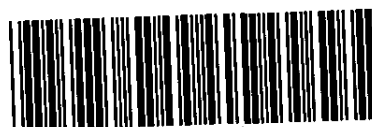


**QUANESCO TOPCO LIMITED**

**ANNUAL REPORT AND CONSOLIDATED STATUTORY FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 MARCH 2022**

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**QUANESCO TOPCO LIMITED**

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**COMPANY INFORMATION  
FOR THE PERIOD ENDED 31 MARCH 2022**

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<b>DIRECTORS</b>	Mark Futyan Mark Browning Luis Correia Myles O'Shaugnessy Christopher Picotte
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<b>REGISTERED NUMBER</b>	13412177
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<b>REGISTERED OFFICE</b>	The Green Easter Park Benyon Road Reading Berkshire RG7 2PQ
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<b>INDEPENDENT AUDITOR</b>	Deloitte LLP Abbots House Abbey Street Reading RG1 3BD
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**QUANESCO TOPCO LIMITED**

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## QUANESCO TOPCO LIMITED

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### STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2022

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#### Background

QuanESCO Topco Limited is a holding company ("the Company") incorporated in the United Kingdom on 20 May 2021. The Anesco Group ("the Group") is the group of companies headed by QuanESCO Topco Limited. The Group is controlled by Ara Advisors, LLC ("Ara"). This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to QuanESCO Topco Limited and its subsidiary undertakings when viewed as a whole. The period covered by this Strategic report, the Directors' report and the financial statements is from 20 May 2021 through to 31 March 2022 inclusive.

Immediately following the incorporation of the Company, QuanESCO Topco Limited acquired the share capital of another newly incorporated company, QuanESCO Midco Limited, which in turn acquired the share capital a further newly incorporated company, QuanESCO Bidco Limited.

On 11 June 2021 QuanESCO Bidco Limited acquired the group of companies headed by Anesco Holdings Limited ("the Anesco Holdings Limited group") and the results and financial position of all subsidiaries of the Company have included in the consolidated financial statements for the period. As there is no past performance for the Group, the results of the Group are compared in this strategic report to the results of the Anesco Holdings Limited group.

#### Pro-forma Group results

The statutory reporting includes approximately 9.5 months of trading for the Group, since it acquired Anesco Holdings Limited on 11 June 2021. In order to provide a meaningful understanding of the Group's performance, the Directors have also included in their report, pro-forma results of the Group to show the full 12 months results of Anesco Holdings Limited group as if Anesco Holdings Limited group had been owned by QuanESCO TopCo Limited from 1 April 2020 and provided commentary against the comparable 12 month prior period.

#### Our Mission

Our mission is to accelerate the transition to a low carbon future by enabling investment in renewables, storage and energy efficiency. Technology advances, together with sustained high energy prices are driving a rapid increase in the deployment of renewables and energy storage, as investors move away from legacy fossil fuel assets into more environmentally responsible investments. High energy prices are also adding new urgency to the need to improve domestic energy efficiency.

#### PRINCIPAL ACTIVITIES

The Group's principal activity is the provision of services related to the energy transition. The Group provides services spanning the lifecycle of clean energy projects, including the development of utility scale solar and storage projects, the construction of solar and storage both at utility scale and large commercial level, the operation and maintenance of these assets and the optimisation of assets in energy markets. In addition to decarbonising energy production, improvements in energy efficiency are also integral to achieving carbon reduction goals and the Group also supports leading UK utility companies to meet their obligations in respect of energy efficiency and combatting fuel poverty.

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**QUANESCO TOPCO LIMITED**


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**STRATEGIC REPORT  
FOR THE PERIOD ENDED 31 MARCH 2022**


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**BUSINESS REVIEW****Financial Key Performance Indicators**

	<b>The Group</b>	<b>Anesco Holdings Limited group Pro-forma</b>	<b>Anesco Holdings Limited group Pro-forma</b>
	<b>Period to 31 March 2022 (£'000)</b>	<b>Year to 31 March 2022 (£'000)</b>	<b>Year to 31 March 2021 (£'000)</b>
<b>Revenue</b>	62,699	76,481	61,215
<b>Gross profit</b>	10,412	13,225	13,044
<b>Adjusted EBITDA*</b>	1,777	1,739	5,281
<b>(Loss) for the period</b>	(4,609)	(4,958)	(7,150)
<b>Cash reserves</b>	7,108	7,108	13,463

\* Adjusted EBITDA comprises earnings before interest, tax, depreciation, amortisation, movements on foreign exchange, profit or loss on the share sale of SPVs and exceptional costs, being specific non-recurring items which would otherwise distort the underlying performance of the Group.

For the year ended 31 March 2022, the Group achieved revenue of £62.7m and the Anesco Holdings Limited group achieved £76.5m, compared to £61.2m for the year ended 31 March 2021 for the Anesco Holdings Limited group. The increase of £15.3m in revenue for the Anesco Holdings Limited group, reflects the growth across all established business units.

The Group recorded a gross profit for the period of £10.4m which represents a gross margin of 17% compared to 21% for the year ended 31 March 2021 for the Anesco Holdings Limited group. The decline in gross margin percentage arose primarily from the increase in input costs on construction projects and on maintenance contracts. The increases in input costs observed were primarily due to the global shortages caused by COVID-19 and other macroeconomic impacts of the pandemic. A further impact on the gross margin percentage arose from rejections at the closure of the ECO 3 scheme, with a current period impact of £1.1m (£2.2m for the Anesco Holdings Limited group for the year ended 31 March 2022 and £2.7m for the year ended 31 March 2021). This is explained in more detail in the subsequent events note 30 in the financial statements and in the reconciliation of profit before tax for the period to Adjusted EBITDA below.

The loss for the period of £4.6m is an improvement from the loss reported for the year ended 31 March 2021 for the Anesco Holdings Limited group of £7.2m. This reflects a reduction in interest charges as a result of financial restructuring involving equity financing and repayment of shareholder loans. This is offset by costs associated with the sale of the Anesco Holdings Limited group and the negative impact of the ECO 3 scheme rejections which are explained in more detail below.

Whilst Brexit has impacted the underlying processes for importing goods used for maintenance and construction services, there has been no material impact on the results of the Group. The Group was also exposed to the impact of foreign exchange fluctuations on both receipts for projects in the Netherlands and purchases of goods and services denominated in Euros, however these fluctuations also did not have a material impact on the results of the Group.

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**QUANESCO TOPCO LIMITED**


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**STRATEGIC REPORT**  
**FOR THE PERIOD ENDED 31 MARCH 2022**


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Adjusted EBITDA of £1.8m is £3.5m lower than the pro-forma results for the year ended 31 March 2021, driven by the reduced gross margin percentage explained above.

The cash reserves of the Group stand at £7.1m at the end of the financial period, compared to £13.5m for the Anesco Holdings Limited group as at 31 March 2021. The utilisation of the acquired cash reserves has primarily arisen from working capital requirements on new EPC projects. In February the Group drew down against a Revolving Credit Facility to support project cashflow requirements.

A reconciliation of loss before tax for the period to Adjusted EBITDA is shown below.

	<b>The Group</b>	<b>Anesco Holdings Limited group Pro-forma</b>	<b>Anesco Holdings Limited group Pro-forma</b>
	<b>Period to 31 March 2022 (£'000)</b>	<b>Year to 31 March 2022 (£'000)</b>	<b>Year to 31 March 2021 (£'000)</b>
Loss before tax	(4,935)	(8,182)	(8,950)
Depreciation	190	174	1,204
Amortisation	4,635	4,643	6,092
Net interest payable	389	813	3,756
Loss/(profit) on sale of SPVs	(81)	(81)	(1,104)
Foreign exchange losses/(gains)	442	442	20
<b>EBITDA before one off adjustments</b>	<b>640</b>	<b>(2,191)</b>	<b>1,018</b>
Fees relating to group sale process	-	1,771	447
ECO 3 scheme close out	1,137	2,159	2,727
Exceptional items	-	-	1,089
<b>Adjusted EBITDA</b>	<b>1,777</b>	<b>1,739</b>	<b>5,281</b>

Fees relating to the group sale process meet the criteria for recognition as an exceptional item on the grounds that they are non-recurring and do not relate to the trading performance of the Group. These expenses were incurred by Anesco Limited on the sell-side transaction. Costs incurred by Quanesco Topco Limited in relation to the purchase-side transaction have been capitalised as component of goodwill.

The financial results presented include the impact of the results of audits performed by OFGEM following the cessation of the government ECO3 scheme in March 2022 on measures submitted during the 3-year scheme. The financial impact of these results was a £2.2m reduction in revenue for the year ended 31 March 2022 for the Anesco Holdings Limited group and £2.7m for the year ended 31 March 2021, based on the original submission date of the measures. In the post-acquisition period, there was a reduction in revenue of £1.1m which is included in the consolidated results of the Group for the period ended 31 March 2022. These losses relate to a one-off audit process for the 3-year scheme as a whole, whereas under the new ECO scheme (ECO 4) increased compliance requirements prior to the point of submission, additional technical monitoring processes and the expected annual audit throughout the period of the scheme will significantly mitigate this risk going forwards. As a result of the passage of time between the original submission date and the audit process being completed, many of the original installers, which were at fault, are no longer trading and therefore the Group is unlikely to be able to recover the cost of rejected measures from the original installers. With on-going audits under the ECO 4 scheme the Group will be able to act more quickly to cease trading with installers picked up in the audit processes and are more likely to be able to recover the costs incurred for rejected measures. As a result, the ECO 3 OFGEM audit impact is deemed to be exceptional.

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## QUANESCO TOPCO LIMITED

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### STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2022

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Exceptional items in the Anesco Holdings Limited group for the year ended 31 March 2021 are comprised of the costs of rectification works on construction contracts completed in a previous year and provisions for liabilities identified not relating to the underlying trading of the company.

#### Non-financial Key Performance Indicators

##### *We are safe:*

Safety is core to the Group's activities and an important differentiator for our customers. All our processes are aligned to international standards for quality management (ISO 9001), environmental management (ISO 14001) and Health & Safety management (ISO 45001). The Group's Recordable Injury Frequency Rate for the financial period was 0.0 per 200k hours worked, significantly below the industry benchmark of 2.0. We are proud to have achieved a 10<sup>th</sup> consecutive RoSPA Gold Award for our track record in safe operations.

##### *We are one team:*

The Group retained the Gold Investors in People award during the period, reflecting our belief that the Group's greatest asset is its people. Employees are kept informed of Group developments by regular staff presentations delivered by the executive team, quarterly updates in person, and monthly updates by email from the CEO, and use of online collaboration tools. Consultation with employees take place and employees are made aware of their contribution to the Group through individual performance and development reviews.

##### *We are green:*

The Group completed the construction of 30MW of new solar capacity during the period, helping to increase the supply of carbon free electricity. Agreements have been signed for the construction of a further 185 MW of solar capacity and 250 MW of battery storage adding additional flexibility to the electricity system which will be constructed in subsequent financial years. Through our ECO offering we managed the delivery of 125 million ECO scheme units (Lifetime Bill Savings) which is the score used to measure the energy cost savings created by the installation of energy efficiency measures. The installed measures reduce the energy consumption of a domestic property to reduce carbon usage.

##### *We are responsible:*

The Group substantially increased its development project pipeline in the period, closing at over 4.5 GW of capacity in development. These projects have all been developed in close collaboration with local communities and with biodiversity a key element to the developments.

##### *We are cutting edge:*

The Group has been utilising new workflow capabilities to better manage O&M (Operations and Maintenance) services across the 1.3 GW of solar PV installations under contract. Key team members keep abreast of the latest developments in the industry and new hires during the period have brought additional experience and capability. The Group continues to work on further product and IT system development to further improve its service offerings, including revenue optimisation of battery storage assets.

##### *We are focussed:*

The Group continues to focus on its core strengths in solar PV and battery energy storage. The Group has £50m of revenue secured for the following financial year from third party EPC contracts commenced during the current period and expects to begin construction on other sites which have been self-developed.

#### RISK EXPOSURE

The Group is exposed to the following risks. The Group reports on these risks on a regular basis to the Board where the impacts are discussed.

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## QUANESCO TOPCO LIMITED

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### STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2022

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#### Government Policy & Regulation

*A supportive political and regulatory framework is important to the Company's growth agenda. Previous adverse changes such as the removal of Feed in Tariffs and reform of transmission charging impacted the Company's short-term prospects. Going forward, the risk is reduced due to increasing competitiveness of subsidy free renewables as well as increased commitment from government.*

The government is committed to meeting legally binding UK carbon targets under the Climate Change Act, which was amended in 2019 to target net zero emissions. In light of the recent fossil fuel power station retirements and nuclear project cost escalation, the government recognises the need for accelerated deployment of renewable energy projects and the associated need for flexibility in the UK.

The ECO scheme does not represent a direct cost to government, instead being an obligation on energy companies to improve the energy efficiency of UK homes, the costs ultimately passing to end consumers. The government reaffirmed its commitment to continue the scheme in the Energy White Paper and Fuel Poverty Strategy in 2019 and subsequently extended the flagship ECO scheme for a further 4 years from 2022 to 2026.

Senior management of the Group actively monitor industry developments, particularly in respect of planning and grid connection regulations, which have the potential to impact on the development pipeline.

#### Financial Risks

The Board has responsibility for monitoring financial risks and its policies are implemented by the Chief Financial Officer. *The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group, as described below.*

##### 1. Price Risk

The Group is exposed to changes in the market prices of materials used for construction and maintenance services. To manage this the Group has developed a broad supply base, purchasing directly from the manufacturer where possible to minimise cost, and negotiating framework agreements with key suppliers to ensure price stability, and where possible, *price reductions as a result of technological advances. Potential increases in tariffs on importing could also impact this cost for some of the materials used by the business.* The Group was impacted significantly during the period as a result of price volatility on key raw material imports. In its ECO division, the business ensures that utility contracts include the flexibility to allow price adjustments in the event of a change in supply side pricing.

The current economic environment in the UK is characterised by high levels of inflation. The Group seeks to mitigate this risk by including inflationary increases in O&M contracts and by setting prices for services across other divisions to reflect the *current input prices. For EPC contracts where the material and external labour input costs form the majority of the cost of delivering the project, the Group seeks to fix prices with suppliers as close to signing the contract as possible, in order to mitigate the impact of input price variances.*

The war in Ukraine has the potential to impact on raw material and shipping costs, primarily for the EPC division where the Group relies on imported components. This price risk is mitigated through the same measures as explained above.

##### 2. Credit Risk

The Group's principal financial assets with exposure to credit risk are cash and trade debtors. The credit risk associated with cash is limited as counterparties have high credit ratings assigned by international credit rating agencies. Trade debtors presented in the balance sheet are presented net of allowances for doubtful receivables. 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. New credit customers are subject to approval and credit reports from reputable credit reference agencies are used to aid decision making prior to credit being offered.



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## QUANESCO TOPCO LIMITED

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### STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2022

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#### *3. Foreign Exchange Risk*

The Group makes purchases in Sterling, Euro and US Dollars. The majority of payments are received in Sterling.. The imbalance of these transactions exposes the Group to foreign exchange risk. The Directors are risk averse in their approach so when the business is materially exposed, the Group enters into forward contracts to hedge these exposures as soon as currency requirements are known.

#### *4. Interest Rate Risk*

During the financial period the Group was exposed to interest rate risk through the Revolving Credit Facility which is priced as SONIA plus a variable margin, albeit this risk was not material in the current period due to the short period of time for which the Revolving Credit Facility was drawn down. Going forward the Group will continue to actively monitor cashflow

forecasts to ensure that the use of debt facilities are minimised where possible in order to reduce the exposure to interest rate risk.

#### *5. Market Price Risk*

Included in the net assets acquired in the purchase of the group of companies headed by Anesco Holdings Limited were shares in a fund listed on the London Stock Exchange which exposed the Group to market price risk as the market value of these financial instruments fluctuates over time. The Group disposed of all of the shares during the financial period, at a small loss.

The Group is also exposed to market price risk in relation to wholesale market pricing for electricity. Changes in the future projections of wholesale pricing affect the project economics of the development portfolio and therefore the value of the pipeline.

#### *6. Brexit*

Whilst Brexit has added complexity to importing of materials from the EU, this is primarily limited to administrative matters. The ability of the Group to expand into adjacent European markets where opportunities have been identified has not been significantly impaired, as evidenced by the incorporation of a new subsidiary in the Netherlands during the period, to facilitate development opportunities in both the Netherlands and Denmark. Subsequent to the period end date, the Group also acquired a subsidiary and incorporated a new subsidiary in Germany.

#### *7. COVID-19*

Whilst all formal restrictions in England have now been lifted, the emergence of new variants means that Group is still exposed to financial risks as a result of the COVID-19 pandemic. Effective remote working and enhanced planning for similar events means that the Group is well positioned to mitigate any further effects of this or any future pandemic. The Group has settled all outstanding deferred VAT amounts included in the net assets acquired in the purchase of the group of companies headed by Anesco Holdings Limited.

#### *8. ECO Scheme Audits*

As the Group commences delivery on the ECO 4 scheme, there is a risk that rejections of submitted measures may have a material impact on reported results. This risk will be mitigated through enhanced internal processes to reduce the risk of invalid measures being processed and the overall quantum of the risk is expected to be lower under ECO 4 because additional independent review of work completed with sign off will be included in the submission and the OFGEM audits are expected to take place at more regular intervals. As a result, the Group will be able to act more quickly to cease trading with installers picked up in the audit processes and are more likely to be able to recover the costs incurred for rejected measures.

### **FUTURE DEVELOPMENTS**

The Group has continued to develop its own pipeline of utility scale solar PV and energy storage projects and has strong relationships with utility companies and asset investors. The pipeline growth ensures the positioning of the Group for the

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## QUANESCO TOPCO LIMITED

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### STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2022

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uptake in the market in the coming years as technology continues to improve and energy prices remain high.

Additional long-term contracts for O&M services have been secured, both from self-developed sites and commercial tenders. The Group is continuing to strengthen its service offering in this area, with improved workflow technology being used to good effect in the period and further technological developments to enable predictive maintenance and remote operation implemented.

During the period, the Group delivered above market average returns through its optimisation capabilities for the battery storage sites under management through the asset optimisation service. The Group is actively seeking opportunities to broaden the portfolio of assets under management.

The Group is transitioning into the ECO 4 scheme for delivery of ECO points to utility companies, having signed a number of contracts for delivery over 2022 and 2023. The government has committed to the ECO scheme until at least 2030 as this scheme will play a major part in the transition to net zero.

The development of the Company's pipeline focuses on finding and developing new sites and as such, we have a high quality, long-term project pipeline which will be key to ensuring the continued success of the Company. At the heart of the Company's strategy is a recognition that the ability to add value across the renewable energy generation and energy efficiency value chain is key.

#### GOING CONCERN

The energy transition has been a high focus for investors and governments in light of increasing evidence of climate change impacts, increased energy security concerns and high energy prices. The rapid expansion of solar PV and energy storage markets provides Anesco with opportunities to deliver against its mission to enable investment in the energy transition. The start of the new ECO 4 scheme provides renewed focus on energy efficiency improvements to UK residential buildings which provides opportunities for our ECO business line to increase the value being derived in this area.

The Group prepares financial forecasts quarterly which include the following six quarters. These forecasts are reviewed and approved by the Board and reflect the best information available to the divisional heads who are responsible for the delivery of these financial forecasts. The forecast covering the financial year is reviewed against actual performance throughout the year, with detailed commentary being reviewed by the board and action plans being initiated where performance is behind expected levels. Financial forecasts for the 12 month period from the date of issuing this report show that the Group is expected to operate profitably. The Directors have a high degree of confidence in the robustness of these financial forecasts as the Group has already secured contracts for a significant proportion of the gross margin forecast for the next two financial years.

Detailed cash flow forecasts which are based on the financial forecasts referred to above, are also prepared by the Group and are subject to weekly review by the Board and stakeholders. During the financial period the Board considered these cash flow forecasts against the backdrop of rising inflation, foreign exchange exposure, potential for cost saving initiatives, governmental exposure, operational challenges including Brexit and the other principal risks detailed in this report. Key to the delivery of these forecasts are the milestone achievements on EPC projects and timing of the development sales and related cash flow. Cash flow forecasts and sensitivities for the 12 month period from the date of issuing this report show that the Group is expected to operate within available cash resources and will be cash generative during that period.

The Group has a £9m revolving credit facility, which was fully drawn down after the end of the financial period (£5.0m drawn down at 31 March 2022). There are financial covenants which the Group is required to report on quarterly in relation to this facility. The Group actively manages the compliance with these financial covenants and has obtained a waiver or amendment to the covenants where required. Aside from the waiver obtained, the Group expects to be compliance with the financial covenants going forward.

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## QUANESCO TOPCO LIMITED

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### STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2022

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Subsequent to the period end the company drew down an additional working capital loan from its shareholders to support the business in its delivery of the current EPC projects and with a view to delivering on the future growth plans of the business.

Based on the information provided to the Board, including the financial forecasts and detailed cash flow forecasts and the additional drawdown of shareholder loans after the financial period end, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and as such consider the Group to be a going concern.

#### GOVERNANCE

##### Corporate governance

Whilst the Group is not required to comply with the UK Corporate Governance Code, we have reported on our Corporate Governance with respect to Board and Committee arrangements by drawing upon those aspects of the UK Corporate Governance Code that we consider to be relevant to the Group.

##### The Board of Directors

During the financial period the Board was comprised of the Chief Executive Officer, the Chief Financial Officer and representatives of Ara.

Between them, the Directors have many years of experience in the Group's principal activities and in the utilities and energy sectors generally as well as in the corporate finance arena. The Board of Quanesco Topco Limited meets on a quarterly basis. The board confirms any conflicts of interest at each board meeting to ensure they are managed appropriately. The Board of Quanesco Topco Limited has implemented a format and timetable for the provision of financial and other information to Board members to ensure the timeliness and quality of that information and to ensure that Directors and senior management are properly briefed.

During the period to 31 March 2022, the Directors holding office exercised their duties, having regard to the duties under section 172 of the Companies Act 2006 as they reviewed and considered decisions and governed the company on behalf of its stakeholders through the Quanesco Topco Limited Board.

During the period, the Board reviewed and approved the financial forecasts which cover a period of six quarters after the end of this financial period. These financial forecasts are based on the direction of the board with regards to the long-term strategy of the business. The Directors make decisions with reference to the longer-term prospects of the Group in mind, for example the board took the decision to incorporate a subsidiary in the Netherlands and hire a managing director based in the Netherlands, in order to facilitate European expansion plans. This approach to decision making is consistent with the duty in s172(1)(a) of the Companies Act 2006.

During 2021, Directors continued a programme of quarterly briefings for the entire employee base covering the business performance, strategy, latest initiatives and regulatory updates. The employees were encouraged to ask questions during the sessions and to share their thoughts about the business and its strategies for future development. The CEO takes account of feedback from across the business in decision making. Directors meet regularly with members of the senior leadership team and support the annual talent review. The Board involvement in ensuring that employee's interests are considered in their decision making is aligned to the duty in s172(1)(b) of the Companies Act 2006.

Throughout the period, the Board received reports from the heads of each business unit on the competitive landscape for their business and the plans in place to respond to the changing market and our customers' demands. Business unit heads also provided regular updates on performance and Customers focus areas which gave the Board insight into client

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## QUANESCO TOPCO LIMITED

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### STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2022

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issues and concerns. The competitive landscape and servicing Customers were key focus areas of divisional strategy days which were attended by the executive Directors. Monthly senior leadership team meetings and divisional business reviews include a focus on the relationship of the Group with key suppliers. The updates received by the Directors who attend these meetings have a key focus on the operational resilience of its key suppliers. The involvement of the Directors in these activities to ensure that they provide appropriate support and resources to foster business relationships with suppliers, customers and others demonstrates their commitment to the duties described in s172(1)(c) of the Companies Act 2006. The Group is committed to accelerating the transition to a low carbon future as defined in the mission statement which is endorsed and supported by the Board. The non-executive Directors represent Ara, a global private equity firm focussed on decarbonizing the building blocks of the economy in immediate and tangible ways, which closely aligns to the Group's mission statement. The Directors are involved in key strategic decisions which impact on the delivery of this mission and the consequential impact on the environment. The Streamlined Energy and Carbon Reporting regulations (SECR) section of this report provides details on the amount of green energy generated from our managed assets. The Board receive regular reports from the Head of Health, Safety and the Environment during Board meetings to ensure that they are aware of, and can respond to, any direct or indirect negative impacts on the environment or community. The support and direction provided by the Board on these matters indicates the priority which the board gives to the requirements of s172(1)(d) of the Companies Act 2006.

The reporting to the Board of Directors includes matters relating to Human Resources, Health, Safety and the Environment and the review and approval of significant policy changes. The Directors analyse and discuss these matters and issue directions to ensure that the business maintains a reputation for high standards of business conduct. Material contracts must be approved by a Director, which ensures that a member of the Board has oversight of all major new business relationships. The executive Directors are directly involved in the day-to-day activities of the Group and support the business in maintaining appropriate accreditation. The Board's involvement in these matters allows them to ensure that they comply with s172(1)(e) of the Companies Act 2006.

The non-executive Directors provide insights on the views and priorities holder of the A Ordinary shares in the Company as they are employed within the ownership group. The executive Directors as holders of B Ordinary shares and M Ordinary shares are able to effectively represent the remainder of the management group who own shares in the Company. The structure of the Board enabled the Directors to comply with the duty to act fairly between members of the Company, as required by s172(1)(f) of the Companies Act 2006.

#### **Board Committees**

*Audit Committee:* the primary responsibilities of the Audit Committee, which will meet for the first time in January 2023 and will meet annually thereafter, are to review the financial statements of the Group and parent company, to consider the appointment of external auditors, their effectiveness and independence and to review risk management and internal controls. This Committee is chaired by Luis Correia, a non-executive Director of Quanesco Topco Limited.

*Remuneration Committee:* The Remuneration Committee meets at least once each year. The Remuneration Committee is charged with the development and application of a formal and transparent policy for the appointment and remuneration for executive Directors, for remuneration policy for all staff, and for succession planning. Remuneration policy is set through regular benchmarking of each position within the Group against the wider market. This Committee is chaired by Luis Correia, a non-executive Director of Quanesco Topco Limited.

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## QUANESCO TOPCO LIMITED

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### STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2022

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#### ENVIRONMENTAL POLICY

Anesco's mission to accelerate the transition to a sustainable, low-carbon future by enabling investment in renewables, storage, and energy efficiency. The environmental agenda is central to our strategy and being 'green' is one of our core values. We are careful custodians of our customer's operating assets and are committed to creating no harm to the environment through our operations.

Environmental objectives and targets are developed by the Safety Leadership Team as part of the annual HSE Improvement Plan, which is revised annually and approved by the board.

Anesco recognises and gives commitment at all levels throughout its organization to the requirements contained within the Integrated Management System and the ISO 14001 standard.

Anesco is committed to:

- Complying with and exceeding all relevant environmental legislation and regulations
- Managing all operations performed by Anesco staff and contractors to ensure our environmental standards are met.
- Preventing pollution to land, air and water and protecting the natural environment.
- Setting clear and measurable targets for staff based on the key environmental aspects and potential impacts on the environment. Continuous improvement in our management and mitigation of environmental risks.
- Maintaining an effective environmental management system with adequate resource to implement and show continual improvement against the objectives set in the HSE plan.
- Being transparent with stakeholders on our environmental performance and records.
- Seeking innovation in our business processes to minimise fuel consumption.
- Working with our suppliers and contractors to reduce waste caused by packaging and product through initial purchase end-of-life consideration.
- Documenting and communicating this policy, making it available to all staff, ensuring it is understood and implemented, and is available to our interested parties.

This policy is communicated and implemented at all levels of the organisation.

#### STREAMLINED ENERGY AND CARBON REPORTING REGULATIONS (SECR)

Managing energy consumption and carbon emissions is something that the Group takes a keen control over with its view that management of energy usage is a key part in addressing climate change and is central to the Group's strategy.

The methodology used to calculate the Group's emissions is based in the "Environmental Reporting Guidelines: including streamlined energy and carbon reporting guidance March 2019 (updated introduction and chapters 1 & 2)". Mandatory Greenhouse Gas Reporting disclosure calculations are based upon the reporting period of 1 April 2021 to 31 March 2022. This greenhouse gas reporting period is consistent with the financial reporting year of Anesco Holdings Limited.

The Group reports its emissions data using an operational control approach to define the organisational boundary which meets the definitional requirements of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013; in respect of those emissions for which the Group is responsible.

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**QUANESCO TOPCO LIMITED**


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**STRATEGIC REPORT  
FOR THE PERIOD ENDED 31 MARCH 2022**


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Save as outlined in this report, all material emission sources have been reported on which the Group considers itself to be responsible for. The Group does not have responsibility for any emission sources that are beyond the boundary of operational control.

Building energy use and business car travel data are considered the relevant greenhouse gas emissions for which the Group is responsible. Anesco's building emissions comprise total mains electricity consumed and an emissions conversion factor has been applied in line with the Department for Business, Energy & Industrial Strategy (BEIS) guidance.

Anesco's transport emissions include business mileage from Anesco owned vehicles and vehicles leased by Anesco. Where available, mileage data was collected via tracking software. BEIS conversion factors were applied to convert mileage to emissions.

Waste disposal & recycling includes general waste and recyclable waste. For landfill, the factors in the table include collection, transportation and landfill emissions. For recycling and combustion, the factors consider transport to an energy recovery or materials reclamation facility only. BEIS conversion factors were applied to convert to emissions.

*Intensity Ratio is used to express GHG impact per unit of physical activity (an activity ratio) or unit of economic output (financial ratio). An activity ratio is suitable when aggregating or comparing across businesses that have similar products.*

Anesco has taken actions to create energy savings through efficiencies through the following areas. All vehicles are now part of the vehicle tracking system to enable Anesco to determine the number of miles travelled by each vehicle and to help reduce the number of emissions released. Various educational and awareness campaigns were held with employees to reduce the amount of emissions generated.

Anesco's GHG emissions and energy consumption are summarised below:

<b>2022</b>			
	Activities for which the company is responsible involving gas combustion, or fuel consumption for transport purposes:	Energy consumed resulting from buying electricity for own use, including for the purpose of transport:	Total
Annual GHG emissions (in tonnes of carbon dioxide equivalent) within the UK and offshore area:	553 tonnes CO <sub>2</sub>	53 tonnes CO <sub>2</sub>	606 tonnes CO <sub>2</sub>
Annual energy consumption (in kWh), within the UK and offshore area	642,929 kWh	61,095 kWh	704,024 kWh

<b>2021</b>			
	Activities for which the company is responsible involving gas combustion, or fuel consumption for transport purposes:	Energy consumed resulting from buying electricity for own use, including for the purpose of transport:	Total
Annual GHG emissions (in tonnes of carbon dioxide equivalent) within the UK and offshore area:	1702 tonnes CO <sub>2</sub>	60 tonnes CO <sub>2</sub>	1762 tonnes CO <sub>2</sub>
Annual energy consumption (in kWh), within the UK and offshore area	1,891,683 kWh	257,415 kWh	2,149,098 kWh

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**QUANESCO TOPCO LIMITED**


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**STRATEGIC REPORT  
FOR THE PERIOD ENDED 31 MARCH 2022**


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As the Group is specifically involved in the construction and management of renewable energy assets as well as the provision of energy efficiency aggregation services the Directors believe that the performance in relation to these activities is relevant to the disclosures surrounding climate change.

Net renewable energy contributed by:	Year to 31 March 2022
Assets under management by the Group	1.3 GW
Lifetime Carbon Savings processed	124,591,888 LTS
Grid scale solar PV constructed during the year	30 MW

**OTHER SIGNIFICANT POLICIES**
**Social Policy**

It is the policy of the Group to give full and fair consideration to applications for employment irrespective of age, gender or disability, and to continue wherever possible the employment of members of staff who may become disabled and to ensure that suitable training, career development and promotion is afforded to such persons. The Group encourages the training of all members of staff, and organises regular training courses specific to an individual's area of expertise and career development, as well as training related to a specific concern such as health and safety and environmental education.

The Group has made available third-party resources to support wellness, mental health and particularly to assist employees with the impacts of the COVID-19 pandemic. Office attendance policies have been amended and home working facilitated (including the provision of all required equipment) to maximise the safety and well-being of all employees.

The Group takes its responsibility to the wider community seriously, consulting carefully with local communities in relation to all new developments and supporting the communities we impact in our operations, notably our ECO customers who we and our supply chain partners support with measures to alleviate fuel poverty.

**Anti-Bribery and Corruption policy**

As part of the Group's commitment to preventing bribery and establishing a culture that does not tolerate corruption wherever and in whatever form it may be encountered, an updated anti-corruption policy was approved by the Board in 2019 and updated in June 2022 and appropriate procedures put in place to ensure compliance with current legislation and the Group's policy and related procedures. In addition, human rights policies are regularly reviewed by the Group.

**Anti-Slavery and Human Trafficking policy**

The Group is committed to ensuring that there is no modern slavery or human trafficking in any part of our business or supply chain. The Group communicates this policy across the business, which is supported by the principles in the Staff Handbook and the Whistleblowing policy, and operates controls for new supplier to ensure that new suppliers are willing to comply with, or exceed, the requirements of the Group's published Modern Slavery statement.

**Supplier payment policy**

The Group's policy, which is also applied to the Group, is to agree payment terms with suppliers when entering into each transaction to ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. The Group has made reports on the payment practices of the business under section 3 of the Small Business, Enterprise and Employment Act 2015.

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**QUANESCO TOPCO LIMITED**

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**STRATEGIC REPORT  
FOR THE PERIOD ENDED 31 MARCH 2022**

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**STAKEHOLDER RELATIONSHIPS**

**Shareholders**

The Group's institutional investor is represented on the Board of the Group and on its various governance committees, and the Group met with its debt providers regularly with information throughout the period.

**Subcontractors and suppliers**

The Group engages and contracts with suppliers, on a local and international level, through a tendering process where appropriate and maintains regular contact with them to enhance the Group's product and service offering.

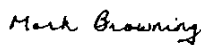
**People**

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on various factors affecting the performance of the business and their divisions. This is achieved through a cascade of information through the organisation from formal quarterly reviews with management, quarterly Group briefings and informal meetings within each division. We encourage positive engagement with staff to improve the performance of the business from financial management, risk management and health and safety.

Information is provided regularly by means of email and group collaboration tools, the intranet and both Group wide and face to face meetings (although the latter medium has been limited during the COVID-19 pandemic). The HR Director has provided regular updates on the Group's response to the COVID-19 pandemic and the consequential changes to working environments. Briefings with employees take place regularly and employees are made aware of their contribution to the Group through individual performance appraisals.

Application for employment of disabled persons are always fully considered bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that training, career development and promotion of disabled person should, as far as possible, be identical to that of other employees.

This report was approved by the board on 23rd December 2022 and signed on its behalf by:

DocuSigned by:  
  
6F79F60315314A9

**Mark Browning**  
**Chief Financial Officer**



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**QUANESCO TOPCO LIMITED**

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**DIRECTORS' REPORT  
FOR THE PERIOD ENDED 31 MARCH 2022**

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The Directors present their report and the financial statements for the period ended 31 March 2022. Financial risk management, employee consultation and future developments have all been included within the Strategic Report.

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

**RESULTS AND DIVIDENDS**

The loss for the period, after taxation, amounted to £4.6m. The Directors do not recommend the payment of a dividend.

**DIRECTORS**

Directors who served the Group and Company during the period were:

James Picotte (Appointed 20<sup>th</sup> May 2021)  
Mark Browning (Appointed 11<sup>th</sup> June 2021)  
Mark Futyan (Appointed 11<sup>th</sup> June 2021)  
Myles O' Shaughnessy (Appointed 20<sup>th</sup> May 2021)  
Luis Correia (Appointed 11<sup>th</sup> June 2021)  
Charles Cherington (Appointed 20<sup>th</sup> May 2021 and resigned 28<sup>th</sup> October 2021)

Third party indemnity insurance was provided for all Directors of the Group during the financial period and also at the date of the approval of the financial statements, under policies held by the Group.

**POLITICAL AND CHARITABLE CONTRIBUTIONS**

There were no political donations in the period. Charitable donations were made totalling £5,485.

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**QUANESCO TOPCO LIMITED**

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**DIRECTORS' REPORT  
FOR THE PERIOD ENDED 31 MARCH 2022**

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**ENERGY AND CARBON DISCLOSURES**

The Directors' include the report on the annual quantity of emissions for which that company is responsible within the Strategic Report on pages 10 to 12.

**RESEARCH AND DEVELOPMENT ACTIVITIES**

The Group has continued to develop its Operation and Maintenance software systems. Further funds were invested during the period to enhance capability for remote asset operation and predictive maintenance.

Anesco's O&M systems can immediately highlight a fault with a monitored installation and schedule a maintenance visit, maximising uptime of the installation. The software also automates much of the administration around reporting and payments.

*During the period the Group has also invested in energy storage remote monitoring, control and reporting technology, as well as proprietary trading algorithms to enable the optimisation of energy storage assets. The combination of trading systems and asset control systems facilitates the onboarding of new assets as part of Anesco's new optimisation service.*

Further investment was also made during the period into Anesco's ECO application which streamlines the processing of energy efficiency measure credits. This investment increased capacity, further supplemented by increased human resources.

**DISCLOSURE OF INFORMATION TO AUDITOR**

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**AUDITOR**

The auditor, Deloitte LLP, has expressed its willingness to continue in office and a resolution concerning its reappointment will be put to the Directors at the board meeting approving these financial statements.

This report was approved by the board on 23rd December 2022 and signed on its behalf by:

DocuSigned by:

*Mark Browning*

6F79F60315314A9

**Mark Browning**  
**Director**

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**QUANESCO TOPCO LIMITED**

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**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

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**Opinion**

In our opinion the financial statements of Quanesco Topco Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent Statements of Financial Position;
- the consolidated and parent company statements of changes in equity; and
- the related notes 1 to 31.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

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

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUANESCO TOPCO LIMITED**

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**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

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**Other information (continued)**

We have nothing to report in this regard.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Extent to which the audit was considered capable of detecting irregularities, including fraud**

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act 2006, pension legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included General Data Protection Regulation, employment laws, the company's operating licence and environmental regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedure performed to address it are described below:

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUANESCO TOPCO LIMITED

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### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

- **Cut-off of EPC revenue recognition:** We isolated the risk of fraud to the cut-off of EPC revenue for ongoing projects due to the judgement exercised on evaluating the cost incurred as at year end date against the expected cost to complete being the basis of the revenue recognised in the year. Revenue recognised for ongoing projects as at year end was £15.9m. We tested the design and implementation of controls related to EPC revenue cut-off. We have tested and assessed the validity of projects costs incurred during the year, agreed ongoing projects to valid signed contracts, held inquiries with the project managers to understand the status of the projects, assessed expected costs to complete the projects and recalculated revenue recognised during the year using the cost to complete approach.
- **ECO revenue: occurrence (OFGEM investigation adjustments):** Following the industry fraud that was identified subsequent to year end on the ECO3 scheme submissions, either due to inaccurate or insufficiently supported measures, ineligibility of homeowners on which installations have been performed and the duplicate submission of measures by supplier/installers, we have selected samples from management's adjustments listings using a significant risk level with no control reliance and vouched the relevant transactions to the credit notes issued understanding the rationale for each rejection. For items still under investigation, we have inspected the confirmations from the Utility companies, obtaining an understanding of the rationale for each rejection. We have further assessed the completeness of the population against the communications/listings from the Utility companies. As the rejections affects submissions for 3 financial years (2020 – 2022), to ensure allocation of the adjustments to the appropriate financial year, we have used the measure ID number for each rejection and verified that it was included in the submissions as per the ECO App data for the respective financial year.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

#### Report on other legal and regulatory requirements

##### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report and the directors' report.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUANESCO TOPCO LIMITED**

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**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

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**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

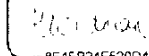
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

We have nothing to report in respect of these matters.

**Use of our report**

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

DocuSigned by:



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Helen Wildman ACA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

23rd December 2022

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**QUANESCO TOPCO LIMITED**


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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2022**  
 Registered Number 13412177
 

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	<i>Notes</i>	<b>Period to 31 March 2022 £'000</b>
Revenue	3	62,699
Cost of sales		(52,287)
<b>GROSS MARGIN</b>		<b>10,412</b>
Amortisation, depreciation and impairment of fixed assets	4	(4,825)
Other administrative expenses		(10,133)
Administrative expenses		(14,958)
<b>OPERATING LOSS</b>	4	<b>(4,546)</b>
Interest receivable and similar income	8	1
Interest payable and similar expenses	9	(390)
<b>LOSS BEFORE TAXATION</b>		<b>(4,935)</b>
Tax credit on loss	10	326
<b>LOSS FOR THE PERIOD</b>		<b>(4,609)</b>
Other comprehensive income		-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(4,609)</b>

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**QUANESCO TOPCO LIMITED**


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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022**  
Registered Number 13412177

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	Notes	31 March 2022 £'000
<b>FIXED ASSETS</b>		
Goodwill and other intangible Assets	11	55,931
Tangible assets	12	680
		<u>56,611</u>
<b>CURRENT ASSETS</b>		
Inventory	13	8,095
Debtors: amounts falling due within one year	14	19,199
Cash and cash equivalents	15	7,108
		<u>34,402</u>
<b>CURRENT LIABILITIES</b>		
Creditors: amounts falling due within one year	16	(25,740)
<b>NET CURRENT ASSETS</b>		<u>8,662</u>
<b>Total assets less current liabilities</b>		<u>65,273</u>
<b>PROVISIONS FOR LIABILITIES</b>		
Provisions	20	(541)
Deferred taxation	19	(3,496)
		<u>(4,073)</u>
<b>Net Assets</b>		<u>61,236</u>
<b>Capital and reserves</b>		
Called up share capital	22	6,575
Share premium	23	59,270
Profit and loss account	21	(4,609)
<b>Total equity</b>		<u>61,236</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23rd December 2022 by:

DocuSigned by:  
  
6F79F60315314A9  
**Mark Browning**  
**Director**



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**QUANESCO TOPCO LIMITED**


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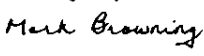
**COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022**

Registered Number 13412177

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		<b>31 March 2022</b>
	<i>Notes</i>	<b>£' 000</b>
<b>FIXED ASSETS</b>		
Investments	28	65,832
<b>CURRENT ASSETS</b>		
Debtors: amounts falling due within one year	14	22
<b>CURRENT LIABILITIES</b>		
Creditors: amounts falling due within one year	16	-
<b>NET CURRENT ASSETS</b>		22
<b>Total assets less current liabilities</b>		65,854
<b>Net assets</b>		<u><b>65,854</b></u>
<b>Capital and reserves</b>		
Called up share capital	22	6,575
Share premium	23	59,270
Profit and loss account	21	9
<b>Total equity</b>		<u><b>65,854</b></u>

The financial statements for Quanesco Topco Limited company reg no: 13412177 were approved and authorised for issue by the board on 23rd December 2022. They were signed on its behalf by:

DocuSigned by:  
  
 8F79F60315314A9  
**Mark Browning**  
 Director

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**QUANESCO TOPCO LIMITED**


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**STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2022**

Registered Number 13412177

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**Consolidated statement of changes in equity**

	Called up share capital £'000	Share premium £'000	Profit and loss account £'000	Total equity £'000
<b>At 20 May 2021</b>	-	-	-	-
Share capital issued in the period (Note 22)	6,575	-	-	6,575
Share premium on shares issued (Note 23)	-	59,270	-	59,270
Total transactions with shareholders	6,575	59,270	-	65,845
Total comprehensive loss for the period	-	-	(4,609)	(4,609)
<b>At 31 March 2022</b>	6,575	59,270	(4,609)	61,236

**Company statement of changes in equity**

	Called up share capital £'000	Share premium £'000	Profit and loss account £'000	Total equity £'000
<b>At 20 May 2021</b>	-	-	-	-
Share capital issued in the period (Note 22)	6,575	-	-	6,575
Share premium on shares issued (Note 23)	-	59,270	-	59,270
Total transactions with shareholders	6,575	59,270	-	65,845
Total comprehensive profit for the period	-	-	9	9
<b>At 31 March 2022</b>	6,575	59,270	9	65,854

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**QUANESCO TOPCO LIMITED**


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**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2022**

Registered Number 13412177

		<b>Period to 31 March 2022</b>
<b>CASH-FLOWS FROM OPERATING ACTIVITIES</b>		<b>£'000</b>
Loss for the financial period		(4,609)
ADJUSTMENTS FOR:		
Amortisation of intangible assets		4,635
Depreciation of tangible fixed assets		190
Net interest payable		389
Taxation		325
Movement on provisions		4,037
Operating cash flow before movements in working capital		4,967
Increase in inventory		(4,940)
Increase in debtors		(3,071)
Increase in creditors		1,378
Cash generated by operations		(6,633)
<b>Net cash generated by operating activities</b>		<b>(1,667)</b>
<b>CASH-FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of intangible fixed assets		(587)
Purchase of tangible fixed assets		(317)
Acquisition of the group headed by Anesco Holdings Limited		(48,787)
Cash acquired through business combination		4,617
Disposal of equity instruments		4,287
<b>Net cash used in investing activities</b>		<b>(40,787)</b>
<b>CASH-FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of ordinary shares	22	65,845
External loans repaid		(21,283)
Debt facilities drawn		5,000
<b>Net cash generated by financing activities</b>		<b>49,562</b>
Net increase in cash and cash equivalents		7,108
<b>CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD</b>		<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	15	<b>7,108</b>

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**QUANESCO TOPCO LIMITED**

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**NOTES TO THE STATUTORY FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2022**

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**1. ACCOUNTING POLICIES**

**1.1 General information and basis of accounting**

QuanESCO Topco Limited (the Company) is a private company limited by shares incorporated on 20 May 2021, in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on the Company Information page.

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the Strategic Report on pages 1 to 12.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of QuanESCO Topco Limited is pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling.

QuanESCO Topco Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

In accordance with s408 of the Companies Act 2006, the exemption has been taken from presenting the Company only Statement of Comprehensive Income.

**1.2 Basis of preparation of statutory financial statements**

QuanESCO Topco Limited is a holding company ("the Company") incorporated in the United Kingdom on 20 May 2021.

The statutory financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard (FRS) 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The financial statements and supporting notes accompanying this strategic report have been prepared in reference to the shortened accounting period from date of incorporation of the Company, 20 May 2021, to 31 March 2022. The financial period end reference date was selected to report consistently with other companies within the Group.

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 March 2022. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed, which is deemed to be 11 June 2021.

Business combinations are accounted for under the purchase method. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

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**QUANESCO TOPCO LIMITED**

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**NOTES TO THE STATUTORY FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2022**

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**1. ACCOUNTING POLICIES (continued)****1.3 Going concern**

As described in the Strategic Report, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and as such consider the Group to be a going concern. The Board therefore believes that it is appropriate to continue to adopt the going concern basis in preparing the financial statements of the Group.

**1.4 Revenue**

Revenue is the fair value of consideration received or receivable between knowledgeable, willing parties in an arm's length transaction. It is not recognised if the Group retains significant risks and rewards of ownership, for example where the Group either continues managerial involvement to the degree usually associated with ownership or retains effective control over the goods sold. Revenue is recognised only upon the transfer of the risks and rewards of ownership. The following criteria must also be met before revenue is recognised:

**Construction Contracts**

This is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use. For contract revenues to be recognised, a buyer must be identified, be of independent economic substance and committed to complete the purchase of the project under construction such that the risks and rewards associated with the sale have passed to the Buyer.

When the outcome of a construction contract can be estimated reliably, the Group recognises contract revenue and contract costs associated with the construction contract as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period.

Stage of completion of the contract is determined by the percentage of the build completed.

**Goods**

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

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction. Legal title to the goods sold does not finally transfer to the purchaser until consideration is fully paid; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract or the pattern of service delivered under the contract when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

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**QUANESCO TOPCO LIMITED**

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**NOTES TO THE STATUTORY FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2022**

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**1. ACCOUNTING POLICIES (continued)****1.5 Other income**

Other income comprises items of income which do not meet the criteria for recognition as revenue. Other income is recognised in profit or loss at the point at which the Company is able to reliably measure the amounts receivable and that the receipt of the income is probable.

**1.6 Intangible assets****Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis over its useful economic life of 10 years. Goodwill is reviewed for impairment annually by the Directors, along with the term of the estimated useful economic life.

**Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. They are amortised on a straight-line basis:

Goodwill	- 10 Years
Technology	- 10 years
Customer Relationships	- 11 years
Brand	- 11 years

Development costs are capitalised within technology and relate to the development of the operating and maintenance monitoring systems within Anesco Limited.

**1.7 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is charged to allocate the cost of assets less their residual value over their estimated useful lives, on a straight-line basis. Depreciation is provided on the following basis:

Long-term leasehold property	- 10 years
Plant and machinery	- 3 years
Fixtures and fittings	- 10 years
Computer equipment	- 3-10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

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**QUANESCO TOPCO LIMITED**

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**NOTES TO THE STATUTORY FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2022**

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**1. ACCOUNTING POLICIES (continued)**

**1.8 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard to continue to be charged over the period to the first market rent review rather than the term of the lease. FRS 102 was adopted for the period commencing 1 April 2015.

**1.9 Inventory and work in progress**

Inventory is stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, inventory is assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**1.10 Debtors**

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

**1.11 Cash and cash equivalents**

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

**1.12 Financial instruments**

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares. Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

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**QUANESCO TOPCO LIMITED**

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**NOTES TO THE STATUTORY FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2022**

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**1. ACCOUNTING POLICIES (continued)**

**1.12 Financial instruments (continued)**

**(i) Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**(i) Financial assets and liabilities**

Debt instruments which meet the following conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method. Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss. Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when; a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

**(ii) Investments**

Investments in subsidiaries and associates are measured at cost less impairment.

**(iii) Equity instruments**

Equity instruments issued by the Group are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.



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**QUANESCO TOPCO LIMITED**

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**NOTES TO THE STATUTORY FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2022**

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**1. ACCOUNTING POLICIES (continued)****1.12 Financial instruments (continued)****(iv) Fair value measurement**

The best evidence of fair value is a quoted price for an identical asset in an active market. Where quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

**(v) Hedge accounting**

The Group does not apply hedge accounting.

**(vi) Investments in equity instruments**

Investments in equity instruments are non-derivate financial instruments that are the equity of an issuer outside of the Group. The equity shares held are publicly traded on the London Stock Exchange and therefore there is a quoted price in an active market which is used for measurement of the instruments at fair value through profit and loss. Net gains from changes in market value and dividends received on equity instruments are recognised in other income.

**1.13 Creditors**

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

**1.14 Finance costs**

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

**1.15 Pensions****Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Profit and loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

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**QUANESCO TOPCO LIMITED**

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**NOTES TO THE STATUTORY FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2022**

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**1. ACCOUNTING POLICIES (continued)**

**1.16 Interest income**

Interest income is recognised in the Profit and Loss Account using the effective interest method.

**1.17 Borrowing costs**

All borrowing costs are recognised in the Profit and Loss Account in the period in which they are incurred.

**1.18 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the financial period that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**1.19 Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, 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 by the balance sheet date in the countries where the Group and the Company operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

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**QUANESCO TOPCO LIMITED**

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**NOTES TO THE STATUTORY FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2022**

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**1. ACCOUNTING POLICIES (continued)**

**1.20 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years. If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**1.21 Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of transactions. At each period end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described in note 1, 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 based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical judgements in applying the Group's accounting policies**

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), 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.

*Provisions*

When evaluating debtors for recoverability risk, the Directors use their knowledge and experience to determine the provision required. When evaluating the impact of potential liabilities arising from claims against the Group, the Directors use their knowledge and experience and where necessary, take legal advice to assist them in arriving at their estimation of the liability taking into account the probability of the success of any claims and also the likely development of claims based on recent trends.

*Key source of estimation uncertainty*

The key sources of estimation uncertainty are explained below.

*Impairment of goodwill*

Determining whether goodwill is impaired requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, an impairment loss may arise. Further details are given in note 11.

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**QUANESCO TOPCO LIMITED**

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**NOTES TO THE STATUTORY FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2022**

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**2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY  
(continued)**

*ECO scheme provisions*

The Group acquires ECO points which are generated by qualifying energy efficiency measures installed by third party contractors after a detailed internal validation process. The ECO points are then sold to utility companies to enable them to comply with their obligations under the government's ECO scheme. Despite the best efforts of the Group to confirm that the work performed by installers meets the requirements of the ECO scheme, there is a risk that due to fraud or negligence, the measures may be found to be invalid after the relevant ECO points have been sold to a utility company. Typically the subsequent rejection of measures submitted and accepted to a utility company will arise from audits completed by OFGEM, who have access to additional information which may bring to light validity issues. The Group must estimate the likely impact of any subsequent OFGEM audit findings on the revenue recognised in the current year.

**3. REVENUE**

	<b>Period to 31 March 2022</b>
	<b>£' 000</b>
ECO	30,728
EPC	15,933
Development	3,835
O&M	11,922
Optimisation	170
Services	61
Other	50
	<u>62,699</u>

All revenue arose in the United Kingdom, of which £34.6m was from the sale of goods, the balance being from rendering of services. Contract revenue recognised in the period was £27.9m.

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**QUANESCO TOPCO LIMITED**

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**NOTES TO THE STATUTORY FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2022**

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**4. OPERATING LOSS**

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

	<b>Period to 31 March 2022 £' 000</b>
Hire of plant and machinery - operating leases	452
Hire of property - operating leases	172
Depreciation of tangible fixed assets	(190)
Amortisation of intangible assets, including goodwill	(4,635)
Impairment of tangible assets	-
Gain / (loss) on disposal of fixed asset investments	20
Gain/ (loss) on fair value movement of investments in equity instruments	(40)
Audit of these financial statements	185
Foreign exchange loss / (gain)	442
Inventory impairment	65
Defined contribution pension cost	154

Depreciation of tangible fixed assets and amortisation of intangible assets, including goodwill, are included in administrative expenses in the Statement of Comprehensive Income.

**5. AUDITOR'S REMUNERATION**

	<b>Period to 31 March 2022 £' 000</b>
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	185
<b>Total audit fees</b>	<b>185</b>

Fees payable to the Group's auditor and its associates for other services to the Group:

Taxation compliance services	100
Other taxation advisory services	17
All other assurance services	164
<b>Total non-audit fees</b>	<b>281</b>

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**QUANESCO TOPCO LIMITED**


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**NOTES TO THE STATUTORY FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2022**


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**6. EMPLOYEES**

Staff costs, including Directors' remuneration, were as follows:

	<b>Period to 31 March 2022 £' 000</b>
Wages and salaries	7,559
Social security costs	680
Cost of defined contribution pension scheme	154
	<u>8,393</u>

The average monthly number of employees, including the Directors, during the period and analysed by category for the Group was as follows (the Company has no employees):

	<b>Period to 31 March 2022 No.</b>
Operations	160
Support	30
Directors	2
	<u>192</u>

**7. DIRECTORS' REMUNERATION**

	<b>Period to 31 March 2022 £' 000</b>
Directors' emoluments	372
Social security and other contributions	38
	<u>410</u>

During the period retirement benefits were accruing to 1 Director in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £257,817 during the period. The highest paid Director is a not member of the Group defined contribution pension scheme.

The Group has not provided any advances, credits and guarantees to, or for the benefit of, any Directors.

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**QUANESCO TOPCO LIMITED**

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**NOTES TO THE STATUTORY FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2022**

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**8. INTEREST RECEIVABLE AND SIMILAR INCOME**

**Period to 31  
March 2022  
£' 000**

Other interest receivable	1
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**9. INTEREST PAYABLE AND SIMILAR EXPENSES**

**Period to 31  
March 2022  
£' 000**

Interest on revolving credit facility	20
Interest payable in relation to loans with equity holders	370
	390

**10. TAXATION**

**Period to 31  
March 2022  
£' 000**

**Current tax**

UK corporation tax on losses for the period	-
Total current tax	-

**Deferred tax (note 19)**

Origination and reversal of timing differences	272
Effects of tax rate changes	53
Total deferred tax	325

<b>TAX CREDIT ON LOSS</b>	325
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**QUANESCO TOPCO LIMITED**

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**NOTES TO THE STATUTORY FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2022**

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**10. TAXATION (Continued)**

**Factors affecting tax credit for the period**

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 19%. The calculation is below:

	<b>Period to 31 March 2022 £' 000</b>
Loss before tax	(4,935)
Loss multiplied by standard rate of corporation tax in UK of 19% (2020: 19%)	(938)
<b>Effects of:</b>	
Expenses not deductible for tax purposes	1,015
Income not taxable	(38)
Capital losses	15
Other reliefs	4
Effects of tax rate changes	(53)
Deferred tax not recognised	(330)
<b>Tax credit on loss</b>	<u>(325)</u>

Deferred tax on losses not recognised in the financial statements due to uncertainty over future utilisation is £2.5m.

The current UK corporation tax rate of 19% was set to reduce to 17% from 1 April 2020, however this reduction was reversed in the Finance Bill 2020 (substantively enacted on 17 March 2020). It has been announced that the rate of UK corporation tax will increase to 25% from April 2023.



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**QUANESCO TOPCO LIMITED**

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**NOTES TO THE STATUTORY FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2022**

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**11. INTANGIBLE ASSETS**

	<b>Goodwill</b>	<b>Technology</b>	<b>Customer Contracts</b>	<b>Brand</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>					
At 20 May 2021	-	-	-	-	-
Acquired via business combination	39,900	3,520	10,224	6,336	59,980
Additions	-	587	-	-	587
<b>At 31 March 2022</b>	<b>39,900</b>	<b>4,107</b>	<b>10,224</b>	<b>6,336</b>	<b>60,567</b>
<b>Amortisation and impairment</b>					
At 20 May 2021	-	-	-	-	-
Charge for the period	(2,994)	(514)	(727)	(402)	(4,635)
Impairments	-	-	-	-	-
<b>At 31 March 2022</b>	<b>(2,994)</b>	<b>(514)</b>	<b>(727)</b>	<b>(402)</b>	<b>(4,635)</b>
<b>Net book value</b>					
At 20 May 2021	-	-	-	-	-
<b>At 31 March 2022</b>	<b>36,906</b>	<b>3,593</b>	<b>9,497</b>	<b>5,934</b>	<b>55,931</b>
Remaining amortisation period	10 years	10 years	11 years	11 years	

All intangible assets are being amortised on a straight-line basis.

The Goodwill recognised relates to the acquisition of the group headed by Anesco Holdings Limited during the period. The Goodwill is comprised of:

- Relationships with utility companies and a track record of delivering ECO services provide the potential for value generation in the future
- Progressed tenders and in-flight negotiations for EPC projects provide the potential for value generation in the future
- Early stage development projects where the project has not reached sufficient certainty to qualify for recognition as a separate intangible asset, but provide the potential for value generation in the future
- The skills and experience of the current staff which provide the potential for value generation in the future
- Signed sales contracts which will be completed in less than 12 months from the date of the acquisition

The Technology relates to the development of bespoke software solutions for the O&M division which facilitate the remote monitoring of renewable assets, scheduling of maintenance work and management of the O&M service. The technology meets the criteria of being both separable and arising from legal rights.

Also included in Technology is £396,913 of internally developed software solutions and technology assets under construction, which is not yet being depreciated.

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**QUANESCO TOPCO LIMITED**

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**NOTES TO THE STATUTORY FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2022**

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**11. INTANGIBLE ASSETS (Continued)**

The Contracted Revenue represents the value of signed and enforceable contracts to deliver O&M services over a fixed period of years. The Contracted Revenue meets the criteria of being both separable and arising from legal rights. The useful economic life has been determined based on the average number of years remaining for the outstanding contracts.

The brand derives from the fact that Anesco is an established player in the UK renewables market with a history of successful projects and a number of UK "firsts" in the industry which provides the potential for value generation in the future. The brand meets the criteria of being both separable and arising from legal rights.

The Group tests annually for impairment, or more frequently if there are indications that goodwill might be impaired. The cash flow forecasts are based on the most recent Board approved budget and projections for the next five years.

The key assumptions for the value in use calculations are those regarding the revenue growth rates, discount rates and EBITDA margins. These assumptions are reviewed and revised annually in light of current economic conditions and the future outlook of the Group. The Directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money. This has been set at 10.1%.

The revenue growth rates used in the initial five-year term consider the existing customer base, contracts and revenue commitments, anticipated additional sales to existing and new customers, and specific market trends that are currently seen or expected in the future. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. The average long-term revenue growth rates expected are 2%.

EBITDA margins are assumed to remain sustainable, an assumption which is supported by historical experience of the Group. The average EBITDA margins applied in the projection period is 8%.

**Sensitivity analysis**

Sensitivity analysis has been independently performed on reasonably possible changes to each of the key assumptions detailed above.

- If forecast revenues were reduced by 20% for each year in the forecast period, assuming consistent gross margin percentages and no change to overheads, the recoverable amount would continue to exceed the carrying amount of goodwill
- If the discount rate was increased up to 20.1% (i.e. an additional risk premium of 10.0) then the recoverable amount would continue to exceed the carrying amount of goodwill
- If the average EBITDA margin across the forecast period were to decrease to 5% then the recoverable amount would continue to exceed the carrying amount of goodwill

In each of the sensitivity scenarios described above, the recoverable amount calculated remains higher than the carrying amount of goodwill and therefore the directors have concluded that goodwill is not impaired.

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**QUANESCO TOPCO LIMITED**

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**NOTES TO THE STATUTORY FINANCIAL STATEMENTS  
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**12. TANGIBLE FIXED ASSETS**

	Plant and machinery £' 000	Fixtures and fittings £' 000	Computer equipment £' 000	Total £' 000
<b>Cost or valuation</b>				
As at 20 May 2021	-	-	-	-
Acquired via a business combination	17	245	291	553
Additions	170	18	129	317
Less Disposals	-	-	-	-
<b>As at 31 March 2022</b>	<b>187</b>	<b>263</b>	<b>420</b>	<b>870</b>
<b>Depreciation and impairment</b>				
As at 20 May 2021	-	-	-	-
Charge for the period	(52)	(37)	(101)	(190)
Less Disposals	-	-	-	-
<b>As at 31 March 2022</b>	<b>(52)</b>	<b>(37)</b>	<b>(101)</b>	<b>(190)</b>
<b>Net Book Value</b>				
<b>As at 31 March 2022</b>	<b>135</b>	<b>226</b>	<b>319</b>	<b>680</b>

**13. INVENTORY**

	2022 £' 000
Raw materials and consumables	945
Work in progress	7,150
	<u>8,095</u>

During the period an impairment loss of £65k was recorded on raw materials and consumables.

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**NOTES TO THE STATUTORY FINANCIAL STATEMENTS  
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**14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group	Company
	2022	2022
	£' 000	£' 000
Trade debtors	8,260	-
Amounts owed by group undertakings	-	22
Other debtors	835	-
Corporation tax asset	242	-
Prepayments and accrued income	9,862	-
	<u>19,199</u>	<u>22</u>

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

**15. CASH AND CASH EQUIVALENTS**

	2022
	£'000
Cash at hand and at bank	<u>7,108</u>

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group	Company
	2022	2022
	£'000	£'000
Trade creditors	5,122	-
Taxation and social security	270	-
Other creditors	10,404	-
Loans due in under one year (note 17)	4,888	-
Accruals and deferred income	5,056	-
	<u>25,740</u>	<u>-</u>

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**17. LOANS**

	<b>2022</b>
	<b>£'000</b>
Loan principal – revolving credit facility	5,000
Deferred finance costs	(132)
Loans payable	<u>4,868</u>
Accrued interest	20
Total loan outstanding	<u><u>4,888</u></u>

The loan is secured against the assets of the Group headed by Quanesco Topco Limited. Interest on the new loan is incurred on a daily basis at a rate of a pre-agreed margin percentage above the SONIA (sterling overnight index average) reference rate, payable on a 6-monthly basis until termination date on 9 September 2027 or on demand in the event of default.

**18. FINANCIAL INSTRUMENTS**

	<b>2022</b>
	<b>£'000</b>
<b>FINANCIAL ASSETS</b>	
Financial assets measured at amortised cost:	
Cash and cash equivalents	7,108
Trade debtors	8,260
Financial Assets	<u>15,368</u>
<b>FINANCIAL LIABILITIES</b>	
Financial liabilities measured at amortised cost:	
Trade creditors	5,122
Loans and deferred finance costs	4,888
Financial Liabilities	<u>10,010</u>

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**19. DEFERRED TAXATION**

	<b>2022 £'000</b>
Provision at start of period	-
Acquired with the Group headed by Anesco Holdings Limited (note 31)	802
Recognised on acquisition related intangible assets	(4,622)
Effects of tax rate changes	53
P&L credit	271
Provision at 31 March 2022	<u>(3,496)</u>
	<b>2022 £'000</b>
Fixed asset timing differences	(219)
Losses	953
Deferred tax arising on business combination	(4,231)
R&D expenditure credit	1
	<u>(3,496)</u>

Deferred tax assets and liabilities are offset only where the Group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Group.

**20. PROVISIONS**

	<b>2022 £'000</b>
At 20 May 2021	-
Charged to profit and loss account	541
At 31 March 2022	<u>541</u>

The provision represents the Company's best estimate of likely future economic outflows from the business associated with potential disputed submissions from installers and suppliers within the Company's ECO division.

**21. PROFIT AND LOSS ACCOUNT**

The profit and loss account arises from the retained earnings of the Company. No dividends have been paid or proposed in relation to the period, in either the Group or Company only financial statements.

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**QUANESCO TOPCO LIMITED**


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**22. SHARE CAPITAL**

	<b>2022 £'000</b>
<b>Shares classified as equity</b>	
<b>Authorised, allotted, called up and fully paid</b>	
65,376,238 A ordinary shares of £0.10 each	6,538
376,250 B ordinary shares of £0.10 each	37
605 M Ordinary shares of £0.01 each	-
100 M Ordinary shares of £0.01 each	-
	<hr/> <b>6,575</b>

65,376,238 A ordinary shares of £0.10 each, 376,250 B ordinary shares of £0.10 each and 605 M ordinary shares of £0.10 each were issued in exchange for the acquisition of Anesco Holdings Ltd on 11 June 2021 at a premium of £0.90, £0.90 and £131.90 respectively per share. The aggregate nominal value of the shares was £6,575,310.30 and the aggregate consideration received was £65,832,348.

During the period the Company issued 100 M ordinary shares of £0.01 each at a premium of £131.90 per share to qualifying employees. The price paid by the qualifying employees was deemed to be equal to the fair value of the shares and therefore no share based payment charge arises on issue. The fair value was determined by an external expert. The aggregate nominal value of the shares was £1 and the aggregate consideration received was £13,190.

**Rights of ordinary shares**

Both A ordinary and B ordinary shares rank pari passu with regards to voting rights save as set out in the statement of capital filed at Companies House on 26 September 2022. The M ordinary shares do not carry voting rights. None of the shares are redeemable. In the event of a sale of the Company, the A ordinary, B ordinary and M ordinary shares are entitled to the proceeds of the sale as specified in the statement of capital filed at Companies House on 26 September 2022.

**23. SHARE PREMIUM**

Share premium of £59,257k arose within the Group following issuing shares in exchange for the acquisition of Anesco Holdings Ltd. During the current period additional share premium of £13,200 arose on the issue of 100 M ordinary shares.

**24. PENSION COMMITMENTS**

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension charge in the period amounted to £154k.

There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

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**NOTES TO THE STATUTORY FINANCIAL STATEMENTS  
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**25. COMMITMENTS UNDER OPERATING LEASES**

At 31 March 2022 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	2022 Land and Buildings £'000	2022 Other £'000	2022 Total £'000
Not later than 1 year	169	167	336
Later than 1 year and not later than 5 years	<u>7</u>	<u>657</u>	<u>664</u>
<b>Total</b>	<b><u>176</u></b>	<b><u>824</u></b>	<b><u>1,000</u></b>

**26. RELATED PARTY TRANSACTIONS**

The Group has taken advantage of the exemption conferred by the Financial Reporting Standard 102 "Related party disclosures" not to disclose transactions with members of the Group headed by Quanesco Topco Limited on the grounds that 100% of the voting rights in the Group are controlled within that Group and the Group is included in the consolidated financial statements.

During the period ended 31 March 2022, the Company undertook the following transactions with related parties:

- Engineering services rendered from PX Engineering Consultants, a sister company to the Group by virtue of a common parent company. The total expense incurred in respect of these services received was £7,066.
- Consultancy services received from the immediate parent company Aksiom Group LLC, for the sum of £82,519 for the period to 31 March 2022.

Other transactions with related parties comprise remuneration of directors (as disclosed in note 7) and the signing of a new loan agreement with a parent company post balance sheet date (see subsequent events disclosure in note 30). Key management for the Company and the Group are deemed to be the CEO and CFO who are also directors and therefore *their remuneration is already disclosed in note 7.*

**27. ULTIMATE PARENT AND CONTROLLING PARTY**

The immediate parent company of Quanesco Topco Limited is Aksiom Services Group Limited, a Limited Partnership registered in Ireland. The ultimate parent of the Group is a fund managed by Ara Advisors, LLC and the Group is controlled by Ara Advisors, LLC.



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**28. FIXED ASSET INVESTMENTS**

	<b>Company 2022 £'000</b>
<b>Cost and carrying value</b>	
At 20 May 2021	-
Acquisition of Quanesco Midco Limited	65,832
At 31 March 2022	65,832

At 31 March 2022, the Company directly and indirectly held the equity of the following subsidiary undertakings. In all cases, the proportion of ordinary shares held in subsidiary undertakings was 100%. The financial statements of Quanesco Topco Limited include the results and financial position of the Group's interests using the equity method of accounting.

<b>Subsidiary Undertakings</b>	<b>Country Registered</b>	<b>Registration Number</b>	<b>Principal Activity</b>	<b>Audit exemption taken</b>
Quanesco Midco Limited (Direct)	UK	13412163	Holding Company	S479A Audit Exemption
Quanesco Bidco Limited	UK	13411589	Holding Company	S479A Audit Exemption
Anesco Holdings Limited	UK	11909110	Trading Company	S479A Audit Exemption
Anesco Topco Limited	UK	09275306	Holding Company	S479A Audit Exemption
Anesco Finco Limited	UK	09290130	Holding Company	S479A Audit Exemption
Anesco Midco Limited	UK	09290524	Holding Company	S479A Audit Exemption
Anesco Bidco 1 Limited	UK	09290605	Holding Company	S479A Audit Exemption
Anesco Domestic Storage Ltd	UK	11500900	Trading Company	S479A Audit Exemption
Godsfield Solar Limited	UK	12589003	SPV	S386 Dormant Company
Anesco Limited	UK	07443091	Trading Company	None
Alfreton Solar Limited	UK	13730231	SPV	None
Bishopstone Solar Limited	UK	13732467	SPV	None
Sampshill Solar Limited	UK	13732552	SPV	S386 Dormant Company
Woodwalton Solar Limited	UK	13736021	SPV	S386 Dormant Company
High Meadow 2 Solar Limited	UK	13737364	SPV	S386 Dormant Company
Anesco Nederland B.V	Netherlands	-	Trading Company	None
Iddenshall Solar Limited	UK	13933318	SPV	None
Chapel Lane Energy Storage Limited	UK	13933410	SPV	S386 Dormant Company
Anesco Bidco2 Limited	UK	09290606	Holding Company	S479A Audit Exemption
Anesco Battery Solutions Limited	UK	08612106	Trading Company	S479A Audit Exemption
Anesco GH Limited	UK	08734485	Trading Company	S479A Audit Exemption
Anesco GHEB Limited	UK	08274589	Trading Company	S479A Audit Exemption
Anesco Asset Management Limited	UK	07597560	Trading Company	S479A Audit Exemption
Anesco South West Renewables Limited	UK	09351832	Trading Company	S479A Audit Exemption
AAM Three Limited	UK	08440727	Trading Company	S479A Audit Exemption
Mill Farm Energy Storage Limited	UK	09352111	SPV	S479A Audit Exemption
Ilmer Hybrid Energy Limited	UK	09579104	SPV	S479A Audit Exemption

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**NOTES TO THE STATUTORY FINANCIAL STATEMENTS  
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**28. FIXED ASSET INVESTMENTS (Continued)**

All companies within the Group have the registered office at The Green, Easter Park, Benyon Road, Reading RG7 2PQ and all are included with the consolidated financial statements.

For entities that have taken S479A above Quanesco Topco Limited has provided a parent company guarantee over the liabilities of each of these subsidiary companies, pursuant to section 479C of the Companies Act 2006.

During the financial period the Group sold the entire share capital of Newtonwood Energy Storage Limited, Low Farm Solar Limited and Siddington Solar Limited. Aggregate proceeds received were £0.1m with £0.1m of profit for the Group on disposal.

Following the end of the financial period, the entire share capital of Alfreton Solar Limited and Bishopstone Solar Limited was sold to a third party.

**29. RECONCILIATION OF NET DEBT**

	20 May 2021	Cash flows of the Group	Acquisition of subsidiaries	Other non- cash changes	31 March 2022
	£'000	£'000	£'000	£'000	£'000
Loans	-	(4,868)	-	(20)	(4,888)
Cash and cash equivalents	-	2,491	4,617	-	7,108
Net debt	-	(2,377)	4,617	(20)	2,220

Non-cash changes in loans are comprised of the capitalisation of accrued interest into the principal value of the loan and the unwinding of deferred finance costs.

**30. POST BALANCE SHEET EVENTS****Adjusting Events****ECO3 disputed Claims**

After the balance sheet date and following the cessation of the government ECO3 scheme in March 2022, a subsidiary within the Group, Anesco Ltd, received results of the audits of submitted measures undertaken by the regulator OFGEM over the ECO measures submitted by utilities over the course of the 3-year scheme. The disputed submissions notified to us via the utility companies were on the basis of either inaccurate or insufficiently supported measures which gave rise to a total anticipated liability to utilities of £5.3m. There is a £1.1m negative impact on revenue recognised within the period ended 31 March 2022. The remaining £4.2m reduction in revenue is included in the valuation of the acquired net assets of the Anesco Holdings Limited group. A liability of £5.3m is included in Other Creditors, much of which has been settled post period end. It is expected that the full liability will be extinguished in the next financial year.

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**QUANESCO TOPCO LIMITED**

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**30. POST BALANCE SHEET EVENTS (Continued)****Non-adjusting Events****Expansion into Germany**

Following the period end the Group acquired 100% of the share capital of Aeos services GmbH, a company registered in Germany, for consideration of £0.4m and incorporated a new subsidiary in Germany, under the name of Anesco Deutschland GmbH. These subsidiaries will be used for trading in the Germany market.

**New loan facilities**

Following the period end on 9th September 2022:

- The Group entered into a new loan agreement with a parent company. The £16m principal of the loan will incur daily interest charges at a rate of 10%, capitalizable on to the principal of the loan on a quarterly basis, until either the loan is repaid, or equity-conversion option exercised by the termination date of 9 August 2022. The loan is repayable on demand. Management have considered this undertaking within their assessment of the Company and the Anesco Ltd Group of Companies as a going concern.
- The Group drew down an additional £4m from the revolving credit facility in June 2022. On the same date, the RCF agreement was amended to reduce the total available facility to £9m and financial covenants were amended. Interest on the new loan is incurred on a daily basis at a rate of a pre-agreed margin percentage above the SONIA (sterling overnight index average) reference rate, payable on a 6-monthly basis until repayment or termination date on 9 September 2027.

**31. BUSINESS COMBINATIONS**

On 11 June 2021 100% of the ordinary share capital of Anesco Holdings was acquired by a newly incorporated entity Quanesco Bidco Limited, being an indirect subsidiary of Quanesco Topco Limited.

The acquisition was made for a total consideration of £46,359,434, with £41.6m being paid in cash and £4.8m of deferred consideration.

The goodwill of £39.9m arising from the acquisition is attributable to the expertise and experience of the workforce, customer relationships, the existing order book and early-stage development pipeline of projects providing potential for value generation in the future. Management has estimated the useful life of this goodwill to be 10 years. The following amounts of assets, liabilities and contingent liabilities were recognised at the acquisition date:

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**31. BUSINESS COMBINATIONS (continued)**

	Notes	Carrying Values £'000	FV Adjustments £'000	Eco rejections – prior period adjustment £'000	Deferred tax on acquisition intangibles £'000	Fair Value £'000
<b>Non Current Assets</b>						
Intangible Assets	(i)	1,858	1,564	-	-	3,422
Brand	(ii)	-	6,336	-	-	6,336
Contracted Revenue	(iii)	-	10,225	-	-	10,225
Tangible Assets	(iv)	<u>762</u>	<u>(199)</u>	-	-	<u>563</u>
		<b>2,620</b>	<b>17,926</b>	-	-	<b>20,546</b>
<b>Current Assets</b>						
Work in Progress		2,471	-	-	-	2,471
Stock		684	-	-	-	684
Trade Debtors		7,285	-	-	-	7,285
Accrued Income		5,815	-	-	-	5,815
Other Debtors		6,980	-	-	-	6,980
Prepayments		447	-	-	-	447
Cash		<u>4,617</u>	-	-	-	<u>4,617</u>
		<b>28,299</b>	-	-	-	<b>28,299</b>
<b>Current Liabilities</b>						
Trade and Other Creditors		(9,953)	-	(4,173)	-	(14,127)
VAT		(391)	-	-	-	(391)
Corporation Tax		1	-	-	-	1
Deferred Tax		(116)	-	1,043	(4,621)	(3,694)
PAYE/NIC Taxes		<u>(551)</u>	-	-	-	<u>(551)</u>
		<b>(11,010)</b>	-	<b>(3,130)</b>	<b>(4,621)</b>	<b>(18,762)</b>
<b>Debt</b>						
Debt		(20,931)	-	-	-	(20,931)
Accrued interest		<u>(352)</u>	-	-	-	<u>(352)</u>
		<b>(21,283)</b>	-	-	-	<b>(21,283)</b>
<b>Total Identifiable Net Assets</b>						<b>8,800</b>
Goodwill						39,900
Transaction costs						<u>(2,341)</u>
<b>Total</b>						<b>46,359</b>

Adjustments on acquisition made in respect of the following:

- (i) Recognition of an uplift to fair value on operations and maintenance software.
- (ii) Recognition of the Anesco brand
- (iii) Recognition of Anesco Limited's contracted revenue intangible assets on acquisition.
- (iv) Recognition of a reduction to fair value on leasehold improvements

*QuanESCO Topco Limited serves as a holding company for the Group and all revenue and profit stated on the consolidated statement of comprehensive income is contributed by the acquired companies since acquisition date.*