covenant. As a direct consequence, it is necessary to disclose that there is a material uncertainty which casts significant doubt over the ability of the group and company to continue as a going concern, as future Government support for small business consumers of energy is not guaranteed.

After due consideration of these circumstances, the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence and serve and settle liabilities for a period of at least 12 months from the date of approving these financial statements. Accordingly, the group and company financial statements continue to be prepared on the going concern basis. The financial statements do not include the adjustments that would result if the group and company were unable to continue as a going concern.

Further information on the financial position of the group, its financial risk management objectives and its exposure to credit risk and liquidity risk is contained in the Strategic report.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and the equity interest issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred over the net of the fair values at acquisition date of the identifiable assets acquired and the liabilities assumed.

Where consideration payable for business combinations include amounts payable in future periods which are dependent upon certain conditions being met, the amount linked to future conditions is treated as contingent consideration. Where the amounts payable in future periods do not require ongoing service from the vendors, these amounts are included as part of the consideration for the business combination. At the date of acquisition, the directors estimate the expected amount payable, and this amount is included as part of the cost of acquisition. At each subsequent reporting date, the amount payable is reassessed and any change in the initial estimate is recognised in the Statement of comprehensive income.

Where contingent consideration arrangements include a requirement for the vendors to remain in employment with the group after the acquisition, and the contingent consideration would be forfeited if they ceased employment with the group, the amount payable is treated as remuneration for post-acquisition services. At the date of acquisition, the directors estimate the amount payable and this is then spread evenly over the period in which those services are received. At each subsequent reporting date, the amount payable is reassessed and adjustments are made to the charge in the period and the total contingent consideration liability accrued.

Contingent consideration is classified as a level 3 financial instrument in accordance with IFRS 13.

Notes to the consolidated financial statements (continued)

2 Significant accounting policies (continued)

Goodwill

Goodwill is initially recognised and measured as set out above. Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the goodwill. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is only recognised when it can be reliably measured and it is considered probable that the future economic benefits associated with the transaction will flow to the group, normally when collection of the resulting receivable is reasonably assured.

Appropriate adjustments are made where invoices are raised either in advance or in arrears, to ensure that revenue is recognised in the period to which it relates. Fixed line rental charges for communications services are recognised as revenue on a straight-line basis over the period that the services are provided to customers. Variable charges such as call charges are recognised when the related services are delivered. Where new connection activities are distinct performance obligations, revenue is recognised at the point in time that the connection is completed.

Revenue relating to the provision of equipment such as routers or handsets is recognised at the point in time that control passes to the customer. Where payment is not received in full at the time of the sale, such as with equipment provided as part of broadband subscriptions, accrued revenue is recognised for the amount due from the customer that will be recovered over the contract period. Revenue to be recognised is calculated by reference to the relative stand-alone selling price of the equipment.

Where goods and/or services are sold in a bundled transaction, revenue is allocated to the different components of the transaction based on relative fair values, which are determined based on amounts charged by the company on a stand-alone basis, or alternatively, based on comparable pricing arrangements observable in the market.

The recognition of revenue associated with the provision of gas, electricity, water and sewerage services to customers by the group relies on estimates of actual usage where meter readings are not available. These estimates are based on historical usage information, adjusted for known factors such as variations in weather.

In relation to the provision of insurance services, the group does not retain any underwriting risk, and acts as an agent of the underlying insurer. Commission income earned is recognised at the point of policy inception, after accounting for cancellations and clawbacks.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Notes to the consolidated financial statements (continued)

2 Significant accounting policies (continued)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the assets is realised based on tax laws and rates that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill, and may include customer lists and regulatory licences, and are initially recognised at their fair value at the acquisition date, which is regarded as their cost. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Amortisation is charged to administrative expenses on a straight-line basis over the shorter of the customer life and the contractual period for customer contracts, and the shorter of the expected useful life and the licence term for regulatory licences.

Intangible assets acquired separately - customer contracts

Customer contracts acquired as a portfolio are initially measured at fair value. Assumptions are used in estimating the fair value of acquired intangible assets and include management's estimates of revenue and profits to be generated by the acquired contracts. Incremental costs incurred in acquiring individual customer contracts which confer a legal right to receive economic benefit for the duration of the contract are capitalised. Amortisation is charged to administrative expenses on a straight-line basis over the shorter of the customer life and the contractual period.

Intangible assets acquired separately – software licences

Software licences purchased are initially measured at cost and amortisation is charged to administrative expenses on a straight-line basis over their useful economic lives, which typically do not exceed a period of 4 years.

Notes to the consolidated financial statements (continued)

2 Significant accounting policies (continued)

Internally-generated intangible assets – software development

Expenditure on maintaining computer software programmes is recognised as an expense in the period in which it is incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the group, including internal staff costs, which are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Computer software development costs recognised as intangible assets are amortised over their estimated useful lives, which typically do not exceed a period of 2 years, with all amortisation charged to administrative expenses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Property, plant and equipment

Land and buildings, fixtures and fittings, and motor vehicles are stated in the balance sheet at historical cost, less accumulated depreciation and any impairment losses. Historical cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. On disposal of property, fixtures and fittings or motor vehicles, the difference between the sale proceeds and the net book value at the date of disposal is recorded in the Statement of comprehensive income.

Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method, on the following bases:

Long Leasehold Property	-	over 50 years
Fixtures & Fittings	-	over 4 years
Motor Vehicles	-	over 4 years

Residual values, remaining useful economic lives and depreciation methods are reviewed annually and adjusted prospectively if required.

Impairment of non-current assets (excluding goodwill)

Intangible assets and property, plant and equipment are tested for impairment whenever there is an indication that an asset may be impaired. An impairment loss is recognised in the statement of comprehensive income if the recoverable amount (being the higher of fair value less costs to sell and value in use) of an asset or cash generating unit falls below its carrying value in the balance sheet. Such impairment losses may be reversed in subsequent periods if there is an indication that the impairment loss recognised in prior years may no longer exist or may have decreased.

Financial instruments

Financial assets and financial liabilities are recognised in the group's balance sheet when the group becomes a party to the contractual provisions of the relevant instrument, and derecognised when it ceases to be a party to such provisions.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through the statement of comprehensive income are recognised immediately in profit or loss.

Financial assets

The group classifies its financial assets into the categories, discussed below, due to the purpose for which the asset was acquired.

Notes to the consolidated financial statements (continued)

2 Significant accounting policies (continued)

Receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset.

The group's receivables comprise of trade and other receivables and accrued revenue included within the consolidated balance sheet. Cash and bank balances includes cash held at bank and cash on hand.

Trade receivables are stated at their nominal value as reduced by expected lifetime credit losses in accordance with IFRS 9. The interest that would be recognised from discounting future cash receipts over the credit period is not considered to be material.

Impairment provisions are recognised when there is objective evidence, for example, significant financial difficulties on the part of the counterparty, or default, or significant delay in payment, that the group will be unable to collect all of the amounts due under the terms of the receivable. The amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as equity; ordinary shares issued by the company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Financial liabilities

Borrowings and loan notes are initially recognised at fair value net of any directly attributable transaction costs. These interest-bearing liabilities are subsequently measured at amortised cost using the effective interest method, with the interest expense charged at a constant rate on the outstanding liabilities.

Dividends

Dividends and other distributions to the group's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycles of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value, which is usually the original invoiced amount, and subsequently carried at amortised cost using the effective interest method.

Other financial liabilities, including accruals, deferred consideration and onerous contract provisions, are initially recognised at fair value and subsequently measured at amortised cost.

Notes to the consolidated financial statements (continued)

2 Significant accounting policies (continued)

Provisions

Provisions are recognised when the Group has a present obligation, legal or constructive, as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Share-based payments and share options

Occasionally, selected groups of employees are invited to buy shares of Etihad Topco Limited; in such cases, the shares are issued by Etihad Topco Limited at fair value, for cash consideration. Share options granted to employees are issued by Etihad Topco Limited at fair value at the date of grant. There are no other share-based payment transactions.

Employee benefit trust

The group operates and controls the Universal Utilities Employee Benefit Trust ('EBT'), primarily to acquire shares from individuals leaving employment with the group; the assets and liabilities of the EBT have been included in the group financial statements. The costs of purchasing own shares held by the EBT are shown as a deduction against equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Leases

The group assesses whether a contract is or contains a lease at inception of the contract. Right-of-use assets and lease liabilities are recognised at the lease commencement date, with the exception of short-term leases with terms of less than 12 months, and those for low value assets, all of which are expensed in the income statement on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments at the date of commencement, discounted using the rate of interest implicit in the lease, or if no interest rate is specified, at the group's incremental borrowing rate. The lease liability is subsequently carried at amortised cost, using the effective interest method, and is remeasured, with a corresponding adjustment to the related right-of-use asset when there is a change in future lease payments in case of renegotiation, changes to an index or rate, or in the event of reassessment of options.

At inception, the right-of-use asset comprises the initial lease liability, initial direct costs, and the obligations to refurbish the asset at the end of the lease, less any incentives granted by the lessors. The right-of-use asset is depreciated over the shorter of the lease term or the useful life of the underlying leased asset, and is subject to testing for impairment if there is an indicator of impairment.

Right-of-use assets relate to office properties, and are included within Property, Plant and Equipment within tangible fixed assets, and lease liabilities are included within current and non-current financial liabilities.

Retirement benefits

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Holiday pay

Paid holidays are regarded as an employee benefit and as such are charged to the statement of comprehensive income as the benefits are earned. An accrual is made at each reporting date to reflect the fair value of holidays earned but not yet taken.

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the group. Items that are material either because of their size or their nature, or that are non-recurring, are considered as exceptional items and are presented within the line items to which they best relate.

Notes to the consolidated financial statements (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions.

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.

The following are the critical judgements and estimates that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Goodwill impairment review

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate a present value. These future cash flows will be based on forecasts which are inherently judgemental. Future events could cause the assumptions to change which could have an adverse effect on the future results of the group. Further details are provided in note 11.

Other intangible assets

As set out in note 2, intangible assets acquired in a business combination are capitalised and amortised over their useful lives. Both initial valuations and valuations for subsequent impairment tests are based on risk-adjusted future cash flows discounted using appropriate discount rates. These future cash flows will be based on forecasts which are inherently judgemental. Future events could cause the assumptions to change which could have an adverse effect on the future results of the group.

Revenue recognition

In certain circumstances, when a customer cancels a contract before the agreed end date, the group is entitled to charge a termination fee. Despite the fact that the group is contractually entitled to apply these fees, recoverability of this type of revenue has historically been lower than for other revenue streams.

The directors believe that, based on past performance and collection patterns, they can reliably measure the probable economic benefits that will flow to the group from termination fees, and revenue is recognised to the extent that it is expected to be recovered; however, there is inevitably some variability in the level of recoverability of termination fees, which is taken into account when assessing the initial fair value. Historic data indicates that the variability in recoverability of termination fees within group entities is less than 20%. Should the assumptions on which termination fee revenue is calculated vary by more than 20% then there may be a material impact on reported revenues and profits.

Recoverability of trade receivables

After initial recognition of revenue and associated accounts receivable, the trade receivables are reviewed to estimate the level of provision required for irrecoverable debt. Provisions are made against the portfolio of trade receivables based upon the payment history and credit control status of customer accounts, which is aligned to the management of customer accounts and debt collection processes. Where relevant historical data is available, provisions are made in accordance with these trends; where there are changes to classifications used to manage customer accounts or to the processes applied to facilitate collection, provisions are made based on the expected rates of recovery developed from discussions with external agents, which are consistent with internal business plans approved by the board, and relevant team targets.

Following the Covid-19 pandemic, the level of judgement around recoverability of certain categories of debtors has increased, as previous patterns of performance were not necessarily applicable to businesses recovering from the challenges of operating restrictions and reduced customer demand. Further challenges presented by the energy price shocks in Autumn 2022 have also led to a re-assessment of the extent to which debtor balances at the balance sheet date are expected to be recovered.

Notes to the consolidated financial statements (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Recoverability of trade receivables (continued)

A provision in the range of 5%-10% is made against customer accounts within the early stages of the credit control timeline, where the overdue debt is less than 90 days old, with consideration given to whether the customer still has a live telecom service. The level of provision is increased to a minimum of 25% for all accounts overdue by more than 90 days. For customer accounts that have progressed through internal credit control processes and are pending legal action, provisions range from 50% for customers who still have live services supplied by the group to 75% for customers who no longer have active supplies but have unpaid fees (termination fees or non-payment administration fees). A provision of 100% is made for all accounts where the customer is in liquidation or administration, where a proposal to strike off has been registered at Companies House, or where internal and external recovery processes have been exhausted.

4 Revenue

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Communications	**48,225**	53,621
Utilities	**172,265**	128,592
Financial services	**12,075**	10,270
Total revenue	**232,565**	192,483

All of the group's revenue for the current and prior year arises from continuing operations, namely the rendering of essential services including communication, utilities and financial services within the United Kingdom. There are no discontinued operations.

Notes to the consolidated financial statements (continued)

5 Loss for the year attributable to equity holders of the parent company

Loss for the year has been arrived at after charging/(crediting):

	Year ended 30 April 2023 £'000	**Year ended 30 April 2023 £'000**	Year ended 30 April 2022 £'000	Year ended 30 April 2022 £'000
Staff costs (note 6)		**26,410**		26,708
Amortisation of intangible assets included in administrative expenses (note 12)		**9,097**		8,176
Depreciation of property, plant and equipment (note 13)		**2,680**		2,678
Profit on disposal of property, plant and equipment		**(2)**		(41)
Operating lease rentals and licenses – land and buildings (note 26)		**769**		526
Increase in provision for trade receivables: recurring charges	**15,569**		10,685	
Increase in provision for trade receivables: exceptional costs	**22,965**		4,500	
Increase in provision for trade receivables: total (note 15)		**38,534**		15,185
Exceptional items (including increase in provision for trade receivables £22,965,000 (2022: £4,500,000))		**26,257**		8,046
Auditors' remuneration:				
- for the audit of the parent company and consolidated financial statements		5		5
- for the audit of the company's subsidiaries pursuant to legislation		175		144
Total audit fees		**180**		149
- for covenant compliance reporting		6		6
- for non-audit advisory services		-		-

Exceptional costs incurred during the year ended 30 April 2023 related to bad debt charges of £22,965,000 related to the legacy issues resulting from the Covid-19 pandemic, £576,000 restructuring and remuneration costs, and £2,716,000 relating to professional advisor fees on non-recurring projects.

Exceptional costs incurred during 2022 included a further £4,500,000 bad debt charges in relation to the ongoing impact of the Covid-19 pandemic, £182,000 mutualisation charges in relation to the group's share of Renewable Obligation liabilities for failed electricity suppliers in relation to the delivery year 2020/21, and £3,364,000 for professional advisor fees on non-recurring projects in relation to acquisition and growth opportunities. .

Notes to the consolidated financial statements (continued)

6 Staff costs

The average monthly number of persons (including directors) employed during the year was:

By function	**Year ended 30 April 2023 Number**	Year ended 30 April 2022 Number
Sales staff	**159**	353
Administrative and customer services staff	**566**	582
Management staff	**154**	155
	879	1,090

Their aggregate remuneration comprised:

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Wages and salaries	**27,012**	28,592
Social security costs	**3,245**	3,127
Other pension costs	**850**	588
Total remuneration	**31,107**	32,307
Amounts capitalised in intangible assets	**(4,697)**	(5,599)
Staff costs recognised in profit and loss (note 5)	**26,410**	26,708

Pension costs relate to defined contribution payments to the National Employment Savings Trust (NEST) on behalf of qualifying employees. The group does not operate any other pension schemes.

7 Directors' emoluments

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Directors' fees and emoluments	**1,242**	1,286
Pension costs	**5**	3
	1,247	1,289

During the year retirement benefits were accruing to 4 directors under defined contribution schemes (2022: 4 directors). The aggregate amount of emoluments paid to the highest paid director was £250,000 (2022: £454,000), with employer pension contributions of £1,000 (2022: £1,000).

The directors have been identified as the only key management personnel of the group. Set out below is the aggregate for each of the categories specified in IAS 24 Related Party Disclosures:

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Short-term employee benefits	**1,242**	1,286
Post-employment benefits	**5**	3
	1,247	1,289

Notes to the consolidated financial statements (continued)

8 Finance income

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Other interest receivable	**6**	-
	6	-

All finance income arose on financial assets categorised as receivables.

9 Finance costs

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Interest on borrowings – senior loan	**30,426**	20,086
Amortisation of debt issue costs	**1,446**	1,428
Loan notes and PIK loan	**981**	752
IFRS 16 lease interest costs	**618**	699
Other interest	**12**	-
Total interest costs	**33,483**	22,965
Other finance charges	**50**	50
Total finance costs	**33,533**	23,015

10 Tax (credit)/charge

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Corporation tax:		
Current year	-	(1,892)
Adjustments in respect of prior years	**(889)**	3,204
	(889)	1,312
Deferred tax charge / (credit) in respect of prior years	**836**	(148)
Deferred tax – impact of change in corporation tax rate on opening balances	**(155)**	-
Deferred tax credit in respect of current year (note 18)	**(2,542)**	(1,138)
Tax (credit)/charge	**(2,750)**	26

Notes to the consolidated financial statements (continued)

10 Tax (credit)/charge (continued)

The tax (credit) / charge assessed on the loss before taxation for the year is lower than (2022: tax charge assessed on the loss before taxation for the year is higher than) the average statutory rate of corporation tax in the UK of 19.5% (2022: 19%). The (credit)/charge for the year can be reconciled to the amount recognised in the Statement of total comprehensive income as follows:

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Loss before tax on continuing operations	**(46,104)**	(15,794)
Tax at the UK corporation tax rate of 19.5% (2022: 19%)	**(8,990)**	(3,001)
Adjustments in respect of prior year – current tax	**(889)**	3,204
Adjustments in respect of prior year – deferred tax	**681**	(148)
Tax effect of expenses not deductible	**6,026**	590
Other timing differences	**422**	(619)
Income tax (credit)/charge for the year	**(2,750)**	26

In the 2021 Spring Budget, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25% and this rate is therefore used to measure UK deferred taxes at 30 April 2023.

The corporation tax rate for the year ended 30 April 2023 of 19.5% has been calculated on a blended basis to reflect the change in the corporation tax rate to 25% from 1 April 2023.

11 Goodwill

	£'000
Cost and net book value	
At 1 May 2021	**128,683**
Recognised on acquisition of minority interest	99
At 30 April 2022	**128,782**
At 30 April 2023	**128,782**

On 27 September 2021, the group acquired the remaining minority interest shares in Inspire Group Services Limited for consideration of £99,000.

Goodwill has been allocated to cash generating units ("CGU's") as follows for impairment testing purposes:

	2023 £'000	2022 £'000
Communications	**119,809**	119,809
Gas	**703**	703
Water	**440**	440
Financial services	**7,830**	7,830
	128,782	128,782

'Communications' includes the acquisition of Verastar Limited, and its subsidiaries Clear Business Limited and 118777 Limited, and the acquisition of Business Comms Solution Limited. 'Gas' includes the acquisition of Economy Gas Limited, and 'Water' includes the acquisition of Clear Business Water Limited and Aimera Limited. 'Financial services' includes the acquisition of TBO Holdings Limited and TDO Holdings Limited, and LittleNLarge.com Limited.

Notes to the consolidated financial statements (continued)

11 Goodwill (continued)

The carrying value of the group's goodwill is not subject to annual amortisation and was tested for impairment at 30 April 2023. Key assumptions in the budgets and plans include future revenue, volume and price growth rates, associated future levels of sales and marketing support, cost-base of wholesale supplies, and directly associated overheads. These assumptions are based on historical trends and future market expectations specific to the CGU and the markets in which they operate.

The recoverable amount has been determined on a value-in-use basis on each CGU using the management-approved 5-year plan for each CGU, with growth beyond the forecast period assumed to be no more than the long-term forecast rate of inflation thereafter into perpetuity. These cash flows are then discounted at the group's pre-tax discount rate of 10.8% (2022: 12.80%).

Based on the results of the current year impairment review, no impairment charges have been recognised by the group in the year ended 30 April 2023 (2022: £nil). Management have considered various sensitivity analyses in order to appropriately evaluate the carrying value of goodwill. Having assessed the anticipated future cash flows, the directors do not consider there to be any reasonably possible changes in assumptions that would lead to such an impairment charge in the year ended 30 April 2023.

12 Other intangible assets

	Customer contracts £'000	Software licences and development costs £'000	Regulatory Licenses £'000	Total £'000
Cost				
At 1 May 2021	**42,706**	**17,754**	**249**	**60,709**
Additions	3,059	5,878	1	8,938
At 30 April 2022	**45,765**	**23,632**	**250**	**69,647**
Additions	2,392	7,625	-	10,017
At 30 April 2023	**48,157**	**31,257**	**250**	**79,664**
Accumulated amortisation				
At 1 May 2021	**(39,360)**	**(13,564)**	**(249)**	**(53,173)**
Charge for the year	(3,544)	(4,632)	-	(8,176)
At 30 April 2022	**(42,904)**	**(18,196)**	**(249)**	**(61,349)**
Charge for the year	(2,900)	(6,197)	-	(9,097)
At 30 April 2023	**(45,804)**	**(24,393)**	**(249)**	**(70,446)**
Carrying amount				
At 30 April 2021	3,346	4,190	-	7,536
At 30 April 2022	**2,861**	**5,436**	**1**	**8,298**
At 30 April 2023	**2,353**	**6,864**	**1**	**9,218**

Customer contracts are amortised over the shorter of the estimated customer life, taking into consideration historical levels of customer churn, and the contractual period, which is typically less than 3 years. The amortisation period for software development costs incurred on the group's CRM and billing systems is 2 years. Regulatory licences are amortised over their estimated useful lives, which are not anticipated to exceed 5 years. Amortisation is included within administrative expenses in the Statement of comprehensive income. At 30 April 2023 the weighted average remaining useful economic life of intangible assets was 23 months (30 April 2022: 20 months).

Notes to the consolidated financial statements (continued)

13 Property, plant and equipment

	Long leasehold property £'000	Fixtures & fittings £'000	Motor vehicles £'000	Right-of-use leased assets £'000	Total £'000
Cost					
At 1 May 2021	**657**	**5,164**	**93**	**11,558**	**17,472**
Additions	-	2,979	-	169	3,148
Disposals	-	(552)	(80)	-	(632)
At 30 April 2022	**657**	**7,591**	**13**	**11,727**	**19,988**
Additions	-	959	-	355	1,314
Disposals	-	(1,527)	-	-	(1,527)
At 30 April 2023	**657**	**7,023**	**13**	**12,082**	**19,775**
Accumulated depreciation					
At 1 May 2021	**(149)**	**(2,713)**	**(57)**	**(3,054)**	**(5,973)**
Charge for the year	(16)	(1,661)	(21)	(980)	(2,678)
Eliminated on disposals	-	552	73	-	625
At 30 April 2022	**(165)**	**(3,822)**	**(5)**	**(4,034)**	**(8,026)**
Charge for the year	(16)	(1,835)	(2)	(827)	(2,680)
Eliminated on disposals	-	1,511	-	-	1,511
At 30 April 2023	**(181)**	**(4,146)**	**(7)**	**(4,861)**	**(9,195)**
Carrying amount					
At 30 April 2021	508	2,451	36	8,504	11,499
At 30 April 2022	**492**	**3,769**	**8**	**7,693**	**11,962**
At 30 April 2023	**476**	**2,877**	**6**	**7,221**	**10,580**

Depreciation is included within administrative expenses in the Statement of comprehensive income. 'Right-of-use leased assets' relates entirely to leased office premises.

Notes to the consolidated financial statements (continued)

14 Subsidiaries

The group comprises a parent company, Etihad Topco Limited, incorporated in the United Kingdom, and a number of subsidiary companies held directly and indirectly by Etihad Topco Limited, all of which are incorporated in and operate in the United Kingdom. All of the group's subsidiaries are 100% owned by the group.

A full list of subsidiary companies is provided in note 6 to the company's separate financial statements.

15 Trade and other receivables

	2023 £'000	2022 £'000
Amounts receivable for the rendering of services	**93,210**	65,934
Allowance for doubtful debts	**(61,577)**	(30,571)
	31,633	35,363
Other debtors	**13,682**	13,367
Prepayments	**13,344**	10,930
	58,659	59,660

All trade and other receivables are denominated in Sterling. Trade receivables disclosed above are classified as receivables and are therefore measured at amortised cost. For the majority of services provided by the group, invoices are raised mid-month, and the balances due are collected by direct debit 14 days (10 working days) after the invoice date and before the month-end date. For the minority of customers who do not pay by direct debit, payment is due 14 days after the date of invoice, and as such, the majority of the trade receivables balance at the balance sheet date represents unpaid invoices which are past their due date, and are therefore considered for impairment.

External credit scoring systems are not generally used to assess the credit quality of new communication customers, however, a series of checks are performed internally to identify potential higher-risk customers. Additional services are only extended to existing customers with a minimum history of paying by Direct Debit, or who achieve a minimum credit score with an external agency. The concentration of credit risk is limited due to the customer base being large and unrelated, no individual customer represents more than 1% of the total balance of group trade receivables. The group does not hold any collateral or other credit enhancements over any of its trade receivables, nor does it have a legal right of offset against any amounts owed by the group to the counterparty.

Allowances for doubtful accounts are made based upon the payment history and credit control status of customer accounts, aligned to the management of customer accounts and debt collection processes.

Ageing of past due receivables:

	2023 £'000	2022 £'000
Less than one month past due	**9,121**	3,001
Between one and two months past due	**6,746**	1,819
Between two and three months past due	**6,221**	2,040
Between three and six months past due	**13,090**	5,111
Between six months and one year past due	**18,007**	7,540
More than one year past due	**40,025**	46,423
	93,210	65,934

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value given the short-term nature of trade receivables. Other receivables are not considered to be impaired, and no provisions are made against these balances.

Notes to the consolidated financial statements (continued)

15 Trade and other receivables (continued)

Allowance for doubtful debts

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Allowance for doubtful debts at start of year	**30,571**	30,077
Increase in provision	**38,534**	15,185
Amounts written off	**(7,528)**	(14,691)
Allowance for doubtful debts at end of year	**61,577**	30,571

Should the estimated default rates on which allowances for doubtful accounts are calculated increase by 3.5% across each credit control category, there would be an increase in the level of provision required at 30 April 2023 of £2,369,000 (30 April 2022: increase in the level of provision required £2,127,000).

16 Borrowings

	2023 £'000	2022 £'000
Secured borrowing at amortised cost		
Senior loan - due for settlement after 12 months	**280,773**	268,365
	280,773	268,365

All borrowings are denominated in Sterling. The SFA in place at 30 April 2023 had committed facilities of £269 million, with a further revolving facility of £10 million. £5,981,000 PIK interest on the senior loan has been added to gross borrowings during the year (2022: £1,973,000). The earliest repayment date for any tranche drawn down under that SFA was October 2026. The facility is secured on all assets and future profits of the group, and has an average effective interest rate of 11.5%.

	2023 £'000	2022 £'000
Unsecured loan notes at amortised cost	-	812
Unsecured PIK notes at amortised cost	**12,900**	10,000
	12,900	10,812

Loan notes accrued interest at 9% per annum and are unsecured. The final repayment date was 31 August 2030.

The PIK notes also accrue interest at 9% per annum and are unsecured. The final repayment date is 31 August 2030.

17 Financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the bases for recognition of income and expense for each class of financial asset, financial liability and equity instrument are disclosed in note 2.

Capital risk management

The group's capital structure consists of net debt and total equity. The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders, and to maintain an optimal capital structure to reduce the cost of capital. There were no changes to the group's approach to capital management during the year. The main risk to the group is that its capital structure will not be sufficient to support the growth of the business. There are no externally imposed capital requirements.

Notes to the consolidated financial statements (continued)

17 Financial instruments (continued)

The senior loan facility has a requirement for the group to comply with covenant ratios in relation to leverage, super-senior leverage and minimum liquidity. These covenants are monitored regularly, and the group has met all covenant tests to date.

In order to maintain or adjust the capital structure, the group may use excess cash generated in operations to make additional payments of senior debt or return capital to shareholders.

The group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings excluding unamortised fees, less cash. Total capital is calculated as equity as disclosed in the consolidated balance sheet plus net debt as defined above. The gearing ratios, which are in line with targeted levels, were as follows:

	2023 £'000	2022 £'000
Senior loan	**280,773**	268,365
Loan notes and PIK notes	**12,900**	10,812
Add back unamortised borrowing arrangement fees	**6,132**	7,578
Less cash balances	**(7,173)**	(20,311)
Net debt	**292,632**	266,443
Total equity	**(128,857)**	(86,101)
Total capital	**163,775**	180,342
Gearing ratio	**178.7%**	147.7%

Financial risk management objectives

The group's activities expose it to a variety of financial risks including interest rate risk, liquidity risk and credit risk. The group has no exposure to foreign currency risk as all of the group's borrowings and all sales and purchases are denominated in Sterling.

The group's main objectives in managing financial risks are to ensure sufficient liquidity is available to meet its foreseeable needs, and to invest cash assets safely and profitably. Exposure to these risks is regularly reviewed, and, where appropriate, the directors will take action to minimise the impact of these risks on the business.

The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Interest rate risk

The group is exposed to interest rate risk because entities in the group borrow funds at floating interest rates. The risk is managed by the group maintaining an appropriate mix between fixed and floating rate borrowings, and periodically, the group seeks to amend its available facilities where it is possible to reduce the effective interest rate. The group does not receive interest on cash balances, and receives interest at floating rates on a small number of other debtor balances receivable.

At 30 April 2023 it is estimated that a movement of 0.5 percentage point in interest rates, which represents management's assessment of a reasonably possible change, with all other variables remaining constant, would increase the group's annual interest expense by approximately £1,434,000 (2022: £1,380,000).

Credit risk

Credit risk refers to the risk that a counterparty will default on its obligations resulting in financial loss to the group. The group is exposed to credit risk on financial assets such as cash and bank balances, and trade and other receivables. The group's credit risk is primarily attributable to its trade receivables, as bank balances are held with financial institutions with high quality credit ratings.

Notes to the consolidated financial statements (continued)

17 Financial instruments (continued)

Credit risk (continued)

The amounts recognised in the balance sheet for trade receivables are net of appropriate allowances for doubtful receivables, estimated by the group's management based on prior experience and their assessment of the current economic environment. The exposure is spread across a large number of customers, covering a wide range of industry and service sectors; consequently, the group does not have any significant credit risk exposure to any single counterparty. The carrying amount of financial assets represents the maximum credit exposure at the balance sheet date. See note 15 for further information on trade receivables.

Liquidity risk

Liquidity risk represents the risk that the group will not be able to meet its financial obligations as they fall due. The group manages liquidity risk by maintaining adequate cash reserves, banking facilities, and a revolving credit facility, and by monitoring forecast and actual cash flows on a regular basis. Significant items of capital expenditure and acquisitions require board approval.

The tables below analyse the group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The amounts disclosed in the table are the gross contractual undiscounted cash flows based on the earliest date on which the group can be required to pay.

		Gross cash outflows				2023
	Within one year £'000	Between one and two years £'000	Between two and five years £'000	After five years £'000	Debt issue costs £'000	Carrying value £'000
Floating rate						
Senior loan	-	-	286,905	-	(6,132)	280,773

		Gross cash outflows				2022
	Within one year £'000	Between one and two years £'000	Between two and five years £'000	After five years £'000	Debt issue costs £'000	Carrying value £'000
Floating rate						
Senior loan	-	-	35,000	240,943	(7,578)	268,365

18 Deferred tax

	Deferred tax asset relating to tax losses £'000	Deferred tax liability on intangible assets £'000	Deferred tax liability on tangible assets £'000
At 1 May 2021	-	(796)	-
Credit to consolidated statement of comprehensive income in respect of prior years	148	-	-
Credit/(charge) to consolidated statement of comprehensive income for the current year	1,375	(237)	-
At 30 April 2022	1,523	(1,033)	-
Credit/(charge) to consolidated statement of comprehensive income in respect of prior years	481	(326)	-
Credit/(charge) to consolidated statement of comprehensive income in respect of current year	3,323	(357)	(424)
At 30 April 2023	5,327	(1,716)	(424)

Notes to the consolidated financial statements (continued)

18 Deferred tax (continued)

Amortisation of intangible assets during the forthcoming financial year is anticipated to lead to the unwinding of £858,000 of the deferred tax liability held at 30 April 2023 (2022: £675,000 of the deferred tax liability held at 30 April 2022).

Tax losses arose during the year-ended 30 April 2022 and 30 April 2023 primarily in relation to exceptional charges in relation to bad debt following the Covid-19 pandemic, and non-recurring professional advisor fees. After the completion of planned restructuring during the year-ended 30 April 2024, it is forecast that sufficient taxable profits will be generated to recover the deferred tax asset from the year ended 30 April 2025 onwards, therefore, all of the deferred tax asset is expected to be recovered after more than 12 months (2022: same).

At 30 April 2023 the group had £40,313,000 (30 April 2022: £9,410,000) of interest charges which have been restricted under the Corporate Interest Restriction rules and therefore deemed disallowable for corporation tax purposes. This balance has been carried forward and may be available for offset against future unrestricted interest charges. No deferred tax asset has been recognised in respect of this balance (30 April 2022: none).

The group has taxable losses of £4,359,415 carried forward at 30 April 2023 (2022 - £1,560,211) for which no deferred tax asset has been recognised. These losses may be available to offset against future taxable profits.

19 Trade and other payables

Current liabilities	**2023 £'000**	2022 £'000
Trade payables	**11,436**	5,851
Accruals and deferred income	**31,627**	19,851
Social security and other taxes	**3,275**	2,549
Other payables	**3,958**	5,105
	50,296	33,356

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The group has financial risk management policies in place to ensure that all payables are paid within pre-agreed credit terms. The directors consider that the carrying amount of trade payables approximates to their fair value due to their short-term nature.

20 Lease liabilities

	2023 £'000	2022 £'000
Current	**1,372**	1,002
Non-current	**7,261**	8,113
	8,633	9,115

The cashflows for future lease payments are as follows:

2023	**Within one year £'000**	**Between one and two years £'000**	**Between two and five years £'000**	**After five years £'000**	**Future interest component £'000**	**Carrying value £'000**
Leased office premises	1,372	1,308	3,754	6,797	(4,598)	**8,633**

2022	**Within one year £'000**	**Between one and two years £'000**	**Between two and five years £'000**	**After five years £'000**	**Future interest component £'000**	**Carrying value £'000**
Leased office premises	1,002	1,385	3,898	8,092	(5,262)	**9,115**

Notes to the consolidated financial statements (continued)

20 Lease liabilities (continued)

The group's leases relate to office premises with terms ranging up to 15 years. Leases exceeding 5 years in duration have rent reviews effective from 2024 which are likely to increase the future lease payments, however, rent increases are capped at 4% for the more significant leases.

21 Provisions

	Dilapidations on leased properties £'000
At 1 May 2021	**872**
Increase in provision	7
Utilisation of provision	(69)
At 30 April 2022	**810**
Utilisation of provision	(66)
At 30 April 2023	**744**

	2023 £'000	2022 £'000
Current	**15**	107
Non-current	**729**	703
	744	810

The dilapidations provision represents the directors' best estimate of the group's liability under existing property leases, based on past experience of similar properties and a surveyor's estimate for more significant properties. The non-current element of the provision is expected to be utilised within 10-15 years.

Notes to the consolidated financial statements (continued)

22 Share capital

	30 April 2023 £'000	30 April 2022 £'000
Authorised:		
84,873 preference shares of £0.01 each (2022: 84,873)	**1**	1
950,000 preferred ordinary shares of £0.01 each (2022: 950,000)	**10**	10
191,320 B ordinary shares of £0.01 each (2022: 191,320)	**2**	2
10,000 C ordinary shares of £0.01 each (2022: 10,000)	**-**	-
	13	13

	30 April 2023 £'000	30 April 2022 £'000
Issued, called up and fully-paid:		
84,873 preference shares of £0.01 each (2022: 84,873)	**1**	1
902,525 preferred ordinary shares of £0.01 each (2022: 902,525)	**9**	9
81,951 B ordinary shares of £0.01 each (2022: 81,951)	**1**	1
6,866 C ordinary shares of £0.01 each (2022: 6,866)	**-**	-
Issued, called up and part-paid:		
219 preferred ordinary shares of £0.01 each (2022: 219)	**-**	-
75,883 B ordinary shares of £0.01 each (2022: 75,883)	**1**	1
3,092 C ordinary shares of £0.01 each (2022: 3,092)	**-**	-
	12	12

On 14 February 2022, 788 preferred ordinary shares of £0.01 each were issued at a premium of £217.82; 219 were fully paid and 569 were part-paid. A total of £171,642 was credited to the share premium account in respect of this issue. On the same date, 40,656 B ordinary shares of £0.01 were issued at a premium of £3.47, all of which were part-paid; £141,076 was credited to the share premium account in respect of this issue. A further 3,228 C ordinary shares of £0.01 were also issued at a premium of £0.99 on 14 February 2022, of which 136 were fully paid and the remainder part-paid. A total of £3,196 was credited to the share premium account in respect of this issue. There were no further issues of shares during the year ended 30 April 2023.

Distributions

The holders of preference shares are entitled to payment of profits, or other amounts available for distribution on a winding-up or other return of capital, of amounts equal to their preference share capital, in priority to the payment of any such amounts to the holders of the preferred ordinary shares in respect of the 'preferred capital amount' and/or the 'preferred return', or to holders of the B ordinary shares.

Secondly, the holders of the preferred ordinary shares are entitled to payment of profits, or other amounts available for distribution on a winding-up or other return of capital, of £217.83, the 'preferred capital amount', in respect of each share held, in priority to the payment of any such amounts to the holders of the B ordinary shares or the 'preferred return' detailed below.

Thirdly, the holders of the preferred ordinary shares are entitled to a 'preferred return' of 10 per cent per annum on the outstanding capital plus any previously accrued and compounded amounts, accruing from 18 September 2020 and compounded annually on the anniversary date, in priority to the payment of any such payments to the holders of the B ordinary shares.

Any further amounts available for distribution are to be distributed amongst holders of the preferred ordinary shares and the B ordinary shares pro rata according to the number of shares held by each such holder. Holders of the C ordinary shares are not entitled to receive distributions of any profits or any capital or assets of the company on a winding up or other return of capital available for distribution to the members of the company.

Notes to the consolidated financial statements (continued)

22 Share capital (continued)

Voting rights

On a show of hands, every holder of the preferred ordinary shares and the B ordinary shares present or shall have one vote. On a poll, every member holding preferred ordinary shares and B ordinary shares shall have one vote for every such share.

The preference shares and the C ordinary shares do not entitle the holders to receive notice of or to attend or vote at any general meeting of the company.

23 Own shares

	£'000
At 1 May 2021	**18,858**
Acquired in the year	66
Transferred to employees	(473)
At 30 April 2022	**18,451**
Acquired in the year	27
At 30 April 2023	**18,478**

The own shares reserve represents the cost of shares in Etihad Topco Limited purchased by the Universal Utilities Employee Benefit Trust (the 'Trust') from individual shareholders leaving employment of the group.

At 30 April 2022, the Trust held 84,873 Nil coupon preference shares of £0.01 and 2,271 B ordinary shares of £0.01. During the year ended 30 April 2023, the Trust acquired 14,048 B ordinary shares of £0.01 and 473 C ordinary shares of £0.01 for total consideration and stamp duty of £27,000.

Notes to the consolidated financial statements (continued)

24 Dividends

No interim dividend has been proposed or paid during the year ended 30 April 2023 (2022: none). No final dividends have been proposed (2022: none).

25 Notes to the cash flow statement

Reconciliation of loss for the year to net cash from operating activities:

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Loss for the year	**(43,354)**	(15,820)
Adjustments for:		
Finance income	**(6)**	-
Finance costs	**33,533**	23,015
Tax (credit)/charge	**(2,750)**	26
Depreciation of property, plant and equipment	**2,680**	2,678
Amortisation of intangible assets	**9,097**	8,176
Profit on disposal of property, plant and equipment	**(1)**	(41)
Operating cash (outflow)/inflow before movements in working capital	**(801)**	18,034
Decrease/(increase) in receivables	**1,001**	(17,015)
Increase in payables	**13,796**	3,812
Cash generated by operations	**13,996**	4,831
Taxes recovered/(paid)	**643**	(5,109)
Interest paid	**(23,130)**	(20,423)
Net cash used in operating activities	**(8,491)**	(20,701)

Analysis of changes in net debt

	1 May 2022 £'000	Interest charges £'000	Other non-cash changes £'000	Cashflow £'000	**30 April 2023 £'000**
Cash	20,311	-	-	(13,138)	**7,173**
Loan notes	(10,812)	(980)	1,080	(2,188)	**(12,900)**
Senior loan	(268,365)	(31,922)	1,843	17,671	**(280,773)**
Net debt	**(258,866)**	**(32,902)**	**2,923**	**2,345**	**(286,500)**

	1 May 2021 £'000	Interest charges £'000	Other non-cash changes £'000	Cashflow £'000	**30 April 2022 £'000**
Cash	29,632	-	-	(9,321)	**20,311**
Loan notes	(13,077)	(752)	213	2,804	**(10,812)**
Senior loan	(240,144)	(21,560)	(874)	(5,787)	**(268,365)**
Net debt	**(223,589)**	**(22,312)**	**(661)**	**(12,304)**	**(258,866)**

Notes to the consolidated financial statements (continued)

26 Operating lease arrangements

The group as lessee

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Payments under operating leases recognised as an expense in the year	**769**	526

The payments disclosed above relate only to short-term leases not accounted for under IFRS 16. At 30 April 2023, the group had no outstanding commitments under non-cancellable operating leases (2022: none).

27 Parent undertakings and controlling party

The immediate parent undertaking is Telco SARL, a company incorporated in Luxembourg. The ultimate parent undertaking and controlling party is Vitruvian Partners LLP, a company incorporated in the United Kingdom.

Company profit and loss account for the year ended 30 April 2023

	Note	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Administrative expenses	2	-	(128,881)
Operating result/(loss)	2	-	(128,881)
Change in fair value of investments	6	-	(779)
Interest payable and similar expenses	4	**(981)**	(752)
Loss before taxation		**(981)**	(130,412)
Tax on loss	5	**(53)**	20
Loss for the financial year		**(1,034)**	(130,392)

The loss for the current and prior year arose from the company's continuing operations.

The historical cost results are identical to that disclosed above and therefore no separate note of historical cost profits and losses has been presented.

Company balance sheet as at 30 April 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Investments	6	-	-
Current assets			
Debtors	7	**25,574**	25,547
Cash and cash equivalents		**50**	6,104
		25,624	31,651
Creditors: amounts falling due within one year	8	**(122,423)**	(130,316)
Net current liabilities		**(96,799)**	(98,665)
Total assets less current liabilities		**(96,799)**	(98,665)
Creditors: amounts falling due after more than one year	8	**(12,900)**	(10,000)
Net liabilities		**(109,699)**	(108,665)
Capital and reserves			
Called up share capital	9	**12**	12
Share premium account		**2,037**	2,037
Profit and loss account		**(111,748)**	(110,714)
Total shareholders' deficit		**(109,699)**	(108,665)

The company financial statements of Etihad Topco Limited on pages 43 to 52 were approved by the board of directors and authorised for issue on 31 October 2023. They were signed on its behalf by:

Paul Doherty
Director
Company Registered number 07479219

Etihad Topco Limited

Company statement of changes in equity

For the year ended 30 April 2023

	Note	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
At 1 May 2021		**11**	**1,721**	**19,678**	**21,410**
Loss for the year		-	-	(130,392)	(130,392)
Total comprehensive expense for the year		**-**	**-**	**(130,392)**	**(130,392)**
Issue of shares	9	1	316	-	317
Total items recognised directly in equity		**1**	**316**	**-**	**317**
At 30 April 2022		**12**	**2,037**	**(110,714)**	**(108,665)**
Loss for the year		-	-	(1,034)	(1,034)
Total comprehensive expense for the year		**-**	**-**	**(1,034)**	**(1,034)**
At 30 April 2023		**12**	**2,037**	**(111,748)**	**(109,699)**

Notes to the company financial statements for the year ended 30 April 2023

1 Accounting policies

Etihad Topco Limited is a private company, limited by shares, incorporated and domiciled in the United Kingdom under the Companies Act 2006, and registered in England. The address of the registered office is given on page 1. The company's principal activity is that of a holding company for subsidiaries engaged in the provision of telecommunication, utility and financial services to the SME market in the United Kingdom.

Basis of accounting

The financial statements are prepared under the historic cost convention, and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, and the Companies Act 2006. The presentational and functional currency of the company is Sterling, and all figures presented in these financial statements have been rounded to the nearest thousand pounds. 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.

The company satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the group financial Statements of Etihad Topco Limited, which are included within this Annual Report. The shareholders of the Company were notified of the exemptions to be taken and the shareholders have not objected to the use of the exemptions taken.

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.

Financial reporting standard 102 – reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland':

- The requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- The requirements of Section 7 Statement of Cash Flows;
- The requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- The requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- The requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
- The requirements of Section 33 Related Party Disclosures paragraph 33.7.

Valuation of investments in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

Impairment

Investments are tested for impairment whenever there is an indication that an asset may be impaired. An impairment loss is recognised in the statement of total comprehensive income if the recoverable amount, being the higher of fair value less costs to sell and value in use, of an asset or cash generating unit falls below its carrying value in the balance sheet. Such impairment losses may be reversed in subsequent periods if there is an indication that the impairment loss recognised in prior years may no longer exist or may have decreased.

Cash and cash equivalents

Cash and cash equivalents is represented by deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Financial instruments

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

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

Notes to the company financial statements for the year ended 30 April 2023 (continued)

1 Accounting policies (continued)

Financial instruments (continued)

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Basic financial liabilities, including trade and other creditors and amounts owed to fellow group companies that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

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 an annual general meeting.

Current taxation

The tax expense for the year comprises current tax. Tax is recognised in the income statement, except that a charge 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 at the reporting date.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report, which also describes the financial position of the group, its financial risk management objectives, and its exposure to credit risk and liquidity risk.

The company meets its day to day working capital requirements through cash generated from operating activities, there is no overdraft facility. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should continue to be able to operate using cash generated from operations, and that no additional borrowing facilities will be required.

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future, thus they adopt the going concern basis of accounting in preparing the annual financial statements.

Notes to the company financial statements for the year ended 30 April 2023 (continued)

1 Accounting policies (continued)

Sources of estimation uncertainty

Impairment of investments and intercompany receivables

Determining whether the value of an investment is impaired requires an estimation of the value in use of that investment. The value in use calculation requires the company to estimate the future cash flows expected to arise from the investment and a suitable discount rate in order to calculate a present value. These future cash flows will be based on forecasts which are inherently judgemental. Future events could cause the assumptions to change which could have an adverse effect on the future results of the group.

The directors performed an impairment review at 30 April 2022, taking into consideration the impact of wider economic pressures and high energy prices upon group customers and their cashflows, and their likely default rate. Following this review, an impairment provision of £779,000 was recognised in respect of investments in subsidiaries (note 6) and an impairment provision of £128,979,000 was recognised in respect of amounts owed by subsidiary undertakings (note 7). The directors performed a further impairment review at 30 April 2023 and concluded that no changes to these impairment provisions were necessary.

2 Operating result/(loss)

Operating result/(loss) has been arrived at after charging:

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Provision for impairment of amounts due from subsidiary undertakings	-	128,879

Auditors' remuneration for audit services of £5,000 for the year (2022: £5,000) has been borne by a subsidiary undertaking. All directors of the Company were remunerated by a subsidiary undertaking in the year ended 30 April 2023 and 30 April 2022.

3 Particulars of employees and directors

The company has no employees other than the directors (2022: none). No director received any emoluments for services to the company (2022: none). No retirement benefits accrue to the directors under defined benefit schemes (2022: none). Defined contribution pension benefits accruing to the directors have been borne by a subsidiary undertaking for both the current and preceding financial year.

4 Interest payable and similar expenses

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Interest on loan notes	**33**	523
Interest on PIK notes	**948**	229
Total finance costs	**981**	752

Notes to the company financial statements for the year ended 30 April 2023 (continued)

5 Tax on loss

(a) Analysis of charge/(credit) in the year

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Current tax:		
UK Corporation tax charge in relation to prior years	-	105
UK Corporation tax charge/(credit) in relation to current year	**53**	(125)
Tax charge/(credit) on loss	**53**	(20)

(b) Factors affecting current tax charge/(credit)

The tax charge/(credit) assessed on the loss before taxation for the year is higher than (2022: lower than) the average statutory rate of corporation tax in the UK of 19.5% (2022: 19%).

	Year ended 30 April 2023 £'000	Year ended 30 April 2022 £'000
Loss before taxation	**(981)**	(130,412)
Loss before taxation multiplied by the average rate in the UK of 19.5% (2022: 19%)	**(191)**	(24,778)
Tax effect of expenses not deductible	**191**	24,635
Tax charge in relation to prior years	-	105
Transfer pricing adjustment	**53**	18
Total tax charge/(credit) for the year	**53**	(20)

The corporation tax rate for the year ended 30 April 2023 of 19.5% has been calculated on a blended basis to reflect the change in the corporation tax rate to 25% from 1 April 2023.

At 30 April 2023 the company had £981,000 (30 April 2022: £nil) of interest charges which have been restricted under the Corporate Interest Restriction rules and therefore deemed disallowable for corporation tax purposes. This balance has been carried forward and may be available for offset against future unrestricted interest charges. No deferred tax asset has been recognised in respect of this balance (30 April 2022: none).

6 Investments

Cost	**£'000**
At 1 May 2022 and 30 April 2023	**779**
Provision for impairment	
At 1 May 2022	(779)
Recognised during the year	-
At 30 April 2023	**(779)**
Net book value	
At 1 May 2022	-
At 30 April 2023	-

Notes to the company financial statements for the year ended 30 April 2023 (continued)

6 Investments (continued)

The company owns the entire issued share capital of Etihad Acquisitions Limited, a company incorporated in England and Wales, which is a holding company for subsidiaries engaged in the provision of communication, utility and financial services to the SME market in the UK.

The directors performed an impairment review at 30 April 2022, taking into consideration the impact of wider economic pressures and high energy prices upon group customers and their cashflows, and their likely default rate. Following this review, an impairment provision of £779,000 was recognised at 30 April 2022. No change to the impairment provision was considered necessary following the impairment review performed at 30 April 2023.

The company has indirect investments in the following subsidiary undertakings, all of which are incorporated in the United Kingdom:

Name	Principal activity	Holding	%
Verastar Holdings Limited	Intermediate holding company	Ordinary shares	100
Verastar Limited	Telecommunication services	Ordinary A and Ordinary B shares	100
Clear Business Water Limited	Water and sewerage services	Ordinary shares	100
Economy Gas Limited	Gas supplier	Ordinary shares	100
Sinq Power Limited	Electricity supplier	Ordinary shares	100
TBO Services Limited	Insurance services	Ordinary shares	100
Inspire Group Services Limited	Intermediate holding company	A ordinary shares	100
Inspire Payment Services Limited	Payment services	Ordinary shares	100
Inspire Merchant Services Limited	Merchant services	Ordinary shares	100
LittleNLarge.com Limited	Insurance services	Ordinary shares	100

The registered office of Clear Business Water Limited is One Rutherglen Links, Rutherglen Links Business Park, Rutherglen, Glasgow, G73 1DF. The registered office of all other subsidiaries is No. 1 Dovecote, Old Hall Road, Sale, M33 2GS.

7 Debtors

	30 April 2023	30 April 2022
Amounts falling due within one year:	**£'000**	£'000
Amounts owed by group undertakings	**883**	665
Corporation tax recoverable	**5,982**	6,200
Other debtors	**18,709**	18,682
	25,574	25,547

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Amounts owed by subsidiary undertakings at 30 April 2023 are presented net of provisions for impairment of £128,979,000 (2022: £128,979,000).

Notes to the company financial statements for the year ended 30 April 2023 (continued)

8 Creditors

Amounts falling due within one year:	30 April 2023 £'000	30 April 2022 £'000
Amounts owed to group undertakings	**122,135**	129,264
Loan notes	**-**	811
Other creditors	**288**	241
	122,423	130,316
Amounts falling due after more than one year:		
PIK notes	**12,900**	10,000
	12,900	10,000

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Loan notes accrued interest at 9% per annum and were unsecured; the final repayment date was 31 August 2030. The PIK notes also accrue interest at 9% per annum and are unsecured. The final repayment date is 31 August 2030.

The directors believe that the book value of creditor balances is equal to fair value.

9 Called up share capital

	30 April 2023 £'000	30 April 2022 £'000
Authorised:		
84,873 preference shares of £0.01 each (2022: 84,873)	**1**	1
950,000 preferred ordinary shares of £0.01 each (2022: 950,000)	**10**	10
191,320 B ordinary shares of £0.01 each (2022: 191,320)	**2**	2
10,000 C ordinary shares of £0.01 each (2022: 10,000)	**-**	-
	13	13

	30 April 2023 £'000	30 April 2022 £'000
Issued, called up and fully-paid:		
84,873 preference shares of £0.01 each (2022: 84,873)	**1**	1
902,525 preferred ordinary shares of £0.01 each (2022: 902,525)	**9**	9
81,951 B ordinary shares of £0.01 each (2022: 81,951)	**1**	1
6,866 C ordinary shares of £0.01 each (2022: 6,866)	**-**	-
Issued, called up and part-paid:		
219 preferred ordinary shares of £0.01 each (2022: 219)	**-**	-
75,883 B ordinary shares of £0.01 each (2022: 75,883)	**1**	1
3,092 C ordinary shares of £0.01 each (2022: 3,092)	**-**	-
	12	12

Notes to the company financial statements for the year ended 30 April 2023 (continued)

9 Share capital (continued)

On 14 February 2022, 788 preferred ordinary shares of £0.01 each were issued at a premium of £217.82; 219 were fully paid and 569 were part-paid. A total of £171,642 was credited to the share premium account in respect of this issue. On the same date, 40,656 B ordinary shares of £0.01 were issued at a premium of £3.47, all of which were part-paid; £141,076 was credited to the share premium account in respect of this issue. A further 3,228 C ordinary shares of £0.01 were also issued at a premium of £0.99 on 14 February 2022, of which 136 were fully paid and the remainder part-paid. A total of £3,196 was credited to the share premium account in respect of this issue. There were no issues of shares during the year ended 30 April 2023.

Distributions

The holders of preference shares are entitled to payment of profits, or other amounts available for distribution on a winding-up or other return of capital, of amounts equal to their preference share capital, in priority to the payment of any such amounts to the holders of the preferred ordinary shares in respect of the 'preferred capital amount' and/or the 'preferred return', or to holders of the B ordinary shares.

Secondly, the holders of the preferred ordinary shares are entitled to payment of profits, or other amounts available for distribution on a winding-up or other return of capital, of £217.83, the 'preferred capital amount', in respect of each share held, in priority to the payment of any such amounts to the holders of the B ordinary shares or the 'preferred return' detailed below.

Thirdly, the holders of the preferred ordinary shares are entitled to a 'preferred return' of 10 per cent per annum on the outstanding capital plus any previously accrued and compounded amounts, accruing from 18 September 2020 and compounded annually on the anniversary date, in priority to the payment of any such payments to the holders of the B ordinary shares.

Any further amounts available for distribution are to be distributed amongst holders of the preferred ordinary shares and the B ordinary shares pro rata according to the number of shares held by each such holder. Holders of the C ordinary shares are not entitled to receive distributions of any profits or any capital or assets of the company on a winding up or other return of capital available for distribution to the members of the company.

Voting rights

On a show of hands, every holder of the preferred ordinary shares and the B ordinary shares present or shall have one vote. On a poll, every member holding preferred ordinary shares and B ordinary shares shall have one vote for every such share.

The preference shares and the C ordinary shares do not entitle the holders to receive notice of or to attend or vote at any general meeting of the company.

10 Dividends

No interim dividends have been proposed or paid during the year ended 30 April 2023 (2022: none). No final dividends have been proposed (2022: none).

11 Contingent liabilities

The company had no commitments or contingencies at 30 April 2023 (2022: none).

12 Parent undertakings and controlling party

The immediate parent undertaking is Telco SARL, a company incorporated in Luxembourg. The ultimate parent undertaking and controlling party is Vitruvian Partners LLP, a company incorporated in the United Kingdom.