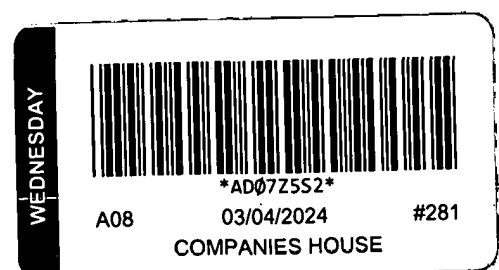

AVOVE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023



AVOVE LIMITED

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AVOVE LIMITED

COMPANY INFORMATION

Directors	J Boucher I Fisher D S Jones M Perkins P Rafferty
Registered number	02578069
Registered office	Part 2nd Floor Offices Unit 5 Matrix Park Eaton Avenue Buckshaw Village Chorley PR7 7NA
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor One St. Peter's Square Manchester M2 3DE

AVOVE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Introduction

The directors present their strategic report of the company for the year ended 31 December 2023.

Principal activity

The company is principally engaged in the activity of provision of construction and maintenance services of utility infrastructure. There have been no changes in the company's activities during the year.

Business review

2023 has been a strong year for AvoVe as we have delivered a robust financial performance, growing our revenues, improving our operating profit and finishing the year with a good liquidity position.

Revenue growth for the year was 22% which was an acceleration against the previous year (2022:10%), and was broad-based, driven across our existing client base from both increased activity on core service lines and development into different work types with our water clients. Profitability improvements have been achieved through a successful financial outcome on a large infrastructure project, higher volumes which have driven scale benefits on a number of contracts and the renegotiation of rates on a contract which was previously loss making for the business. This improvement has also been achieved despite having to contend with a continuing challenging inflationary environment where we have engaged pragmatically and transparently with our clients to mitigate the worst effect of this on both parties.

Administrative expenses increased in the period driven by the annualised impact of resources that were mobilised to perform critical activities previously undertaken prior to separation by others.

The Statement of Comprehensive Income for the year is set out on page 14 and shows revenue of £174,702,000 (2022: £142,761,000), operating profit of £7,905,000 (2022: profit of £4,780,000) and a profit after tax amounting to £6,690,000 (2022: a profit after tax of £79,401,000), all of which arose from continuing activities.

This result reflects continued strong operational delivery and the progress that we have made in delivering against our strategy, transforming the way we engage with both our clients and our colleagues. We are creating a distinctive culture based on our shared vision that values the knowledge, diversity, experience and energy of our people and brings fresh thinking to the challenges that our clients face, building deep relationships, listening to their issues and bringing our expertise to deliver great outcomes.

We have established our environmental priorities after engaging with a wide range of stakeholders, focused on where we can have a tangible impact and as part of our Net Zero commitment, have signed up to the Science Based Targets initiative. Investments have been made to drive progress in our journey to Net Zero and to both reduce the embodied carbon impacts of the projects we undertake for clients and improve the ecological outcomes, with an experienced and qualified team of environmentalists and ecologists established within the business.

At the start of the year our new health and safety ethos, "Work Together, Safe Together" was launched across the entire business, providing the opportunity to engage with all of our people and supply chain partners regardless of where they work, around the importance of working to the highest health and safety standards. Health and safety continues to be our highest priority and engagement is continual to ensure that accident reporting and close call reporting is encouraged to allow learning from such events to be acted upon. AvoVe was proud to have been awarded the RoSPA Gold Award for a 10th consecutive year, resulting in simultaneous achievement of the President's Award.

AVOVE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

Business review (continued)

We continue to invest in our digital capabilities, focused primarily on the optimisation of our commercial functions, with the ongoing implementation of our ERP system.

With the ongoing strong operational delivery, improving financial performance and the investment and progress we are making in our strategic development, the business is well positioned to continue to capitalise on the favourable dynamics we see within our sector.

The increase in agility that the business is demonstrating with its customers together with a strong health and safety ethos, reliable operational delivery and enhanced client engagement have all contributed to the establishment of a strong orderbook and an expanded pipeline of opportunities for 2024 and beyond.

Financial key performance indicators

The company's principal key performance indicators are revenue, gross profit and operating profit which are shown in the Statement of Comprehensive Income for the year set out on page 14 and operating cashflow.

Principal risks and uncertainties

Health & Safety

Above operates in often complex and high risk environments, working with plant and machinery which present risks to our people and supply chain. We have clear, well communicated policies and governance in place in order to ensure that our people work safely and feel empowered to speak up and stop work where they have concerns. These policies are regularly updated and most recently we launched Above's new health and safety ethos, Work Together, Safe Together. Our strong record demonstrates our commitment to the safety and wellbeing of our workforce and supply partners, whether working on site, at an office or at home.

Future Work Pipeline

Due to the nature of the utilities sectors that we work within, contracts are often aligned to regulatory periods and as such, the company can benefit from those long-term contracts with our clients. We do however recognise the risk that non-renewal of those contracts represents. We mitigate this risk through strong operational and safety performance, regular engagement in the spirit of partnership with both our clients and our supply chain and an appropriately diversified portfolio.

Climate Change

We recognise the detrimental impact that climate change is having on the planet and the importance of Above playing its full part in addressing this. In particular we are focused on driving a transition to a net zero carbon business, working closely both with our clients and also our supply chain to make this happen.

Restricted Labour Supply

Skills shortages in the market we operate is a risk that has become heightened since the COVID pandemic as large numbers around the country have chosen to exit the workforce. In Above we are mitigating this through a multi-tiered recruitment approach, where appropriate looking outside of our traditional target recruitment population. We are also putting particular focus on effective training and development and a strong emphasis on retaining our employees through a winning and inclusive culture where people feel empowered, trusted, valued and motivated.

AVOVE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

Principal risks and uncertainties (continued)

Reliance on Supply Chain

The supply chain is an important element of AvoVe's delivery model and one which we work hard to maintain. We are aware that our suppliers always have a choice as to who they work for and that disruption to the supply chain could impact on our ability to deliver our services. We manage this through a robust procurement process, ensuring that our supply partners have the expertise to deliver well and a culture that is complementary to our own. We are supportive of our current supply partners, and also regularly look to bring on and develop new partners.

Cashflow

AvoVe's cashflow risk is predominantly attributable to situations where there is a considerable and extended lag between work being delivered for our clients and the cash being received. Our clients are well capitalised and relatively concentrated, reducing the credit risk for the company. Cashflow is closely monitored as part of our day to day control procedures to ensure sufficient funds are available for working capital requirements and payments of our tax obligations. Cashflow is re-forecast weekly to ensure a tight grip is maintained on the company's short and longer-term liquidity position and that, where required, appropriate contingency facilities are available to be drawn down on.

Information Security

AvoVe has a reliance on information technology to operate its business and the effectiveness of our operations is dependent upon the accuracy and integrity of records and on maintaining the confidentiality of data processed and stored within them. The continued security of the company's information systems is therefore critical and a cyber-attack, resulting in the theft, loss, corruption or other unavailability of these systems and data, could result in operational and reputational damage to the business. This risk is mitigated by the adoption of good information security controls and practices including: the protection of user accounts with passwords and multi factor authentication; regular security patching; anti-virus, plus intrusion detection and prevention, systems; annual penetration testing, ongoing vulnerability management; and cyber insurance.

Future developments

The directors anticipate that there will be a further increase in activity as a result of strengthening customer relationships and a strong orderbook moving into 2024.

AVOVE LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

Directors' statement of compliance with duty to promote the success of the company


The directors consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1) (a-f) of the Act) in the decisions taken during the year ended 31 December 2023.

In discharging their duties in relation to s172(1) of the Companies Act 2006, the directors have paid regard to the following matters:

- the likely consequences of any decision in the long-term, such as strategic planning, Brexit impact and business development opportunities;
- interests of the company's employees including health and safety, employee involvement and initiatives, diversity, inclusion and gender pay gap issues;
- the need to foster relationships with suppliers, customers and others including supplier evaluation, social values and payment practices;
- to act fairly between members of the company;
- impact of operations on community and the environment, including carbon management, climate crisis initiatives; and
- reputation for high standards of business conduct including adoption of corporate governance standards, training of directors and whistleblowing reporting.

As the company was a wholly owned subsidiary of the Ersa Topco Limited Group, the company's directors discharged their duties within policies, procedures and authorisation limits set out on a group-wide basis. Further information on how officers within the Group discharged their duties is included in the 2023 group accounts. The directors of this company also achieved this through attendance at relevant executive meetings, involvement in executive briefings and training, and through having responsibility for implementation of groupwide initiatives to promote best practice.

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


Darren Jones (Apr 3, 2024 09:51 GMT+1)

D S Jones
Director

Date: Apr 3, 2024

ABOVE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their report and the audited financial statements for the year ended 31 December 2023.

Results and dividends

The profit for the year, after taxation, amounted to £6,690,000 (2022: profit of £79,401,000).

The directors recommend the payment of a dividend of £nil for the year (2022: £52,301,000).

Directors' responsibilities statement

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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies for the company's financial statements 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.

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.

AVOVE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

Directors

The directors who served during the year and to the date of this report were:

J Boucher
I Fisher
D S Jones
M Perkins
P Rafferty

Qualifying third party indemnity provisions

The directors benefit from a qualifying third party indemnity provision in the form permitted by the Section 234 of the Companies Act 2006 in respect of certain third party actions against directors. No claim or notice of claim in respect of these indemnities has been received in the year. The qualifying indemnity provision was in force throughout the financial year and up to the date of approval of the Directors' Report.

Greenhouse gas emissions, energy consumption and energy efficiency action

As part of its wider sustainability strategy, AvoVe takes its environmental responsibilities very seriously. AvoVe operates a United Kingdom Accreditation Service scheme for environmental management and is certified to the environmental management systems standard ISO 14001:2015. The ISO 14001 standard is designed to enhance environmental performance, fulfil compliance obligations, and achieve environmental objectives. An assessment was last carried out in November 2023 with continued certification confirmed.

Reducing the level of internal carbon footprint emissions is a key priority and the company is developing plans to become a carbon Net Zero organisation. Achieving this will include initiatives such as increasing the number of zero emission vehicles on the company's fleet, converting to renewable energy supplies and working with our supply chain to reduce their own emissions. In November 2023 AvoVe signed its commitment letter to the Science Based Targets initiative (SBTi), formally committing to set science-based targets for both the near term and for achieving Net Zero.

Science-based targets are a set of goals developed to provide a clear route to reducing greenhouse gas emissions. Emissions reduction targets are considered science based if they are consistent with keeping global warming below 1.5°C above pre-industrial levels. In support of this, AvoVe's carbon footprint reporting framework will be reviewed for certification to ISO 14064-1:2006 during 2024.

Usage

	2023	Restated 2022
Combustion of Natural Gas/Electricity used for operations (KWh)*	881,739	861,483
Fuel use from transport (Carbon kg CO ₂)	3,124	3,473

In 2022, the company took an exemption for scope 3 properties due to lack of available information. These values have been restated using ECON19 benchmark data to provide a more realistic value consumed.

* gas and electricity combined due to lack of access to information.

The energy intensity is annual energy consumed (Kwh) per annual turnover. In 2023, this was 0.5% (restated 2022: 0.6%).

AVOVE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

Diversity and inclusion

The company does not discriminate in any way. We make every effort to ensure that all individuals can carry out their roles. The company endeavours to retain employees if they become disabled, making reasonable adjustments to their roles, providing any appropriate training and, if necessary, looking for redeployment opportunities elsewhere within AvoVe. The company also ensures that training, career development and promotion opportunities are available to all employees irrespective of gender, race, age, sexuality or disability.

Here at AvoVe, we have created a working environment where everyone can thrive and achieve their full potential. We call this The AvoVe Way and it is our pathway to ensuring that everyone feels empowered, motivated, trusted and valued.

We believe that a diverse and inclusive culture is one where people respect and celebrate their differences, and everyone has the chance to succeed. We want to embrace the talents, beliefs, backgrounds and abilities of all our colleagues. We are building an inclusive culture where everyone feels a sense of belonging and is given a fair and equal chance to fulfil their potential.

To demonstrate our commitment to Diversity and Inclusion we have signed the Armed Forces Covenant, the Race at Work Charter, the Social Mobility Pledge and the Energy and Utilities Inclusion pledge. We are a Disability Confident Committed Employer, have made the Mental Health at Work Commitment and joined both the Women's Utilities Network (WUN) and the Women in Engineering Society (WES).

Matters covered in the Strategic Report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 2 to 5. These matters relate to principal activity, business review, future developments and principal risks and uncertainties.

Economic impact of global events

UK businesses are facing many uncertainties and challenges caused by political, economic, social, technological, legal and environmental factors. These uncertainties have contributed to an environment where there exists a range of issues and risks, including inflation, higher interest rates, labour shortages, disrupted supply chains and new ways of working.

The directors have carried out an assessment of the potential impact of these uncertainties on the business, including the impact of mitigation measures, and concluded that the greatest impact on the business is expected to be from the economic ripple effect on the global economy. The directors have taken account of these potential impacts in their going concern assessment.

The company continues to work with its partners to minimise any impacts of these events and maximise the realisation of any opportunities they may provide to the business.

AVOVE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

Going concern

These financial statements are prepared on the going concern basis which the directors consider to be appropriate for the reasons set out below.

The company had net assets of £17,854,000 (2022: £11,164,000) and net current assets of £18,090,000 (2022: £10,516,000) at the balance sheet date. The directors have evaluated various forecast scenarios, along with the potential cost mitigating options available to the company.

After making enquiries and based on the assumptions to the financial statements, the directors have concluded that the company has adequate cash resources and financial projections indicate that the company will continue to operate within its existing facilities for at least 12 months from the date of signature of this report. For this reason, they continue to adopt the going concern basis in preparing the financial statements.


Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditor

The auditor, Mazars LLP, 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 by:


Darren Jones (Apr 3, 2024 09:51 GMT+1)

D S Jones
Director

Date: Apr 3, 2024

AVOVE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVOVE LIMITED

Opinion

We have audited the financial statements of Avoe Limited (the 'company') for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit 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.

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.

AVOVE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVOVE LIMITED

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 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.

AVOVE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVOVE LIMITED

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 intend either 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

AVOVE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVOVE LIMITED

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

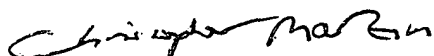
- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit 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.



Christopher Martin (Senior statutory auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
One St. Peter's Square
Manchester
M2 3DE

Date: Apr 3, 2024

AVOVE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023 £000	2022 £000
Turnover	4	174,702	142,761
Cost of sales		(157,485)	(130,965)
Gross profit		<u>17,217</u>	<u>11,796</u>
Administrative expenses		(9,312)	(7,016)
Operating profit	6	<u>7,905</u>	<u>4,780</u>
Exceptional expenses	5	-	(4,899)
Profit on sales of investments		-	78,652
Interest receivable and similar income	11	437	161
Interest payable and similar expenses	12	(105)	(77)
Profit before tax		<u>8,237</u>	<u>78,617</u>
Tax on profit	13	(1,547)	784
Profit for the financial year		<u><u>6,690</u></u>	<u><u>79,401</u></u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>6,690</u></u>	<u><u>79,401</u></u>

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

The notes on pages 18 to 37 form part of these financial statements.

ABOVE LIMITED
REGISTERED NUMBER: 02578069


STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	2023 £000	2022 £000
Fixed assets			
Intangible assets	15	730	673
Tangible fixed assets	16	516	259
		<u>1,246</u>	<u>932</u>
Current assets			
Stocks	17	418	289
Debtors: amounts falling due after more than one year	18	2,404	3,551
Debtors: amounts falling due within one year	18	46,077	29,993
Cash and cash equivalents	19	9,983	11,438
		<u>58,882</u>	<u>45,271</u>
Creditors: amounts falling due within one year	20	(40,792)	(34,755)
Net current assets		<u>18,090</u>	<u>10,516</u>
Total assets less current liabilities		<u>19,336</u>	<u>11,448</u>
Provisions for liabilities			
Provisions	22	(1,482)	(284)
		<u>(1,482)</u>	<u>(284)</u>
Net assets		<u>17,854</u>	<u>11,164</u>
Capital and reserves			
Called up share capital	23	4,712	4,712
Share premium account	25	42	42
Other equity instruments	24	-	-
Profit and loss account	25	13,100	6,410
Total equity		<u>17,854</u>	<u>11,164</u>

AVOVE LIMITED
REGISTERED NUMBER: 02578069

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2023

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


Darren Jones (Apr 3, 2024 09:51 GMT+1)

D S Jones
Director

Date: Apr 3, 2024

The notes on pages 18 to 37 form part of these financial statements.

AVOVE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Called up share capital £000	Share premium account £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2022	21,918	42	6,033	(20,690)	7,303
Comprehensive income for the year					
Profit for the year	-	-	-	79,401	79,401
Total comprehensive income for the year	-	-	-	79,401	79,401
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(52,301)	(52,301)
Shares issued during the year	6,000	-	-	-	6,000
Shares cancelled during the year	(23,206)	-	-	-	(23,206)
Cancellation of other equity instrument interest	-	-	(6,033)	-	(6,033)
Total transactions with owners	(17,206)	-	(6,033)	(52,301)	(75,540)
At 1 January 2023	4,712	42	-	6,410	11,164
Comprehensive income for the year					
Profit for the year	-	-	-	6,690	6,690
Total comprehensive income for the year	-	-	-	6,690	6,690
Total transactions with owners	-	-	-	-	-
At 31 December 2023	4,712	42	-	13,100	17,854

The notes on pages 18 to 37 form part of these financial statements.

AVOVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. General information

Above Limited is a private company limited by shares and incorporated and registered in England and Wales. The registration number of the company is 02578069. The address of the registered office is Part 2nd Floor Offices, Unit 5, Matrix Park Eaton Avenue, Buckshaw Village, Chorley, United Kingdom, PR7 7NA.

The company is principally engaged in the activity of provision of management services for the maintenance of utility infrastructure. There have been no changes in the company's activities during the year.

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 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The financial statements have been presented in Pounds Sterling as this is the currency of the primary economic environment in which the company operates, and are currently shown rounded in thousands.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Ersu Topco Limited as at 31 December 2023 and these financial statements may be obtained from Companies House.

ABOVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.3 Going concern

These financial statements are prepared on the going concern basis which the directors consider to be appropriate for the reasons set out below.

The company had net assets of £17,854,000 (2022: £11,164,000) and net current assets of £18,090,000 (2022: £10,516,000) at the balance sheet date. The directors have evaluated various forecast scenarios, along with the potential cost mitigating options available to the company.

After making enquiries and based on the assumptions to the financial statements, the directors have concluded that the company has adequate cash resources and financial projections indicate that the company will continue to operate within its existing facilities for at least 12 months from the date of signature of this report. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

2.4 Turnover

Turnover comprises the value of work performed, goods sold and services provided excluding Value Added Tax. Set out below are specific details of the methods applied as part of this policy:

(i) General revenue recognition

Turnover comprises the value of work performed, goods sold and services provided excluding Value Added Tax.

Turnover is recognised when (a) it is probable economic benefits will flow to the entity and (b) when the amount of revenue can be measured reliably. The recognition method will differ depending on the type of contract:

(a) In contracts that provide different highly interrelated goods or services in order to produce a combined output, the applicable output method is that of surveys of performance completed to date (or measured unit of work), according to which revenue is recognised corresponding to the units of work performed and on the basis of the price allocated thereto.

(b) Those contracts for which the unitary price of the units to be performed cannot be determined, use of the percentage of completion method is applied. Under this method, the entity recognises revenue based on the proportion that costs incurred to date bear to the total costs expected to be incurred to complete the work, taking into account the expected margins of the whole project per the latest updated forecast.

The amounts recognised as revenue for a given year do not necessarily coincide with the amounts billed to the customer. In the case of contracts in which the goods or services transferred to the customer exceed the related amount billed or certified, the difference is recognised (as a contract asset) in an asset account called "Accrued Income" under "Trade and other receivables", whereas in contracts in which the goods or services transferred are lower than the amount billed to the customer, the difference is recognised (as a contract liability) in "Deferred income" under "Trade and other payables".

AVOVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

Turnover (continued)

(ii) Recognition of revenue from contract modifications and disputes

Contract modifications are defined as changes in the scope of the work that may result in a change in the revenue associated with that contract. The company does not recognise the revenue from such additional work until entitlement for such changes has been established, essentially where the customer's approval has been obtained. In cases where the additional work has been approved but the corresponding change in price has not been determined, the revenue recognised will be for an amount where it is considered highly probable that a significant reversal will not occur.

A dispute is the result of a disconformity or rejection following a claim made to the customer under the contract. Revenue related to disputed items is not recognised and where revenue has been previously recognised and subsequently disputed, once the age of the accrued income reaches over 120 days old, a provision shall be made. Only in those cases in which there is a legal report confirming that the rights under dispute are clearly due and enforceable and that, therefore, at least the costs directly associated with the related service will be recovered, may revenue be recognised up to the limit of the amount of the costs incurred and a provision will only be required if the amount recognised is above this limit.

2.5 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

2.6 Interest receivable and similar income

Interest receivable and similar income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.7 Interest payable and similar expenses

Interest payable and similar expenses are charged to the Statement of Comprehensive Income 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.

2.8 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 the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in other creditors as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

AVOVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income 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 reporting 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 reporting 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 reporting date.

2.10 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

ABOVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.11 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Costs associated with computer software maintenance are recognised as an expense as incurred. Computer software purchase and development costs are recognised as assets and are amortised over their estimated useful lives, which does not exceed five years.

Other Intangibles includes contract rights intangible assets that arose in respect of the acquisition of the metering installations and repair business carried out by Severn Trent Metering Services and was being amortised over the life of the acquired asset.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Computer software	-	3 years
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Amortisation is included in "administrative expenses" in the Statement of Comprehensive Income.

2.12 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

ABOVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.12 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:

Leasehold improvements	- over the term of the lease
Plant and machinery	- 3 years
Fixtures and fittings	- 3 years
Computer equipment	- 3 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.

Depreciation is included in "administrative expenses" in the Statement of Comprehensive Income.

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.

At each reporting 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 the Statement of Comprehensive Income.

2.14 Debtors

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

2.15 Cash and cash equivalents

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

2.16 Creditors: amounts falling due within one year

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

ABOVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.17 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 reporting 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 Statement of Financial Position.

2.18 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

AVOVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

3.1 Critical judgements in applying the company's accounting policies

The critical judgements 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 statutory financial statements are discussed below.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, 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.

Recoverability of debtor balances

The directors establish a provision for invoiced debts that are estimated not to be recoverable. When assessing the recoverability the directors have considered factors such as the ageing of the debts, past experience of recoverability, and the credit profile of individual or groups of customers. When assessing the recoverability of work-in-progress (not-invoiced debts), the directors have considered factors such as the ageing of the balances and the legal position with regards to invoicing the balance.

Valuation of Accrued and Deferred Income

Estimates taken into consideration for the purpose of recognising revenue from contracts with customers include most notably those associated with: determining whether enforceable rights exist, in order to recognise revenue; determining whether a contract modification has been approved; recognising revenue in relation to a claim or a dispute; the "survey of performance completed to date" output method (units of production or based on time elapsed), and the "stage of completion measured in terms of costs incurred" input model is applied in those cases in which the unit price of the units of work to be performed cannot be determined; in the case of contracts recognised using the survey of performance completed to date method, measuring the units completed and the price that can be allocated thereto; in the case of contracts recognised using the "percentage of completion method" input method, defining the costs incurred relative to total contract costs, and the expected profit margin for the contract; and making estimates relating to the calculation of any related provisions.

Deferred tax

A deferred tax asset has been recognised in the financial statements in respect of trading losses carried forward. The directors believe that sufficient trading profits will be made in the short term in order to utilise these losses.

AVOVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

4. Turnover

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

	2023 £000	2022 £000
United Kingdom	174,702	142,761

All turnover arose within the United Kingdom.

5. Exceptional expenses

	2023 £000	2022 £000
Separation costs	-	4,899

In connection with the sale of the company, the company had incurred exceptional costs in the prior year relating to IT, personnel and other overheads.

6. Operating profit

The operating profit is stated after charging:

	2023 £000	2022 £000
Amortisation of intangible assets	333	165
Depreciation of tangible fixed assets	172	74
Operating lease rentals	692	417
Cost of inventory recognised as an expense	10,083	4,647
Defined contribution scheme expense	1,279	1,246

ABOVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

7. Auditor's remuneration

During the year, the company obtained the following services from the company's auditor and its associates:

	2023 £000	2022 £000
Fees payable to the company's auditor for the audit of the company's financial statements	72	70

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

8. Employees

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

	2023 £000	2022 £000
Wages and salaries	35,638	29,738
Social security costs	3,613	3,140
Cost of defined contribution scheme	1,279	1,246
	<u>40,530</u>	<u>34,124</u>

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

	2023 No.	2022 No.
Delivery	322	303
Administration and support	477	444
Directors	2	2
	<u>801</u>	<u>749</u>

ABOVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

9. Directors' remuneration

	2023	2022
	£000	£000
Directors' emoluments	1,082	697
Company contributions to defined contribution pension schemes	42	49
	<u>1,124</u>	<u>746</u>

During the year benefits were accruing to 2 directors (2022: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £367,000 (2022: £262,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20,000 (2022: £23,000).

10. Profit on sales of investments

	2023	2022
	£000	£000
Profit on disposal of subsidiaries	<u>-</u>	<u>78,652</u>

In the prior year, on 18 January 2022, the company transferred its investment in Enterprise Managed Services Limited to A.R.M. Services Group for a total consideration of £83,261,000 realising a profit on disposal of £78,652,000.

11. Interest receivable and similar income

	2023	2022
	£000	£000
Interest receivable from group companies	381	161
Other interest receivable	56	-
	<u>437</u>	<u>161</u>

The interest receivable from group companies of £381,000 (2022: £161,000) in the current year relates to the immediate parent undertaking, Ersa Bidco Limited.

Other interest receivable of £56,000 relates to deposit account interest.

AVOVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

12. Interest payable and similar expenses

	2023 £000	2022 £000
Bank interest payable	105	77

13. Tax charge/(credit) on profit

	2023 £000	2022 £000
Corporation tax		
Current tax on profits for the year	400	-
Adjustments in respect of previous periods	-	4
Total current tax	400	4
Deferred tax		
Origination and reversal of timing differences	1,303	231
Changes to tax rates	81	(441)
Adjustment in respect of prior period	(237)	(578)
Total deferred tax	1,147	(788)
Taxation on profit on ordinary activities	1,547	(784)

AVOVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

13. Tax charge/(credit) on profit (continued)

Factors affecting tax charge/(credit) for the year

The tax assessed for the year is lower than (2022: lower than) the standard rate of corporation tax in the UK of 23.52% (2022: 19%). The differences are explained below:

	2023 £000	2022 £000
Profit before tax	8,237	78,617
Profit before tax multiplied by standard rate of corporation tax in the UK of 23.52% (2022: 19%)	1,937	14,937
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	28	586
Effects of group relief/other reliefs	(262)	-
Adjustments to tax charge in respect of prior periods	(237)	(910)
Deferred tax credit relating to changes in tax rates or laws	81	(441)
Non-taxable income	-	(14,944)
Other differences leading to decrease in the tax charge	-	(12)
Total tax charge/(credit) for the year	1,547	(784)

ABOVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

13. Tax charge/(credit) on profit (continued)

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom has increased from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

14. Dividends

	2023	2022
	£000	£000
Dividends	-	52,301

In the prior year, on 5 April 2022, the company paid a dividend of £52,301,000 to the previous parent company.

15. Intangible assets

	Computer software £000
Cost	
At 1 January 2023	838
Additions	391
At 31 December 2023	1,229
Amortisation	
At 1 January 2023	165
Charge for the year	334
At 31 December 2023	499
Net book value	
At 31 December 2023	730
At 31 December 2022	673

AVOVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

16. Tangible fixed assets

	Leasehold improvements £000	Plant and machinery £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost					
At 1 January 2023	-	47	-	286	333
Additions	246	60	27	96	429
At 31 December 2023	246	107	27	382	762
Depreciation					
At 1 January 2023	-	10	-	64	74
Charge for the year	22	42	2	106	172
At 31 December 2023	22	52	2	170	246
Net book value					
At 31 December 2023	224	55	25	212	516
At 31 December 2022	-	37	-	222	259

17. Stocks

	2023 £000	2022 £000
Raw materials and consumables	418	289

Stocks are stated net of provisions for impairment of £nil (2022: £30,000).

AVOVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

18. Debtors

	2023 £000	2022 £000
Due after more than one year		
Deferred tax asset (note 21)	2,404	3,551
	<u>2,404</u>	<u>3,551</u>
	2023 £000	2022 £000
Due within one year		
Trade debtors	8,141	5,495
Amounts owed by group undertakings	11,039	5,061
Other debtors	394	493
Prepayments and accrued income	26,503	18,944
	<u>46,077</u>	<u>29,993</u>

Trade debtors are stated at net of a provision of £nil (2022: £25,000).

Amounts owed by group undertakings of £11,039,000 (2022: £5,061,000) are unsecured, bear interest at 5.01% per annum (2022: 4.86%) and have no fixed repayment date. Included in the loans are accrued interest of £381,000 (2022: £161,000).

19. Cash and cash equivalents

	2023 £000	2022 £000
Cash at bank and in hand	<u>9,983</u>	<u>11,438</u>

ABOVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

20. Creditors: amounts falling due within one year

	2023	2022
	£000	£000
Trade creditors	12,084	7,604
Corporation tax	400	-
Other taxation and social security	5,926	6,977
Other creditors	432	1,168
Accruals and deferred income	21,950	19,006
	<u>40,792</u>	<u>34,755</u>

21. Deferred taxation

	2023	2022
	£000	£000
At beginning of year	3,551	2,763
Charged to the Statement of Comprehensive Income	(1,147)	788
At end of year	<u>2,404</u>	<u>3,551</u>

The deferred tax asset is made up as follows:

	2023	2022
	£000	£000
Fixed asset timing differences	348	415
Short term timing differences	447	107
Tax losses carried forward	1,609	3,029
	<u>2,404</u>	<u>3,551</u>

Deferred tax assets have been recognised on trading losses carried forward to the extent that those losses are anticipated to be utilised via generation of future profits as based on the projections of the company over a period of up to five years.

All deferred tax assets have been measured at the rate at which they are expected to crystallise, being 25%.

ABOVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

22. Provisions

	Other provision £000	Dilapidation provision £000	Future loss provision £000	Total £000
At 1 January 2023	3	281	-	284
Charged to profit or loss	487	63	648	1,198
At 31 December 2023	490	344	648	1,482

The other provisions relates to expected customer claims falling due within one year.

The future loss provisions relates to loss making contracts at year end payable within one year.

The dilapidation provision relates to the company's rental buildings. The provision is unwound at the end of the lease ending between 2024 and 2028.

23. Called up share capital

	2023 £000	2022 £000
Allotted, called up and fully paid		
4,712,000 (2022: 4,712,000) Ordinary shares of £1 each	4,712	4,712

The ordinary shares entitle each holder to one voting right and no right to fixed income.

24. Other equity instruments

	2023 £000	2022 £000
Balance at beginning of year	-	6,033
Reserves transfer on other equity instruments	-	-
Cancellation of other equity instrument	-	(6,033)
Balance at end of year	-	-

On 10 July 2020, Enterprise Limited, a previous group undertaking, granted an equity loan facility to the company for a total amount of £6.0 million. This was a perpetual loan with an applicable interest rate of 12-month LIBOR plus 200 basis points.

The other equity instrument held by Enterprise Limited was cancelled in the prior year on 18 January 2022.

ABOVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

25. Reserves

Share premium account

This reserve represents the amount above the nominal value received for issued share capital, less transaction costs.

Profit and loss account

This reserve represents the cumulative profits and losses of the company.

26. Contingent liabilities

In the prior year, the company, along with other group companies in Ersa Topco Limited Group entered into a debenture on 12 April 2022 containing fixed and floating charges over all of the assets of each group company in favour of Glas Trust Corporation Limited.

The company has no other contingent liabilities.

27. Capital commitments

The company had no capital commitments at 31 December 2023 or at 31 December 2022.

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 £1,279,000 (2022: £1,246,000). Contributions totalling £265,000 (2022: £209,000) were payable to the fund at the reporting date and are included in creditors.

29. Commitments under operating leases

At 31 December 2023 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £000	2022 £000
Not later than 1 year	438	361
Later than 1 year and not later than 5 years	931	670
Later than 5 years	-	68
	<u>1,369</u>	<u>1,099</u>

ABOVE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

30. Related party transactions

The company is exempt from disclosing related party transactions with other group companies that are wholly owned within the group.

31. Post balance sheet events

There have been no significant events affecting the company since the year end.

32. Controlling party

The immediate parent undertaking of the company is Ersu Bidco Limited, a company incorporated and registered in England and Wales. Ersu Bidco Limited is a wholly-owned subsidiary of Ersu Midco Limited and Ersu Midco Limited is the smallest group into which the company's financial statements are consolidated.

The ultimate parent undertaking of the company is Ersu Topco Limited, a company incorporated and registered in England and Wales. The Ersu Topco Limited group is the largest group into which the company's financial statements are consolidated.

The address of the registered office for both of these companies is 8-12 York Gate, London, NW1 4QG. The financial statements of both Ersu Topco Limited and Ersu Midco Limited may be obtained from Companies House.

The ultimate controlling party of the company is Rubicon Partners V Nominee Limited, a company incorporated and registered in England and Wales, by virtue of its majority shareholding in Ersu Topco Limited.