Company registration number 13842334 (England and Wales)

ZEPPELIN TOPCO LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2022

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ZEPPELIN TOPCO LTD

COMPANY INFORMATION

Directors	Mr D Redman	(Appointed 11 February 2022)
	Mr G Cooke	(Appointed 11 February 2022)
	Mr R Chapman	(Appointed 28 January 2022)
	Mr A Vaughan	(Appointed 1 April 2022)
	Mr R Hart	(Appointed 11 January 2022 and resigned 28 January 2022)
	A G Secretarial Limited	(Appointed 11 January 2022 and resigned 28 January 2022)
	Inhoco Formations Limited	(Appointed 11 January 2022 and resigned 28 January 2022)

Company number 13842334

Registered office
3 Benham Road
Benham Campus
Southampton Science Park
Chilworth, Southampton
Hampshire
SO16 7QJ

Auditor
Grant Thornton UK LLP
5 Benham Road, Benham Campus
Southampton Science Park
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Southampton
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Chilworth, Southampton
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ZEPPELIN TOPCO LTD

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ZEPPELIN TOPCO LTD

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2022

The directors present the strategic report for the Period ended 31 December 2022.

Fair review of the business
In a year which saw an unprecedented energy crisis, the directors are proud of the financial progress that was made for the 11 month period to December 2022 and how the Zeppelin Topco Limited group ("the Group") supported customers and staff alike. With a robust performance in all areas, the Group enjoyed especially strong growth for its energy consultancy and sustainability services, in support of customers' decarbonisation plans. The Group purchased 100% of the issued share capital of Seal Topco Limited on 11 February 2022. Two further acquisitions were also completed in period, adding further sector expertise to the Group.

Activity and ethos
The Group is a market leading energy consultant, with a focus on essential services sector, including education, health care and commercial customers. With a full suite of services the Group can meet all of a customer's energy needs, whether the brokerage of energy, the management of a customer's energy estate, or in providing energy surveys and sustainability consultancy for net zero programmes. The Group was founded on the principle of putting the customer first and each customer receives a tailored service based on their particular needs and where they are on their journey for energy and carbon reduction.

Results and performance
The results show a turnover of £19,659,222 for the 11 month period ended 31 December 2022. Over the period the business has grown by 11.3% on the results for the Seal Topco Group for period ended 31 December 2021 which was due to strong performance post pandemic, particularly in the delivery of energy consultancy given the high demand from customers for decarbonisation solutions.

Key performance indicators (KPIs) and alternative performance measures (APMs)
The KPIs and APMs for group performance are set out below:

Key performance indicator	**11 months to 2022**
Turnover	£19,599,700
EBITDA	(£4,000,946)
EBITDA one off items*	£5,783,356
Number of meter points	35,359

*Breakdown of one off items is shown in the below table.

Categorisation of one-off items	**£**
Non-recurring costs relating to acquisitions	7,041,021
Integration costs	812,215
One-off costs outside of normal trading	1,913,065
	9,784,302

Customer satisfaction and retention is high in all the businesses, providing a solid foundation for growth.

Principal risks and uncertainties
The War on Ukraine has led to inflation and increasing energy prices. The principal risk to the business as a result of this, is a reduction in energy consumption as organisations try to make economic savings, or loss of customers if organisations fail. Energy price inflation has led to customers being increasingly proactive with their journey to net zero. This coupled with ongoing Government initiatives has meant we have experienced strong growth in our energy and sustainability consultancy division across 2022, which is continuing into 2023.

Customer non-payment of bills was not considered to be a significant risk due to significant numbers of public funded organisations in our portfolio, and this remains the case.

Other risks that the board consider important include information security, IT security and loss of key staff. Covid 19 significantly impacted profits in 2020 and also to a lesser extent 2021, however profits have now risen to above pre pandemic levels. The group managed to stay resilient over the pandemic period due to a balanced client and product portfolio, which has assisted in mitigating risk across the group as a whole.

Plans for the future and expansion
Going forward the Group will continue to focus on serving customers in the essential services sectors. Experience in these areas allows the group to add value both in terms of the range of services provided, and the savings achieved for our customers. The group continues to expand geographically, through both organic growth and via strategic acquisitions and this will continue through 2023.

Other information and explanations

The revenue policy for the Group has been derived from the guidance provided by IFRS15, even though the accounting standards applicable to the group come from FRS102. This is to ensure that the very highest standards are applied to the accounting practices of the group. The revenue of DB Group (Europe) Limited and Powerful Allies Limited recognised revenue is based on the in-month consumption of the customer for the 11 months to 31st December 2022. This is not materially different to the policy under IFRS15 and has been aligned in 2023 and will be reported in the following years' accounts.

In deriving the accounting policy of the group for procurement income, a statistical analysis of customer consumption was performed. This was to ensure the revenue recognised at contract commencement was appropriately risk adjusted to ensure the group did not recognise excess revenue at the start of a contract, for it then to be adjusted down at the end.

All procurement contracts are reconciled at the end of their life to ensure the revenue recognised is the same as the cash received. Other revenue streams are invoiced at agreed milestones with revenue recognised when the project is at a suitable stage of completion such that it is probable that the economic benefits associated with the transaction will flow to the entity and the stage of completion can be reliably measured.

On behalf of the board

Mr D Redman
Director

30 June 2023

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the Period ended 31 December 2022.

Zeppelin Topco Limited was incorporated on 11th January 2022. The accounting period presented is therefore for the 11 month period from 11 January 2022 to 31 December 2022. On 11th February 2022 the group bought 100% of the issued share capital of Seal Topco Limited.

Under S424C(11) of the Companies Act 2006 some of the matters normally included in the Directors' Report are included in the Strategic report and the notes to the financial statements, these are: Review of performance, principal risk and uncertainties, future development.

Principal activities
The principal activity of the company and group continued to be that of energy brokerage and consultancy.

Results and dividends
The results for the Period are set out on page 11.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors
The directors who held office during the Period and up to the date of signature of the financial statements were as follows:

Mr D Redman	(Appointed 11 February 2022)
Mr G Cooke	(Appointed 11 February 2022)
Mr R Chapman	(Appointed 28 January 2022)
Mr R Hart	(Appointed 11 January 2022 and resigned 28 January 2022)
A G Secretarial Limited	(Appointed 11 January 2022 and resigned 28 January 2022)
Inhoco Formations Limited	(Appointed 11 January 2022 and resigned 28 January 2022)
Mr A Vaughan	(Appointed 1 April 2022)

Qualifying third party indemnity provisions
The company has made qualifying third party indemnity provisions for the benefit of its directors during the Period. These provisions remain in force at the reporting date.

Financial instruments
Risks and financial instruments
The primary risks that the group is exposed to relate to interest payments and covenant requirements on its borrowings.

Liquidity risk
The group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the group has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk
The group is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans.

The Group has entered into an interest rate cap, to cap the interest payable on its external debt of £58.3m the instrument is used to hedge the company's exposure to interest rate movements on this debt. The interest rate cap will ensure that between the dates of 30th September 2022 and 30th September 2025 an interest rate, in relation to SONIA, of no more than 5.5% will be charged on £38,535,000 of our term debt. At the moment interest rates are not at this level.

Credit risk

Investments of cash surpluses and borrowings are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Post reporting date events

Post year end additional C2 shares were issued to management as part of an incentive scheme. The issue was for 95,000 C2 shares of 1p each, and 99p share premium per share.

After the reporting date there has been a contractual dispute with one customer, this is currently subject to legal review which will determine the recoverability of any potential additional fee levied by suppliers due to customers requiring early termination.

Auditor

In accordance with the company's articles, a resolution proposing Grant Thornton UK LLP be reappointed as auditor of the group will be put at a General Meeting.

Statement of directors' responsibilities

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). 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 group and company, and of the profit or loss of the group for that period. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

Going concern

In drawing a conclusion on the company's ability to continue as a going concern, the Directors have assessed the financial risks to the organisation. Due to the ongoing growing performance in technical services, and strong performance in 2022, we do not consider there to be likelihood for an issue with the group's ability to continue as a going concern.

Further details of this can be found in note 1.5 to the accounts.

On behalf of the board

Mr D Redman
Director

30 June 2023

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ZEPPELIN TOPCO LTD

Opinion
We have audited the financial statements of Zeppelin Topco Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022, which comprise the group statement of comprehensive income, the group and company statement of financial position, the group and company statement of changes in equity, the group statement of cashflows and and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year ended then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as the ongoing energy crisis and rising inflation rates, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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 group's and the parent 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- The group and parent company are subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, to understand these:
- We enquired of management, and those charged with governance, concerning the group and parent company's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We corroborated the results of our enquires to relevant supporting documentation.
- We identified whether there is a culture of honesty and ethical behaviour and whether there is a strong emphasis of prevention and deterrence of fraud.
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and parent company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (FRS 102 and the Companies Act 2006).
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The engagement team's assessment of the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - journal entries, with a focus on material manual journals, including those with unusual account combinations
  - the accuracy and occurrence of open contract revenue, and the appropriate recognition of deferred income at year end
  - potential management bias in determining significant judgements and estimates which include the impairment of investments and intangibles, valuation of customer lists and valuation of contingent consideration
  - the accuracy of the business combinations transactions recognised for the acquisitions in the year
  - the accuracy and completeness of debt transactions in the year, especially in relation to the refinancing

- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - identifying unusual or high risk journals to investigate and verify;
  - vouching the occurrence of revenue to third party documentation, and re-calculating the deferred income to ensure accuracy of revenue recognition;
  - challenging assumptions and judgements made by management in its significant accounting estimates;
  - vouching the business combinations transactions to third party documentation and challenging assumptions and judgements made by management;
  - vouching the debt workings to third party loan agreements and ensuring the accounting treatment is in line with FRS 102;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement items.
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

The engagement partner's assessment of whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the entity operates; and
  - understanding of the legal and regulatory requirements specific to the group and the entity.

Matters about non-compliance with laws and regulations and fraud that were communicated with the engagement team

We did not identify any matters relating to non-compliance with laws and regulation and fraud

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

Use of our report

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

Grant Thornton UK LLP

Norman Armstrong BSc FCA
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accounants
Southampton

30 June 2023

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 DECEMBER 2022

	Notes	Period ended 31 December 2022 £
Turnover	3	19,599,700
Cost of sales		(7,541,949)
Gross profit		12,057,751
Administrative expenses		(45,539,146)
Other operating income		59,752
Operating loss	4	(33,421,643)
Interest receivable and similar income		9,111
Interest payable and similar expenses	8	(11,982,660)
Loss before taxation		(45,395,192)
Tax on loss	9	1,600,295
Loss for the financial Period		(43,794,897)

The loss for the financial period is all attributable to the owners of the parent company.

Total comprehensive income for the Period is all attributable to the owners of the parent company.
The notes on pages 17 to 45 form part of these financial statements.

ZEPPELIN TOPCO LTD

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	2022 £	£
Fixed assets			
Goodwill	**10**		76,305,748
Other intangible assets	**10**		36,163,674
Total intangible assets			112,469,422
Tangible assets	**11**		357,425
			112,826,847
Current assets			
Debtors	**14**	12,404,908	
Cash at bank and in hand		2,149,512	
		14,554,420	
Creditors: amounts falling due within one year	**15**	(18,215,855)	
Net current liabilities			(3,661,435)
Total assets less current liabilities			109,165,412
Creditors: amounts falling due after more than one year	**16**		(142,913,841)
Provisions for liabilities			
Deferred tax liability	**18**	9,141,468	
			(9,141,468)
Net liabilities			(42,889,897)
Capital and reserves			
Called up share capital	**21**		9,050
Share premium account	**22**		895,950
Profit and loss reserves			(43,794,897)
Total equity			(42,889,897)

The notes on pages 17-45 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 30 June 2023 and are signed on its behalf by:

Mr D Redman
Director

Company registration number 13842334 (England and Wales)

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	2022 £	£
Fixed assets			
Investments	**12**		1
Current assets			
Debtors	**14**	77,470,123	
Creditors: amounts falling due within one year	**15**	(6,721,270)	
Net current assets			70,748,853
Total assets less current liabilities			70,748,854
Creditors: amounts falling due after more than one year	**16**		(76,565,124)
Net liabilities			(5,816,270)
Capital and reserves			
Called up share capital	**21**		9,050
Share premium account	**20**		895,950
Profit and loss reserves			(6,721,270)
Total equity			(5,816,270)

The notes on pages 17-45 form part of these financial statements.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £6,721,270.

The financial statements were approved by the board of directors and authorised for issue on 30 June 2023 and are signed on its behalf by:

Mr D Redman
Director

Company registration number 13842334 (England and Wales)

ZEPPELIN TOPCO LTD

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2022

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 11 January 2022		-	-	-	-
Loss and total comprehensive income for the period		-	-	(43,794,897)	(43,794,897)
Issue of share capital	**21**	9,050	895,950	-	905,000
Balance at 31 December 2022		9,050	895,950	(43,794,897)	(42,889,897)

The notes on pages 17-45 form part of these fnancial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2022

	Notes	Share capital	Share premium account	Profit and loss reserves	Total
		£	£	£	£
Balance at 11 January 2022		-	-	-	-
Period ended 31 December 2022:					
Loss and total comprehensive income for the period		-	-	(6,721,270)	(6,721,270)
Issue of share capital	21	9,050	895,950	-	905,000
Balance at 31 December 2022		9,050	895,950	(6,721,270)	(5,816,270)

The notes on pages 17-45 form part of these financial statements.

ZEPPELIN TOPCO LTD

GROUP STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2022

	Notes	2022 £	£
Cash flows from operating activities			
Cash absorbed by operations	30		(17,707,129)
Income taxes paid			(248,221)
Net cash outflow from operating activities			(17,955,350)
Investing activities			
Purchase of business (net of cash acquired)		(82,550,400)	
Purchase of tangible fixed assets		(135,204)	
Proceeds from disposal of tangible fixed assets		5,767	
Interest received		9,111	
Net cash used in investing activities			(82,670,726)
Financing activities			
Proceeds from issue of shares		905,000	
Proceeds from debenture loans		52,856,625	
Proceeds from revolving credit facility		5,000,000	
Proceeds from preference shares		76,565,124	
Proceeds from loan notes		8,000,000	
Proceeds from bridging facility		48,850,000	
Repayment of bridging facility		(48,850,000)	
Repayment of facility		(23,750,000)	
Repayment of loan notes		(12,319,903)	
Interest paid		(4,481,258)	
Net cash generated from/(used in) financing activities			102,775,588
Net increase in cash and cash equivalents			2,149,512
Cash and cash equivalents at beginning of Period			-
Cash and cash equivalents at end of Period			2,149,512

The notes on pages 17-45 form part of these financial statements.

1 Accounting policies

Company information

Zeppelin Topco Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 3 Benham Road, Benham Campus, Southampton Science Park, Chilworth, Southampton, Hampshire, SO16 7QJ.

The group consists of Zeppelin Topco Limited and all of its subsidiaries.

1.1 Reporting period

The Company and Group presents its financial statements for the 11 month period to 31 December 2022. This is its first trading year. The company was incorporated on 11th January 2022 and on 11 February 2022 acquired via a subsidiary undertaking Zeppelin Bidco Limited a controlling interest in Seal Topco Limited.

1.2 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/ expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel

1 Accounting policies **(Continued)**

1.3 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1.4 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Zeppelin Topco Limited together with all entities controlled by the parent company (its subsidiaries).

All financial statements are made up to 31 December 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

1 Accounting policies **(Continued)**

1.5 Going concern

The Group reported a loss after tax for the period of £43,794,897 and net current liabilities of £3,661,435. The group reported a positive EBITDA after one off costs for the year of £5,783,356, with charges for amortisation and impairment of £29,292,661 and an interest payable of £11,982,660 contributing to a reported loss after tax for the year of £43,794,897, with net liabilities of £42,889,897. As at 31 December the Group financing arrangements consisted of an external loan facility of £55,050,000, and revolving credit facility of £5,000,000. The borrowings note to the accounts includes effective interest rate adjustment of £1,701,283 as required by FRS102, which is the difference between the loan balance and note. The interest on external loan facility is payable quarterly while the capital is repayable in full on 11 February 2029. The loan was compliant with covenants at year end. The Group also had loan notes of £8,000,000 and preference shares of £76,565,124 which are considered quasi equity in nature.

The Group saw growth in the period in spite of the impact of macro-economic factors, most materially being the effect of the war in Ukraine. As the UK experienced record highs in energy prices and the onset of an energy crisis, requiring Government intervention through a price capping scheme for industry, the Group continued to support customers with their energy procurement strategies and successfully responded to the demands of customers for the provision of sustainability consultancy and in the delivery of decarbonisation plans. The market volatility lead to a slight increase in staff turnover; through both the challenges of working in the industry at this time; and given that 2022 was the first full year post COVID, with staff making different career choices given the ending of all COVID restrictions.

As we look forward we are confident that these challenges have established a more resilient operational base within the Group, which when combined with improving energy market conditions, support a successful 2023. We also see only further increases in the profile, importance and momentum behind decarbonisation making the Group an increasingly important partner to our customers in supporting them in this journey.

In drawing a conclusion on the Group's ability to continue as a going concern, the Directors have assessed the financial risks to the organisation and its compliance with all covenant requirements. There are currently no identified risks deemed to be significant to the organisation. The Group has performed inline with forecast post year end, the forecasts prepared are compliant with the covenants. Historic growth rates have been over 10% and our expectation is that the Group will return to this level in 2023. On this basis there is sufficient headroom against our covenants such that the expectation is that we will remain within the agreed ratios. Management performed a reverse stress test on covenant compliance which demonstrated EBITDA would have to fall by more than 5.3% in the going concern review period to lead to breach. Whilst acknowledging the potential impact of wider macro-economic uncertainties and the ongoing energy and cost of living crisis, management believe a fall of this magnitude is unlikely and have identified mitigating actions that will be taken if performance is not in line with their base cast forecasts including the advancement of operating systems to support growth in and efficient way and the acceleration of cash within the working capital cycle of the organisation. The Directors have also made enquiries of their shareholders who have confirmed they will provide support if necessary to ensure continuing compliance with covenant requirements throughout the going concern review period.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and remain within its funding facilities and financial covenants for the foreseeable future, being a period of not less than twelve months from the date of approval of these financial statements. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1 Accounting policies **(Continued)**

1.6 Turnover

Turnover represents amounts receivable for services net of VAT. There are two main types of turnover for the group, brokerage income and energy consultancy income. The policy for each is as follows:

Brokerage income

The group provides brokerage and account management services to its customers. The business negotiates rates with energy suppliers on behalf of customers and then provides an ongoing management service of their energy account, being the interface between the supplier and the end customer. Commission is paid by the energy supplier at an agreed rate, across the term of the contract based on the consumption of the customer.

Revenue is recognised by the business such that it reflects the services delivered to the customer. A proportion of revenue is recognised when a contract starts, relating to the brokerage service delivered, based on the estimated fair value of the total future inflows. This value is calculated by adjusting the total forecast value of a contract such that it provides the most appropriate estimate to actual revenue.

The total forecast value for a contract is calculated based on estimated consumption and the contracted commission rate with the supplier. This future value is then adjusted by a percentage factor derived from a historic analysis which compares actual to forecast consumption across the term of all our contract types. This adjusted total forecast revenue value is then apportioned to brokerage revenue based on the amount of activity in the business that is dedicated to brokerage.

Where available, account management revenue is recognised monthly, based on the actual monthly consumption of the customer, at the contracted commission rate, where this is not available forecast consumption is used. To calculate revenue for a contract, this monthly value is multiplied by the proportion of time spent by the business in delivering this service. At the end of the contract the brokerage revenue and account management revenue are compared to the total earned from the supplier and any differences adjusted in month.

The business also provides other services to the customers for which revenue is recognised once the risk and rewards of ownership have transferred and it is probable that the economic benefit associated with the transaction will flow to the business.

Energy consultancy income

The group provides energy consultancy on a contractual basis. The charge for these services will be agreed before the contract commences, along with any milestone or stage payments. Revenue is recognised as these milestones are achieved and based on the stage of completion at the year end.

1.7 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1 Accounting policies **(Continued)**

1.8 *Intangible fixed assets other than goodwill*

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Customer contracts	5 year straight line

1.9 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over remainder of lease
Plant and equipment	25% reducing balance basis
Fixtures and fittings	25% reducing balance basis
Computers	25% reducing balance basis
Motor vehicles	25% reducing balance basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.10 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.11 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

1 Accounting policies **(Continued)**

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.12 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.13 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

1 Accounting policies **(Continued)**

Classification of financial liabilities

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.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

Other financial liabilities

Derivatives, including interest rate swaps are not basic financial instruments. These are not recognised in the financial statements, but their existence is disclosed.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.14 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.15 Taxation

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

Current tax

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

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 Retirement benefits

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

1.18 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.19 Alternative performance measures

Management excercises judgement in determining adjustments to apply to FRS 102 GAAP measurements in order to derive suitable alternative performance measures which are used to provide additional useful information on the trends, performance and position of the Group. These measures are used for performance analysis by the Board, are not defined by FRS 102 and not intended to be substitutes for FRS 102 measurements. A breakdown of these measures which are titled ' one-off' adjustments to EBITDA are included in note 4 to the accounts and in the strategic report.

1.20 Interest Cap

The Group has entered into an interest rate cap, to cap the interest payable on its external debt of £58.3m the instrument is used to hedge the company's exposure to interest rate movements on this debt. The interest rate cap will ensure that between the dates of 30th September 2022 and 30th September 2025 an interest rate, in relation to SONIA, of no more than 5.5% will be charged on £38,535,000 of our term debt. At the moment interest rates are not at this level.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Judgements and key sources of estimation uncertainty
The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Deferred income on payment in advance contracts
The business has two main types of contracts for which it receives commission, being standard payment contracts and upfront payment contracts. In all cases, the contract income is split into the brokerage element and the management element in accordance with the accounting policy shown in note 1. There are two key areas of estimation uncertainty. These are:

1. The total forecast revenue for the contract. This is based on estimated consumption at agreed contract price.
2. The element of the total forecast contract value that relates to brokerage (and is therefore recognised as income on day one of the contract).

With standard payment contracts our revenue is the commission we receive and this is received based on the actual consumption of customers, where data is available, (multiplied by the commission rate for the contract), with payments from suppliers for this commission made a month in arrears. At the outset of a contract, there will be accrued income as the brokerage element of the contract is recognised on day one. This accrued income will unwind as the contract progresses and amounts are received in respect of commission on customer consumption or forecast customer consumption where actuals are not available.

With upfront payment contracts, a payment based on the total estimated commission is made by the supplier at the start of the contract. The brokerage element of this payment is recognised as revenue on day one with the balance held as deferred income on the balance sheet. Revenue for the management element of the contract is then recognised based on the actual consumption of the customer (or forecast basis where actual is not provided) multiplied by the commission rate for that contract (being the same basis as recognising revenue for our standard payment contracts).

Differences between actual and forecast consumption are adjusted when actual data is available or at the end of the contract at the earliest possible point. As revenue is recognised deferred income reduces. Accrued income arises in the later stages of contracts as revenue recognised exceeds advanced payments. These are cleared by Supplier balancing payments on contract completion.

Establishing the customers' account
In recognising brokerage income, revenue is matched to the services provided. At contract commencement the business has delivered many hours of worth towards establishing the customers account. The proportion of customer set up was determined through detailed time and motion study conducted in the business and it is this percentage that is applied to the total contract value to determine the amount recognised at contract commencement.

2 Judgements and key sources of estimation uncertainty **(Continued)**

Value of subsidiaries acquired

Carrying value of subsidiaries acquired are reviewed each year for potential indicators of impairment of customer lists. This is assessed by calculating the higher of value in use or fair value less cost to dispose. For value in use, net present value of future cash flows of entities attributed to each cash generating unit of the group, goodwill is attributed to each CGU's on a revenue basis, and other assets on the basis they are owned by the CGU. These are then compared to the groups amortised carrying value of the CGU's. The WACC used to calculate discount rates is based on the average of debt and equity cost for the group as a whole. Fair value less cost to dispose is calculated using an EBITA multiplier rate. Main sensitives here include future growth rates and terminal value growth rates.

Amortisation of goodwill and other intangibles

The value and useful economic life of each intangible asset is reviewed on purchase so that it can be correctly included within the financial statements.

Each intangible asset is subject to regular review to ensure that any indicators of a change in useful economic life or of impairment are identified as early as possible. Any such indicators are taken for discussion at board level and the accounts carrying values or useful economic lives adjusted according, if it is considered necessary.

Contingent consideration

The value of contingent consideration is based on managements best estimates of the future EBITDA values of newly acquired subsidiaries based on the best available data at the reporting date.

Termination of contracts

From time to time there are contractual disputes or early terminations on the recharge energy product where recovery of outstanding amounts from contracts is subject to a degree of estimation regarding the final commercial outcome of this.

3 Turnover and other revenue

	2022
	£
Turnover analysed by class of business	
Commission income	11,401,445
Other income	8,198,255
	19,599,700

	2022
	£
Turnover analysed by geographical market	
UK turnover	19,599,700

	2022
	£
Other revenue	
Interest income	9,111

4 Operating loss

	2022
	£
Operating loss for the period is stated after charging:	
Depreciation of owned tangible fixed assets	128,036
Other operating income	(59,752)
Amortisation of intangible assets	16,885,651
Impairment of intangible assets	12,407,010
Operating lease charges	391,241

Alternative performance measures -EBITDA reconciliation

	£
Profit after tax	(43,794,897)
Tax charge	(1,600,295)
Finance costs	11,982,660
Interest receivable	(9,111)
Amortisation	16,885,651
Impairment	12,407,010
Depreciation	128,036
EBITDA	(4,000,946)
One off costs	9,784,302
EBITDA post one off costs	5,783,356

Categorisation of one-off items:	£
Non-recurring costs relating to acquisitions	7,041,021
Integration costs	812,215
One-off costs outside of normal trading	1,913,065
	9,784,302

5 Auditor's remuneration

	2022
Fees payable to the company's auditor and associates:	£
For audit services	
Audit of the financial statements of the company	60,250
Audit of the financial statements of the company's subsidiaries	122,750
	183,000

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the Period was:

	Group 2022 Number	Company 2022 Number
Directors	4	-
Staff members	229	-
Total	233	-

Their aggregate remuneration comprised:

	Group 2022 £	Company 2022 £
Wages and salaries	10,283,515	-
Social security costs	1,030,768	-
Pension costs	302,975	-
	11,617,258	-

7 Directors' remuneration

	2022 £
Remuneration for qualifying services	265,833
Company pension contributions to defined contribution schemes	25,250
	291,083

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022 £
Remuneration for qualifying services	137,500
Company pension contributions to defined contribution schemes	8,250

Until April 2022 the directors were remunerated through Zenergi Limited and Seal Bidco Limited for their services to the group as a whole, then from April 2022 the directors were remunerated through of Zeppelin Bidco Limited.

8 Interest payable and similar expenses

	2022
	£
Interest on financial liabilities measured at amortised cost:	
Interest on bank overdrafts and loans	4,646,592
Other interest on financial liabilities	7,336,068
	11,982,660

9 Taxation

	2022
	£
Current tax	
UK corporation tax on profits for the current period	414,338
Deferred tax	
Origination and reversal of timing differences	(2,014,633)
Total tax credit	(1,600,295)

The actual (credit)/charge for the Period can be reconciled to the expected credit for the Period based on the profit or loss and the standard rate of tax as follows:

	2022
	£
Loss before taxation	(45,395,192)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00%	(8,625,086)
Permanently non taxable income	177,564
Adjustments in respect of prior years	(1,536)
Effect of change in corporation tax rate	(24,476)
Permanent capital allowances in excess of depreciation	(8,144)
Other permanent differences	3,721,461
Tax effect of non deductable expenses	3,159,922
Taxation credit	(1,600,295)

10 Intangible fixed assets

Group	Goodwill	Customer contracts	Total
	£	£	£
Cost			
At 11 January 2022	-	-	-
Additions - business combinations	98,061,924	43,700,159	141,762,083
At 31 December 2022	98,061,924	43,700,159	141,762,083
Amortisation and impairment			
At 11 January 2022	-	-	-
Amortisation charged for the period	9,349,166	7,536,485	16,885,651
Impairment losses	12,407,010	-	12,407,010
At 31 December 2022	21,756,176	7,536,485	29,292,661
Carrying amount			
At 31 December 2022	76,305,748	36,163,674	112,469,422

10 Intangible fixed assets **(Continued)**

Carrying value of goodwill and intangibles acquired are reviewed each year for potential indicators of impairment of customer lists. As there were changes in market conditions during FY22 management considered there to be indicators of impairment, and conducted an impairment review. This is assessed by calculating the higher of value in use or fair value less cost to dispose. For value in use, net present value of future cash flows of entities attributed to each cash generating unit of the group, goodwill is attributed to each CGU's on a revenue basis, and other assets on the basis they are owned by the CGU. Attributed to the CGU value is the Customer list value which is calculated by current contract value forecast over time, plus one renewal round for each contract, adjusted for the customer attrition rate which is currently 14%. These are then compared to the groups amortised carrying value of the CGU's. The WACC used to calculate discount rates is based on the average of debt and equity cost for the group as a whole. Fair value less cost to dispose is calculated using an EBITA multiplier rate. Main sensitivies here include future growth rates and terminal value growth rates.

Impairment testing for cash generating units containing goodwill.

Impairment indicators were identified as a result of the impact of the cost of living and energy crisis and an impairment review performed.

For the purpose of impairment testing, goodwill is allocated to the Group's cash generating units. The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

Cash generating unit	**2022** **£**
Energy Management Ltd	10,533,843
Zenergi Ltd	41,383,755
Briar Consulting Engineers Ltd	28,563,502
DB Group (Europe) Ltd	2,643,372
Powerful Allies Ltd	5,588,388
	88,712,860

10 Intangible fixed assets **(Continued)**

In each case, the impairment test was based on a calculation of cash flows based upon the Group's detailed eight year strategic plans at which point a terminal value was applied and discounted using a post-tax weighted average cost of capital on a value in use basis. The strategic plans are prepared taking into account past experience, the Group's overall strategic direction and significant growth expectations in the markets it serves. The key assumptions applied in determining budgeted revenues are based on the CGUs' projected profile of new product launches and their estimates of the outlook for the respective economies. Budgeted costs are based upon the directors' past experience of the costs required to support those revenues. The strategic plan period growth rate of EBITDA is assumed to be 10% across all CGU's and a terminal value rate of 2% applied. The post tax discount rates were 9.4%. Based on this review, impairments of goodwill were identified and recognized as follows:

Cash generating unit	2022 £
Energy Management Ltd	0
Zenergi Ltd	12,407,010
Briar Consulting Engineers Ltd	0
DB Group (Europe) Ltd	0
Powerful Allies Ltd	0

Changes to the discount rate and discounted cash flows used in the model would have caused the following reductions in headroom. None would have caused any impairment in 2022.

Cash generating unit	Assessed headroom	1% increase in post-tax discount rate	1% decrease in post-tax discount rate	5% fall in cashflows
Energy Management Ltd	4,263,276	2,130,471	7,075,378	3,435,852
Zenergi Ltd	- 12,407,010	-19,702,417	- 2,374,275	- 14,715,498
Briar Consulting Engineers Ltd	10,466,125	3,335,418	19,867,102	7,685,176
DB Group (Europe) Ltd	26,904,908	22,683,797	32,463,508	25,148,766
Powerful Allies Ltd	9,710,246	6,715,589	13,659,418	8,560,754

11 Tangible fixed assets

Group	Leasehold improvements	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 11 January 2022	-	-	-	-	-	-
Additions	36,619	17,375	70,158	11,052	-	135,204
Business combinations	42,143	44,784	186,228	28,182	54,797	356,134
Disposals			-	-	(26,125)	(26,125)
At 31 December 2022	78,762	62,159	256,386	39,234	28,672	465,214
Depreciation and impairment						
At 11 January 2022	-	-	-	-	-	-
Depreciation charged in the Period	25,161	16,484	70,672	7,426	8,293	128,036
Eliminated in respect of disposals	-	-	-	-	(20,247)	(20,247)
At 31 December 2022	25,161	16,484	70,673	7,426	(11,954)	107,789
Carrying amount						
At 31 December 2022	53,601	45,674	185,716	31,808	40,626	357,425

12 Fixed asset investments

	Notes	Group 2022	Company 2022
		£	£
Investments in subsidiaries	13	-	1

Movements in fixed asset investments
Company

	Shares in subsidiaries
	£
Cost or valuation	
At 11 January 2022	-
Additions	1
At 31 December 2022	1
Carrying amount	
At 31 December 2022	1

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	Indirect
Seal Midco 2 Ltd	England and Wales	Holding Company	Ordinary	-	100.00
Seal Bidco Ltd	England and Wales	Holding Company	Ordinary	-	100.00
Zenergi Group Ltd	England and Wales	Holding Company	Ordinary	-	100.00
Briar Consulting Engineers Ltd	England and Wales	Energy management and procurement specialist	Ordinary	-	100.00
Briar Holdings Ltd	England and Wales	Holding Company	Ordinary	-	100.00
SB Energy (UK) Ltd	England and Wales	Dormant	Ordinary	-	100.00
Zenergi Corporate Trustee Ltd	England and Wales	Benefit trust to the employees of Zenergi	Ordinary	-	100.00
Apollo Energy Ltd	England and Wales	Energy brokerage and consultancy	Ordinary	-	100.00
Powerful Allies Ltd	England and Wales	Energy brokerage and consultancy	Ordinary	-	100.00
DB Group (Europe) Ltd	Scotland	Energy brokerage and consultancy	Ordinary	-	100.00
DB Water Ltd	Scotland	Dormant	Ordinary	-	100.00
Zenergi EBT Payroll Ltd	England and Wales	Other professional services	Ordinary	-	100.00
Zeppelin Midco 1 Ltd	England and Wales	Holding Company	Ordinary	100.00	-
Zeppelin Midco 2 Ltd	England and Wales	Holding Company	Ordinary	-	100.00
Zeppelin Bidco Ltd	England and Wales	Holding Company	Ordinary	-	100.00
Seal Topco Ltd	England and Wales	Holding Company	Ordinary	-	100.00
Seal Midco 1 Ltd	England and Wales	Holding Company	Ordinary	-	100.00
Power Direct Ltd	England and Wales	Dormant	Ordinary	-	100.00
Energy Management Ltd	England and Wales	Energy brokerage and consultancy	Ordinary	-	100.00
Zenergi Ltd	England and Wales	Energy brokerage and consultancy	Ordinary	-	100.00

13 Subsidiaries **(Continued)**

Seal Topco Limited, Seal Midco 1 Limited, Seal Midco 2 Limited, Seal Bidco Limited, Apollo Energy Limited, SB Energy UK Ltd and Power Direct Ltd, 100% owned subsidiaries, are exempt from the requirement of the Companies Act relating to the audit of their individual financial statements by virtue of s479A of the Act.

Zeppelin Topco Limited has given a guarantee under s479C in respect of the period ended 31 December 2022 and this entity is included in these consolidated financial statements. The above entities have filed a written notice of the agreement of members, a statement of guarantee and a copy of these consolidated financial statements together with their own individual financial statements.

14 Debtors

	Group 2022 £	Company 2022 £
Amounts falling due within one year:		
Trade debtors	6,823,735	-
Corporation tax recoverable	456,996	-
Amounts owed by group undertakings	-	77,470,123
Other debtors	298,145	-
Prepayments and accrued income	4,826,032	-
	12,404,908	77,470,123

15 Creditors: amounts falling due within one year

	Notes	Group 2022 £	Company 2022 £
Trade creditors		2,248,691	-
Amounts owed to group undertakings		-	22,900
Corporation tax payable		623,112	-
Other taxation and social security		1,225,257	-
Deferred income	19	1,722,751	-
Other creditors		388,456	-
Accruals and deferred income		12,007,588	6,698,370
		18,215,855	6,721,270

16 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	Company 2022 £
Debenture loans	17	53,348,717	-
Revolving credit facility	17	5,000,000	-
Preference shares	17	76,565,124	76,565,124
Loan notes		8,000,000	-
		142,913,841	76,565,124

17 Loans and overdrafts

	Group 2022 £	Company 2022 £
Loan notes	8,000,000	
Debenture loans	53,348,717	-
Revolving Credit Facility	5,000,000	-
Preference shares	76,565,124	76,565,124
	142,913,841	76,565,124
Payable after one year	142,913,841	76,565,124

The debenture loan of £55,050,000 is prior to adjustment for effective interest rate £1,701,283. Interest is charged at SONIA plus 6.25% which is payable quarterly. The capital is repayable in full on 11 February 2029.

The revolving credit facility of £5m charges interest at SONIA plus 3.25% which is payable quarterly. The capital is repayable in full on 11 February 2028.

The Group has entered into an interest rate cap, to cap the interest payable on its external debt of £58.3m the instrument is used to hedge the company's exposure to interest rate movements on this debt. The interest rate cap will ensure that between the dates of 30th September 2022 and 30th September 2025 an interest rate, in relation to SONIA, of no more than 5.5% will be charged on £38,535,000 of our term debt. At the moment interest rates are not at this level.

The loan is secured by a debenture including a fixed and floating charge over the assets of the company and a number of the other group entities, including Zeppelin Midco 2 Limited, Zenergi Group Limited, Zenergi Ltd, SB Energy UK Limited, Power Direct Limited, Apollo Energy Limited, Energy Management Limited, Powerful Allies Limited and DB Group (Europe) Limited.

Preference shares accrue a 10% PIK interest rate which is payable upon redemption. Preference shares are redeemable upon realisation or appointment of a receiver.

Loan notes accrued a 10% PIK interest rate which is payable on 31 October 2029. Loan notes are redeemable upon realisation or appointment of a receiver.

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Liabilities 2022 £
Accelerated capital allowances	(188,345)
Acquisitions	9,329,813
	9,141,468

The company has no deferred tax assets or liabilities.

18 Deferred taxation **(Continued)**

Movements in the Period:	Group 2022 £	Company 2022 £
Asset at 11 January 2022	-	-
Credit to profit or loss	(2,014,633)	-
Other	11,156,101	-
Liability at 31 December 2022	9,141,468	-

The rate of UK Corporation tax in the UK changed from 19% to 25% from 1 April 2023. Deferred tax balances have been booked at 25% if they are expected to crystallise after the date of the change

19 Deferred income

	Group 2022 £	Company 2022 £
Other deferred income	1,722,751	-

In accordance with the revenue recognition policy for account management on contracts with upfront payments the element of each contract related to management element of the contract is held as a deferred income balance on the statement of financial position. Revenue is then recognised based on the actual consumption, where available, of the customer multiplied by the commission rate for that contract (being the same basis as recognising revenue for our standard payment contracts).

As revenue is recognised deferred income reduces. Accrued income arises in the later stages of contracts as revenue recognised exceeds advanced payments. These are cleared by Supplier balancing payments on contract completion.

20 Retirement benefit schemes

Defined contribution schemes	2022 £
Charge to profit or loss in respect of defined contribution schemes	302,975

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

21 Share capital

Group and company Ordinary share capital	2022 Number	2022 £
Issued and fully paid		
Ordinary Shares Class A of 1p each	735,132	7,351
Ordinary Shares Class B of 1p each	84,868	849
Ordinary Shares Class C1 of 1p each	85,000	850
	905,000	9,050

Preference share capital	2022 Number	2022 £
Issued and fully paid		
Preference Shares of 1p each	76,565,124	765,651
Preference Share premium of 99p each	76,565,124	75,799,473
	153,130,248	76,565,124
Preference shares classified as liabilities		76,565,124

There are three classes of ordinary shares. There are no restrictions on the distribution of dividends and repayment of capital.

All ordinary shares rank pari passu.

Preference shares are repayable before other types of share categories. Dividends are payable at 10% per annum on a PIK basis on preference shares.

22 Share premium account

The share premium account represents the difference between value paid for shares and par value.

23 Acquisition of a business

On the 11th February 2022 the group acquired 100% of the issued share capital of Seal Topco Limited.

Net assets acquired	Book Value £	Adjustments £	Fair Value £
Customer lists	8,435,593	25,778,406	34,213,999
Property, plant and equipment	305,513	-	305,513
Trade and other receivables	6,913,559	-	6,913,559
Cash and cash equivalents	5,046,737	-	5,046,737
Loans and other financial liabilities	(36,069,896)	36,069,896	-
Trade and other payables	(7,980,369)	(36,069,896)	(44,050,265)
Tax liabilities	(1,868,587)	-	(1,868,587)
Deferred tax	(1,229,316)	(7,468,984)	(8,698,300)
Total identifiable net liabilities	(26,446,766)	18,309,422	(8,137,344)
Goodwill			89,096,037
Total consideration			80,958,693

The consideration was satisfied by:	£
Cash	72,114,840
Loan notes	8,843,853
	80,958,693

The useful economic life of goodwill is considered to be 10 years.

23 Acquisition of a business **(Continued)**

On 23 February 2023 the group acquired 100% of the issued capital of DB Group (Europe) Ltd.

Net assets acquired	Book Value £	Adjustments £	Fair Value £
Property, plant and equipment	7,559	-	7,559
Investments	68,406	-	68,406
Trade and other receivables	5,245,138	-	5,245,138
Cash and cash equivalents	1,215,266	-	1,215,266
Trade and other payables	(3,913,188)	-	(3,913,188)
Tax liabilities	(227,286)	-	(227,286)
Provisions	(4,886)	-	(4,886)
Customer list	-	3,152,352	3,152,352
Deferred tax	-	(807,088)	(807,088)
Total identifiable net assets	2,391,009	2,345,264	4,736,273
Goodwill			2,941,927
Total consideration			7,678,200

The consideration was satisfied by:	£
Cash	6,212,223
Deferred consideration	1,465,977
	7,678,200

The useful economic life of goodwill is considered to be 10 years.

23 Acquisition of a business **(Continued)**

On 30 May 2023 the group acquired 100% of the issued capital of Powerful Allies Ltd.

Net assets acquired	Book Value £	Adjustments £	Fair Value £
Property, plant and equipment	47,562	-	47,562
Trade and other receivables	1,243,044	-	1,243,044
Cash and cash equivalents	563,153	-	563,153
Trade and other payables	(55,420)	-	(55,420)
Tax liabilities	(292,681)	-	(292,681)
Customer list	-	6,333,809	6,333,809
Deferred tax	-	(1,653,817)	(1,653,817)
Total identifiable net assets	1,505,658	4,679,992	6,185,650
Goodwill			6,024,068
Total consideration			12,209,718

The consideration was satisfied by:	£
Cash	11,054,232
Deferred consideration	1,155,486
	12,209,718

The useful economic life of goodwill is considered to be 10 years.

24 Group Restructure

On 31 December 2022 the trade and assets of Apollo Energy Ltd were hived across to its sister companies Zenergi Ltd and Briar Consulting Engineers Ltd as a nil loss nil gain group transfer. Both companies are 100% subsidiaries of Zenergi Group and were accounted for as mergers.

Investment value was reviewed for indicators of impairment, and no impact on investment value was identified as a result of this transfer.

On 31 December 2022 the trade and assets of Seal Bidco Limited, Seal Midco 2 Limited, Seal Midco 1 Limited and Seal Topco Limited were hived across to their direct parent company Zeppelin Bidco Limited as a nil loss nil gain group transfer. These entities are all 100% subsidiaries of Zeppelin Bidco Limited. This was accounted for as a merger

25 Financial commitments, guarantees and contingent liabilities

The company is part of a selection of group entities which have provided security, by way of a debenture providing a fixed and floating charge over all assets, to the loan owed by subsidiary Zeppelin Bidco Limited., The total capital value outstanding on this loan at the statement of financial position date is £55,050,000.

26 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2022 £	Company 2022 £
Within one year	347,216	-
Between two and five years	372,285	-
In over five years	3,132	-
	722,633	-

Lessor

The operating leases represent leased premises to third parties. The leases are negotiated over terms of 3 years and rentals are fixed for 3 years. There are no options in place for either party to extend the lease terms.

At the reporting end date the group had contracted with tenants for the following minimum lease payments:

	Group 2022 £	Company 2022 £
Within one year	40,825	-
Between two and five years	30,619	-
	71,444	-

27 Events after the reporting date

Post year end additional C2 shares were issued to management as part of an incentive scheme. The issue was for 95,000 C2 shares of 1p each, and 99p share premium per share.

After the reporting date there has been a contractual dispute with one customer, this is currently subject to legal review which will determine the recoverability of any potential additional fee levied by suppliers due to customers requiring early termination.

28 Related party transactions

The company has taken advantage of the provision contained within Section 33.1A of FRS102 to not disclose transactions with the rest of the wholly owned subsidiaries of the group of which its parent entities are members.

The following related party transactions took place during the period:

Amounts paid to related parties:
ECI Partners - £53,167

Related party year end creditors:
ECI Partners - (£18,704)

Amounts paid to former directors:
Roly Poly Consultancy £79,891
M Brown £29,600

Amounts paid to businesses owned by previous directors:
Hazeldean Properties £61,154

Income paid by previously related companies:
Buying Power £59,275

Related party year end balances:
Buying Power - (£8,512)
Roly Poly Consultancy - (£12,540)

29 Controlling party

The ultimate parent company is ECI 11 LP, a company incorporated in England and Wales. The registered office is Brettenham House, Lancaster Place, London, WC2E 7EN.

30 Cash absorbed by group operations

	2022
	£
Loss for the Period after tax	(43,794,897)
Adjustments for:	
Add back tax expense	(1,600,295)
Finance costs	11,982,660
Gain on disposal of fixed assets	111
Bad and doubtful debts	12,697
Deferred tax movement	(7,990)
Impairment of financial assets	68,406
Amortisation and impairment of intangible assets	29,292,661
Depreciation and impairment of tangible fixed assets	128,036
Interest income	(9,111)
Movements in working capital:	
Decrease in debtors	1,166,888
Decrease in creditors	(14,946,294)
	(17,707,129)

31 Analysis of changes in net funds - group

	11 January 2022	Cash flows	31 December 2022
	£	£	£
Cash at bank and in hand	-	2,149,512	2,149,512
Borrowings excluding overdrafts	-	110,671,749	110,671,749
Loan notes	-	(4,139,903)	(4,139,903)
	-	108,681,358	108,681,358