

ESSCI Limited

Annual Report and Financial Statements For the year ended 31 December 2018

Registered Number 09752439

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Contents

| | Page(s) |
|--|----------------|
| Officers and professional advisors | 1 |
| Strategic report | 2 - 7 |
| Directors' report | 8 – 10 |
| Independent auditors' report | 11 – 13 |
| Consolidated profit and loss account | 14 |
| Consolidated statement of comprehensive income | 15 |
| Consolidated balance sheet | 16 |
| Company balance sheet | 17 |
| Consolidated statement of changes in equity | 18 |
| Company statement of changes in equity | 19 |
| Consolidated statement of cash flows | 20 |
| Notes to the financial statements | 21 - 48 |

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Officers and professional advisors

Directors

P Kavanagh

M Booth

M Harris

W Sloan (resigned 23 May 2019)

J Kelly

M Kennedy

G Jacob

Company secretary

The company has not appointed a company secretary.

Registered office

TWENTY

20 Kingston Road

Staines-upon-Thames

Middlesex

TW18 4LG

Bankers

Barclays Bank plc

1 Churchill Place

E14 5HP

London

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Savannah House

3 Ocean Way

Southampton

SO14 3TJ

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Strategic report

The directors present their strategic report on the company and its subsidiaries (the "group") for the year 31 December 2018. The comparative period ended 31 December 2017 is made up of fourteen months.

The group, which also trades as "Imtech", conducts its business within three work sectors, namely; (a) mechanical and electrical engineering and construction across a wide range of business sectors including rail, air transportation, hotel and leisure retail, banking, pharmaceutical, renewable energy and private residential; (b) technical facilities maintenance which includes installing and managing the systems and services that support the operation of buildings and infrastructure in a wide variety of environments; and (c) systems integration which provides IT services and solutions to the power generation, utilities, nuclear industries and oil and gas industries.

Building for a successful future

The Imtech Group has continued to improve its performance as demonstrated in this annual report and following the acquisition of the Group by EDF Energy Services in June 2017 is well positioned to embark on another chapter in the company's history.

We improved our order book both in terms of scale and quality, we successfully delivered technically challenging high-profile projects to a growing number of blue-chip clients, and we consolidated our position as one of the UK and Ireland's dominant technical services providers.

We continue to grow as a strong, profitable and cash generative business with a strong order book. Our financial performance and capacity, complementary work-streams, broad position across a variety of sectors and the backing and formidable expertise of the EDF Group mean we are ready to deliver on our ambitious growth strategy in the coming years.

A period of further change and great opportunity

Following the turbulence we experienced in 2015 and early 2016 and our strong recovery from it, the purchase of the Group by EDF is a sign of confidence in our resilience and our potential for further growth. It presents us with a long-term platform to develop and accelerate our strategic plans.

The backing and expertise of the EDF Group will enable Imtech UK and Ireland to continue to deliver high quality services for new and existing clients and will support our growth across all our businesses.

The combined expertise of EDF Energy, Dalkia and Imtech UK and Ireland will enable the company to apply the latest technologies and offer innovative services to our existing customer base and to new customers, from initial design and build, operation and maintenance through to control of energy. It also gives us access to a new high-quality customer base and an improved ability to collaborate to enter new markets.

Despite having new owners, we have maintained the continuity of our organisational structure, which remains as it was. Within EDF, Imtech retains its operational autonomy and we will continue to run the business with our experienced management team providing strong leadership as they have done successfully for many years.

Progress reflected in the financial results (including key performance indicators)

In the 12 month period ended December 2018, we delivered £388m of work and secured £499m of quality new orders. The closing order book at the end of December 2018 was £502m broadly based across the business. Engineering Services, Suir and Capula all experienced strong order growth in this period. The size and quality of our order book places the business in a strong position to perform financially and operationally in the years to come.

Gross profit of 12.7% has shown improvement in the 12 month period to December 2018 (12.0% in the period to December 2017).

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Strategic report (continued)

EBITDA before exceptional items ("Operational EBITDA") rose from £8.2m in the 14 month period to December 2017 to £11.0m in the 12 month period to December 2018, as a result of increased revenue pro-rate, reduced relative operating cost, and enhanced operational efficiency.

Operating costs before exceptional items as a percentage of revenue has marginally improved in the period to December 2018 compared to December 2017, reducing to 9.8% from 10.2%. This positive movement reflects both the business efficiencies achieved over the past few years and the increased volume of activity in the December 2018 period.

Cash and working capital performance also improved across the period again reflecting the consistent growth in the business and improvement in operational performance.

Net current assets at 31 December 2018 are £10.2m (2017: £11.5m) and net assets at 31 December 2018 are £4.3m (2017: Net liabilities of -£1.8m).

Work stream performance

Engineering Services

In the period, Engineering Services orders won met expectations both in volume and quality. The business delivered the high-profile project at Tottenham Hotspur Stadium as well as other notable projects at Manchester Business School, Chelsea Barracks and The Maddison. Notable projects secured in the period include the £21m 1-3 Grosvenor Square, £18.7m Battersea Development, £15.5m 212 Broad Street and £10.5m Shepherdess Walk project. Operational structures were strengthened contributing to an increase in operational performance and improved levels of EBITDA in Imtech Engineering Services London and South Limited and in Imtech Engineering Services Central Limited. Imtech Engineering Services North Limited continued to experience legacy issues and a difficult market. Results in the North which were disappointing although in line with expectations, reflect these challenges.

At the end of the period the work-stream overall had a strong forward order book as well as a significant pipeline of opportunities, much of which at preferred bidder stage.

Suir Engineering

The group's Irish business continued to perform strongly. It consistently won and executed work of a high quality throughout the year playing to its strengths in the energy infrastructure, pharmaceutical, and high tech industries within Ireland. In common with Engineering Services it has secured a strong order book of future opportunities and closes the period with a significantly increased order book, in a strong position for the future.

Capula

The group's systems integration business also delivered a strong performance throughout the 12 month period. Orders were ahead of expectation and are now at the highest level in the company's history. The leadership team has focussed on developing added value elements of its service offering such as Operational Intelligence and the Service business, as well as driving operational efficiency and growing the business by looking at potential new markets.

Inviron

Performance has improved throughout the period as a result of the successful implementation of the turnaround programme. The company continues to secure quality orders and build a solid order book. The business development, commercial and operational teams have been further strengthened in order to ensure a high standard of delivery to our clients. The business is well placed to capitalise on the opportunities that are available within the market and internally within the wider EDF group.

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Strategic report (continued)

The future

The business has continued to expand its order book in a period of unparalleled uncertainty in the economy, and while the order book has increased the time to secure orders from reaching a preferred bidder stage is lengthening. We have continued to focus on our long term aim, which is "To succeed by delivering a better experience": a better experience for customers, suppliers and our people." This remains our focus.

Being part of the EDF Group provides us with support and backing to accelerate our growth plans, by giving us access to new customers, new sectors and new innovative technologies.

We bring to EDF our experience and skill around delivering complex technical projects, our national presence and reputation in mechanical and electrical engineering, technical maintenance and our systems integration capabilities.

We believe that working in this new close collaboration with EDF provides us the opportunity to occupy a unique market position in the UK. Imtech's skills and experience can support EDF's delivery of services, as well as offer our current and new clients an exciting range of innovative new services and technologies. Looking forward, market conditions including implications of BREXIT, might be volatile in the next few years.

Finally, we would like to take the opportunity to thank our customers and suppliers for their continuing support and we look forward to working together to deliver a better experience on all our future collaborations.

Health and Safety

Imtech has continued to maintain a Health and Safety performance better than the Construction Sector average over the period. In that context, with improvement in all Health and Safety leading indicators, Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) Accident Frequency rate (AFR) for our employees has fallen over the period. The Board takes the continuous drive to improvement towards a zero injury goal seriously and have seen positive results in the period.

The Safety Leadership Team, made up of the most senior operational managers in the Group, continue to meet regularly to ensure the correct focus on this important area is maintained and the pace of improvement is supported. Our key focus areas have been our leadership, behavioural and Don't Walk By programmes and initiatives on key injury themes such as hand injuries and slips, trips and falls.

Brexit Risk

The directors believe the long-term consequences of Brexit for the economy will depend greatly on the exact outcome of the current exit negotiations. There has been a slowdown in the pipeline of opportunities in the first half of 2019, however, clients and professional bodies such as M&E consultants and PQs are now pushing forward with developments which for Imtech will result in an improved pipeline of opportunities in the third quarter of 2019.

The directors are working closely with all stakeholders to minimise any impact that the final exit negotiations may have on pipeline of work, materials availability and resource.

ESSCI Limited

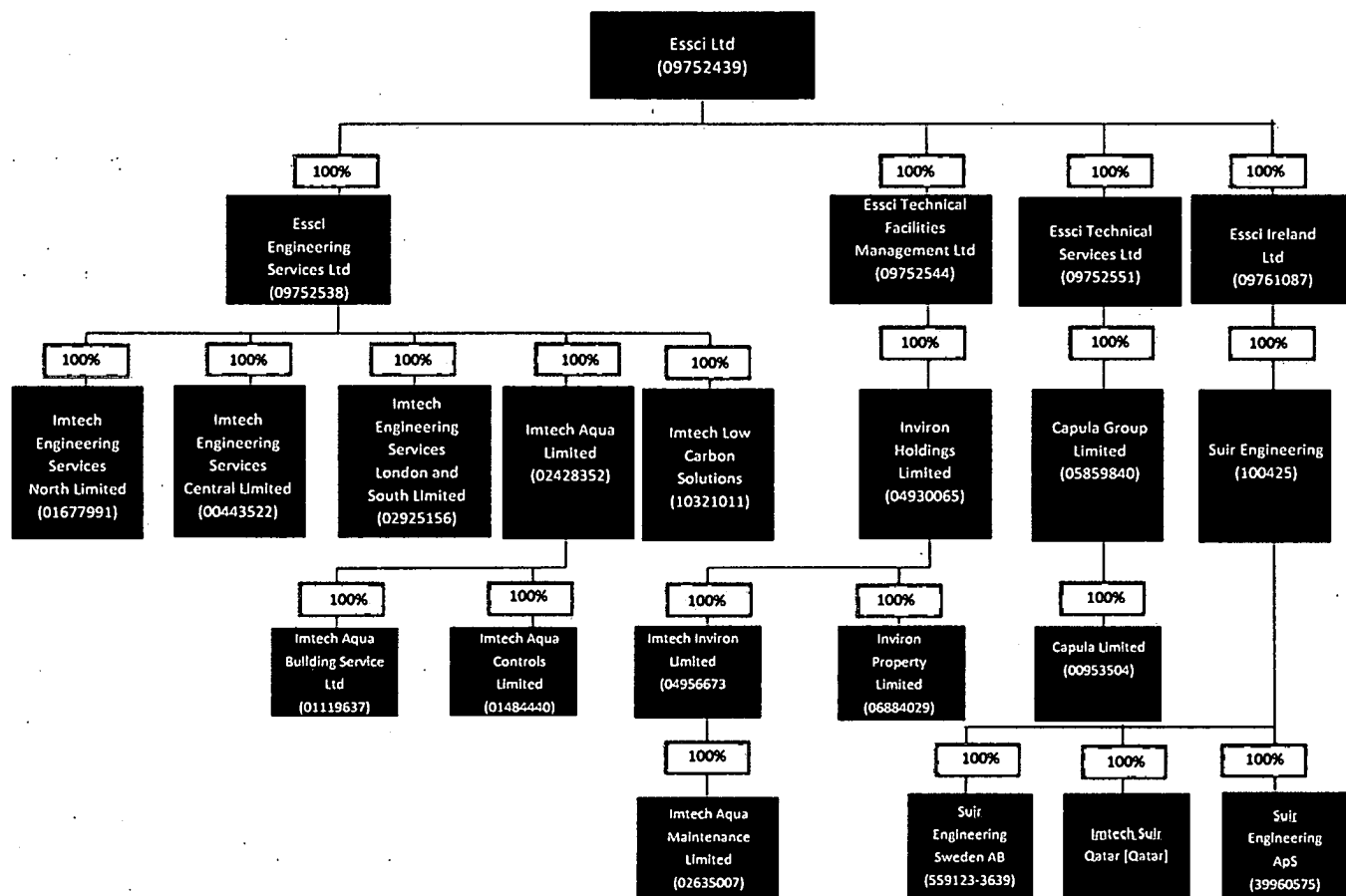
Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Strategic report (continued)

Group structure



ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Strategic report (continued)

Principal risks and uncertainties

The management of the business and the execution of the group strategy is subject to a number of risks:

Commercial risk

The key business and commercial risks and uncertainties affecting the group are considered to relate to the delivery of complex engineering projects and facilities management contracts within time, budget and competition from established companies and companies seeking to enter the market from adjacent or complementary markets.

Short and medium term business and commercial risks are reviewed on a monthly basis as part of normal business procedures to identify, understand and plan, implement and measure mitigation strategies to ensure minimal impact to the business.

Price risk

The group is exposed to price risk in respect of movements in the cost of its raw materials. Internal procurement teams and project teams work hard to ensure that we receive the best price for goods and materials, agreeing prices with suppliers early in the production process to reduce our exposure and achieve forecast targets. Mitigation of price fluctuations is also offset in the subcontract model.

Liquidity risk

The group actively maintains a mixture of medium-term and short-term debt finance that is designed to ensure the group has sufficient available funds for operations and planned expansion.

Credit risk

The group has implemented policies that require appropriate credit checks on potential customers before sales are made. Payment application terms are tailored by contract accordingly and management work closely to ensure that progress billings on contracts are made in a timely manner to appropriately limit our exposure. Certain trade debts which arise from customers within the UK and Eire markets are covered by credit insurance.

Where management believe exposure exists in relation to retention balances, negotiations are made to release retentions early and replaced with a bond.

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances, all of which earn interest at fixed rate. Interest payable is on bank overdrafts and group loans from EDF Energy Services Ltd. Management of group cash flows is taken account of as part of the group's financing activity. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

ESSCI Limited

Annual report and financial statements

Registered number 09752439

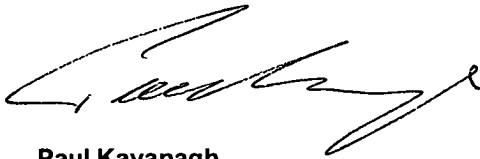
For the year ended 31 December 2018

Strategic report (continued).

Environment

The group's policy with regard to the environment is to ensure that we understand and effectively manage the actual and potential environmental impact of our activities. Our operations are conducted such that we comply with all legal requirements relating to the environment in all areas where we carry out our business. During the period covered by this report the group has not incurred any fines or penalties or been investigated for any breach of environmental regulations.

On behalf of the board



Paul Kavanagh
CEO

PK October 2019

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Directors' report

The directors present their report and the audited financial statements of the group and company for the year ended 31 December 2018.

Third party indemnity provision

The company has made qualifying third party indemnity provisions for the benefit of its directors (which extend to the performance of any duties as a director of any associated company) and these were in force throughout the period and remain in force at the date of this report.

Employees

The group is an equal opportunities employer and makes every effort to ensure that disabled people are not discriminated against on the grounds of their disability. In the event of staff becoming disabled, every effort is made to ensure that their employment continues and that the appropriate training is arranged.

Employees are kept informed regarding the group's affairs and are consulted on a regular basis wherever feasible and appropriate.

The average number of male employees during the period was 2,076 (2017: 1,822), and the number of females was 217 (2017: 255).

Disabled employees

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Dividends

No dividends were paid in the period (2017: Nil) and the directors do not recommend the payment of a final dividend for the period (2017: Nil).

Financial risk management

Disclosures relating to these areas are included in the Strategic report.

Directors

The directors who held office during the period and up to the date of signing the financial statements are given below:

P Kavanagh

M Booth

M Harris

W Sloan (resigned 23 May 2019)

J Kelly

M Kennedy

G Jacob

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Directors' report (continued)

Going concern

The company and group's business activities together with factors likely to affect its future development and position are set out in the strategic report. In assessing the company and group's ability to continue as a going concern, the directors review cash forecasts regularly to ensure that there are sufficient cash reserves and headroom in borrowing facilities to satisfy working capital requirements. The forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company and group should be able to operate within the level of its current facilities. Furthermore, the directors have received a letter of support from Dalkia SA for a period of 18 months from the date of signing the financial statements which includes the commitment not to require repayment of the intercompany liability with EDF Energy Services Limited for the foreseeable future.

On the basis of their assessment, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future utilising the current facilities that are in place. The company and group therefore continue to adopt the going concern basis in preparing their financial statements.

Policy and practice on payment of creditors

It is the group's policy in respect of all suppliers to agree to payment terms in advance of the supply of goods and to adhere to those payment terms.

Research and development

The group encourages research and development investment. Research and development programs are managed to obtain a balance between improvements to existing products and development of new products. An amount of £1,032,000 was expensed (2017: £1,239,000), and £581,000 of costs were capitalised during the period (2017: £Nil).

Charitable donations

During the year £27,000 (31 December 2017: £37,000) was paid in charitable donations.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the group and company financial statements (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 prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 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.

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Directors' report (continued)

Statement of directors' responsibilities (continued)

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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Audit exemptions under section 479A of the Companies Act 2006

The company's UK subsidiaries, Imtech Aqua Limited (02428352), Imtech Aqua Maintenance Limited (02635007), Imtech Aqua Controls Limited (01484440), Imtech Aqua Building Services Limited (01119637), Inviron Holdings Limited (04930065), Inviron Property Limited (06884029), Imtech Low Carbon Solutions Limited (10321011), ESSCI Ireland Limited (09761087), ESSCI Technical Facilities Management Limited (09752544), ESSCI Engineering Services Limited (09752538) are exempt from the requirements to audit their accounts under section 479A of the Companies Act 2006. Under section 479A of the Companies Act 2006, ESSCI Limited, being the parent undertaking of Imtech Aqua Limited, Imtech Aqua Maintenance Limited, Imtech Aqua Controls Limited, Imtech Aqua Building Services Limited, Inviron Holdings Limited, Inviron Property Limited, Imtech Low Carbon Solutions Limited, ESSCI Ireland Limited, ESSCI Technical Facilities Management Limited, ESSCI Engineering Services Limited has given a statutory guarantee of all the outstanding liabilities to which the companies are subject at 31 December 2018.

Statement of Disclosure of information to Auditors

In the case of each director in office at the date the directors' report is approved that:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken in their duty as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

PricewaterhouseCoopers LLP have indicated their willingness to continue in office. A resolution concerning their reappointment will be prompted at the next annual general meeting.

On behalf of the Board



Paul Kavanagh
CEO

14 October 2019

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Independent auditors' report to the members of ESSCI Limited

Report on the audit of the financial statements

In our opinion, ESSCI Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2018 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated balance sheet and Company balance sheet as at 31 December 2018; the Consolidated profit and loss account and Consolidated statement of comprehensive income, the Consolidated statement of cash flows, and the Consolidated statement of changes in equity and the Company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Independent auditors' report to the members of ESSCI Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 9 and 10, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' 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.

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Independent auditors' report to the members of ESSCI Limited (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

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 auditors' report.

Use of this report

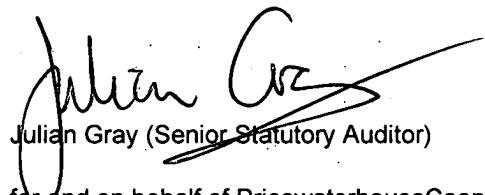
This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Julian Gray (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
4 October 2019

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Consolidated profit and loss account

| | Note | 12 months ended 31 December 2018 £'000 | 14 months ended 31 December 2017 £'000 |
|---|----------|---|---|
| Turnover | 3 | 387,787 | 437,221 |
| Cost of sales | | (338,666) | (384,548) |
| Gross profit | | 49,121 | 52,673 |
| Operating costs before exceptional items, interest, taxation, depreciation and amortisation | | (38,082) | (44,461) |
| EBITDA* before exceptional items | | 11,039 | 8,212 |
| Operating costs – exceptional items | 4 | (236) | (3,006) |
| EBITDA * | | 10,803 | 5,206 |
| Depreciation | 4 | (1,192) | (1,238) |
| Amortisation | 4 | (1,147) | (1,220) |
| Total operating costs | | (40,657) | (49,925) |
| Profit before interest and taxation | 4 | 8,464 | 2,748 |
| Interest receivable and similar income | 7 | 36 | 3 |
| Interest payable and similar expenses | 6 | (2,049) | (3,503) |
| Net interest expense | | (2,013) | (3,500) |
| Profit/(loss) before taxation | | 6,451 | (752) |
| Taxation on profit/(loss) | 8 | (770) | (280) |
| Profit/(loss) for the financial period | | 5,681 | (1,032) |

* EBITDA refers to Earnings Before Interest, Taxation, Depreciation and Amortisation

All amounts relate to continued operations.

The company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the company profit and loss account. The loss for the company for the year ended 31 December 2018 was £24,000 (14 month period ended 31 December 2017: Loss £3,000).

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Consolidated statement of comprehensive income

| | 12 months ended 31 December 2018 £'000 | 14 months ended 31 December 2017 £'000 |
|--|---|---|
| Profit / (loss) for the financial period | 5,681 | (1,032) |
| Other comprehensive income/(expense): | | |
| Currency translation of foreign subsidiary | 425 | (82) |
| Total other comprehensive income / (expense) for the period | 425 | (82) |
| Total comprehensive income / (loss) for the period | 6,106 | (1,114) |

ESSCI Limited

Annual report and financial statements
Registered number 09752439
For the year ended 31 December 2018

Consolidated balance sheet as at 31 December 2018

| | Note | 31 December 2018 £'000 | 31 December 2017 £'000 |
|---|------|------------------------------|------------------------------|
| Fixed assets | | | |
| Intangible assets | 9 | 9,483 | 10,049 |
| Tangible assets | 10 | 6,120 | 5,690 |
| Debtors | 12 | 261 | - |
| | | 15,864 | 15,739 |
| Current assets | | | |
| Stocks | | 425 | 374 |
| Debtors | 12 | 105,992 | 97,232 |
| Deferred tax asset | 13 | 1,912 | 2,332 |
| Cash at bank and in hand | | 40,453 | 29,392 |
| | | 148,782 | 129,330 |
| Creditors: amounts falling due within one year | 14 | (138,565) | (117,878) |
| Net current assets | | 10,217 | 11,452 |
| Total assets less current liabilities | | 26,081 | 27,191 |
| Creditors: amounts falling due after more than one year | 15 | (19,125) | (25,261) |
| Deferred tax liability | 13 | (763) | (840) |
| Provisions for liabilities | 17 | (1,883) | (2,886) |
| Net assets/(liabilities) | | 4,310 | (1,796) |
| Capital and reserves | | | |
| Called up share capital | 18 | 1 | 1 |
| Share premium account | | 749 | 749 |
| Foreign currency translation reserve | | 1,366 | 941 |
| Accumulated profit / (losses) | | 2,194 | (3,487) |
| Total equity | | 4,310 | (1,796) |

The notes on pages 21 to 48 are an integral part of these financial statements.

The financial statements on pages 14 to 48 were approved by the Board of Directors on 4 October 2019 and signed on its behalf by


Michael Booth
CFO

ESSCI Limited

Annual report and financial statements

Registered number 09752439


For the year ended 31 December 2018

Company balance sheet as at 31 December 2018

| | Note | 31 December 2018 £'000 | 31 December 2017 £'000 |
|--|------|------------------------------|------------------------------|
| Non-current assets | | | |
| Long term receivable from group company | 12 | 7,100 | 30,750 |
| Current assets | | | |
| Debtors | 12 | 17,690 | 1 |
| Cash at bank and in hand | | 714 | 743 |
| | | 18,404 | 744 |
| Creditors amount: falling due within one year | 14 | (6,334) | (6,150) |
| Net current assets | | (12,070) | (5,406) |
| Total assets less current liabilities | | 19,170 | 25,344 |
| Creditors amount: falling due after more than one year | 15 | (18,450) | (24,600) |
| Net assets | | 720 | 744 |
| Equity | | | |
| Called up share capital | 18 | 1 | 1 |
| Share premium account | | 749 | 749 |
| Accumulated losses | | (30) | (6) |
| Total equity | | 720 | 744 |

The Company's Statement of Comprehensive Income indicates a loss for the year of £24,000 (14 months ended 31 December 2017: £3,000 loss).

The financial statements on pages 14 to 48 were approved by the Board of Directors on 4 October 2019 and signed on its behalf by


Michael Booth
CFO

ESSCI Limited

Annual report and financial statements
Registered number 09752439
For the year ended 31 December 2018

Consolidated statement of changes in equity For the year ended 31 December 2018

| | Called-up share capital £'000 | Share premium account £'000 | Foreign currency translation reserve £'000 | Accumulated profit / (losses) £'000 | Total Equity £'000 |
|---|-------------------------------------|--------------------------------------|--|--|--------------------------|
| Balance as at 01 November 2016 | 1 | 749 | 1,023 | (2,455) | (682) |
| Loss for the financial period | - | - | - | (1,032) | (1,032) |
| Other comprehensive expense for the period | | | | | |
| Revaluation of foreign subsidiary | - | - | (82) | - | (82) |
| Total comprehensive expense for the period | - | - | (82) | (1,032) | (1,114) |
| Balance as at 31 December 2017 | 1 | 749 | 941 | (3,487) | (1,796) |
| Balance as at 01 January 2018 | 1 | 749 | 941 | (3,487) | (1,796) |
| Profit for the year ended | - | - | - | 5,681 | 5,681 |
| Other comprehensive income for the year | | | | | |
| Revaluation of foreign subsidiary | - | - | 425 | - | 425 |
| Total comprehensive income for the year | - | - | 425 | 5,681 | 6,106 |
| Balance as at 31 December 2018 | 1 | 749 | 1,366 | 2,194 | 4,310 |

ESSCI Limited

Annual report and financial statements
Registered number 09752439
For the year ended 31 December 2018

Company statement of changes in equity For the year ended 31 December 2018

| | Called-up share capital £'000 | Share premium account £'000 | Foreign currency translation reserve £'000 | Accumulated losses £'000 | Total Equity £'000 |
|--|-------------------------------------|--------------------------------------|--|--------------------------------|--------------------------|
| Balance as at 01 November 2016 | 1 | 749 | - | (3) | 747 |
| Loss for the financial period | - | - | - | (3) | (3) |
| Total comprehensive expense for the period | - | - | - | (3) | (3) |
| Balance as at 31 December 2017 | 1 | 749 | - | (3) | 744 |
| Balance as at 01 January 2018 | 1 | 749 | - | (6) | 744 |
| Loss for the year ended | - | - | - | (24) | (24) |
| Total comprehensive expense for the year | - | - | - | (24) | (24) |
| Balance as at 31 December 2018 | 1 | 749 | - | (30) | 720 |

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Consolidated statement of cash flows

| | Note | 12 months ended 31 December 2018 | 14 months ended 31 December 2017 |
|---|------|-------------------------------------|-------------------------------------|
| | | £'000 | £'000 |
| Net cash from operating activities | 21 | 11,943 | 7,948 |
| Taxation paid | | (221) | (600) |
| Net cash generated from operating activities | | 11,722 | 7,348 |
| Cash flow from investing activities | | | |
| Purchase of intangible assets | 9 | (581) | (256) |
| Purchase of tangible assets | 10 | (1,653) | (911) |
| Proceeds from disposal of tangible assets | 10 | 41 | 63 |
| Interest received | 7 | 36 | 3 |
| Net cash used in investing activities | | (2,157) | (1,101) |
| Cash flow from financing activities | | | |
| Repayment of loan | | (6,150) | (2,000) |
| Interest paid | 6 | (1,743) | (2,963) |
| Net cash used in financing activities | | (7,893) | (4,963) |
| Net increase in cash and cash equivalents | | 1,672 | 1,284 |
| Net cash and cash equivalents at the beginning of the period | | 20,303 | 19,119 |
| Exchange gain/(loss) on cash and cash equivalents | | 204 | (100) |
| Cash and cash equivalents | 23 | 22,179 | 20,303 |

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Notes to the financial statements

1 General information and accounting policies

The group conducts its business within three work sectors, namely; (a) mechanical and electrical engineering and construction across a wide range of business sectors including rail, air transportation, hotel and leisure retail, banking, pharmaceutical, renewable energy and private residential; (b) technical facilities maintenance which includes installing and managing the systems and services that support the operation of buildings and infrastructure in a wide variety of environments; and (c) systems integration which provides IT services and solutions to the power generation, utilities, nuclear industries and oil and gas industries.

ESSCI Limited is incorporated in England and Wales, and conducts its business from its registered office, TWENTY, 20 Kingston Road, Staines-upon-Thames, Middlesex, TW18 4LG.

(a) Statement of compliance

The group and individual financial statements of ESSCI Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

(b) Summary of significant accounting policies

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

(c) Basis of preparation

These consolidated and separate financial statements have been prepared on a going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2. The financial statements detail the company's trading performance for the financial year ended 31 December 2018.

(d) Going concern

The company and group's business activities together with factors likely to affect its future development and position are set out in the strategic report. In assessing the company and group's ability to continue as a going concern, the directors review cash forecasts regularly to ensure that there are sufficient cash reserves and headroom in borrowing facilities to satisfy working capital requirements. The forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company and group should be able to operate within the level of its current facilities. Furthermore, the directors have received a letter of support from Dalkia SA for a period of 18 months from the date of signing the financial statements which includes the commitment not to require repayment of the intercompany liability with EDF Energy Services Limited for the foreseeable future.

On the basis of their assessment, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future utilising the current facilities that are in place. The company and group therefore continue to adopt the going concern basis in preparing their financial statements.

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Notes to the financial statements (continued)

1 General information and accounting policies (continued)

(e) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company can take advantage of the following exemptions:

- From the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures;
- From preparing a company statement of cash flows under FRS 102 paragraph 1.12(b), on the basis that it is a qualifying entity and the ultimate parent company, ESSCI Limited, includes the company's cash flows in its own consolidated financial statements.
- From disclosing related party transactions under Section 33 'Related Party Disclosures', with entities that are part of the ESSCI Limited group.

(f) Basis of consolidation

The consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings. A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities. All intra group transactions, balances, income and expenses are eliminated on consolidation. Any subsidiary undertakings acquired during the period are included up to, and from, the dates of change of control.

(g) Foreign currencies

(i) Functional and presentational currency

The group's financial statements are presented in pound sterling and rounded to the nearest thousand.

The company's functional currency and presentation currency is the pound sterling.

(ii) Transactions and balances

Trading transactions denominated in foreign currencies are translated into sterling at the average rate of exchange for the period.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(iii) Translation

The trading results of group undertakings are translated into sterling at the rate of exchange at the balance sheet date. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the period end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Foreign exchange reserve'.

ESSCI Limited

Annual report and financial statements
Registered number 09752439
For the year ended 31 December 2018

Notes to the financial statements (continued)

1 General information and accounting policies (continued)

(h) Related parties

The group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transaction on the group financial statements.

(i) Revenue recognition

Each entity within the group measures turnover at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered excluding VAT and trade discounts.

(a) Engineering services:

Revenue from rendering services is recognised in the profit and loss account in proportion to the stage of completion of the transaction at the reporting date. Revenue is recognised when the recovery of the consideration is probable and when the amount of revenue, the stage of completion, the costs incurred for the transaction, and the costs to complete the transaction can be measured reliably.

The stage of completion of a contract is assessed by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Amounts recoverable on contracts are stated at revenue recognised less amounts billed, after deducting foreseeable losses. If, on review of the performance of the contract, a loss is anticipated, then the full value of this expected loss to the end of the contract is booked immediately through the income statement.

(b) Technical facilities management

Revenue under maintenance contracts is recognised as contract activity progresses. For incomplete contracts the revenue recognised reflects the partial performance of the contractual obligations and the accrual of the right to consideration by reference to the value of work invoiced to date.

(c) Systems integration

Revenue reflects the sales value of work performed in the year, including fees invoiced and estimates in respect of amounts to be invoiced after the year-end (long term contracts). Where contracts are long term and the profit to be earned on the contract can be determined with reasonable certainty, the amount of revenue recognised is calculated depending on the contract type and can be calculated on a rates basis, or on the basis of the stage of completion.

The rates basis, revenue is the sales value of all costs incurred on the job, using the sales rates in a specific contract.

The stage completion basis is determined by measuring the costs incurred to date as a proportion of the full cost of completing the contract and then applying the percentage to the total revenue expected to be earned.

The costs incurred within a contract include all direct costs and outlays. If, on the review of the performance of the contract, a loss is anticipated then the full value of this expected loss to the end of the contract is booked immediately in the income statement.

ESSCI Limited

Annual report and financial statements
Registered number 09752439
For the year ended 31 December 2018

Notes to the financial statements (continued)

1 General information and accounting policies (continued)

(j) Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost or valuation less accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated using the straight line method to allocate the depreciable amount to their residual values, over their estimated useful lives. Depreciation commences in the month of acquisition at the following rates:

| | |
|---|--|
| - plant and machinery, fixtures and fittings: | 12.5 to 50 per cent per annum |
| - computer equipment: | 33.33 per cent per annum |
| - motor vehicles: | 25 to 33.33 per cent per annum |
| - buildings | 2 per cent per annum |
| - lease improvements: | 20 per cent per annum or the remaining length of the lease |

The assets' residual values and useful economic lives are reviewed, and adjusted, if appropriate at the end of each reporting period. The effect of any change is accounted for prospectively.

Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Operating costs'.

(k) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

(l) Leases

At inception the group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

i) Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the group's incremental borrowing rate is used. Incremental direct costs incurred in negotiating and arranging the lease, are included in the cost of the asset.

ESSCI Limited

Annual report and financial statements
Registered number 09752439
For the year ended 31 December 2018

Notes to the financial statements (continued)

1 General information and accounting policies (continued)

(l) Leases (continued)

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

ii) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

(m) Financial instruments

The group has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and loans to fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

ESSCI Limited

Annual report and financial statements
Registered number 09752439
For the year ended 31 December 2018

Notes to the financial statements (continued)

1 General information and accounting policies (continued)

(m) Financial instruments (continued)

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

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

(n) Provisions and contingencies

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

In particular:

(i) Restructuring provisions are recognised when the group has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and

(ii) Defects provisions are made to cover the anticipated costs of rectification on contracts during the retention period.

(iii) Provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

(iv) A provision is made over the life of the lease of office premises for the dilapidation cost obligation which results from vacating property.

ESSCI Limited

Annual report and financial statements
Registered number 09752439
For the year ended 31 December 2018

Notes to the financial statements (continued)

1 General information and accounting policies (continued)

(n) Provisions and contingencies (continued)

Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

(o) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

a. Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

b. Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

(p) Intangible assets

Computer Software

Computer software is treated as an intangible asset by the company because it is probable that there are future economic benefits from using the computer software and its cost can be measured reliably. Cost includes the original purchase price of the software and costs attributable for preparing the software for use. Amortisation is charged to the profit and loss account over the useful life of the computer software and this is usually between 1 and 4 years depending on the type of computer software purchased.

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Notes to the financial statements (continued)

1 General information and accounting policies (continued)

(p) Intangible assets (continued)

Purchase price allocation

At acquisition date, the value of each business' assets and liabilities are valued at fair value which has resulted in the creation of certain intangible assets which have been recognised on the balance sheet, namely, trade names and customer relationships. These are amortised over a period of between 10 and 12 years and assessed at each balance sheet date for impairment.

(q) Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the group's interest in the identifiable net assets, liabilities and contingent liabilities purchased.

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

Where the cost of the business combination exceeds the fair value of the group's interest in the assets, liabilities and contingent liabilities acquired, negative goodwill arises. The group, after consideration of the assets, liabilities and contingent liabilities acquired and the cost of the combination, recognises negative goodwill on the balance sheet and releases this to the profit and loss, up to the fair value of non-monetary assets acquired, over the periods in which the non-monetary assets are recovered and any excess over the fair value of non-monetary assets in the income statement over the period expected to benefit.

(r) Investments - company

Investment in subsidiary companies is held at historical cost less accumulated impairment losses.

(s) Stocks

Work in progress is valued at cost of direct materials and labour plus attributable overheads, or at net realisable value if lower. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and sale.

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Notes to the financial statements (continued)

1 General information and accounting policies (continued)

(t) Exceptional items

The group classifies certain one-off charges or credits that have a material impact on the group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the group.

(u) Employee benefits

The group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements, defined benefit contribution pension plans, and defined contribution pension plans.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined contribution pension plans

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contribution payable in the year. Differences between contributions payable and actually paid are shown as either accruals or prepayments in the balance sheet.

Annual bonus plan

The group operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

(v) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(w) Distributions to equity holders

Dividends and other distributions to group shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

(x) Finance lease income

Minimum lease payments are apportioned between the finance income and reduction of the lease receivable. The finance income is allocated to each period during the lease term so as to produce a constant periodic rate of return on the leased asset.

Installation fees are recognised as revenue by reference to the stage of the installation's completion, unless they are incidental to the product's sale (in which case, they are recognised when the goods are sold).

Revenue received for extended warranty periods is recognised over the period of that warranty.

ESSCI Limited

Annual report and financial statements
Registered number 09752439
For the year ended 31 December 2018

Notes to the financial statements (continued)

2 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the entity's accounting policies

(i) Trade receivables, and long term contract accounting

In arriving at the trade receivables and amounts recoverable on long term contracts management make judgements on the overall expected outturn costs to complete the contracts, the expected total sale value inclusive of agreed variations and expected final outturn margin on the contracts.

Such judgements are made by reference to all information available to management at the balance sheet date, including but not limited to assessments of all operational and commercial risks and opportunities.

(b) Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Loss provisioning on long term contracts

The group provides mechanical and electrical engineering and construction under long term contracts. Provisions are made to recognise anticipated losses on contracts in the period in which the loss is foreseeable. Projects are reviewed on a monthly basis to validate the expected outturn.

(ii) Impairment of debtors

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 12 for the net carrying amount of the debtors and associated impairment provision.

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Notes to the financial statements (continued)

3 Turnover

| | 12 months ended 31 December 2018 £'000 | 14 months ended 31 December 2017 £'000 |
|-----------------------|---|---|
| Turnover by geography | | |
| United Kingdom | 278,537 | 309,344 |
| Rest of Europe | 108,859 | 127,486 |
| Rest of World | 391 | 391 |
| | 387,787 | 437,221 |

| | 12 months ended 31 December 2018 £'000 | 14 months ended 31 December 2017 £'000 |
|---------------------------------|---|---|
| Engineering Services | 303,187 | 337,330 |
| Technical facilities management | 53,343 | 64,555 |
| Systems integration | 31,257 | 35,336 |
| | 387,787 | 437,221 |

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Notes to the financial statements (continued)

4 Profit before interest and taxation

Profit before interest and taxation is stated after charging / (crediting):

| | 12 months ended 31 December 2018 £'000 | 14 months ended 31 December 2017 £'000 |
|---|---|---|
| Staff costs (note 5) | 124,602 | 141,934 |
| Depreciation of tangible fixed assets | | |
| - owned assets | 1,192 | 1,238 |
| Amortisation | | |
| - goodwill | 343 | 400 |
| - intangible assets | 804 | 820 |
| Profit on the sale of fixed assets | - | (5) |
| Research and development | (1,032) | (1,239) |
| Exceptional costs (refer to disclosure below) | 236 | 3,006 |
| Operating leases | | |
| - land and buildings | 1,063 | 1,546 |
| - other | 3,064 | 3,103 |
| Fees payable to the company's auditor and their associates for the audit of the company and the group's consolidated financial statements | 26 | 37 |
| Fees payable to the company's auditor and its associates for the audit of the subsidiary companies financial statements | 277 | 267 |
| Fees payable to the company's auditors and its associates for other services | 69 | 91 |
| Total amount payable to the group's auditors and its associates | 372 | 395 |

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Notes to the financial statements (continued)

4 Profit before interest and taxation (continued)

Exceptional costs

| | 12 months ended 31 December 2018 £'000 | 14 months ended 31 December 2017 £'000 |
|---|---|---|
| Transaction costs relating to the sale of the group | - | 1,363 |
| Loss on disposal of financial asset | - | 61 |
| Restructuring costs | 236 | 1,582 |
| | 236 | 3,006 |

Restructuring costs:

These costs relate to redundancy and reorganisation costs.

5 Staff costs

| | 12 months ended 31 December 2018 £'000 | 14 months ended 31 December 2017 £'000 |
|------------------------------------|---|---|
| Staff (including directors) | | |
| Wages and salaries | 108,692 | 123,599 |
| Social security costs | 11,120 | 13,119 |
| Other pension costs | 4,790 | 5,216 |
| | 124,602 | 141,934 |

ESSCI Limited

Annual report and financial statements
Registered number 09752439
For the year ended 31 December 2018

Notes to the financial statements (continued)

5 Staff costs (continued)

Staff numbers

| | 12 months ended 31 December 2018 Number | 14 months ended 31 December 2017 Number |
|---|--|--|
| Average monthly numbers of persons (including directors) employed by the company during the period was: | | |
| Management and administration | 452 | 490 |
| Directly employed operatives | 1,746 | 1,680 |
| | 2,198 | 2,170 |

Directors' emoluments

| | 12 months ended 31 December 2018 £'000 | 14 months ended 31 December 2017 £'000 |
|---|---|---|
| Aggregate emoluments | 2,365 | 2,478 |
| Company contributions to money purchase schemes | 126 | 146 |
| | 2,491 | 2,624 |

Retirement benefits accrued to 4 directors (2018: 4) under a money purchase pension scheme.

| | 12 months ended 31 December 2018 £'000 | 14 month period ended 31 December 2017 £'000 |
|--|---|---|
| Highest paid director | | |
| Total emoluments and amounts (excluding shares) receivable under long-term incentive schemes | 671 | 730 |

| 6 Interest payable and similar expenses | 12 months ended 31 December 2018 £'000 | 14 months ended 31 December 2017 £'000 |
|---|---|---|
| Interest on long term loans | 1,685 | 2,796 |
| Amortisation of facility fee | 306 | 540 |
| Bank interest paid | 1 | 3 |
| Other | 57 | 164 |
| | 2,049 | 3,503 |

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Notes to the financial statements (continued)

| 7 | Interest receivable and similar income | 12 months ended 31 December 2018 £'000 | 14 months ended 31 December 2017 £'000 |
|---|--|---|---|
| | Bank interest received | 2 | 3 |
| | Other interest | 34 | - |
| | | 36 | 3 |

8 Tax on profit/(loss)

(a) Tax expense included in profit and loss

| | 12 months ended 31 December 2018 £'000 | 14 months ended 31 December 2017 £'000 |
|--|---|---|
| Current tax | | |
| UK corporation tax for the period | 441 | 106 |
| Foreign tax | - | (89) |
| Adjustment in respect to prior periods | (14) | 547 |
| Total current taxation | 427 | 564 |
| Deferred taxation | | |
| Origination and reversal of timing differences | 332 | 433 |
| Adjustment in respect to prior periods | 42 | (664) |
| Impact of rate change in tax rate | (31) | (53) |
| Total deferred taxation | 343 | (284) |
| Tax on profit / (loss) on ordinary activities | 770 | 280 |

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Notes to the financial statements (continued)

8. Tax on profit/(loss) (continued)

(b) Factors affecting total tax charge for the period

During the financial period, the tax charge assessed is lower (2017: *higher*) than the standard rate of corporation tax in the UK of 19%% (2017: 19.36%). The differences are explained below.

| | 12 months ended 31 December 2018 £'000 | 14 months ended 31 December 2017 £'000 |
|--|---|---|
| Profit / (loss) before taxation | 6,451 | (752) |
| Profit/(loss) before taxation multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.36%) | 1,227 | (143) |
| Effects of: | | |
| Foreign tax rate | (375) | (329) |
| Expenses not deductible for tax purposes | 73 | 611 |
| Tax rate change | 30 | (52) |
| Other short term timing differences | (126) | (219) |
| Movement in unrecognised deferred tax | - | 1,033 |
| Adjustments in respect to prior periods | (59) | (621) |
| Total charge for the period | 770 | 280 |

(c) Factors that may affect future tax charges

There was a reduction in the UK corporation tax rate from 20% to 19%, effective from 1 April 2017. The rate of UK corporation tax will reduce from 19% to 17% from 1 April 2020. As this had been substantively enacted prior to 31 December 2018, the closing deferred tax balances have been valued at 17%.

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Notes to the financial statements (continued)

9 Intangible fixed assets

Group

| | Goodwill | Negative goodwill | Purchase price allocation (refer to the table below) | Computer software | Total |
|---------------------------------|--------------|-------------------|---|-------------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Costs | | | | | |
| At 1 January 2018 | 5,142 | (4,956) | 7,002 | 550 | 7,738 |
| Additions | - | - | - | 581 | 581 |
| Disposals | - | - | - | (240) | (240) |
| At 31 December 2018 | 5,142 | (4,956) | 7,002 | 891 | 8,079 |
| Accumulated amortisation | | | | | |
| At 1 January 2018 | 800 | (4,956) | 1,565 | 280 | (2,311) |
| Charge for the period | 343 | - | 671 | 133 | 1,147 |
| Disposals | - | - | - | (240) | (240) |
| At 31 December 2018 | 1,143 | (4,956) | 2,236 | 173 | (1,404) |
| Net book amount | | | | | |
| At 31 December 2018 | 3,999 | - | 4,766 | 718 | 9,483 |
| At 31 December 2017 | 4,342 | - | 5,437 | 270 | 10,049 |

The goodwill arising on acquisitions has been amortised on a straight line basis over 15 years resulting in a charge to the profit and loss account of £343,000 (2017: £400,000). Intangibles other than goodwill incurred an amortisation charge of £804,000 (2017: £820,000) to the profit and loss account.

The purchase price allocation can be split into the following categories:

| Type | Value (£000s) | Useful economic life (years) |
|----------------------------------|---------------|---------------------------------|
| Trade names | 4,737 | 10 |
| Customer relationships (Ireland) | 1,094 | 12 |
| Customer relationships (UK) | 1,171 | 11 |
| Total | 7,002 | |

Company

The company had no intangible assets at 31 December 2018 (2017: Nil).

ESSCI Limited

Annual report and financial statements
Registered number 09752439
For the year ended 31 December 2018

Notes to the financial statements (continued)

10 Tangible assets

| Group | Lease improvements £'000 | Fixtures and fittings £'000 | Computer equipment £'000 | Land £'000 | Buildings £'000 | Total £'000 |
|-------------------------------------|--------------------------------|-----------------------------------|--------------------------------|---------------|--------------------|----------------|
| Cost | | | | | | |
| At 1 January 2018 | 754 | 2,727 | 205 | 670 | 3,200 | 7,556 |
| Exchange rate adjustments | 1 | 7 | 2 | - | 18 | 28 |
| Additions | 245 | 1,064 | 148 | - | 196 | 1,653 |
| Reclassification | - | (13) | - | - | 13 | - |
| Disposals | - | (437) | (118) | - | (255) | (810) |
| At 31 December 2018 | 1,000 | 3,348 | 237 | 670 | 3,172 | 8,427 |
| Accumulated depreciation | | | | | | |
| At 1 January 2018 | 101 | 1,210 | 122 | - | 433 | 1,866 |
| Exchange rate adjustments | - | 5 | 3 | - | 10 | 18 |
| Charge for year | 74 | 825 | 71 | - | 222 | 1,192 |
| Disposals | - | (437) | (118) | - | (214) | (769) |
| At 31 December 2018 | 175 | 1,603 | 78 | - | 451 | 2,307 |
| Net book amount | | | | | | |
| At 31 December 2018 | 825 | 1,745 | 159 | 670 | 2,721 | 6,120 |
| At 31 December 2017 | 653 | 1,517 | 83 | 670 | 2,767 | 5,690 |

Company

The company had no tangible assets at 31 December 2018 (2017: Nil).

ESSCI Limited

Annual report and financial statements
Registered number 09752439
For the year ended 31 December 2018

Notes to the financial statements (continued)

11 Subsidiaries and related undertakings

The directors believe that the carrying value of the investments is supported by their future cash flows. All subsidiary undertakings are 100% owned, they have been included in the consolidation and all have coterminous year ends. The subsidiaries are as follows:

| Subsidiary | Percentage holding of issued ordinary share capital | Owned by | Country of registration | Principal activity | Registered address |
|--|---|------------------------------------|-------------------------|--|---|
| ESSCI Engineering Services Limited | 100% | ESSCI Limited | England and Wales | Holding company | TWENTY 20 Kingston Road Staines-Upon-Thames, Middlesex England TW18 4LG |
| ESSCI Ireland Limited | 100% | ESSCI Limited | England and Wales | Holding company | TWENTY 20 Kingston Road Staines-Upon-Thames, Middlesex England TW18 4LG |
| ESSCI Technical Facilities Management Limited | 100% | ESSCI Limited | England and Wales | Holding company | TWENTY 20 Kingston Road Staines-Upon-Thames, Middlesex England TW18 4LG |
| ESSCI Technical Services Limited | 100% | ESSCI Limited | England and Wales | Holding company | TWENTY 20 Kingston Road Staines-Upon-Thames, Middlesex England TW18 4LG |
| Imtech Engineering Services London & South Limited | 100% | ESSCI Engineering Services Limited | England and Wales | Specialises in the areas of engineering construction, building services and light industrial installations | TWENTY 20 Kingston Road Staines-Upon-Thames, Middlesex England TW18 4LG |
| Suir Engineering Limited | 100% | ESSCI Ireland Limited | Ireland | Provision of electrical and mechanical engineering services for construction projects | Unit 9A Cleaboy Business Park, Old Kilmeaden Road, Waterford, Ireland |
| Imtech Suir Qatar LLC | 49% | Suir Engineering Limited | Qatar | Provision of electrical and mechanical engineering services for construction projects | P.O. Box 4619 275 Al Matar Street Doha, Qatar |

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Notes to the financial statements (continued)

11 Subsidiaries and related undertakings (continued)

| Subsidiary | Percentage holding of issued ordinary share capital | Owned by | Country of registration | Principal activity | Registered address |
|---|---|------------------------------------|-------------------------|--|---|
| Imtech Engineering Services Central Limited | 100% | ESSCI Engineering Services Limited | England and Wales | Provision of electrical and mechanical engineering services for construction projects | G&H House Hooton Street Carlton Road Nottingham NG3 5GL |
| Imtech Aqua Limited | 100% | ESSCI Engineering Services Limited | England and Wales | Provision of building services | Aqua House Rose & Crown Road Swavesey Cambridgeshire CB24 4RB |
| Capula Group Limited | 100% | ESSCI Technical Services Limited | England and Wales | Holding company | Orion House Stone Staffordshire ST15 0LT |
| Inviron Property Limited | 100% | Inviron Holdings Limited | England and Wales | Property management services | 3100 Park Square Solihull Parkway Birmingham Business Park Birmingham B37 7YN |
| Imtech Aqua Building Services Limited | 100% | Imtech Aqua Limited | England and Wales | Mechanical and electrical services | 3 Carisbrooke Court Buckingham Business Park, Anderson Road, Swavesey, CB24 4UQ |
| Imtech Aqua Controls Limited | 100% | Imtech Aqua Limited | England and Wales | Design, manufacture, installation and maintenance of intelligent building management systems | 3 Carisbrooke Court Buckingham Business Park, Anderson Road, Swavesey, CB24 4UQ |
| Imtech Inviron Limited | 100% | Inviron Holdings Limited | England and Wales | Maintain, install and manage systems and services that support the operation of buildings and infrastructure | 3100 Park Square Solihull Parkway Birmingham Business Park Birmingham B37 7YN |
| Imtech Engineering Services North Limited | 100% | ESSCI Engineering Services Limited | England and Wales | Mechanical and electrical services | Calder House, St Georges Park Kirkham, Preston, Lancashire, PR4 2DZ |

ESSCI Limited

Annual report and financial statements
Registered number 09752439
For the year ended 31 December 2018

Notes to the financial statements (continued)

11 Subsidiaries and related undertakings (continued)

| Subsidiary | Percentage holding of issued ordinary share capital | Owned by | Country of registration | Principal activity | Registered address |
|-----------------------------|---|---|-------------------------|--|---|
| Capula Limited | 100% | Capula Group Limited | England and Wales | Systems Integration and Business Intelligence | Orion House Stone Staffordshire ST15 0LT |
| Imtech Aqua Maintenance | 100% | Imtech Inviron Limited | England and Wales | Maintain, install and manage systems and services that support the operation of buildings and infrastructure | 3100 Park Square Solihull Parkway Birmingham Business Park Birmingham B37 7YN |
| Imtech Low Carbon Solutions | 100% | ESSCI Engineering Services Limited | England and Wales | Provision of electrical and mechanical engineering services for construction projects | TWENTY 20 Kingston Road Staines-Upon-Thames Middlesex England TW18 4LG |
| Suir Engineering Sweden AB | 100% | Suir Engineering Limited | Sweden | Provision of electrical and mechanical engineering services for construction projects | Unit 9A Cleaboy Business Park, Old Kilmeaden Road, Waterford, Ireland |
| Suir Engineering ApS | 100% | Suir Engineering Limited | Denmark | Provision of electrical and mechanical engineering services for construction projects | NJORD Law Firm Pilestraede 58 1112 Copenhagen |
| Inviron Holdings Limited | 100% | ESSCI Technical Facilities Management Limited | England and Wales | Holding company | 3100 Park Square Solihull Parkway Birmingham Business Park Birmingham B37 7YN |

ESSCI Limited

Annual report and financial statements
Registered number 09752439
For the year ended 31 December 2018

Notes to the financial statements (continued)

12 Debtors

| | Group 31 December 2018 £'000 | Company 31 December 2018 £'000 | Group 31 December 2017 £'000 | Company 31 December 2017 £'000 |
|------------------------------------|---------------------------------------|---|---------------------------------------|---|
| Trade debtors | 41,811 | - | 43,090 | - |
| Amounts recoverable on contracts | 51,662 | - | 43,713 | - |
| Amounts owed by group undertakings | | 17,684 | - | - |
| Corporation tax | 2,618 | 6 | 3,402 | - |
| VAT recoverable | 585 | - | 185 | - |
| Other debtors | 1,757 | - | 1,587 | 1 |
| Finance lease receivable | 77 | - | - | - |
| Prepayments and accrued income | 7,482 | - | 5,255 | - |
| | 105,992 | 17,690 | 97,232 | 1 |

The non-current portion of the finance lease receivable of £261,000 (2017: £Nil) has been recorded within non-current assets. Trade debtors includes £1,696,000 (31 December 2017: £335,000) falling due after more than one year comprising customer retentions.

Amounts owed by group undertakings includes amounts due from ESSCI Technical Services Limited of £17,500,000. This amount is unsecured and interest bearing at 6.275% per annum (2017: LIBOR + 6.025%). The terms of this loan have been clarified as repayable on demand and reclassified as a current asset in 2018

Non-current assets in the Company relate to long term receivables from group companies which are unsecured and interest-free.

13 Deferred Tax

| Deferred tax asset | Group 31 December 2018 £'000 | Company 31 December 2018 £'000 | Group 31 December 2017 £'000 | Company 31 December 2017 £'000 |
|--|---------------------------------------|---|---------------------------------------|---|
| Decelerated capital allowances | 391 | - | 358 | - |
| Short term timing differences | 520 | - | 613 | - |
| Trading losses | 1,001 | - | 1,361 | - |
| Total deferred tax asset | 1,912 | - | 2,332 | - |
| Deferred tax asset movement | | | Group 2018 £'000 | Company 2018 £'000 |
| At 1 January 2018 | | | 2,332 | - |
| Utilised in period dealt with in profit and loss | | | (406) | - |

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Notes to the financial statements (continued)

| | | |
|----------------------------|--------------|----------|
| Prior period adjustment | (42) | - |
| Impact of rate change | 28 | - |
| At 31 December 2018 | 1,912 | - |

13 Deferred Tax (continued)

| Deferred tax liability | Group 31 December 2018 £'000 | Company 31 December 2018 £'000 | Group 31 December 2017 £'000 | Company 31 December 2017 £'000 |
|--|---------------------------------------|---|---------------------------------------|---|
| Intangible assets acquired | 707 | - | 809 | - |
| Accelerated capital allowances | 56 | - | 31 | - |
| Total deferred tax liability | 763 | - | 840 | - |
| Deferred tax liability movement | | | Group 2018 £'000 | Company 2018 £'000 |
| At 31 December 2018 | | | 840 | - |
| Utilised in period dealt with in profit and loss | | | (74) | - |
| Prior period adjustment | | | (3) | - |
| At 31 December 2018 | | | 763 | - |

Unrecognised deferred tax assets at 31 December 2018 amounted to £2,689,214 (2017: £2,546,000).

14 Creditors – amounts falling due within one year

| | Group 31 December 2018 £'000 | Company 31 December 2018 £'000 | Group 31 December 2017 £'000 | Company 31 December 2017 £'000 |
|------------------------------------|---------------------------------------|---|---------------------------------------|---|
| Bank overdraft | 18,274 | - | 9,089 | - |
| Payments received on account | 5,359 | - | 3,885 | - |
| Trade creditors | 51,807 | - | 50,274 | - |
| Corporation tax | 2,184 | 6 | 2,362 | - |
| Amounts owed by group undertakings | - | 178 | - | - |
| Other tax and social security | 6,414 | - | 6,220 | - |
| Revolver loan | 6,150 | 6,150 | 6,150 | 6,150 |
| Other creditors | 2,825 | - | 2,354 | - |
| Accruals and deferred income | 45,552 | - | 37,544 | - |
| | 138,565 | 6,334 | 117,878 | 6,150 |

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Notes to the financial statements (continued)

15 Creditors – amounts falling due after one year

| | Group 31 December 2018 £'000 | Company 31 December 2018 £'000 | Group 31 December 2017 £'000 | Company 31 December 2017 £'000 |
|-----------------|---------------------------------------|---|---------------------------------------|---|
| Trade creditors | 675 | - | 967 | - |
| Borrowings | 18,450 | 18,450 | 24,294 | 24,600 |
| | 19,125 | 18,450 | 25,261 | 24,600 |

The long term and revolver loan of £24,600,000 (2017: £30,750,000), which is presented less capitalised facility fees of £Nil (*capitalised fees at 31 December 2017: £306,000*), is with EDF Energy Services Limited which wholly owns ESSCI Limited. Interest is accrued at 6.275% per annum (LIBOR + 6.025%) (31 December 2017: LIBOR + 6.025%). Fixed terms of instalment repayments amounting to £6,150,000 payable per year. Subsequent to the year end, the long term borrowing between EDF Energy Services Limited and ESSCI Limited for £18,450,000 have been converted to equity. The loan agreement has been terminated, and ESSCI Limited released from all debt and any further repayments.

16 Financial Instruments

The group has the following financial instruments:

| | 31 December 2018 £'000 | 31 December 2017 £'000 |
|---|------------------------------|------------------------------|
| Financial assets that are debt instruments measured at amortised cost | | |
| – Trade debtors | 41,770 | 43,049 |
| – Amounts recoverable on contracts | 51,662 | 43,713 |
| – Stocks | 425 | 374 |
| – Other receivables | 12,442 | 10,429 |
| Total financial assets | 106,299 | 97,565 |
| Financial liabilities measured at amortised cost | | |
| – Bank loans and overdrafts | 18,274 | 9,089 |
| – Trade creditors | 52,482 | 51,241 |
| – Other creditors | 54,801 | 46,118 |
| – Long term liabilities | 18,450 | 24,600 |
| Total financial liabilities | 144,007 | 131,048 |

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Notes to the financial statements (continued)

17 Provisions for liabilities

| Group | Contracts in progress £'000 |
|------------------------------------|--------------------------------|
| At 1 January 2018 | 2,886 |
| Amounts utilised during the period | (1,976) |
| Provisions made during the period | 973 |
| At 31 December 2018 | 1,883 |

18 Called up share capital

| Group and company | 31 December 2018 Number | 31 December 2018 £ | 31 December 2017 Number | 31 December 2017 £ |
|-------------------------------------|----------------------------|-----------------------|----------------------------|-----------------------|
| "A" Ordinary shares of £0.0001 each | 525,000 | 52.50 | 525,000 | 52.50 |
| "B" Ordinary shares of £0.0001 each | 155,258 | 15.53 | 155,258 | 15.53 |
| | 680,258 | 68.03 | 680,258 | 68.03 |

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Notes to the financial statements (continued)

19 Guarantees and contingencies

At 31 December 2018 the group had performance bonds and guarantees of £29,965,608 (31 December 2017: £24,489,949) for contracts in progress. The company is a party to a group sterling cash pooling facility covering the company and other subsidiaries of ESSCI Limited. A cross guarantee has been provided to Barclays for the cash pooling facility.

20 Capital and other commitments

The group had the following minimum lease payments under non-cancellable operating leases for each of the following periods:

| | 31 December 2018 £'000 | 31 December 2017 £'000 |
|--------------------------|------------------------------|------------------------------|
| Within one year | 3,245 | 3,016 |
| Within two to five years | 5,870 | 4,251 |
| Within five years plus | 3,237 | 972 |
| | 12,352 | 8,239 |

21 Reconciliation of operating loss to operating cash flows

Group

| | 12 months ended 31 December 2018 £'000 | 14 months ended 31 December 2017 £'000 |
|--|---|--|
| Profit / (loss) for the financial period | 5,681 | (1,032) |
| Tax charge | 770 | 280 |
| Net interest expense | 2,013 | 3,500 |
| Profit before interest and taxation | 8,464 | 2,748 |
| Depreciation and amortisation charges | 2,339 | 2,458 |
| Increase in amounts recoverable on contracts net of payments received on account | (6,475) | (5,341) |
| (Decrease) / increase in amounts recoverable in stocks | (51) | 2,456 |
| Increase in debtors and deferred tax | (1,456) | (6,098) |
| Increase in creditors and provisions | 9,122 | 11,725 |
| Net cash inflow from operating activities | 11,943 | 7,948 |

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Notes to the financial statements (continued)

22 Reconciliation of net cash flow to movement in net debt

| Group | 31 December 2018 £'000 |
|-------------------------------------|------------------------------|
| Increase in cash in the period | 1,876 |
| Repayment of revolver loan | 6,150 |
| Net debt at 31 December 2017 | (10,447) |
| Net debt at 31 December 2018 | (2,421) |

23 Analysis of net debt

| Group | At 1 January 2018 £'000 | Cash changes £'000 | Non-cash exchange loss £'000 | At 31 December 2018 £'000 |
|--------------------------|----------------------------------|--------------------------|---------------------------------------|------------------------------------|
| Cash at bank and in hand | 29,392 | 10,857 | 204 | 40,453 |
| Overdrafts | (9,089) | (9,185) | - | (18,274) |
| | 20,303 | 1,672 | 204 | 22,179 |
| Long term debt | (30,750) | 6,150 | - | (24,600) |
| Total | (10,447) | 7,822 | 204 | (2,421) |

24 Related party transactions

See note 5 for disclosure of the directors' remuneration and key management compensation.

There were no related party transactions during the period. The group has taken advantage of the exemption available under FRS 102 Section 33.1(a) not to disclose transactions between group companies that are 100% owned subsidiaries and are eliminated on consolidation.

25 Ultimate holding company

In the opinion of the directors, the company's ultimate parent company and ultimate controlling party is Électricité de France S.A., a company incorporated in France.

The parent undertaking of the largest group, which includes the company and for which group financial statements are prepared, is Électricité de France S.A., a company incorporated in France. The parent undertaking of the smallest such group is ESSCI Limited, a company incorporated in England and Wales. Copies of the group financial statements of Électricité de France S.A. are available from the Registre du Commerce, Infogreffe, 5-7 avenue de Paris, 94300, Vincennes, France. Copies of the group financial statements of ESSCI Limited are available from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

ESSCI Limited

Annual report and financial statements

Registered number 09752439

For the year ended 31 December 2018

Notes to the financial statements (continued)

26 Post balance sheet events

Subsequent to the year end, the long term borrowing between EDF Energy Services Limited and ESSCI Limited for £18,450,000 have been converted to equity. The loan agreement has been terminated, and ESSCI Limited released from all debt and any further repayments: