Registered number: 02317133

ENERVEO LIMITED (FORMERLY SSE CONTRACTING LTD)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

ENERVEO LIMITED (FORMERLY SSE CONTRACTING LTD)

COMPANY INFORMATION

Directors	Z S C Houlahan L Warnke
Company secretary	D J Dandy
Registered number	02317133
Registered office	Second Floor Eagle Court 2 Hatchford Way Birmingham B26 3RZ
Independent auditor	CLA Evelyn Partners Limited Chartered Accountants & Statutory Auditor 45 Gresham Street London EC2V 7BG

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022

Introduction

The directors present their report for the year ended 31 March 2022.

This Strategic Report has been prepared in accordance with the requirements of Section 414 of the Companies Act 2006. Its purpose is to inform shareholders and help them assess how the directors have performed their duty to promote the success of Enerveo Ltd (formerly SSE Contracting Ltd.)

The Strategic and Financial Review sets out the main trends and factors underlying the development and performance of Enerveo Ltd (formerly SSE Contracting Ltd) (the 'Company') during the year ended 31 March 2022, as well as those matters which are likely to affect its future development and performance.

Review of the business and financial performance

Key financials

The Company's key financial and other performance indicators during the year were as follows:

	2022	*2021*
	£m	*£m*
Revenue	278.9	*246.7*
Underlying operating loss	(13.1)	*(12.4)*
Exceptional items	(12.9)	*(10.9)*
Operating loss	(26.0)	*(23.3)*
Loss before tax	(26.8)	*(22.6)*
Net assets	5.1	*138.0*

Enerveo previously SSE Contracting Ltd was a wholly owned subsidiary of SSE Plc and part of the SSE Group (the 'Group') until 30 June 21, when its entire share capital was purchased by AURELIUS Antelope Ltd ('AURELIUS'). The Company subsequently rebranded and changed its name to Enerveo Ltd on 28 October 2021.

Revenue

Enerveo Limited's revenue was £278.9m for the year ending 31 March 2022, a 13% increase against the prior year (2021 - revenue £246.7m) at a ~19% gross margin (2021 - ~23.5%). This is the result of winning and delivering key projects in both the Infrastructure Solutions and Highways Electrical business units.

However, despite this growth, the underlying loss increased. This is due to isolated, one-off factors:

Firstly, the gross margin has suffered due to several legacy projects in non-core industries that generated substantial losses (£7.9m) (2021 - £4.7m). In line with the revised sales strategy that was implemented during the year, management have generally agreed to refrain from quoting for these types of projects in future.

Secondly, the Company incurred significant costs in separating itself from its old group, which has involved rebranding; setting up stand-alone HR, IT and Finance functions; and culminated in the implementation of a new ERP system on 1 June 2022. Substantial development time and change management costs, totalling £10.7m (2021 - £nil) were incurred in achieving this separation, whilst simultaneously still incurring transitional service charges from the previous owners.

Following the acquisition by AURELIUS, management had engaged in an exercise to reduce the company's cost base by renegotiating contracts with suppliers for both direct and indirect expenses, reducing the number of business units and slimming down the spans of control. The savings achieved during the year, however, have not been sufficient to mitigate the deterioration in the gross margin.

These effects have caused the loss for the year to increase to £27.1m (2021 – £ 22.5m).

Exceptional items

Separation costs from SSE Plc group of £10.7m (2021 - £nil) relating to rebranding; setting up stand-alone HR, IT and Finance functions were incurred. Additionally projects were executed with the intention of restructuring Enerveo. This led to exceptional redundancy costs of £1.3m (2021 - £1.2m). Furthermore approximately £0.9m, (2021 - £4.9m) of unproductive stood down engineer time costs was incurred due to COVID as the SSE Group's management decided not to make use of any government support schemes (including the Coronavirus Job Retention Scheme).

Net assets

As part of the transaction and separation from SSE Plc, the intercompany debt of £106m was waived. This is the largest cause for the reduction in Enerveo's net assets, which have been further affected by the losses outlined above.

Principal risks and uncertainties

The Board of Directors are responsible for assessing and monitoring business risk. This is achieved through regular board meetings to review potential risks and areas of uncertainty, ensuring the Company is appropriately addressing both Operational and Financial risks as and when they arise.

The directors acknowledge that they have responsibility for the Company's systems of internal control and risk management and for monitoring their effectiveness. The purposes of these systems are to manage, rather than eliminate, the risk of failure to achieve business objectives, to provide reasonable assurance as to the quality of management information and to maintain proper control over the income, expenditure, assets and liabilities of the Company.

No system of control can, however, provide absolute assurance against material misstatement or loss. Accordingly, the directors have regard to what controls, in their judgement, are appropriate to the Company's business and to the relative costs and benefits of implementing specific controls.

The directors have considered the impact of inflationary pressures on the future prospects of the Company. The majority of the Company's long-term contracts have indexation mechanisms built in, whilst new contracts are tendered so as to minimise the direct burden that rapidly increasing prices might have on the Company's finances when delivering the project.

The inflationary pressures mentioned above have been compounded by the conflict in the Ukraine. Even though the Company has no direct association with either suppliers or customers in these regions, the directors have taken into account the market uncertainties that the conflict has created in generating its forecasts and in reaching their assessment of the Company's ability to continue as a going concern. The directors have therefore considered the effect of any revenue reduction as part of their scenario analysis when assessing the Company's ability to continue as a going concern.

Future developments of the business

Since 31 March 2022, Enerveo has continued to separate from its previous ownership. Restructuring activities, that had already generated savings in FY22, were expanded so as to improve profitability. The total impact of this transition and restructuring activity has seen a reduction in annual overheads by almost £15m and was achieved by exiting 19 of the group's 58 properties; reducing headcount; and consolidating revenues. This has allowed Enerveo to focus on its key services and customers. Simultaneously, project governance was improved by a more stringent gate and review process, helping to identify challenging contracts early, thereby mitigating the impact of their poor performance on Enerveo's profitability.

Enerveo has also successfully implemented the first phase of its new ERP system and is now focussing on the "day two" phase of the implementation. This complex and multifaceted project will help to unlock significant efficiency improvements for the Company and will allow the business to work more effectively for the benefit of all of its stakeholders.

The positive trajectory set by the business in FY22 has therefore continued, with £1.6m operating EBIT (unaudited) being achieved in FY23. The reported EBIT for the business in FY23 is still expected to be negative, with further significant restructuring and separation costs having been incurred to effect the turnaround. However, the current forecast for FY24 is that the business will also achieve profits at a reported level, continuing the trend of positive results that have been achieved since September 2022.

Section 172(1) statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she

considers, in good faith, would most likely promote the success of the Company for the benefit of its

members as a whole. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the:

- likely consequences of any decisions in the long term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the Company.

In discharging their section 172 duties, the directors of the Company have regard to the factors set out

above. They also have regard to other factors which they consider relevant to the decision being made.

Those factors, for example, include the Company's applicable legal and regulatory obligations.

The directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company's stakeholders.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies, the responsibility of the directors.

The Company is represented by a Board of Directors. The Board reviews health and safety; financial and operational performance; debt funding availability and funder relations management; legal and regulatory compliance at every meeting. Additionally, other pertinent areas are reviewed over the course of the financial year, including: the Company's business strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; corporate responsibility; governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to the Board.

The views of the Company's stakeholders are always considered where appropriate in decision making

across the Enerveo Group. The mechanisms which are in place to assist the directors in understanding relevant views are set out in the Strategic Report. Information is generally provided in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPIs, risk, ESG matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

Engagement with employees
The views of Company employees are gathered at business unit level, where mechanisms include monthly KPIs, regular CEO and Senior Management townhalls and tailored business unit led engagement. People strategies and action plans to address employee views are developed and overseen by the directors in response to feedback received.

Employment of disabled people
The Company has a range of employment policies which clearly detail the standards, processes, expectations and responsibilities of its people and the organisation. These policies are designed to ensure that everyone, including those with existing or new disabilities and people of all backgrounds, are dealt with in an inclusive and fair way from the recruiting process on through their career, whether that means access to appropriate training, development opportunities or job progression.

Engagement with suppliers, customers and other relationships
The Company's stakeholders are people, communities and organisations with an interest or concern in its purpose, strategy, operations and actions, and who in turn, may be affected by them. This includes: shareholders and debt providers; employees; government and regulators; NGOs, communities and civil society; suppliers, contractors and partners; and customers. The perspectives, insights and opinions of stakeholders are recognised as a key factor in the relevant operational, investment and business decisions taken by the Company and its directors, to ensure that as a whole they are more robust and sustainable.

Going concern

The financial statements have been prepared on a going concern basis.

Enerveo recently secured a short-term loan facility of £5 million in addition to its existing long-term asset backed lending facility of £20 million. This infusion of new financing has strengthened the

company's financial position, allowing it to effectively address its immediate funding requirements for

working capital, separation costs, capital expenditure, and restructuring expenses.

Moreover, Enerveo has also obtained a letter of comfort from its new lender providing comfort on the ongoing availability of the new facility for the next 12 months, further reinforcing the Board of Directors' positive evaluation of the company's viability as a going concern.

By combining the long-term asset-backed lending facility, the recently acquired short-term loan, and the

letter of comfort, Enerveo has established a stable financial foundation.

The Directors have prepared the cashflow forecasts for the period of 12 months from the date of approval of

these financial statements. These indicate that, taking account of reasonable possible downsides, the

company returned to operating profit in the year ending 31 March 2023 and beyond and will have sufficient

funds to meet its obligations as they fall due within the foreseeable future being a period of at least 12 months from date of this report.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

The key drivers for the improvement in performance are:

The realignment of Enerveo's customer base and sales strategy: Based on sales analysis, the decision has been taken to no longer bid for higher risk contracts that don't align with Enerveo's core services. Despite generating significant revenues historically, these high risk projects have been to the detriment of Enerveo's gross profit and had resulted in substantial losses. The forecast revenues are supported by a strong order book and weighted pipeline. Furthermore, the refocus of its revenue streams, whereby non-strategic customers and non-profitable contracts are reviewed, will also help Enerveo generate stronger gross profit margins and achieve more competitive operating profits.

The implementation and realisation of efficiency and savings potential: In August 2022, Enerveo embarked on a further ambitious and wide-reaching restructuring plan to align its cost base with its sales strategy. The restructuring project has been delivered successfully, allowing Enerveo to take advantages of savings and efficiencies by 31 March 2023. The full year effect will be felt from the year ending 31 March 2024.

Despite the inflationary pressures and uncertainty that is prevalent in the market, Enerveo's customer base predominantly consists of large blue chip and public sector customers, with whom there are few recoverability issues. Enerveo has indexation mechanisms built into its long-term contracts, which ensures that increasing costs can often be passed on to or shared with the customer.

Based on these indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

IAS 1 paragraph 25 states that when management is aware, in making its going concern assessment, of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern, that the Company shall disclose those uncertainties. The Directors consider that there is reasonable assurance no such uncertainty exists and as such consider it appropriate that these financial statements be prepared on a going concern basis. Accordingly the financial statements do not reflect any adjustments that would be required to be made if they were prepared on a basis other than the going concern basis.

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

L Warnke
Director

Z S C Houlahan
Director

Date: 20 June 2023

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022

The directors present their report and the financial statements for the year ended 31 March 2022.

Principal activity

Enerveo Ltd is one the UK's largest electrical contracting business, delivering a wide scope of services such as high voltage engineering, EV charging point installation, LED lighting, electrical and instrumentation services. The company is the largest street lighting contractor in the UK, responsible for managing over one million streetlighting across 24 local authorities in England, Wales and Scotland

Results and dividends

The loss for the year, after taxation, amounted to £27m *(2021 - loss £23m).*

No dividends have been paid or proposed in the year *(2021 - £Nil).*

Directors

The directors who served during the year were:

Z S C Houlahan (appointed 29 November 2021)
L Warnke (appointed 30 June 2021)
S P Chaston (resigned 16 August 2021)
J Farrell (resigned 15 April 2022)
A D O'Connor (resigned 30 June 2021)
J Ridley (resigned 31 January 2022)
T L Smith (resigned 30 June 2021)
T Wood (resigned 6 April 2022)

Political contributions

During the year the Company made political donations of £nil (2021:£nil)

Principal risks and uncertainties

The Company's activities are exposed to a variety of financial risks, including:

a) Credit risk: the risk of suffering financial loss should any of the Company's customers or suppliers fail to fulfil their contractual obligations to the Company;
b) Liquidity risk: the risk that the Company may not have sufficient funds to meet its obligations as they become due; and
c) Market risk: the risk that the Company's earnings, capital or ability to meet business objectives will be adversely affected by changes in the level or volatility of market prices as a result of both direct competition or wider economic conditions.

The directors have ultimate responsibility for ensuring effective risk management and control (including mandatory adherence to relevant Enerveo Group risk management policies). In exercising certain of their responsibilities on a day-to-day basis, however, they rely on the independent oversight provided by group functions such as Treasury, risk and internal audit. During FY22 these functions were set up within Enerveo where necessary.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Qualifying third party indemnity provisions

Qualifying third party indemnity provisions were in force (as defined by section 234 of the Companies Act 2006) during the course of the financial year ended 31 March 2022 for the benefit of the then directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties, powers or office.

Matters covered in the Strategic Report

The requirements of s172, Engagement with employees, suppliers, customers and other relationships, as well as employment of disabled people and future developments of the business have been covered within the Strategic report.

Disclosure of information to auditor

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

so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and

the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

On the 9th of June, 2023, the Company was provided with a short-term loan facility amounting to £5 million.

Auditor

The auditor, CLA Evelyn Partners Limited (formerly trading as Nexia Smith & Williamson), will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

L Warnke
Director

Date: 20 June 2023

Z S C Houlahan
Director

Date: 20 June 2023

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENERVEO LIMITED (FORMERLY SSE CONTRACTING LTD)

Opinion
We have audited the financial statements of Enerveo Limited (formerly SSE Contracting Ltd) (the 'Company') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- 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 year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENERVEO LIMITED (FORMERLY SSE CONTRACTING LTD) (CONTINUED)

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

We have nothing to report in this regard.

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.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of directors
As explained more fully in the Directors' Responsibilities Statement set out on page 8, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENERVEO LIMITED (FORMERLY SSE CONTRACTING LTD) (CONTINUED)

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.

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 obtained an understanding of the legal and regulatory frameworks applicable to the Company and sector in which it operates. We determined that the following laws and regulations were most significant: health and safety, competition and employment law and regulations and FRS101 being the United Kingdom Accounting Standard utilised for financial reporting by the Company together with the Companies Act 2006.

We understood how the Company is complying with those legal and regulatory frameworks by making inquiries to management. We also reviewed board minutes and carried out audit procedures relevant to ensuring compliance with the financial reporting framework.

We enquired of management and the board, 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. None were noted.

The senior statutory auditor led a discussion with members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The areas identified in this discussion were with regard to manipulation of the financial statements through manual journals and incorrect recognition of revenue and accrued income.

The procedures we carried out to gain evidence in the above areas included:

- Substantive work on appropriateness of revenue recognition and cut off; and
- Testing of manual journal entries, selected based on specific risk assessments applied based on the client processes and controls surrounding manual journals.

Overall, the senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENERVEO LIMITED (FORMERLY SSE CONTRACTING LTD) (CONTINUED)

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.

Andrew Bond (Senior Statutory Auditor)

for and on behalf of
CLA Evelyn Partners Limited

Chartered Accountants
Statutory Auditor

45 Gresham Street
London
EC2V 7BG

20 June 2023

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £m	*2021* *£m*
Turnover	4	**278.9**	*246.7*
Cost of sales		**(225.7)**	*(188.8)*
Gross profit		**53.2**	*57.9*
Administrative expenses excluding exceptional items		**(66.4)**	*(70.3)*
Other operating income	5	**0.1**	-
Underlying operating loss	6	**(13.1)**	*(12.4)*
Exceptional items	6	**(12.9)**	*(10.9)*
Total operating loss		**(26.0)**	*(23.3)*
Interest receivable and similar income	10	**0.1**	*1.0*
Interest payable and similar expenses	11	**(0.9)**	*(0.3)*
Loss before tax		**(26.8)**	*(22.6)*
Tax on loss	12	**(0.3)**	*0.1*
Loss for the financial year		**(27.1)**	*(22.5)*

There was no other comprehensive income for 2022 (2021:£mNIL).

The notes on pages 17 to 40 form part of these financial statements.

BALANCE SHEET
AS AT 31 MARCH 2022

	Note		2022 £m		*2021 £m*
Fixed assets					
Intangible assets	14		**2.6**		*1.9*
Tangible assets	15		**12.3**		*1.5*
Investments	16		**-**		*-*
			14.9		*3.4*
Current assets					
Stocks	17	**1.7**		*1.7*	
Debtors: amounts falling due after more than one year	18	**9.8**		*12.8*	
Debtors: amounts falling due within one year	18	**76.9**		*200.7*	
Bank and cash balances	19	**11.0**		*0.2*	
		99.4		*215.4*	
Creditors: amounts falling due within one year	20	**(94.4)**		*(70.3)*	
Net current assets			**5.0**		*145.1*
Total assets less current liabilities			**19.9**		*148.5*
Creditors: amounts falling due after more than one year	21		**(8.0)**		*(1.3)*
			11.9		*147.2*
Provisions for liabilities					
Other provisions	24		**(6.8)**		*(9.2)*
Net assets			**5.1**		*138.0*
Capital and reserves					
Called up share capital	25		**4.0**		*4.0*
Profit and loss account	26		**1.1**		*134.0*
Shareholders' funds			**5.1**		*138.0*

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2022

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

L Warnke
Director

Z S C Houlahan
Director

Date: 20 June 2023

The notes on pages 17 to 40 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital	Profit and loss account	Total equity
	£m	£m	£m
At 1 April 2020	**4.0**	**155.5**	**159.5**
Comprehensive loss for the year			
Loss for the year	-	(22.5)	(22.5)
Total comprehensive loss for the year	-	(22.5)	(22.5)
Employee share awards	-	1.0	1.0
At 1 April 2021	**4.0**	**134.0**	**138.0**
Comprehensive loss for the year			
Loss for the year	-	(27.1)	(27.1)
Total comprehensive loss for the year	-	(27.1)	(27.1)
Loan waiver (See Note 13)	-	(106.0)	(106.0)
Employee share awards	-	0.2	0.2
At 31 March 2022	**4.0**	**1.1**	**5.1**

1. General information

Enerveo Limited (formerly SSE Contracting Ltd) is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 02317133). The registered office address is Second Floor, Eagle Court 2, Hatchford Way, Birmingham, England, B26 3RZ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2. Accounting policies (continued)

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

the requirements of IFRS 7 Financial Instruments: Disclosures

the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement

the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers

the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:

- paragraph 79(a)(iv) of IAS 1;
- paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- paragraph 118(e) of IAS 38 Intangible Assets;

the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements

the requirements of IAS 7 Statement of Cash Flows

the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures

the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

This information is included in the consolidated financial statements of Aurelius Antelope Limited as at 31 March 2022 and these financial statements may be obtained from Companies House.
The Company was a subsidiary of Aurelius Antelope Limited for the year ended 31 March 2022 and the financial statements of the Company are consolidated with the consolidated financial statements of that company. Consolidated accounts have not been prepared as the Company is availing itself of the exemption whereby, as a wholly owned subsidiary of an entity which prepares consolidated accounts, it is not required to prepare consolidated accounts under section 400 of the Companies Act 2006.

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis.

Enerveo recently secured a short-term loan facility of £5 million in addition to its existing long-term asset backed lending facility of £20 million. This infusion of new financing has strengthened the company's financial position, allowing it to effectively address its immediate funding requirements for working capital, separation costs, capital expenditure, and restructuring expenses.

Moreover, Enerveo has also obtained a letter of comfort from its new lender providing comfort on the ongoing availability of the new facility for the next 12 months, further reinforcing the Board of Directors' positive evaluation of the company's viability as a going concern.

By combining the long-term asset-backed lending facility, the recently acquired short-term loan, and the letter of comfort, Enerveo has established a stable financial foundation.

The Directors have prepared the cashflow forecasts for the period of 12 months from the date of approval of these financial statements. These indicate that, taking account of reasonable possible downsides, the company returned to operating profit in the year ending 31 March 2023 and beyond and will have sufficient funds to meet its obligations as they fall due within the foreseeable future being a period of at least 12 months from date of this report.

The key drivers for the improvement in performance are:

The realignment of Enerveo's customer base and sales strategy: Based on sales analysis the decision has been taken to no longer bid for higher risk contracts that don't align with Enerveo's core services. Despite generating significant revenues historically, these high risk projects have been to the detriment of Enerveo's gross profit and had resulted in substantial losses. The forecast revenues are supported by a strong order book and weighted pipeline. Furthermore, the refocus of its revenue streams, whereby non-strategic customers and non-profitable contracts are reviewed, will also help Enerveo generate stronger gross profit margins and achieve more competitive operating profits.

The implementation and realisation of efficiency and savings potential: In August 2022, Enerveo embarked on a further ambitious and wide-reaching restructuring plan to align its cost base with its sales strategy. The restructuring project has been delivered successfully, allowing Enervo to take advantages of savings and efficiencies by 31 March 2023. The full year effect will be felt from the year ending 31 March 2024.

Despite the inflationary pressures and uncertainty that is prevalent in the market, Enerveo's customer base predominantly consists of large blue chip and public sector customers, with whom there are few recoverability issues. Enerveo has indexation mechanisms built into its long-term contracts, which ensures that increasing costs can often be passed on to or shared with the customer.

Based on these indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

IAS 1 paragraph 25 states that when management is aware, in making its going concern assessment of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern that the Company shall disclose those uncertainties. The Directors consider that there is reasonable assurance no such

2. Accounting policies (continued)

2.3 Going concern (continued)

uncertainty exists and as such consider it appropriate that these financial statements be prepared on a going concern basis. Accordingly the financial statements do not reflect any adjustments that would be required to be made if they were prepared on a basis other than the going concern basis.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2. Accounting policies (continued)

2.5 Revenue recognition

Revenue comprises the value of work completed and agreed with the client, during the year, exclusive of value added tax.

Revenue is recognised in accordance with the five-step model outlined in IFRS 15:

1. Identify the contract with the customer.

2. Identify the performance obligations in the contract.

3. Determine the transaction price.

4. Allocate the transaction price to the performance obligations in the contract.

5. Recognise revenue when or as the entity satisfies its performance obligations.

Revenue derives largely from two sources: from contracts whereby the Company designs, installs and integrates mechanical and electrical systems for customers ('construction contracts'); and from PFI contracts, whereby the Company operates as a sub-contractor to install and maintain street lighting networks for local authorities. In both instances, steps one to five of the revenue recognition process are determined with reference to the formal contract which exists with the customer. In these contracts, the transaction price, performance obligations, etc. are readily identifiable and distinct.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction price for the time value of money.

Where the outcome of a contract can be estimated reliably, revenue and costs are recognised over time by reference to the stage of completion of the contract activity at the reporting date, measured and based on the proportion of contract costs (direct costs and overheads) incurred for the work performed to date relative to the estimated total costs required to satisfy the contract, provided the contract outcome can be assessed with reasonable certainty and except where this would not be representative of the stage of completion (instances of which are rare). Where construction or PFI contracts include separately identifiable performance obligations, this policy is applied to the individual elements of the contract.

Revenue from non-contracted agreements or variations to contracted work is only recognised to the extent there is additional supporting evidence to their recoverability and may be subject to constraints on recognition. Revenue on contracts in customer dispute is recognised only to the extent it is considered to be highly probable that the revenue will be recovered.

The earliest point at which profit is taken is that at which the outcome of the contract, based on an assessment by officials of the Company, can be reliably foreseen, taking into account the circumstances of each contract. Variations are included to the extent it is highly probable that their inclusion will not result in a significant revenue reversal in the future. Full provision is made for any foreseeable losses to completion. Whilst the bulk of consideration associated with construction contracts is fixed, variable consideration elements can exist (e.g. event claims). The Company only recognises revenue for these amounts if they are highly probable not to reverse.

'Contract assets' (as discussed in IFRS 15.107) are recognised when the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due. This asset is assessed for impairment in accordance with IFRS 9. These 'contract assets' have been termed 'Accrued income' in these financial statements.

2. Accounting policies (continued)

'Contract liabilities' (as discussed in IFRS 15.106) are recognised if a customer pays consideration before the entity transfers a good or service. These have been captioned in these financial statements as 'Deferred income' respectively.

Bid costs are expensed as incurred, unless recoverable from customers.

2.6 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate has been determined based on expected debt rates which the Company could obtain as at the date of inception of the lease.

Lease payments included in the measurement of the lease liability comprise:

fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in 'Creditors' on the Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Intangible Assets', 'Tangible Fixed Assets' and 'Investment Property' lines, as applicable, in the Balance Sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.11.

2. Accounting policies (continued)

2.6 Leases (continued)

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

2.7 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.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Finance costs

Finance costs are charged to profit or loss 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.

2.10 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.

2.11 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.

2. Accounting policies (continued)

2.11 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Right of use assets	- Period of lease
Fixtures and fittings	- 4-5 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 profit or loss.

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.13 Stocks

Stocks are 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, stocks are assessed for impairment. If stock 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.

2.14 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss 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 Company in independently administered funds.

2. Accounting policies (continued)

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company 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 profit or loss in the year that the Company 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.

2.16 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets other than those which meet the criteria to be measured at amortised cost are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

At amortised cost

Financial assets are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated

2. Accounting policies (continued)

2.16 Financial instruments (continued)

based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2. Accounting policies (continued)

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 Company operates and generates 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; and

Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources.

The judgements, estimates and assumptions are evaluated at each reporting date and are based on historical experience as adjusted for current market conditions and other factors considered to be relevant. Management makes estimates and assumptions concerning the future in preparing the financial statements and the actual results will not always reflect the accounting estimates made. The estimates and assumptions that had a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities of the Company are outlined below.

The recognition of revenue and profit on construction contracts over time is considered to be appropriate for the Company's services as these are performed at or on the client's premises. The client therefore receives the service simultaneously to it being delivered. This presents a key source of estimation uncertainty due to the difficulty of forecasting the final costs to be incurred on a contract in progress and the process whereby applications are made during the course of the contract with variations, which can be significant, often being agreed as part of the final account negotiation. The Company's policies for the recognition of revenue and profit on construction contracts are set out in 2 above. Commercial reviews of all live contracts are undertaken on a regular basis, with all significant contracts being reviewed on a monthly basis. The directors also take into account the recoverability of contract balances and trade receivables, and allowances are made for those balances which are considered to be impaired. The Company only recognises revenue once there is a formal contractual entitlement and the recognition criteria of IFRS 15 have been met.

A further area involving a high degree of uncertainty and estimation are the PFI Lighting provisions (note 24). These are provisions for replacement work that it is anticipated will need to be carried out at the Company's expense in order to meet minimum handover standards at the end of the contracts. They are based on profiled models incorporating factors such as technical risk and latent defects and reviewed annually in the light of actual experience. Another area of uncertainty relates to the guarantees the Company provides for general repairs of defects that existed at the time of sale of the contracts, as required by law. Provisions related to these assurance type guarantees are recognised when the service is provided to the customer. Initial recognition is based on historical experience. The estimate of guarantee-related costs is revised annually.

4. Turnover

The whole of the turnover is attributable to the principal activity of the Company.

All turnover arose within the United Kingdom.

5. Other operating income

	2022 £m	*2021* *£m*
Foreign exchange difference - gain/(loss)	0.1	-
	0.1	-

6. Operating loss

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

	2022 £m	*2021* *£m*
Depreciation of tangible fixed assets	3.1	*0.2*
Amortisation of intangible assets	0.6	*0.7*
Foreign exchange difference - (gain)/loss	(0.1)	*0.3*
Cost of stocks recognised as an expense	5.7	*6.1*
Defined contribution pension cost	8.7	*10.0*
Impairment of financial instruments including changes to provision for bad debts	0.8	*0.1*
Exceptional costs	12.9	*10.9*

Exceptional costs:

Separation costs from SSE Plc group of £10.7m (2021 - £nil) relating to rebranding; setting up stand-alone HR, IT and Finance functions were incurred. Additionally projects were executed with the intention of restructuring Enerveo. This led to exceptional redundancy costs of £1.3m (2021 - £1.2m). Furthermore approximately £0.9m, (2021 - £4.9m) of unproductive stood down engineer time costs was incurred due to COVID as the SSE Group's management decided not to make use of any government support schemes (including the Coronavirus Job Retention Scheme).

7. Auditor's remuneration

	2022 £m	*2021* *£m*
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	0.2	*0.2*

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of the parent company.

8. Employees

Staff costs were as follows:

	2022 £m	*2021 £m*
Wages and salaries	**70.8**	*74.2*
Social security costs	**7.6**	*7.8*
Pension costs	**8.7**	*10.0*
Share-based payment expenses	**0.2**	*1.0*
	87.3	*93.0*

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	*2021 No.*
Servicing	**1,024**	*1,182*
Management	**707**	*696*
	1,731	*1,878*

9. Directors' remuneration

The total remuneration received by the directors for qualifying and non-qualifying services during the year was £0.8m (2021: £1m). The above value is for 7 directors (2021: 6), who were remunerated via another Group company in the year. A value of services to the Company for these directors cannot be determined, therefore the above value reflects the remunerations received for services to the Enerveo Group as a whole.

The aggregate remuneration of the highest paid director was £0.2m (2021: £0.2m) including company pension contributions of £ nil (2021: £ nil).

10. Interest receivable

	2022 £m	*2021 £m*
Other interest receivable	**0.1**	*1.0*

11. Interest payable and similar expenses

	2022 £m	*2021 £m*
Finance leases and hire purchase contracts	0.5	*0.1*
Other interest payable	0.4	*0.2*
	0.9	*0.3*

12. Taxation

	2022 £m	*2021 £m*
Total current tax	-	*-*
Deferred tax		
Origination and reversal of timing differences	0.3	*-*
Adjustments in respect of prior periods	-	*(0.1)*
Taxation on loss on ordinary activities	0.3	*(0.1)*

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2021 - higher than)* the standard rate of corporation tax in the UK of 19% *(2021 - 19%)*. The differences are explained below:

	2022 £m	*2021 £m*
Loss on ordinary activities before tax	**(26.8)**	*(22.6)*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% *(2021 - 19%)*	**(5.1)**	*(4.3)*
Effects of:		
Expenses not deductible for tax purposes	**0.3**	-
Adjustments to tax charge in respect of prior periods - deferred tax	**-**	*(0.1)*
Fixed asset differences	**0.4**	*(0.2)*
Adjustments to brought forward balances	**-**	*0.4*
Adjustments to unrecognised deferred tax due to changes in tax rates	**(1.6)**	-
Movement in deferred tax not recognised	**5.1**	-
Other permanent differences	**-**	*0.2*
Group relief	**1.2**	*4.1*
Transfer pricing adjustments	**-**	*(0.2)*
Total tax charge/(credit) for the year	**0.3**	*(0.1)*

Factors that may affect future tax charges

Finance Act 2021 included legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. The full anticipated effect of these changes is reflected in the above deferred tax balances.

13. Loan waiver

	2022 £m	*2021 £m*
Loan waived	**106.0**	-
	106.0	-

As part of the transaction and separation from SSE Plc, the intercompany debt of £106m was waived. The waiver of the amount receivable from the former parent has been treated as a distribution and therefore accounted for within the Statement of Changes in Equity.

14. Intangible assets

	Other intangible assets £m	Computer software £m	Total £m
Cost			
At 1 April 2021	**3.4**	**-**	**3.4**
Additions	**-**	**1.3**	**1.3**
At 31 March 2022	**3.4**	**1.3**	**4.7**
Amortisation			
At 1 April 2021	**1.5**	**-**	**1.5**
Charge for the year	**0.6**	**-**	**0.6**
At 31 March 2022	**2.1**	**-**	**2.1**
Net book value			
At 31 March 2022	**1.3**	**1.3**	**2.6**
At 31 March 2021	*1.9*	*-*	*1.9*

15. Tangible fixed assets

	Right of use assets: Property	Right of use assets: Vehicles	Fixtures and fittings	Total
	£m	£m	£m	£m
Cost or valuation				
At 1 April 2021	1.3	-	0.6	1.9
Additions	4.3	8.6	1.2	14.1
Disposals	-	(0.4)	-	(0.4)
At 31 March 2022	5.6	8.2	1.8	15.6
Depreciation				
At 1 April 2021	0.2	-	0.2	0.4
Charge for the year	0.8	2.0	0.3	3.1
Disposals	-	(0.2)	-	(0.2)
At 31 March 2022	1.0	1.8	0.5	3.3
Net book value				
At 31 March 2022	4.6	6.4	1.3	12.3
At 31 March 2021	*1.1*	*-*	*0.4*	*1.5*

16. Fixed asset investments

Investments

Details of the investments as at 31 March 2022 are shown below. Both investments have a nil carrying value.

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
SSE Airtricity Utility Solutions Limited	Red Oak South, South County Business Park, Leopardstown, Dublin 18	Lighting maintenance and electrical contracting services	Ordinary	100 %
PriDE (SERP) Limited	Level 12, The Shard, 32 London Bridge Street, London, SE1 9SG	Facilities management for MOD	Ordinary	50 %

17. Stocks

	2022 £m	*2021 £m*
Raw materials and consumables	1.7	*1.7*
	1.7	*1.7*

18. Debtors

	2022 £m	*As restated* *2021* *£m*
Due after more than one year		
Accrued income	**9.8**	*12.5*
Deferred tax asset	**-**	*0.3*
	9.8	*12.8*

	2022 £m	*As restated* *2021* *£m*
Due within one year		
Trade debtors	**43.6**	*53.9*
Amounts owed by group undertakings	**2.8**	*118.2*
Other debtors	**0.5**	*0.1*
Prepayments and accrued income	**30.0**	*28.5*
	76.9	*200.7*

The accrued income balances have been restated to reclassify £12.5m from "Due within one year" to "Due after more than one year" to reflect the appropriate expectation of recovery of these balances. This adjustment does not impact on the loss for the year.

19. Cash and cash equivalents

	2022 £m	*2021* *£m*
Cash at bank and in hand	**11.0**	*0.2*
	11.0	*0.2*

Included within the cash balance above is £10.7m (2021: nil) related to balances received within the Trade debtor backed facility.

20. Creditors: Amounts falling due within one year

	2022 £m	*2021* *£m*
Trade creditors	**40.3**	*18.9*
Amounts owed to group undertakings	**-**	*11.8*
Other taxation and social security	**9.0**	*5.3*
Lease liabilities	**3.6**	*0.3*
Other creditors	**5.7**	*5.7*
Accruals and deferred income	**35.8**	*28.3*
	94.4	*70.3*

21. Creditors: Amounts falling due after more than one year

	2022 £m	*2021* *£m*
Lease liabilities	**8.0**	*1.3*

22. Leases

Company as a lessee

Lease liabilities are due as follows:

	2022 £m	*2021* *£m*
Not later than one year	**3.6**	*0.3*
Between one year and five years	**6.3**	*0.8*
Later than five years	**1.7**	*0.5*
	11.6	*1.6*

23. Deferred taxation

	2022 £m	*2021* *£m*
At beginning of year	**0.3**	*0.2*
(Charged)/Credited to Loss for the year	**(0.3)**	*0.1*
Deferred tax asset at end of year	**-**	*0.3*

The deferred taxation asset is made up as follows:

	2022 £m	*2021* *£m*
Accelerated capital allowances	-	*0.2*
Other timing differences	-	*0.1*
	-	*(0.3)*

24. Provisions

	Obligations and guarantees £m	Lighting provision £m	Total £m
At 1 April 2021	**3.2**	**6.0**	**9.2**
Charged to profit or loss	**(1.8)**	**(0.6)**	**(2.4)**
At 31 March 2022	**1.4**	**5.4**	**6.8**

For further details of the provision balances noted above refer to note 3

25. Share capital

	2022 £m	*2021* *£m*
Allotted, called up and fully paid		
4,000,002 Ordinary shares of £1.00 each	**4**	*4*

26. Reserves

Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

27. Capital commitments

At 31 March 2022 the Company had capital commitments as follows:

	2022 **£m**	*2021* *£m*
Capital expenditure commitments	**5.4**	-
	5.4	-

In addition to the above, as part of entering into an asset-backed lending facility within the year, fixed and floating charges have been raised over the Company's assets, further details of which can be obtained on Companies House. As at the year end no draw down on this facility had occurred.

28. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £8.7m *(2021 - £10.0m)*. Contributions totalling £0.7m *(2021 - £Nil)* were payable to the fund at the balance sheet date and are included in creditors.

29. Related party transactions

The Company has taken advantage of the exemption under FRS101 from the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

30. Post balance sheet events

On the 9th of June, 2023, the Company was provided with a short-term loan facility amounting to £5 million.

31. Controlling party

The immediate parent undertaking is Aurelius Antelope Limited, a company registered in England and Wales.

The ultimate parent undertaking is Aurelius European Opportunities IV, S.C.A. SICAV-RAIF, a company registered in Luxembourg.

The smallest and largest group of undertakings for which group accounts for the year ending 31 March 2022 have been drawn up is that headed by Aurelius Antelope Limited. The registered office address of Aurelius Antelope Limited is 6th Floor 33 Glasshouse Street, London, W1B 5DG. Copies of the group accounts are available from Companies House.

The directors do not consider there to be an ultimate controlling party.