Registration number: 01874716

Centrica Business Solutions UK Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022

Centrica Business Solutions UK Limited

Contents

Centrica Business Solutions UK Limited

Strategic Report for the Year Ended 31 December 2022

The Directors present their Strategic Report for Centrica Business Solutions UK Limited (the 'Company') for the year ended 31 December 2022.

Principal activity
The principal activity of the Company was, and remains, the installation, operation and maintenance of combined heat and power ('CHP') and other on-site generation technologies, and other energy efficiency measures.

Company's strategy
The Company's strategy is to:
- Provide the highest standard of service to our customers and constantly exceed their expectations;
- Create a working environment where excellence, commitment and achievement are recognised and rewarded;
- Promote a quality-focused culture and aim to become the partner of first choice; and
- Build successful long-term income streams through successful long-term relationships with customers, suppliers and influencers.

This strategy will be achieved by working with our existing stakeholders to develop new business opportunities, and by building new relationships through the operations of the Centrica plc group ('the Group') and through our network of partners.

Section 172(1) Statement
In promoting the success of the Company, the Directors must consider the interests of stakeholders and the other matters required by section 172(1) (a) to (f) of the Companies Act, 2006.

This Section 172(1) Statement describes the relevant items for the Company. The Company is a subsidiary of Centrica plc and its activities support the wider strategy of the Centrica Group. Where appropriate, for example, in matters of long-term strategy, decision-making is aligned with that of the ultimate parent company Board, ensuring that stakeholders of the Company have been rigorously considered.

General confirmation of Directors' duties
Directors are fully aware of and understand their statutory duties under the Companies Act, 2006. Day to day authority is delegated to executives, and the Directors are supported by management in setting, approving and overseeing the execution of the business strategy and related policies. The executives consider the Company's activities, such as reviewing financial and operational performance, business strategy, key risks, stakeholder-related matters, governance, and legal and regulatory compliance and make decisions.

Section 172(1) of the Act provides that each Director must ensure that they act in the way they consider, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to section 172(1) (a) to (f) as described below.

(a) The likely consequences of any decision in the long term: Centrica plc is conscious that decisions made by all Group companies could have an impact on other stakeholders where relevant. By considering the Group's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, the Group aims to ensure that the decisions of all Group companies, including the Company, are consistent and appropriate in all circumstances. Decisions regarding payment of any dividends by subsidiary companies of Centrica plc are taken at a Group level based upon the expertise and professional guidance of the Group's financial controllers, taking into account a range of factors, including: the long-term viability of the Company; its expected cash flow and financing requirements; the ongoing need for strategic investment in the Company; and the expectations of the ultimate parent company's shareholders as a supplier of long-term equity capital to the Company.

(b) The interests of the company's employees: The Directors recognise that employees within the Group are fundamental to the future growth and the success of Centrica and therefore consider the interests of the Company's employees by applying the applicable Group policies.

(c) The need to foster the company's business relationships with suppliers, customers and others: Centrica plc recognises the benefits for all Group companies of engaging with a broad range of stakeholders and that developing and delivering the Group's strategy depends on building and maintaining constructive relationships. In ensuring the Company fosters the business relationships with suppliers, customers and others, the Company and its Directors are therefore supported by the overarching programme of extensive engagement with such stakeholders that is conducted across the wider Centrica Group. The breadth of stakeholder considerations in our operating or commercial trading companies is set out on pages 12 to 13 of Centrica plc's Annual Report and Accounts 2022.

(d) The impact of the company's operations on the community and the environment: Centrica plc appreciates that collaboration with charities and community groups helps to create stronger communities and provides insights that enable the Group to understand the impact of all Group companies on the community and environment, and the consequences of its decisions in the long term. In ensuring the Company takes into account the impact of its operations on the community and the environment, the Company and its Directors are supported by the overarching programme of extensive engagement with the community and wider environment that is conducted across the wider Centrica Group.

(e) The desirability of the company maintaining a reputation for high standards of business conduct: The Board adheres to Centrica Group's "Our Code" code of conduct which all Centrica Group employees are subject to setting out the high standards and behaviours we expect from those that work for us or with us.

(f) The need to act fairly as between members of the company: The Company's activities support the wider strategy of the Centrica Group and, owing to the fact the Company is a wholly owned subsidiary of Centrica plc, the Directors are required only to balance the interests of corporate shareholders that are themselves wholly owned subsidiaries of Centrica plc, rather than any third party members.

Further information about how the Centrica Group engages with, and considered the interests of, different key stakeholders can be found on pages 12 to 13, 37 to 38 and 66 to 71 of Centrica plc's Annual Report and Accounts 2022.

Culture

The Company's culture is set by the Group and embedded in all we do. Further information on the Group's culture can be found on pages 7, 37, 44 to 45, 56 to 59, 67 and 71 of Centrica plc's Annual Report and Accounts 2022.

Stakeholder Engagement

As is normal for large companies, the Directors delegate authority for day to day management of the Company to executives engaged in setting, approving and overseeing execution of the business strategy and related policies of the Group. While there may be cases where the Directors judge that the Company should engage directly with certain stakeholder groups or on specific issues, the size and spread of both our stakeholders and the Group means that generally, stakeholder engagement best takes place at an operational or Group level. The Directors consider that as well as being a more efficient and effective approach, this also helps achieve a greater positive impact on environmental, social and other issues than working alone as an individual company. A description of how the Group engages with its stakeholders is set out on pages 12 to 13, 37 to 38 and 66 to 71 of Centrica plc's Annual Report and Accounts 2022.

Review of the business

The Company's revenue increased by 2% compared to the previous year to £75,459,000, due to a higher volume of large units built, and projects completed in the period, indicating a recovery following the impact of the COVID-19 pandemic. Operating costs have increased in the year in line with the company's growth strategy.

Gross profit for the period amounts to £15,115,000 (2021: £8,949,000) and loss after tax totals £16,527,000 (2021: £17,072,000) as shown on page 13. No dividends were paid during this or the previous year. The financial position of the Company is presented in the Statement of Financial Position on page 15. Total equity at 31 December 2022 was £(1,195,000) (31 December 2021: £15,255,000).

All areas of the Company's current activity are in sectors offering good potential for future growth - supported by UK, EU and worldwide policies for sustainable energy and energy efficiency. We expect to make steady progress in our selected markets, either through direct sales or through our partners. The various initiatives focusing on emissions reduction, energy saving and renewable energy are encouraging new growth in the sector. During the year the Company has ceased manufacture of in-house Combined Heat and Power units and instead procures equipment from its partners.

Ukraine conflict

The Company is a subsidiary of the Centrica group, and as such is impacted by the energy crisis and Ukraine conflict. The energy markets remain very volatile, but the Centrica group continues to maintain a hedging strategy aligned to the price cap to minimise the exposure to market prices. The Company does not own any businesses or operate in Russia or Ukraine and so has no direct impacts from those two countries. Furthermore, the Company has no investments in Russian entities or bonds. The Company is not expecting any direct material impacts but will keep monitoring the position.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with those of the Centrica plc group (the 'Group') and are not managed separately. The principal risks and uncertainties of the Group, which include those of the Company, are disclosed on pages 28-33 of the Group's Annual Report and Accounts 2022, which does not form part of this report.

Key performance indicators ('KPIs')

The Directors of the Group use a number of KPIs to monitor progress against the Group's strategy. The development, performance and position of the Group, which includes the Company, are disclosed on pages 26-27 of the Group's Annual Report and Accounts 2022, which does not form part of this report. The results of the Company are disclosed in the Directors' Report on page 5.

Carbon emissions and energy usage

Carbon emissions and energy usage are not disclosed at a Company level due to exemptions detailed in Para 20A of Schedule 7 of the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Carbon emissions and energy usage reporting for the Group is included in the 'People and Planet' section on pages 42-44 of Centrica plc's Annual Report and Accounts 2022. Specific metrics and targets are disclosed in the 'Task Force on Climate-related Financial Disclosures' section on pages 51 to 53 of the Group's Annual Report and Accounts 2022.

Future developments

The Company continues to be well placed to grow in its chosen markets in the UK, leveraging the resources and opportunities that are available as part of a larger group.

Approved by the Board on 26/09/2023 and signed on its behalf by:

Ruth Odih

....

By order of the Board for and on behalf of Centrica Secretaries Limited
Company Secretary

Company registered in England and Wales, No. 01874716

Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD
United Kingdom

Centrica Business Solutions UK Limited

Directors' Report for the Year Ended 31 December 2022

The Directors present their report and the audited financial statements for the year ended 31 December 2022.

Directors of the Company
The Directors of the Company, who were in office during the year and up to the date of signing the financial statements were as follows:

M Dennis

D R Pethybridge

G C McKenna

J Jacober

A Z Longmuir (resigned 26 June 2023)

P S Lawton (resigned 1 May 2022)

Results and dividends
The results of the Company are set out on page 13. The loss for the financial year ended 31 December 2022 is £16,527,000 (2021: £17,072,000).

The Company did not pay an interim dividend during the year (2021: £nil) and the Directors do not recommend the payment of a final dividend (2021: £nil).

Financial risk management policy
The Directors have established objectives and policies for managing financial risks to enable the Company to achieve its long-term shareholder value growth targets within a prudent risk management framework. These objectives and policies are regularly reviewed.

Exposure in terms of price risk, credit risk, liquidity risk and cash flow risk
Exposure to price risk, counterparty credit risk, liquidity risk and cash flow risk arises in the normal course of the Company's business. Cash forecasts identifying the liquidity requirements of the Company are produced frequently and reviewed regularly. Liquidity risk is managed through funding arrangements with Group undertakings. Credit risk is managed through the Group continually reviewing its rating thresholds for relevant counterparty credit limits and updating these as necessary, based on a consistent set of principles. Price risks are managed through using a range of derivatives to hedge any exposures arising.

Employees
The Company remains committed to employee involvement throughout the business.

The Group's all-employee share schemes are a long-established and successful part of our total reward package, encouraging and supporting employee share ownership. The Company offers Sharesave (HMRC's Save As You Earn Scheme) and the Share Incentive Plan (SIP), with good levels of take-up in these Group schemes across the Company.

The Company is committed to an active equal opportunities policy from recruitment and selection, through training and development, performance reviews and promotion, to retirement. It is our policy to promote an environment free from discrimination, harassment and victimisation, where everyone receives equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. All decisions relating to employment practices will be objective, free from bias and based solely upon work criteria and individual merit.

It is our policy that people with disabilities should have full and fair consideration for all vacancies. During the year, we continued to demonstrate our commitment to interviewing those people with disabilities who fulfil the minimum criteria, and endeavour to retain employees in the workforce if they become disabled during employment.

Safety is a key priority of the Group. We will continue to build safety capability across the business to keep our employees, customers and others who are affected by our activities safe.

Future developments
Future developments are discussed in the Strategic Report on page 4.

Going concern
The Directors have received confirmation that provided the Company remains part of the Group, Centrica plc will support the Company for at least one year after the financial statements were authorised for issue and that amounts owed to Group undertakings will not be required to be repaid for the foreseeable future unless sufficient financial resources and facilities are available to the Company.

The Directors have updated their Group going concern assessment as at 30 June 2023. The going concern assessment has included stress-testing cash forecasts for different scenarios including reasonably possible increases/ decreases in commodity prices and evaluating risk scenarios for reasonably possible combinations of risks, the largest of which is the increased margin outflows in the trading and upstream businesses. Risks considered also include the impact of significant adverse weather events, increased bad debt charges due to the cost of living crisis, the risk of financial loss due to counterparty default and production falls in the Group's upstream business. The Group has established enhanced processes in the trading business and in respect of upstream to plan for and manage possible increases in margin cash requirements. The Group undrawn committed facilities as at 30 June 2023 were £3.8 billion in addition to Group unrestricted cash and cash equivalents of £5.9 billion. The level of undrawn committed bank facilities and available cash resources has enabled the Directors to conclude that there are no material uncertainties relating to going concern. As a result, the Group continues to adopt the going concern basis of accounting in preparing the financial statements.

On the basis of the enquiries made, and the fact that Centrica plc, the ultimate parent company, has confirmed it will continue to support the Company, the Directors have concluded that the Company should be able to meet its liabilities as they fall due for the foreseeable future, and therefore the financial statements have been prepared on a going concern basis.

Non-adjusting events after the financial year
On 31 May 2023 ENER-G Cogen International Limited acquired 100% of the issued share capital of the Company from ENER-G Power2 Limited.

Directors' and officers' liability
Directors' and officers' liability insurance has been purchased by the ultimate parent company, Centrica plc, and was in place throughout the year. The insurance does not provide cover in the event that the Director is proved to have acted fraudulently.

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 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 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.

Disclosure of information to auditors
Each of the Directors who held office at the date of approval of this Directors' Report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and that they have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditors
In accordance with Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Approved by the Board on ..26/09/2023.. and signed on its behalf by:

Ruth Odih

....
By order of the Board for and on behalf of Centrica Secretaries Limited
Company Secretary

Company registered in England and Wales, No. 01874716
Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD
United Kingdom

Independent Auditors' Report to the Members of Centrica Business Solutions UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Centrica Business Solutions UK Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We considered the nature of the company's industry and its control environment, and reviewed the documentation of the policies and procedures relating to fraud and compliance with laws and regulations that has been established by the Company's ultimate parent. We also enquired of management and directors about their own identification and assessment of the risks of irregularities, including those that are specific to the Company's business sector.

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Independent Auditors' Report to the Members of Centrica Business Solutions UK Limited (continued)

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

- Recognition of revenue for large capital units within the correct period. Significant revenue streams are recognised on a cost to complete basis where a judgement is made on future costs and the final contract margin: The specific procedures performed to address this risk around revenue recognition and, for a sample of projects, verifying that a signed contract is in place, checking that revenue has been recognised in line with the project milestones, separately auditing the costs incurred to date and challenging the overall forecast margins and costs to complete including assessing post year end performance.

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

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

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

We have nothing to report in respect of these matters.

Independent Auditors' Report to the Members of Centrica Business Solutions UK Limited (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.

D. Winstone

Daryl Winstone (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom

Date: 26/9/23

Centrica Business Solutions UK Limited

Income Statement for the Year Ended 31 December 2022

	Note	2022 £ 000	(As restated) 2021 £ 000
Revenue	4	75,459	73,696
Cost of sales	5	(60,344)	(64,747)
Gross profit		15,115	8,949
Operating costs	5	(32,829)	(28,049)
Operating loss		(17,714)	(19,100)
Finance income	7	462	1,963
Finance costs	7	(95)	-
Net finance income		367	1,963
Loss before taxation		(17,347)	(17,137)
Taxation on loss	10	820	65
Loss for the year from continuing operations		(16,527)	(17,072)

The above results were derived from continuing operations.

The restatement in 2021 relates to a reduction in accrued expenses. This reduced cost of sales by £549,000 and operating costs by £186,000.

Centrica Business Solutions UK Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

	Note	2022 £ 000	(As restated) 2021 £ 000
Loss for the year		(16,527)	(17,072)
Items that will be or have been reclassified to the Income Statement			
Gain/(loss) on cash flow hedges (net)		92	-
Taxation on cash flow hedges		(1)	(1)
		91	(1)
Other comprehensive expense		91	(1)
Total comprehensive expense for the year		(16,436)	(17,073)

The notes on pages 19 to 40 form an integral part of these financial statements.

Centrica Business Solutions UK Limited

Statement of Financial Position as at 31 December 2022

	Note	2022 £ 000	(As restated) 2021 £ 000
Non-current assets			
Property, plant and equipment	11	675	2,039
Intangible assets	12	1	4
Deferred tax assets	10	911	14
Trade and other receivables	13	2,298	2,832
		3,885	4,889
Current assets			
Trade and other receivables	13	32,951	47,622
Inventories	14	7,934	14,278
Current tax assets	10	75	75
Cash and cash equivalents		26	37
		40,986	62,012
Total assets		44,871	66,901
Current liabilities			
Trade and other payables	15	(40,554)	(46,062)
Derivative financial instruments		-	(5)
Provisions for other liabilities and charges	16	(2,843)	(4,953)
		(43,397)	(51,020)
Net current (liabilities)/assets		(2,411)	10,992
Total assets less current liabilities		1,474	15,881
Non-current liabilities			
Trade and other payables	15	(2,089)	-
Provisions for other liabilities and charges	16	(580)	(626)
		(2,669)	(626)
Total liabilities		(46,066)	(51,646)
Net (liabilities)/assets		(1,195)	15,255
Equity			
Share capital	17	200	200
Share premium		25,000	25,000
Retained earnings		(26,781)	(10,254)
Cash flow hedging reserve		-	(88)
Share-based payments reserve		386	397
Total equity		(1,195)	15,255

The notes on pages 19 to 40 form an integral part of these financial statements.

Centrica Business Solutions UK Limited

Statement of Financial Position as at 31 December 2022 (continued)

The restatement in 2021 relates to a reduction in accrued expenses of £735,000.

The financial statements on pages 13 to 40 were approved and authorised for issue by the Board of Directors on 26/09/2023 .... and signed on its behalf by:

....

M Dennis
Director

Company number 01874716

Centrica Business Solutions UK Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £ 000	Share premium £ 000	Cash flow hedge reserve £ 000	Share based payments reserve £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2022	200	25,000	(88)	397	(10,254)	15,255
Loss for the year	-	-	-	-	(16,527)	(16,527)
Other comprehensive income	-	-	91	-	-	91
Total comprehensive expense	-	-	91	-	(16,527)	(16,436)
Transfers to assets and liabilities from cash flow hedge reserve	-	-	(3)	-	-	(3)
Deferred tax on share based payment transactions	-	-	-	77	-	77
Share incentive plan	-	-	-	31	-	31
Exercise of awards	-	-	-	(173)	-	(173)
Value of shares provided	-	-	-	54	-	54
At 31 December 2022	200	25,000	-	386	(26,781)	(1,195)

Centrica Business Solutions UK Limited

Statement of Changes in Equity for the Year Ended 31 December 2022 (continued)

	Share capital £ 000	Share premium £ 000	Cash flow hedge reserve £ 000	Share based payments reserve £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2021	200	25,000	(41)	178	6,818	32,155
Loss for the year	-	-	-	-	(17,072)	(17,072)
Other comprehensive expense	-	-	(1)	-	-	(1)
Total comprehensive expense	-	-	(1)	-	(17,072)	(17,073)
Transfers to assets and liabilities from cash flow hedge reserve	-	-	(46)	-	-	(46)
Share incentive plan	-	-	-	2	-	2
Exercise of awards	-	-	-	(206)	-	(206)
Value of shares provided	-	-	-	423	-	423
At 31 December 2021	200	25,000	(88)	397	(10,254)	15,255

The notes on pages 19 to 40 form an integral part of these financial statements.

1 General information

Centrica Business Solutions UK Limited (the 'Company') is a private company limited by shares, incorporated and domiciled in the United Kingdom under the Companies Act 2006 and registered in England and Wales.

The address of its registered office and principal place of business is:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD
United Kingdom

The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 1 to 4.

2 Accounting policies

Basis of preparation

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). In preparing these financial statements the Company applies the recognition, measurement and disclosure requirements of UK adopted International Financial Reporting Standards ('Adopted IFRSs'), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company financial statements are presented in pounds sterling which is the functional currency of the Company.

Changes in accounting policy

From 1 January 2022, the following standards and amendments are effective in the Company's Financial Statements:

- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', costs of fulfilling a contract; and
- Amendments to IAS 16: 'Property, Plant and Equipment', sale proceeds before intended use; and
- Annual improvements to IFRS 2018-2020.

None of these changes or amendments had any material impact on the Company's financial statements.

Summary of disclosure exemptions

In these financial statements, as a qualifying entity the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- the requirements of IAS 7 'Statement of Cash Flows';
- the statement of compliance with Adopted IFRSs;
- the effects of new but not yet effective IFRSs;
- prior year reconciliations for property, plant and equipment and intangible assets;
- the prior year reconciliations in the number of shares outstanding at the beginning and at the end of the year for share capital;
- disclosures in respect of related party transactions with wholly-owned subsidiaries in a group;

2 Accounting policies (continued)

- disclosures in respect of the compensation of key management personnel; and
- disclosures in respect of capital management.

As the consolidated financial statements of the Centrica plc group (the 'Group'), which are available from its registered office, include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- certain disclosures required by IFRS 13 'Fair Value Measurement' and the disclosures required by IFRS 7 'Financial Instruments: Disclosures' have not been provided;

Measurement convention

The financial statements have been prepared on the historical cost basis except for derivative financial instruments, designated at fair value through profit and loss on initial recognition.

Going concern

The Directors have received confirmation that provided the Company remains part of the Group, Centrica plc will support the Company for at least one year after the financial statements were authorised for issue and that amounts owed to Group undertakings will not be required to be repaid for the foreseeable future unless sufficient financial resources and facilities are available to the Company.

The Directors have updated their Group going concern assessment as at 30 June 2023. The going concern assessment has included stress-testing cash forecasts for different scenarios including reasonably possible increases/ decreases in commodity prices and evaluating risk scenarios for reasonably possible combinations of risks, the largest of which is the increased margin outflows in the trading and upstream businesses. Risks considered also include the impact of significant adverse weather events, increased bad debt charges due to the cost of living crisis, the risk of financial loss due to counterparty default and production falls in the Group's upstream business. The Group has established enhanced processes in the trading business and in respect of upstream to plan for and manage possible increases in margin cash requirements. The Group undrawn committed facilities as at 30 June 2023 were £3.8 billion in addition to Group unrestricted cash and cash equivalents of £5.9 billion. The level of undrawn committed bank facilities and available cash resources has enabled the Directors to conclude that there are no material uncertainties relating to going concern. As a result, the Group continues to adopt the going concern basis of accounting in preparing the financial statements.

On the basis of the enquiries made, and the fact that Centrica plc, the ultimate parent company, has confirmed it will continue to support the Company, the Directors have concluded that the Company should be able to meet its liabilities as they fall due for the foreseeable future, and therefore the financial statements have been prepared on a going concern basis.

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2 Accounting policies (continued)

Revenue recognition

The Company enters into long-term contracts under which it provides combined heat and power solutions to customers, along with ongoing operations and maintenance services. Revenue from the sale of energy efficiency equipment to customers is recognised on simple capital sales and complex Infrastructure contracts.

The Company's Infrastructure contracts contain clauses that grant the Company the right to substitute assets used in performing the contracts where this allows for the contract to be operated more efficiently. However, as at the date of these Financial Statements, the Company does not have an established practice of exercising such rights in these contracts. Accordingly, the contracts are judged to grant to the customer a right to use a specified asset. In light of the length of the typical arrangements, payments under the lease and provisions allowing for a transfer of the residual value of the asset at the end of the contract, the Directors have judged that Infrastructure contracts transfer the risks and rewards of ownership of the underlying assets to the customer and therefore, these contracts are accounted for as leases under IFRS 16. If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

At contract commencement, the Company may sell its rights to an element of the future income stream under certain Infrastructure contracts to a third party, in return for a fixed upfront payment. The funder has no right of recourse to the Company for the sums received. Accordingly, the transaction results in the de-recognition of an appropriate element of the finance leases receivable recognised at commencement of the contract.

- Construction contract revenue

Where a contract requires the supply of equipment and the Company does not carry out installation, the performance obligation is satisfied at the point at which the equipment is shipped to the customer. Where a contract requires the supply, install and commissioning of the equipment, the performance obligation is satisfied over time using cost as the input basis for measuring performance and recognising revenue, as the units are bespoke to the customer and there is no alternative use for the asset. This together with the enforceable right to payment means that revenue is recognised over time. Any cash received in advance of revenue being recognised is held on the balance sheet as deferred revenue and any revenue recognised in advance of cash being received is held on the balance sheet as accrued revenue. In both situations, the transaction price is contractually agreed with the customer.

- Operational and maintenance service revenue

This comprises monitoring services and ongoing maintenance services delivered through stand-alone contracts or as part of complex Infrastructure contracts. For monitoring services, the performance obligation is considered to be satisfied as the customer consumes based on the units of energy delivered. The price is contractually agreed per unit of output. For maintenance services, the performance obligation is satisfied at the point at which the maintenance is carried out. The price is contractually agreed with the customer.

- Maintenance and insight tools for energy efficiency revenue

Revenue from the sale of our energy efficiency products and services is recognised over time as the Company satisfies its single performance obligation of sensor supply and subsequent data provision. Where support services are also provided then the revenue is recognised over the period of the contract as these services are provided. The transaction price is contractually agreed with the customer.

2 Accounting policies (continued)

Finance income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying value.

Finance costs
Interest expense is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Where a specific financing arrangement is in place, the specific borrowing rate for that arrangement is applied. For non-specific financing arrangements, a borrowing rate representative of the weighted average borrowing rate is used. Financing costs not arising in connection with the acquisition, construction or production of a qualifying asset are expensed.

Foreign currencies
Transactions in foreign currencies are, on initial recognition, recorded in the functional currency of the Company at the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency of the Company at the rates prevailing at the reporting date, and associated gains and losses are recognised in the Income Statement for the year, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'finance income' or 'finance costs'. All other foreign exchange gains and losses are presented in the Income Statement in the respective financial line item to which they relate.

Changes in the fair value of foreign currency denominated monetary securities classified as 'fair value through profit and loss' are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at historical cost in a currency other than the functional currency of the Company are translated using the exchange rate prevailing at the dates of the initial transaction and are not retranslated. Non-monetary items measured at fair value in foreign currencies are retranslated at the rates prevailing at the date when the fair value was measured.

2. Accounting policies (continued)

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in equity. In this case, the tax is recognised in equity.

Deferred tax is recognised in respect of all temporary differences identified at the reporting date, except to the extent that the deferred tax arises from the initial recognition of goodwill (if impairment of goodwill is not deductible for tax purposes) or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit and loss. Temporary differences are differences between the carrying amount of the Company's assets and liabilities and their tax base.

Deferred tax assets are recognised only to the extent that it is probable that the deductible temporary differences will reverse in the future and there is sufficient taxable profit available against which the temporary differences can be utilised.

The amount of deferred tax provided is based on the expected manner of realisation or settlement using tax rates that have been enacted or substantively enacted at the reporting date.

Leases

Definition of a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset;
- the Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset.

As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

The Company recognises the lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Other income'.

2 Accounting policies (continued)

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets include research and development costs and computer software, the accounting policies for which are dealt with separately below.

Capitalisation begins when expenditure for the asset is being incurred and activities necessary to prepare the asset for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to prepare the asset for use are complete. Amortisation commences at the point of commercial deployment. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful lives and are tested for impairment annually, otherwise they are assessed for impairment whenever there is an indication that the intangible asset could be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for on a prospective basis by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

Intangible assets are derecognised on disposal, or when no future economic benefits are expected from their use.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	**Amortisation method and rate**
Development expenditure	Straight line, up to 5 years
Computer software	Straight line, up to 5 years

Property, plant and equipment ('PP&E')

PP&E is included in the Statement of Financial Position at cost, less accumulated depreciation and any provisions for impairment. The initial cost of an asset comprises its purchase price or construction cost and any costs directly attributable to bringing the asset into operation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Subsequent expenditure in respect of items of PP&E, such as the replacement of major parts, major inspections or overhauls, are capitalised as part of the cost of the related asset where it is probable that future economic benefits will arise as a result of the expenditure and the cost can be reliably measured. All other subsequent expenditure, including the costs of day-to-day servicing, repairs and maintenance, is expensed as incurred.

Other PP&E are depreciated on a straight-line basis at rates sufficient to write off the cost, less estimated residual values, of individual assets over their estimated useful lives.

2 Accounting policies (continued)

Depreciation of PP&E

The depreciation periods for the principal categories of assets are as follows:

Asset class	Depreciation method and rate
Plant and machinery	Straight line, up to 15 years
Motor vehicles	Straight line, up to 4 years
Fixtures and fittings	Straight line, up to 5 years
Computer and office equipment	Straight line, up to 4 years

The carrying values of PP&E are tested annually for impairment and are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Residual values and useful lives are reassessed annually and if necessary changes are accounted for prospectively.

Inventories

Inventories are valued at the lower of cost and estimated net realisable value after allowance for redundant and slow-moving items. Cost is determined on a first in, first out basis and, in the case of work in progress and finished goods, includes all direct expenditure and production overheads, based on normal levels of activity, incurred in bringing products to their present location and condition.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, that can be measured reliably, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. Where discounting is used, the increase in the provision due to the passage of time is recognised in the Income Statement within interest expense.

Onerous contract provisions are recognised where the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it.

2. Accounting policies (continued)

Impairment

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit ('CGU') is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss in respect of goodwill shall not be reversed in a subsequent period. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

The Company provides for impairments of financial assets when there is objective evidence of impairment as a result of events that impact the estimated future cash flows of the financial assets.

Financial assets and liabilities

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the Company no longer has the rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are de-recognised when the obligation under the liability is discharged, cancelled or expires.

- Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade receivables are initially recognised at fair value, which is usually the original invoice amount, and are subsequently held at amortised cost using the effective interest method less an allowance for expected credit losses.

- Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables are initially recognised at fair value, which is usually the original invoice amount and are subsequently held at amortised cost using the effective interest method (although, in practice, the discount is often immaterial). If payment is due within one year or less, payables are classified as current liabilities. If not, they are presented as non-current liabilities.

2 Accounting policies (continued)

- Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds received. Own equity instruments that are re-acquired (treasury or own shares) are deducted from equity. No gain or loss is recognised in the Company's Income Statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

- Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

- Loans and other borrowings

All interest-bearing and interest-free loans and other borrowings are initially recognised at fair value net of directly attributable transaction costs. After initial recognition, these financial instruments are measured at amortised cost using the effective interest method, except when they are the hedged item in an effective fair value hedge relationship where the carrying value is also adjusted to reflect the fair value movements associated with the hedged risks. Such fair value movements are recognised in the Company's Income Statement. Amortised cost is calculated by taking into account any issue costs, discount or premium, when applicable.

3 Critical accounting judgements 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 amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are critical judgements, apart from those involving estimations, that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Infrastructure contracts

The Company enters into certain long-term contracts, under which the customer procures energy services over a period of up to 17 years, payable on a monthly or quarterly basis. The energy services are provided using combined heat and power equipment and other energy infrastructure, typically with a right for the Company to substitute assets. As no established practice of substituting assets has yet been established, the contracts are judged to grant the customer a right to use a specified asset and as such are accounted for as containing a lease.

Revenue recognition

Judgement is required to determine the proportion of works completed as each long-term project progresses and construction milestones are achieved in order to ensure that revenue is appropriately recognised over time. Each project is reviewed with the project manager to determine the progress made against both the financial and operational plan and, together with a post year-end performance review, is used to determine the level of revenue to recognise.

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

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Long-term contract accounting
When determining the margin on long-term services contracts, the expected lifetime profitability of the project is uncertain, with judgement being exercised in forecasting what the expected lifetime contract margin is expected to be and to then apply based on the costs incurred to date. Forward costs and revenues are reviewed annually based future expected operations and maintenance schedules which are driven from past experience for each contract and other similar contracts. Onerous contract provisions are recorded where the costs of a contract exceed its forecast revenue. Certain contracts entered into have become loss making and onerous contract provisions have been subsequently recorded as set out in note 16. The directors will keep these provisions under review as contracts progress.

Other estimates
Provisions for receivables
The recoverability of trade receivables is uncertain as to whether a customer will pay in full for the monies owed and so requires an element of judgement to be made based on a number of factors such as the credit history, expected credit loss and correspondence with customer which are assessed in conjunction with the credit control team. The Company has outstanding trade receivables and accrued income from a number of counterparties. Judgement is taken around the level of receivables and accrued income which is deemed not to be recoverable with an expected credit loss provision subsequently recorded. This takes into account any security held against the recovery of those balances.

4 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2022 £ 000	2021 £ 000
Construction and installation of units	44,528	43,496
Operational and maintenance	29,210	29,522
Measurement and insight tools for energy efficiency	1,721	678
	75,459	73,696

The Company's revenue relates to activities primarily undertaken in the UK and Ireland.

5 Analysis of costs by nature

	2022			2021		
				(As restated)	(As restated)	(As restated)
	Cost of sales £ 000	Operating costs £ 000	Total costs £ 000	Cost of sales £ 000	Operating costs £ 000	Total costs £ 000
Foreign exchange gains	-	(72)	(72)	-	-	-
Employee costs	(9,769)	(16,438)	(26,207)	(12,045)	(13,517)	(25,562)
Depreciation and amortisation	-	(1,367)	(1,367)	-	(329)	(329)
Computing/network costs	-	(3,049)	(3,049)	-	(1,531)	(1,531)
Recharges	-	(4,703)	(4,703)	-	(8,215)	(8,215)
Advertising and marketing costs	-	(492)	(492)	-	(633)	(633)
Loss on disposal	-	(95)	(95)	-	-	-
Other operating costs	-	(6,613)	(6,613)	-	(3,824)	(3,824)
Materials and subcontractor costs	(50,575)	-	(50,575)	(52,702)	-	(52,702)
Total costs by nature	(60,344)	(32,829)	(93,173)	(64,747)	(28,049)	(92,796)

The restatement in 2021 relates to a reduction in accrued expenses. This reduced cost of sales by £549,000 and operating costs by £186,000.

6 Employees' costs

The aggregate employee costs (including Directors' remuneration) were as follows:

	2022 £ 000	2021 £ 000
Wages and salaries	(22,405)	(21,719)
Social security costs	(2,173)	(1,927)
Pension and other post-employment benefits	(1,532)	(1,454)
Share-based payment expenses	(97)	(462)
	(26,207)	(25,562)

The average number of persons employed by the company (including Directors) during the year, analysed by category was as follows:

6 Employees' costs (continued)

	2022 No.	2021 No.
Office and management	160	150
Research and development	23	22
Service and maintenance	142	127
Production	23	30
	348	329

7 Net finance income

Finance income

	2022 £ 000	2021 £ 000
Interest income from amounts owed by Group undertakings	286	944
Interest income on assets under lease	176	194
Other finance income	-	825
Total finance income	462	1,963

Finance cost

	2022 £ 000	2021 £ 000
Interest expense on bank overdrafts and borrowings	(22)	-
Other finance costs	(73)	-
Total finance costs	(95)	-
Net finance income	367	1,963

8 Directors' remuneration

The Directors were remunerated as employees of Centrica plc Group and did not receive any remuneration, from any source, for their services as Directors of the Company during the current or preceding financial year. Accordingly, no details in respect of their emoluments have therefore been included in these financial statements.

9 Auditors' remuneration

The Company paid the following amounts to its auditors in respect of the audit of the Financial Statements provided to the Company.

	2022 £ 000	2021 £ 000
Audit fees	(27)	(25)

Auditors' remuneration relates to fees for the audit of the financial statements of the Company.

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the Group Financial accounts of its ultimate parent, Centrica plc.

10 Income tax

Tax credited in the Income Statement

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax adjustment to prior periods	-	68
Deferred taxation		
Origination and reversal of temporary differences	581	(6)
Changes in tax rates	183	3
Adjustment in respect of prior period	56	-
Total deferred taxation	820	(3)
Taxation on loss	820	65

10 Income tax (continued)

The main rate of corporation tax for the year to 31 December 2022 was 19% (2021: 19%). The rate of corporation tax has increased to 25% with effect from 1 April 2023. As at 31 December 2022 the deferred tax balances included in these Financial Statements are based on the enacted rate of corporation tax having regard to their reversal profiles.

The differences between the taxes shown above and the amounts calculated by applying the standard rate of UK corporation tax to the loss before tax are reconciled below:

	2022 £ 000	(As restated) 2021 £ 000
Loss before tax	(17,347)	(17,137)
Tax on loss at standard UK corporation tax rate of 19% (2021: 19%)	3,296	3,256
Increase in current tax from adjustment for prior periods	-	68
Decrease from effect of expenses not deductible in determining tax loss	(19)	(6)
Increase/(decrease) from effect of exercise employee share options	69	(70)
Decrease arising from group relief tax reconciliation	(2,765)	(3,186)
Deferred tax expense from unrecognised temporary difference from a prior period	56	-
Deferred tax expense relating to changes in tax rates or laws	183	3
Total tax credit	820	65

10 Income tax (continued)

Deferred tax

The movements in respect of the deferred income tax assets and liabilities that occurred during the financial year are as follows:

	Accelerated tax depreciation £000	Temporary difference trading £000	Other items £000	Total £ 000
1 January 2022	(32)	46	-	14
Charged to the Income Statement	258	506	-	764
Charged to equity	-	77	-	77
Prior period adjustments	(8)	-	64	56
31 December 2022	218	629	64	911

	Accelerated tax depreciation £000	Temporary difference trading £000	Total £ 000
1 January 2021	(7)	24	17
Charged/(credited) to the Income Statement	(25)	22	(3)
31 December 2021	(32)	46	14

The deferred tax asset of £911,000 (2021: £14,000) is considered to be recoverable on the basis that when the temporary differences reverse they will either be recovered against future profits or through surrender to UK Group companies as group relief in return for payment for their tax value.

11 Property, plant and equipment

	Fixtures and fittings £ 000	Motor vehicles £ 000	Plant and machinery £ 000	Computer and office equipment £ 000	Total £ 000
Cost					
At 1 January 2022	559	76	3,186	909	4,730
Additions	-	-	95	-	95
Disposals and surrenders	(234)	-	(248)	(250)	(732)
At 31 December 2022	325	76	3,033	659	4,093
Accumulated depreciation and impairment					
At 1 January 2022	(472)	(73)	(1,262)	(884)	(2,691)
Charge for the year	(41)	(2)	(1,296)	(25)	(1,364)
Disposals and surrenders	234	-	153	250	637
At 31 December 2022	(279)	(75)	(2,405)	(659)	(3,418)
Net book value					
At 31 December 2022	46	1	628	-	675
At 31 December 2021	87	3	1,924	25	2,039

There were no impairment losses recognised in the current or prior year, and no impairment indicators identified.

12 Intangible assets

	Computer software £ 000	Development expenditure £ 000	Total £ 000
Cost			
At 1 January 2022	710	822	1,532
Disposals and surrenders	-	(356)	(356)
At 31 December 2022	710	466	1,176
Amortisation			
At 1 January 2022	(706)	(822)	(1,528)
Amortisation	(3)	-	(3)
Disposals and surrenders	-	356	356
At 31 December 2022	(709)	(466)	(1,175)
Carrying amount			
At 31 December 2022	1	-	1
At 31 December 2021	4	-	4

13 Trade and other receivables

	2022		2021	
	Current	Non-current	Current	Non-current
	£ 000	£ 000	£ 000	£ 000
Trade receivables	9,326	-	13,831	-
Provision for impairment of trade receivables	(1,694)	-	(179)	-
Net trade receivables	7,632	-	13,652	-
Contract assets	2,946	-	7,461	-
Amounts owed by Group undertakings	10,360	-	20,395	220
Finance lease receivables	315	2,298	290	2,612
Accrued income	11,249	-	5,093	-
Prepayments	104	-	83	-
Other receivables	345	-	648	-
	32,951	2,298	47,622	2,832

The amounts owed by Group undertakings have been presented on a net basis as there is a legal right of offset, and the intent is to settle amounts on a net basis.

Included within the net amounts owed by Group undertakings is £5,427,000 (2021: £17,171,000) receivable from Centrica plc, which consists of a gross receivable of £8,347,000 (2021: £20,853,000) and a gross payable of £2,920,000 (2021: £3,682,000). The gross receivable by Centrica plc includes £8,347,000 (2021: £20,853,000) that bears interest at a quarterly rate determined by Group Treasury and linked to the Group cost of funds. The quarterly rates ranged between 0.35% and 2.72% per annum during 2022 (2021: 3.61% and 4.23%). All other amounts owed to or by Group undertakings are interest free. All amounts owed to or by Group undertakings are unsecured and repayable on demand.

14 Inventories

	2022	2021
	£ 000	£ 000
Raw materials and consumables	2,622	9,556
Work in progress	5,312	4,722
	7,934	14,278

There is no significant difference between the replacement cost of inventories and their carrying amounts.

15 Trade and other payables

	2022		2021 (As restated)
	Current £ 000	Non-current £ 000	Current £ 000
Trade payables	(4,410)	-	(8,244)
Accrued expenses	(4,715)	-	(5,190)
Amounts owed to Group undertakings	(16,936)	-	(23,023)
Social security and other taxes	(1,840)	-	(1,079)
Deferred income	(2,607)	(2,089)	-
Other payables	(1,593)	-	(949)
Payments on account	(8,453)	-	(7,577)
	(40,554)	(2,089)	(46,062)

The amounts owed by Group undertakings have been presented on a net basis as there is a legal right of offset, and the intent is to settle amounts on a net basis.

Amounts owed to Group undertakings are interest free, unsecured and repayable on demand.

The restatement in 2021 relates to a reduction in accrued expenses of £735,000.

16 Provisions for other liabilities and charges

	Restructuring provision (i) £ 000	Employee benefits (ii) £ 000	Other provisions (iii) £ 000	Total £ 000
At 1 January 2022	-	(45)	(5,534)	(5,579)
Charged to the Income Statement	(2,521)	(10)	225	(2,306)
Provisions used	673	29	3,760	4,462
At 31 December 2022	(1,848)	(26)	(1,549)	(3,423)
Non-current liabilities	-	(25)	(555)	(580)
Current liabilities	(1,848)	(1)	(994)	(2,843)

(i) Restructuring provision relates to redundancy costs associated with cost reduction programmes.

(ii) Employee benefits provision consists of national insurance on the Company's share of Group share based payments.

(iii) Other provisions of £994,000 (2021: £4,952,000) is on onerous contract provision relating to loss making contracts. Other provisions of £555,000 (2021: £582,000) are warranty provisions on projects with a warranty period of up to 25 years.

17 Capital and reserves

Allotted, called up and fully paid shares

	2022 No.	2022 £	2021 No.	2021 £
Ordinary shares of £1 each	200,001	200,001	200,001	200,001

Share premium
Consideration transferred in excess of the nominal value of ordinary shares is allocated to share premium.

Cash flow hedge reserve
The cash flow hedging reserve comprises fair value movements on instruments designated as cash flow hedges under the requirements of IFRS 9 'Financial Instruments'. Amounts are transferred from the cash flow hedging reserve to the Income Statement or the Statement of Financial Position as and when the hedged item affects the Income Statement or the Statement of Financial Position which is, for the most part, on receipt or payment of amounts denominated in foreign currencies.

17 Capital and reserves (continued)

Retained earnings
The balance classified as retained earnings includes the profits and losses realised by the Company in previous periods that were not distributed to the shareholders of the Company at the reporting date.

Share-based payments reserve
The share-based payments reserve reflects the obligation to deliver shares to employees under the existing share schemes in return for services provided to the Company.

Rights, preferences and restrictions
Ordinary shares have the following rights, preferences and restrictions:
Each ordinary share is entitled to one vote in any circumstance, is entitled pari passu to dividend payments or any other distribution and is entitled pari passu to participate in a distribution arising from a winding up of the company.

18 Share-based payments

Employee share schemes are designed to encourage participants to align their objectives with those of shareholders. The Company participates in several employee share schemes which gave rise to a charge of £97,000 (2021: £462,000) which is shown under operating costs in the Income Statement. The schemes that the Company employees participate in are described below.

Conditional Share Incentive Plan (CSIP)
Awards under CSIP (previously known as On Track Incentive Plan) are available to senior executives, senior and middle management. The number of shares awarded is dependent on annual targets for individual targets and business unit financial performance. These shares vest subject to continued employment within the Group in two stages: half after two years, the other half after three years. Leaving prior to the vesting date will normally mean forfeiting rights to the invested share awards. The fair value of the awards is the market price of the shares on the date of the award.

Restricted Share Scheme (RSS)
Participation in RSS is determined on a case by case basis, at the discretion of management, and in 2022 an award was given to employees who otherwise would have been eligible for a cash bonus under the CSIP scheme, known as the Retention Share Award.

These shares vest subject to continued employment within the Group in two stages: half after two years, the other half after three years. Leaving prior to the vesting date will normally mean forfeiting rights to the invested share awards. The fair value of the awards is the market price of the shares on the date of the award.

Sharesave
Under Sharesave, the Group Board may grant options over shares in Centrica plc to all UK-based employees of the Group. To date, the Board has approved the grant of options with a fixed exercise price equal to 80% of the average market price of the shares for the three days prior to invitation which is three to four weeks prior to the grant date. Employees pay a fixed amount from salary into a savings account each month, and may elect to save over three and/or five years. At the end of the savings period, employees have six months in which to exercise their options using the funds saved. If employees decide not to exercise their options, they may withdraw the funds saved, and the options expire six months after maturity. Exercise of options is subject to continued employment within the Group except where permitted by the rules of the scheme. The fair value of employee share options is measured using the Black-Scholes model. In 2020 the Group issued the last Sharesave invitation and no further invitations are planned.

18 Share-based payments (continued)

Share Incentive Plan (SIP)
SIP is available to all employees who may purchase shares through monthly salary deductions - these are termed 'partnership shares'. The Group then awards one matching share for every two partnership shares, up to a maximum of 22 matching shares per employee per month. These shares have a three year vesting period and the shares are all held in trust. Partnership shares can be withdrawn at any time; however matching shares are forfeited if the related partnership shares are withdrawn within the vesting period.

Profit Share Award
The Profit Share Award is awarded annually and the value of the award will be decided at the end of each financial year and will be primarily based on the Group's performance in the previous financial year. The number of shares awarded will be based on the average share price for the three working days prior to the award grant date. All employees employed by a Centrica plc participating company on 31 December in the year before the date of grant and employed on the date of grant are eligible to receive the Profit Share Award. These shares have a three year vesting period and the shares are all held in trust. Leaving prior to vesting date will normally mean forfeiting rights to the invested share awards.

19 Parent and ultimate parent undertaking

At the reporting date the immediate parent undertaking was ENER-G Power2 Limited, a company registered in England and Wales. On 31 May 2023 ENER-G Cogen International Limited acquired 100% of the issued share capital of the Company from ENER-G Power2 Limited.

The ultimate parent undertaking is Centrica plc, a company registered in England and Wales, which is the only company to include these financial statements in its consolidated financial statements. Copies of the Centrica plc consolidated financial statements may be obtained from www.centrica.com.

The registered address of Centrica plc is Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD, United Kingdom.