

EDF Energy Services Limited

Annual Report and Financial Statements For the year ended 31 December 2021

Company registration number: 10275207



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EDF Energy Services Limited

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For the year ended 31 December 2021

Officers and professional advisors

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Strategic report

The directors present their strategic report on the company and its subsidiaries (the "Group") for the year ended 31 December 2021.

Principal Activity

The Group, which also trades as "Imtech" using the subsidiary brands in their markets, conducts its business within four work sectors, namely; (a) mechanical and electrical engineering and construction across a wide range of business sectors including public sector industry, energy and utilities, data centres, commercial and residential sectors. (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; (c) systems integration which provides IT services and solutions to the power generation, utilities and nuclear industries; and (d) energy conservation, on-site generation, carbon reduction and improvement to building environments within a range of sectors such as healthcare, education and commercial.

Strategy Development

The strategy of the Imtech Group is aligned with that of its parent companies EDF Energy and Dalkia and is part of the overall plan referred to as "CAP 2026". This plan seeks to increase the international operations of Dalkia while allowing for a strategic alliance with EDF's UK operations.

The key components of the Imtech 2026 strategy are:

- Zero Harm - delivering our ambition to be incident and injury free
- Customer focus and delivery of a better experience
- Help our clients develop and deliver their Net Zero strategies
- Focus and investment in the quality of delivery and the use of the right tools and techniques
- Growth of core business activities with increased focus on our strategic sectors
- Growth of energy services through collaboration with EDF Energy and Dalkia
- Collaborating with EDF and Dalkia to enhance their offerings to their clients in a variety of settings
- Provision of services to EDF
- Internal synergies between Imtech business units, particularly around Net Zero
- Investment and focus on a people plan to deliver the growth and value.

The Group operates across the UK, Ireland and Northern Europe.

We continue the growth of our core business activities while seeking to build a balanced portfolio, concentrating on key customer markets, enhancing the scale & quality of the project portfolio, and reducing the reliance upon any single sector. Geographical growth in selected sectors where we have access to specialist expertise (such as Hi-Tech/Data Centres, Energy Optimisation, Carbon Reduction and Renewables) will be delivered through collaboration between portfolio companies.

The provision of services to EDF (which represents less than 10% of Group turnover) provides supplemental growth and a platform to build new capability, which provides a basis for long-term sustainable growth in new sectors. We continue to provide the provision of Technical Facilities Management across the EDF estate, supporting EDF's generating fleet with their asset extension programmes and providing support to EDF's Nuclear New Build programme.

The combined expertise of EDF Energy, Dalkia and Imtech Group enables 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 to control of energy. Provision of energy services is an integral component of EDF Group's strategy, in assisting with the UK's journey towards Net Zero.

The strategy is underpinned by increased investment to enhance operational performance through a programme called the Imtech Way and by a comprehensive people plan aimed at developing and expanding the capability of the business in line with our strategic aims. The Imtech Way is a comprehensive approach to the planning and implementation of work aimed at optimising performance at each stage of implementation with respect to safety,

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Strategic report (continued)

productivity, and quality. A core element of the approach is the systematic use of digital tools and off-site manufacturing techniques to help drive productivity and quality improvements.

The company has engaged in a strategic programme called "Changing Gear", for building an inclusive health, safety and wellbeing culture that drives continuous improvement and a step change in our performance. We are also continuing to invest in our people as a priority and focused on providing flexibility, while making steps to have a more diversified workforce.

Geographic and sector coverage

During the year the Group expanded its activities into Germany while expanding further across Scandinavia in the D&B market to our Data Centre customers.

Business Review

The business has performed well in the year in 2021, achieving over 25% growth in revenues and, returning to profitability after difficult trading during the pandemic, as set out in our 2020 annual report. We are back on track to achieve the 2022 growth and profitability objectives as defined in our Imtech 2022 strategic plan, (target of achieving £600m with top quartile profitability). This puts our Group in a good position as we progress on our new Imtech 2026 strategic plan.

The company has closed the year with an increased orderbook in the desired strategic sectors. The orderbook grew from £538m up to £568m in the period. We are confident that our current order pipeline will allow us to fuel further organic growth in all our activities in 2022 and beyond.

We have continued to build synergies with our parent company EDF delivering services across our business lines. We are providing FM services across the EDF corporate portfolio, delivering M&E projects within EDF Generation while also being involved in the construction of Hinkley Point C.

The UK Engineering Services business, which suffered substantial project losses on a limited number of projects in the residential sector, has now completed these projects. Two of three projects have also now been fully settled and we expect to close out the final project in 2022. The business has drastically reduced its exposure to the residential sector and has focused on its strategic sectors where it is able to add value through its Engineering capabilities. The underlying Engineering Services business is now performing well and is benefiting from the restructure completed in 2021 and the implementation of the Imtech Way. The Imtech Way allows for much improved visibility and control of the operational performance on each project.

Our financial performance and capacity, complementary work-streams, broad position across our strategic 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.

Health, Safety, Environment & Quality

The board takes the continuous drive to improvement towards a zero -injury goal seriously and have seen positive results in the year. We continue to drive for further improvement.

At the forefront of our operating performance is our commitment to Health, Safety and Wellbeing. To help us improve our performance we have launched "The Imtech Changing Gear" programme which revolves around the 5 key pillars described below:

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Strategic report (continued)

| Leadership behaviours | Management processes | High Risk Activities | Wellbeing | Communications |
|---|---|---|---|---|
| <ul style="list-style-type: none">• Create an inclusive health and safety culture, where everyone feels responsible and included• Develop long term H&S partnerships with our clients and key subcontractors | <ul style="list-style-type: none">• Embed health and safety culture through recruitment, induction and development processes• Provide training and assess proficiency• Drive continuous improvement | <ul style="list-style-type: none">• Improve risk awareness and risk assessment• Provide guidance to cope with major risks• Make procedures less bureaucratic and more impactful | <ul style="list-style-type: none">• Provide support and guidance on Mental Health• Improve work-life balance• Reduce stress | <ul style="list-style-type: none">• Drive engagement• Share progress and performance transparently• Recognise individual and collective contributions |

In 2021, we have continued to maintain a Health and Safety performance better than the Industry average over the year. All Health and Safety indicators, reporting of injuries, diseases and dangerous occurrences regulations (RIDDOR) and accident frequency rate (AFR) for our employees have improved during the year.

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 Safety and Employee Mental Health programmes and initiatives on key injury themes such as electrical hazards, hand injuries and slips, trips and falls, working at height.

Group financial performance

In the 12 month period ended December 2021, we delivered £562m of work and secured £578m of quality new orders. The closing order book at the end of December 2021 was £568m. Engineering Services, Energy Services, Suir and Inviron 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 9.6% has shown improvement in the 12 month period to December 2021 (5.8% year ended December 2020).

EBITDA before exceptional items ("Operational EBITDA") improved from a loss of £18.2m in the year to December 2020 to a profit of £10.2m in the year to December 2021. We expect to improve this further in 2022 with EBITDA forecast to reach £21.1m. EBITDA in 2021 was impacted by a write down on a problem residential project amounting to £5.4m in the year, this project is now fully agreed.

Operating costs before exceptional items as a percentage of revenue reduced in the period to December 2021 compared to December 2020, reducing to 7.8% from 9.6%. This movement reflects the increase in revenue from the prior year in relation to the overheads caused by the impact Covid had throughout 2020. We are continuing to invest in our people as a priority and focused on providing flexibility, while making steps to have a more diversified workforce and Imtech Group Executive team.

Cash and working capital performance improved across the period, again demonstrating good operational performance and robust operational control.

Net current assets at 31 December 2021 are £20.6m (2020: £20.1m) and net assets at 31 December 2021 are £62.7m (2020: £62m).

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Strategic report (continued)

Business Unit performance

Imtech Engineering Services

In the year, Engineering Services orders exceeded expectations and includes a strong pipeline of opportunities to secure further orders. The business delivered notable orders in Healthcare, Education and Technology sectors. Notable projects secured in the period include Didcot Data Centre, Molecular Science building for the University of Birmingham, Amazon Wakefield, and Wren Kitchens. Operational structures were reviewed, and a restructuring programme was implemented in 2021 to streamline management and operational functions. The business unit is investing in its Engineering expertise and supports its clients in their efforts to reduce the carbon impact of their projects.

Imtech Engineering Services Limited and Imtech Engineering Services North Limited delivered a profit in the year with losses recorded within Imtech Engineering Services London and South Limited. Losses in the South were due to a further write down on a legacy residential project in London, now fully settled.

At the end of the year, the business unit overall had a strong forward looking order book to deliver the budgeted revenue for 2022.

Suir Engineering

Suir Engineering continued to perform well in 2021 and expanded its operations further in Germany, along with increasing its presence in Sweden and Denmark. The construction industry in the key markets remains very busy and the company continues to be successful in winning new contracts, ending the year with a significant order book for completion in 2022. The company has a strong pipeline of prospects that it is following with key clients across the data centre, energy and pharmaceutical sectors and expects to convert many prospects to new orders in 2022. The impact of Covid-19 has diminished, and the company expects to operate without any material disruption into the future. Our long-term strategic plan sets out clear goals and key performance indicators which we will use to drive our business to succeed by delivering a better experience for all our stakeholders.

Capula

The group's systems integration business secured £38m of new orders and is in a good position to achieve the objectives of 2022. The leadership team has focussed on developing added value elements of its service offering in the digital space, as well as driving operational efficiency. The company continues to see a strong pipeline of opportunities in each of its core market sectors arising from continued investment by energy and infrastructure clients, boosted by the government's ambitious Net Zero agenda, combined with the company's position as the leading specialist in delivering integrated automation and real-time IT solutions in the UK.

Inviron

The business unit delivered Strong performance during 2021 and developed a robust order book to enable budgeted revenue to be executed in 2022. The company continues to secure quality orders and build a solid order book. The business development, commercial and operational teams have been further strengthened to ensure a high standard of delivery and quality of service 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. Sizeable orders in 2021 include a new contract with Imperial College, a growing partnership with Instant Offices, in addition to new NHS contracts awarded at the beginning of 2021.

Energy Services

Performance was strong throughout the year and, exceeding expectations. The business unit successfully supported NHS clients in securing government grant through the Public Sector Decarbonisation scheme which will allow them to cut CO2 emissions by c. 300 000 tons. The order book for Energy Services is very strong and is likely to outperform expectations for 2022, due to sizeable new prospects. The business unit has also been able to achieve strategic diversification in the private sector with a first contract secured with an industrial customer.

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Strategic report (continued)

Section 172(1) Statement

The Directors are fully aware of their responsibilities to promote the success of the Group in accordance with Section 172 of the Companies Act 2006 and welcome the reporting requirement in relation to Section 172.

Promoting the success of the Company for the benefit of its shareholders is of the utmost importance to the board.

Further details on how the Directors' duties are discharged, and the oversight of these duties are included below.

The CEO of Imtech UK, Gautier Jacob, has developed and agreed a revised strategy to 2026 which is aligned with the intention to develop Dalkia internationally through acquisition and organic growth. The growth strategy will increase the UK activities up to £600m, with the activities in Ireland and Scandinavia increasing to €266m.

The board makes decisions in respect of its operations considering the impact of the Group's operations on the community and environment and the need to maintain high standards of business conduct. In taking decisions the board also considers the impact on its supply chain, which is key to the continued success of the business, across all sectors. In advance of making any decision, Directors are presented with papers and any relevant updates in relation to the Group's strategic priorities. The board's priority in making strategic decisions is about what it considers to be in the long-term success of the Group, from both a financial and safety perspective, as safety remains the overriding priority. The board uses information from stakeholder engagement, including employees and suppliers, together with community and environment factors to make these strategic decisions.

The feedback from stakeholders, particularly customers, supply chain partners and employees is paramount to the board when making decisions.

The board also regularly reviews the Group's safety performance to ensure that the zero harm ambition is met. This commitment means making sure that our workplaces are safe and healthy for everyone, including our employees and anyone working on our behalf.

Our commitment to our clients and customers

In 2021, we continued to focus on delivering for our client partnerships. We are investing in the relationships we enjoy with a wide range of public and private sector partners, while creating new partnerships and broadening our reach.

We recognise the importance of delivering for our customers and positioning for repeat business and new work; accordingly, we work to 'succeed by delivering a better experience', across the business. Our priority over the past two years has been to get closer to our markets, improve our services to existing clients and better understand their requirements, and strive for operational excellence.

Management at all levels continue to work to develop, maintain and strengthen relationships with new and existing customers by delivering high levels of customer satisfaction and value.

In 2020, we commenced work on an extensive survey, across our UK business to ask clients and customers for their feedback. Overall the results showed that in the majority of key areas satisfaction was good. We were rated as 'above the market norm' in many areas, particularly in safety, quality of service and our relationships with customers. We were also able to identify areas where we can add more value including making better use of data to drive energy efficiency and helping achieve customers net zero ambitions. This valuable feedback has been collated, analysed and shared across our business and is driving continuing improvement in this area.

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Strategic report (continued)

Our commitment to our suppliers and partners

As a purpose-led, responsible organisation, Imtech exists to create better outcomes for all stakeholders, including our suppliers and partners, with whom we seek to build lasting relationships, treating them fairly, while encouraging them to deliver.

The UK organisations hold supplier events allowing Imtech to communicate the progress and strategy of the business with all invited to the event. It also provides an opportunity to the supply chain and partners to have open dialogue with senior member of our leadership team. Due to Covid restrictions Inviron were unable to hold their annual supplier event which include dedicated meetings with suppliers and the management teams. Inviron will resume in 2022 holding these supplier events. We continue to have a very strong relationship with our suppliers and partners and are always seeking new opportunities to further strengthen the existing relationship.

We also put in place a supplier credit facility with Santander, which is underwritten by our parent company EDF UK. The facility allows suppliers to draw payment for approved invoices ahead of agreed payment terms, the use of the facility is purely at the discretion of the supplier and Imtech receives no benefit.

Our commitment to our people

At Imtech we put people first and at our core. As a relationships-based business, we take pride in nurturing talent and building career paths that are as individual as each employee. We're proud to have built an inclusive and diverse culture that champions the advancement of our people and supports them in maximising their potential.

Our people first culture is built around the key pillars of safety, respect, inclusivity, innovation, challenge and development.

In 2021, we did much to improve the experience of working at Imtech. We continue to develop and embed our induction processes for new starters to build those early connections and relationships that drive long term engagement. The Career and Development Hub has become the 'go-to' place for easy access to all our development offerings and we continue to advertise all our vacancies across the Group on our jobs board to promote career opportunities and mobility across the Group.

Having a diverse workforce at all levels will ensure better performance and better decision making - for our business and for our shareholders. Imtech believes that employing a diverse mix of people makes us a stronger and more sustainable business, and one that reflects the society around us. During 2021 we rolled out bias awareness and inclusion training to all our senior teams and agreed the individual business unit targets for diversity. During 2022 we will be delivering against our action plans and aligning to our Imtech 2026 strategy commitments for diversity and inclusion. We continue to have a strong focus and commitment to attracting and developing women in our business and will also be creating a number of other support networks to represent the diversity of people working in our organisation. During 2021 we reviewed our suite of people policies and have significantly improved our maternity and paternity provisions. We will continue to review all our people policies to ensure they demonstrate and support our value of People at our Core.

Leadership development remains a critical focus for us to ensure we can continue to deliver our ambitions and support our growth agenda. We have continued to invest in the development of existing and new programmes for management and leadership with a particular focus on first line leaders so we are building the capability from the beginning of individuals careers. We have created a number of new offerings to support technical skills development and we will be focussing on creating specialist skills academies during 2022 and into 2023 to provide the focus we need on attracting, retaining and developing our critical skills talent.

Covid provided us with the opportunity to work differently. Our people have responded very positively to increased flexibility in how and where they work, and we are committed to ensuring we continue to support and further enhance opportunities to work flexibly in all areas of our business.

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Strategic report (continued)

Our commitment to society

Imtech Group employs over 2,945 people within the UK and Ireland, and we are acutely mindful of the responsibility we have to support individuals and the communities we serve - and be a force for good in society. We aim to help restore the connection between companies and a public that has grown increasingly mistrustful of big business. In 2021, we sought to make several changes to the way we work to minimise our negative impact on the environment. We focused on investing in energy efficiency – upgrading heating, lighting and air-conditioning systems across the business – and on reducing our non-essential travel. We consider that we have a role to play in sustainability and in enabling the UK's transition to a low-carbon future.

The future

Being part of the EDF Group provides us with support and backing to accelerate our growth plans, by giving us access to new customers 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 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 there are a number of factors which will make the market volatile including inflationary pressures arising from the Ukraine crisis and the longer term implications of Brexit. Being part of EDF makes our Group more resilient.

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.

EDF Energy Services Limited

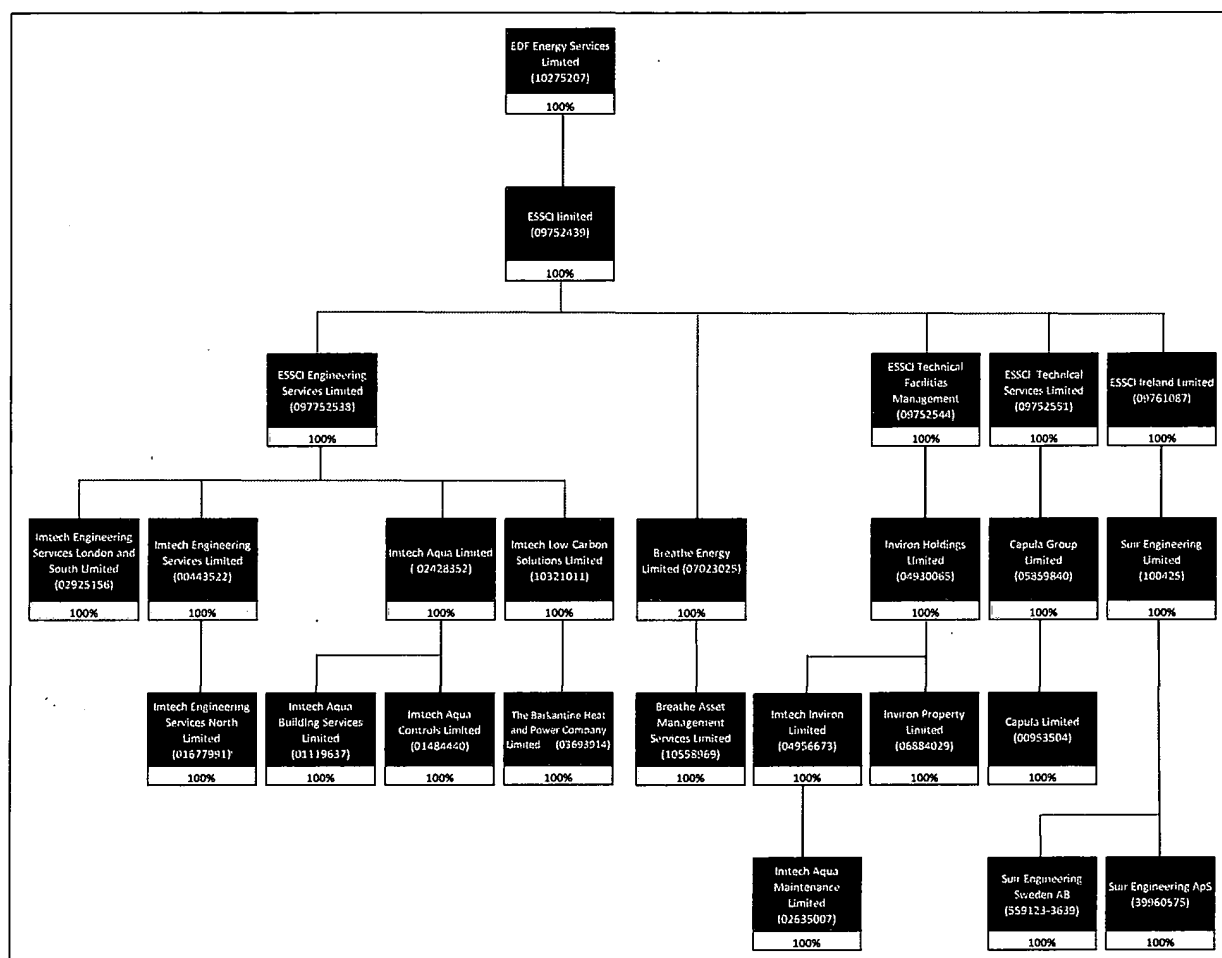
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Strategic report (continued)

Group structure



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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.

Covid-19 risk

The impact foreseen in 2022 is minimal, Imtech continues to have the full support of the EDF Group. EDF Group have continued to make available a £30m facility should the Group require further funding.

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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 year 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



Robert Guyler

Director

10 June 2022

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Directors' report

The directors present their report and the audited financial statements of the group and company for the year ended 31 December 2021.

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 year 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 2,499 (2020: 2,468), and the number of females was 446 (2020: 418).

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

The Directors do not recommend payment of a dividend (2020: *Nil*)

Financial risk management

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

Directors

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

R Guyler
S Jehanno
F Bremont
S Rossi
P Commaret
D Rouhier

Going concern

The group delivered profit in the year amounting to £2.1m and had operating cash inflows of £20.3m during the year. As at 31 December 2021, the group had net current assets of £10.5m and net assets of £62.7m.

The impact of Covid-19 on the Imtech Group in 2020 was significant and with the support of the Imtech shareholders the Group is now in a much-improved position. Closing order book for 2020 was £538m which increased to a closing figure of £568m for 2021. The business has returned to profitability and is optimistic about the future. We have seen a

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Directors' report (continued)

considerable increase in the orderbook and there has been significant investment by the Government in the public sector. We have a number of business units working with customers to utilise the Public Sector Decarbonisation Fund (PSDS), looking to reduce their carbon footprint. We are assisting Hospital Trusts and Local Councils with this, throughout the UK.

The directors put in place a loan facility with EDF in June 2021 for £30m which allowed the company to trade normally throughout the pandemic, the facility has been extended to June 2023. The group's cash balance at the 31st December 2021 was £58m which included a £25m drawdown on the facility, the group expects to reduce the drawdown on this facility in the forthcoming year. Net cash balance at the year end was £32.3m, the group has an overdraft of £25.8m

The Imtech Group concluded its operational restructure of Engineering Services operations in 2021, creating one operational business unit. This has reduced costs and increased efficiency within the business unit.

The company has taken steps to mitigate the impact of increasing inflation however this risk cannot be completely eradicated, and with the Ukraine crisis creating even more pressures on Energy costs, the Group is considering the impact on each major tender as reviewed in the Governance process.

Furthermore, the directors have received a letter of support from EDF Energy Limited and Dalkia SA, intermediate holding companies of the group for a period of 18 months from the date of signing the financial statements which includes the commitment not to require repayment for the foreseeable future of the intercompany liability of £25m which is currently owed to EDF Energy Limited.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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 £255,000 was expensed (2020: £131,000), and £261,000 of costs were capitalised during the year (2020: £305,000).

Charitable donations

During the year £21,000 (2020: £19,000) was paid in charitable donations. The Group has joined a partnership with the charity MIND and will be working to increase its charitable donations during 2022.

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Directors' report (continued)

Streamlined Energy & Carbon Reporting (SECR)

The below group report includes the cumulative Energy and Carbon information for EDF Energy Services Limited and the following subsidiaries operational within the group:

- Breathe Energy Ltd
- Capula Limited
- Imtech Engineering Services Ltd
- Imtech Inviron Limited
- Suir Engineering Limited (Ireland)

The individual reports are provided within their respective Directors' reports.

Under Streamlined Energy and Carbon Reporting (SECR), some companies within the group are required to report on their energy and carbon data. However, we have voluntarily reported in some instances as we further develop our commitment towards environmental sustainability. At a group level, during the reporting year, we began transitioning towards a low carbon electricity supply through the adoption of EDF's '100% Blue for Business' tariff where possible. Additionally, energy efficiency measures applied during the year 2021 are also highlighted in the report.

Our subsidiaries have reported on GHG emissions from fuel combustion, purchased energy and transport vehicles, under Streamlined Energy and Carbon Reporting (SECR), both voluntarily and as part of a mandated requirement. The use of an intensity ratio and an outline of implemented efficiency measures have also been included where applicable. Energy efficiency measures applied during the year 2021 are highlighted in the report.

To ensure a high level of transparency is achieved, robust and recognised reporting methods are implemented. The reporting methodology involves usage of the 2021 DEFRA (Department for Environment, Food and Rural Affairs) emissions factors to calculate and assess our UK & Irish operational emissions.

The group SECR covers energy and carbon emissions associated with our operations, during the time period 1st January 2021 to 31st December 2021. Included calculations are for the following scopes:

- **Building-related energy** – Gas consumption (scope 1), combustion of fuel (scope 1) and purchased electricity consumption (scope 2).
- **Transportation** – Business travel in expensed vehicles (scope 3), combustion of fuel for transport purposes (scope 1) and electricity usage for transport (scope 2).

Calculation Methodology

Emissions have been assessed in accordance with the 'GHG Protocol Corporate Accounting and Reporting Standard' and in line with Defra's 'Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting Requirements'. The Defra 2021 emission conversion factors were used to quantify the emissions associated with the group's UK & Irish operations for the specified reporting period. Where first hand energy consumption data was unavailable, data extrapolation, data benchmarking and direct comparison estimation methodologies have been used.

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Directors' report (continued)

Results

| Reporting Period | | 1st January 2020 - 31st December 2020 | | | 1st January 2021 - 31st December 2021 | | |
|---|----------------------------------|---------------------------------------|----------|-----------|---------------------------------------|----------|-----------|
| Area | Metric | UK & Offshore | Ireland | Total | UK & Offshore | Ireland | Total |
| Emissions from combustion of gas (Scope 1) | Energy (MWh) | 644.11 | 137.72 | 781.83 | 262.37 | 150.77 | 413.15 |
| | Emissions (tCO ₂ e) | 118.43 | 28.19 | 146.62 | 48.06 | 27.62 | 75.67 |
| Emissions from combustion of fuel (for transport and at site) (Scope 1) | Energy (MWh) | 6,649.85 | 1,149.70 | 7,799.55 | 7,202.53 | 1,268.88 | 8,471.41 |
| | Emissions (tCO ₂ e) | 1,593.58 | 303.41 | 1,896.99 | 1,705.87 | 300.54 | 2,006.41 |
| Emissions from purchased electricity (Scope 2) | Energy (MWh) | 1,105.97 | 180.55 | 1,286.52 | 1,263.22 | 208.18 | 1,471.40 |
| | Emissions (tCO ₂ e) | 257.85 | 53.28 | 311.13 | 268.22 | 44.20 | 312.42 |
| Emissions from business travel in expensed vehicles (Scope 3) | Energy (MWh) | 1,828.09 | 0.00 | 1,828.09 | 2,716.27 | 0.00 | 2,716.27 |
| | Emissions (tCO ₂ e) | 444.68 | 0.00 | 444.68 | 662.19 | 0.00 | 662.19 |
| | | | | | | | |
| Intensity Ratio (UK & offshore only) | tCO ₂ e / £m Turnover | 8.60 | | | 7.47 | | |
| Total Energy Consumption | (MWh) | 10,228.02 | 1,467.97 | 11,695.99 | 11,444.39 | 1,627.83 | 13,072.23 |
| Total Emissions | (tCO ₂ e) | 2,414.54 | 384.88 | 2,799.42 | 2,684.33 | 372.36 | 3,056.69 |

Streamlined Energy & Carbon Reporting (SECR) – UK Subsidiary Overview

Calculation of total energy and carbon profile for each individual subsidiary has resulted in intensity metrics for the respective consumption during the term period. Amongst the subsidiaries considered for carbon and energy reporting the following has been observed.

EDF Energy Services Limited

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Directors' report (continued)

| Subsidiary | Intensity Ratio (tCO ₂ e/£turnover) - 2020 | Intensity Ratio (tCO ₂ e/£turnover) - 2021 |
|--|---|---|
| Breathe Energy Limited | 1.32 | 2.05 |
| Capula Limited | 8.44 | 8.21 |
| Imtech Engineering Services Limited ¹ | 6.94 | 5.70 |
| Imtech Inviron Limited | 13.96 | 12.19 |

Scope Emissions

Contributions to scope 1, scope 2 and scope 3 emissions for this 2021 reporting period are as follows:

| Company | Scope 1 Emissions (tCO ₂ e) | Scope 2 Emissions (tCO ₂ e) | Scope 3 Emissions (tCO ₂ e) |
|--|--|--|--|
| Breathe Energy Limited | 5.23 | 1.22 | 45.42 |
| Capula Limited | 78.74 | 110.05 | 73.41 |
| ESSCI Limited - Head office | - | 14.36 | 4.78 |
| Imtech Engineering Services Limited ¹ | 626.26 | 63.10 | 449.86 |
| Imtech Inviron Limited | 1,043.70 | 79.49 | 88.71 |
| Suir Engineering Limited | 328.16 | 44.20 | - |
| Total | 2,082.09 | 312.42 | 662.19 |

Underlying Energy for Scope Emissions

| Company | Energy Expenditure - Scope 1 (MWh) | Energy Expenditure - Scope 2 (MWh) | Energy Expenditure - Scope 3 (MWh) |
|-------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Breathe Energy Limited | 20.38 | 5.73 | 184.63 |
| Capula Limited | 340.28 | 518.29 | 298.84 |
| ESSCI Limited - Head office | - | 67.65 | 19.37 |
| Imtech Engineering Services Limited | 2,681.14 | 297.20 | 1,844.08 |
| Imtech Inviron Limited | 4,423.10 | 374.35 | 369.35 |
| Suir Engineering Limited | 1,419.66 | 208.18 | - |
| Total | 8,884.55 | 1,471.40 | 2,716.27 |

Intensity Metrics

Intensity ratios for each company have been included for the UK subsidiaries included within the SECR. The chosen intensity metric for the subsidiary accounts is tCO₂e per £million annual turnover. As a general performance indicator, the weighted-average intensity ratio of the subsidiaries has been included within the group SECR.

¹ Intensity ratio for Imtech Engineering Services for FY 2020 has been calculated by combining the turnover and total emission figures of Imtech Engineering Services North Ltd, Imtech Engineering Services Ltd (Central) & Imtech Engineering Services London and South Ltd.

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Directors' report (continued)

Energy Efficiency Measures

EDF Energy Services Limited is committed to reducing its impact on the environment at a group level. In light of this, Imtech Group has taken steps in 2021 to develop a strategy to achieve these goals, in line with the EDF Net Zero Journey. As part of Imtech Group's continued environmental commitment, several actions have been taken within the reporting year, including the following energy efficiency measures:

- The central heating system within Orion House has been converted into a more efficient pressurised heating system within the reporting period. The same building has been fitted with rapid rolling shutter doors at the loading bay.
- Suir Engineering Limited has recently recruited a sustainability advisor to evaluate the carbon footprint associated with Suir Engineering Limited's Ireland operations. Development of a sustainability policy for Suir Engineering Limited is being actively reviewed. We are also in the process of developing short-, medium- and long-term initiatives to reduce our carbon footprint.
- Additionally, lighting has been upgraded to LED's where possible.

A policy has been developed in line with the EDF Net Zero Journey to transition transport to hybrid and electric vehicles.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Statement of directors' responsibilities (continued)

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 parent company and of the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

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Directors' report (continued)

Stakeholder & Employee Engagement Statements

In accordance with Schedule 7, paragraph 1A of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the Company sets out its Stakeholder and Employee Engagement Statements as part of its S.172 Companies Act 2006 Statement in the Strategic Report. The reason for this is because the directors consider the content to be of strategic importance to the Company and compliments the content of the S.172 Companies Act 2006 Statement.

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), Breathe Asset Management Services Limited (10558969), ESSCI Limited (09752439) (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, EDF Energy Services 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 2021.

Statement of Disclosure of information to Auditor

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 auditor is 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 auditor is aware of that information

KPMG 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



Robert Guyler

Director

10 June 2022

EDF Energy Services Limited

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Independent auditor's report to the members of EDF Energy Services Limited

Opinion

We have audited the financial statements of EDF Energy Services Limited ("the company") for the year ended 31 December 2021 which comprise the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows the company balance sheet, the company statement of changes in equity, and related notes, including the accounting policies in note 1

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

EDF Energy Services Limited

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For the year ended 31 December 2021

Independent auditor's report to the members of EDF Energy Services Limited (continued)

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we consider there to be a fraud risk related to revenue recognition on long term contracts.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Sample testing long term contracts based on risk criteria to supporting documentation including third party evidence where available.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and discussed with the directors and other management (as required by auditing standards) the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of company legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

EDF Energy Services Limited

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For the year ended 31 December 2021

Independent auditor's report to the members of EDF Energy Services Limited (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Other matter - prior period consolidated financial statements

We note that the company did not previously prepare consolidated financial statements. Consequently ISAs (UK) require the auditor to state that the corresponding figures contained within the consolidated financial statements are unaudited. Our opinion is not modified in respect of this matter.

EDF Energy Services Limited

Annual report and consolidated financial statements

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For the year ended 31 December 2021

Independent auditor's report to the members of EDF Energy Services Limited (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 17 the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

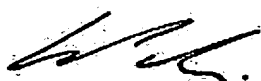
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



Craig Parkin (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
31 Park Row
Nottingham
NG1 6FQ

13 June 2022

EDF Energy Services Limited

Annual report and consolidated financial statements

Registered number 10275207

For the year ended 31 December 2021

Consolidated profit and loss account

| | Note | 2021 £'000 | 2020 £'000 |
|---|------|----------------|-----------------|
| Turnover | 3 | 561,917 | 443,063 |
| Cost of sales | | (508,121) | (417,314) |
| Gross profit | | 53,796 | 25,749 |
| Operating costs before exceptional items, interest, taxation, depreciation and amortisation | | (43,575) | (43,975) |
| EBITDA* before exceptional items | | 10,221 | (18,226) |
| Operating costs – exceptional items | 4 | (93) | (2,181) |
| EBITDA * | | 10,128 | (20,407) |
| Depreciation | 4 | (1,814) | (1,564) |
| Amortisation | 4 | (10,934) | (10,921) |
| Total operating costs | | (56,416) | (58,641) |
| Result before interest and taxation | 4 | (2,620) | (32,892) |
| Interest receivable and similar income | 7 | 94 | 72 |
| Interest payable and similar expenses | 6 | (2,112) | (2,420) |
| Net interest expense | | (2,018) | (2,348) |
| Result before taxation | | (4,638) | (35,240) |
| Taxation on result | 8 | 6,697 | 1,361 |
| Result for the financial period | | 2,059 | (33,879) |

* 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 profit for the company for the year ended 31 December 2021 was £5,435,000 (31 December 2020: £5,377,000).

EDF Energy Services Limited

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Consolidated statement of comprehensive income

| | 2021 | 2020 |
|--|----------------|-----------------|
| | £'000 | £'000 |
| Result for the financial period | 2,059 | (33,879) |
| Other comprehensive income/(expense): | | |
| <i>Currency translation of foreign subsidiary</i> | (1,386) | 17 |
| Total other comprehensive (expense)/income for the period | (1,386) | 17 |
| Total comprehensive (expense)/income for the period | 673 | (33,862) |

EDF Energy Services Limited

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For the year ended 31 December 2021

Consolidated balance sheet as at 31 December 2021

| | Note | 2021 £'000 | 2020 £'000 |
|--|------|------------------|------------------|
| Fixed assets | | | |
| Intangible assets | 9 | 96,050 | 106,651 |
| Tangible assets | 10 | 5,814 | 5,574 |
| Deferred tax asset | 14 | 10,086 | 5,494 |
| Debtors | 13 | 20 | 100 |
| | | 111,970 | 117,819 |
| Current assets | | | |
| Debtors (<i>including £4,810,000 (2020:£4,667,000) due after more than one year</i>) | 13 | 131,094 | 111,612 |
| Deferred tax asset | 14 | 2,584 | - |
| Cash at bank and in hand | | 58,023 | 48,182 |
| | | 191,701 | 159,794 |
| Creditors: amounts falling due within one year | 15 | (181,231) | (145,224) |
| Net current assets | | 10,470 | 14,570 |
| Total assets less current liabilities | | 122,440 | 132,389 |
| Creditors: amounts falling due after more than one year | 16 | (51,459) | (57,154) |
| Deferred tax liability | 14 | (4,118) | (4,770) |
| Provisions for liabilities | 18 | (4,152) | (8,427) |
| Net assets | | 62,711 | 62,038 |
| Capital and reserves | | | |
| Called up share capital | 19 | 104,069 | 104,069 |
| Foreign currency translation reserve | | (12) | 1,374 |
| Accumulated result | | (41,346) | (43,405) |
| Total equity | | 62,711 | 62,038 |

The notes on pages 30 to 60 are an integral part of these financial statements.

The financial statements on pages 23 to 60 were approved by the Board of Directors on 10 June 2022 and signed on its behalf by

Robert Guyler



CFO

EDF Energy Services Limited

Annual report and consolidated financial statements

Registered number 10275207

For the year ended 31 December 2021

Company balance sheet as at 31 December 2021

| | Note | 2021 £'000 | 2020 £'000 |
|---|------|-----------------|-----------------|
| Fixed assets | | | |
| Investments | 12 | 138,427 | 138,427 |
| Deferred tax asset | 14 | 751 | - |
| | | 139,178 | 138,427 |
| Current assets | | | |
| Debtors | 13 | 835 | 2,082 |
| Deferred tax asset | 14 | - | 379 |
| Cash at bank and in hand | | 2,120 | 1,650 |
| | | 2,955 | 3,732 |
| Creditors amount: falling due within one year | 15 | (5,954) | (6,225) |
| Net current liabilities | | (2,999) | (2,872) |
| Total assets less current liabilities | | 136,179 | 135,934 |
| Creditors amount: falling due after more than one year | 16 | (25,810) | (31,000) |
| Net assets | | 110,369 | 104,934 |
| | | | |
| Called up share capital | 19 | 104,069 | 104,069 |
| Accumulated profit | | 6,300 | 865 |
| Total equity | | 110,369 | 104,934 |

The Company's Statement of Comprehensive Income indicates a profit for the year of £5,435,000 (2020: £5,377,000).

The financial statements on pages 23 to 60 were approved by the Board of Directors on 10 June 2022 and signed on its behalf by



Robert Guyler
CFO

EDF Energy Services Limited

Annual report and consolidated financial statements

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For the year ended 31 December 2021

Consolidated statement of changes in equity

For the year ended 31 December 2021

| | Called-up share capital £'000 | Foreign currency translation reserve £'000 | Accumulated profit / (losses) £'000 | Total Equity £'000 |
|--|-------------------------------------|--|---|-----------------------|
| Balance as at 01 January 2020 | 104,069 | 1,357 | (9,526) | 95,900 |
| Loss for the year ended | - | - | (33,879) | (33,879) |
| Revaluation of foreign subsidiary | - | 17 | - | 17 |
| Total comprehensive income/(expense) for the year | - | 17 | (33,879) | (33,862) |
| Balance as at 31 December 2020 | 104,069 | 1,374 | (43,405) | 62,038 |
| Balance as at 01 January 2021 | 104,069 | 1,374 | (43,405) | 62,038 |
| Profit for the year ended | - | - | 2,059 | 2,059 |
| Revaluation of foreign subsidiary | - | (1,386) | - | (1,386) |
| Total comprehensive income/(expense) for the year | - | (1,386) | 2,059 | 673 |
| Balance as at 31 December 2021 | 104,069 | (12) | (41,346) | 62,711 |

EDF Energy Services Limited

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For the year ended 31 December 2021

Company statement of changes in equity

For the year ended 31 December 2021

| | Called-up share capital £'000 | Accumulated profit / (losses) £'000 | Total Equity £'000 |
|--|-------------------------------------|---|-----------------------|
| Balance as at 01 January 2020 | 104,069 | (4,512) | 99,557 |
| Profit for the year ended | - | 5,377 | 5,377 |
| Total comprehensive income for the year | - | 5,377 | 5,377 |
| Balance as at 31 December 2020 | 104,069 | 865 | 104,934 |
| Balance as at 01 January 2021 | 104,069 | 865 | 104,934 |
| Profit for the year ended | - | 5,435 | 5,435 |
| Total comprehensive income for the year | - | 5,435 | 5,435 |
| Balance as at 31 December 2021 | 104,069 | 6,300 | 110,369 |

EDF Energy Services Limited

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For the year ended 31 December 2021

Consolidated statement of cash flows

| | Note | Year ended 31 December 2021 | Year ended 31 December 2020 |
|---|------|--------------------------------|--------------------------------|
| | | £'000 | £'000 |
| Net cash from operating activities | 23 | 20,289 | (23,022) |
| Taxation received/(paid) | | 43 | (46) |
| Net cash (used in)/generated from operating activities | | 20,332 | (23,068) |
| Cash flow from investing activities | | | |
| Purchase of intangible assets | 9 | (333) | (455) |
| Purchase of tangible assets | 10 | (2,115) | (1,435) |
| Proceeds from disposal of tangible assets | 10 | 9 | 14 |
| Interest received | 7 | 94 | 72 |
| Settlement of deferred consideration | | (1,681) | (1,680) |
| Net cash used in investing activities | | (4,026) | (3,484) |
| Cash flow from financing activities | | | |
| Repayment of loan | | (5,200) | (5,200) |
| Proceeds from loan | | 10 | 20,000 |
| Interest paid | 6 | (2,112) | (2,420) |
| Net cash from financing activities | | (7,302) | 12,380 |
| Net (decrease)/increase in cash and cash equivalents | | 9,004 | (14,172) |
| Net cash and cash equivalents at the beginning of the period | | 24,010 | 37,512 |
| Exchange gain/(loss) on cash and cash equivalents | | (749) | 670 |
| Cash and cash equivalents | 25 | 32,265 | 24,010 |

EDF Energy Services Limited

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For the year ended 31 December 2021

Notes to the financial statements

1 General information and accounting policies

The group conducts its business within four 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, data centres renewable energy, power generation 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; (c) systems integration which provides IT services and solutions to the power generation, utilities, nuclear industries and oil and gas industries; and (d) energy conservation, on-site generation, carbon reduction and improvement to building environments within a range of sectors such as healthcare and defence.

EDF Energy Services Limited is incorporated in England and Wales, and conducts its business from its office, TWENTY, 20 Kingston Road, Staines-upon-Thames, Middlesex, TW18 4LG. Registered office is 90 Whitfield Street, London, England, W1T 4EZ

(a) Statement of compliance

The group and individual financial statements of EDF Energy Services 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 2021

(d) Going concern

The group delivered profit in the year amounting to £2.1m and had operating cash inflows of £20.3m during the year. As at 31 December 2021, the group had net current assets of £10.5m and net assets of £62.7m.

The impact of Covid-19 on the Imtech Group in 2020 was significant and with the support of the Imtech shareholders the Group is now in a much-improved position. Closing order book for 2020 was £538m which increased to a closing figure of £568m for 2021. The business has returned to profitability and is optimistic about the future. We have seen a considerable increase in the orderbook and there has been significant investment by the Government in the public sector. We have a number of business units working with customers to utilise the Public Sector Decarbonisation Fund (PSDS), looking to reduce their carbon footprint. We are assisting Hospital Trusts and Local Councils with this, throughout the UK.

The directors put in place a loan facility with EDF in June 2021 for £30m which allowed the company to trade normally throughout the pandemic, the facility has been extended to June 2023. The group's cash balance at the 31st December 2021 was £58m which included a £25m drawdown on the facility, the group expects to reduce the drawdown on this facility in the forthcoming year. Net cash balance at the year end was £32.3m, the group has an overdraft of £25.8m

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Notes to the financial statements (continued)

1 General information and accounting policies (continued)

(d) Going concern (continued)

The Imtech Group concluded its operational restructure of Engineering Services operations in 2021, creating one operational business unit. This has reduced costs and increased efficiency within the business unit.

The company has taken steps to mitigate the impact of increasing inflation however this risk cannot be completely eradicated, and with the Ukraine crisis creating even more pressures on Energy costs, the Group is considering the impact on each major tender as reviewed in the Governance process.

Furthermore, the directors have received a letter of support from EDF Energy Limited and Dalkia SA, intermediate holding companies of the group for a period of 18 months from the date of signing the financial statements which includes the commitment not to require repayment for the foreseeable future of the intercompany liability of £50.8m which is currently owed to EDF Energy Limited.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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.

(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, EDF Energy Services 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 EDF Energy Services Limited group.

(f) 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), Breathe Asset Management Services Limited (10558969), ESSCI Limited (09752439) 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, EDF Energy Services 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 2021.

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Notes to the financial statements (continued)

1 General information and accounting policies (continued)

(g) 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.

(h) 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'.

(i) 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.

(j) 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.

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Notes to the financial statements (continued)

1 General information and accounting policies (continued)

(j) Revenue recognition (continued)

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.

(k) 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.

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Notes to the financial statements (continued)

2 General information and accounting policies (continued)

(k) Tangible fixed assets (continued)

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'.

(l) 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.

(m) 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.

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.

(n) 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.

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Notes to the financial statements (continued)

1 General information and accounting policies (continued)

(n) Financial instruments (continued)

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.

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.

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Notes to the financial statements (continued)

1 General information and accounting policies (continued)

(o) 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.

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.

(p) 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

EDF Energy Services Limited

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Notes to the financial statements (continued)

1 General information and accounting policies (continued)

(p) Taxation (continued)

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.

(q) 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.

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.

(r) 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.

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Notes to the financial statements (continued)

1 General information and accounting policies (continued)

(r) Business combinations and goodwill (continued)

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.

(s) Investments - company

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

(t) 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.

(u) 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.

(v) 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.

(w) 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.

EDF Energy Services Limited

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Notes to the financial statements (continued)

1 General information and accounting policies (continued)

(x) 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.

(y) 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.

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.

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. As a result of the detailed review a provisions of £3.5m have been provided. The assessment has been based on possible non recovery of variations and claims. The unbilled revenue amounts to 10% of the revenue traded during the period. If 10% of this was provided for it would amount to £5.8m, an increase of £2.3m compared to the amount provided. From review of the unbilled revenue the group does not believe further provisions are required.

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Notes to the financial statements (continued)

3 Turnover

| | Year ended 31 December 2021 £'000 | Year ended 31 December 2020 £'000 |
|------------------------------|--|--|
| Turnover by geography | | |
| United Kingdom | 354,755 | 273,354 |
| Rest of Europe | 206,989 | 169,280 |
| Rest of World | 173 | 429 |
| | 561,917 | 443,063 |

| | Year ended 31 December 2021 £'000 | Year ended 31 December 2020 £'000 |
|---------------------------------|--|--|
| Engineering Services | 400,470 | 298,356 |
| Technical facilities management | 99,317 | 78,964 |
| Systems integration | 31,865 | 31,430 |
| Energy Services | 30,265 | 34,313 |
| | 561,917 | 443,063 |

EDF Energy Services Limited

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Notes to the financial statements (continued)

4 Result before interest and taxation

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

| | Year ended 31 December 2021 £'000 | Year ended 31 December 2020 £'000 |
|---|--|--|
| Staff costs (note 5) | 178,575 | 163,627 |
| Depreciation of tangible fixed assets | | |
| - owned assets | 1,814 | 1,564 |
| Amortisation | | |
| - goodwill | 5,567 | 5,715 |
| - intangible assets | 5,367 | 2,086 |
| Research and development | (259) | 97 |
| (Profit)/Loss on disposal of fixed assets | 9 | - |
| Job retention scheme reclaim | (566) | (3,040) |
| Exceptional costs (refer to disclosure below) | 93 | 2,181 |
| Operating leases | | |
| - land and buildings | 520 | 822 |
| - other | 2,560 | 2,733 |
| Fees payable to the company's auditor and their associates for the audit of the company and the group's consolidated financial statements | 102 | 63 |
| Fees payable to the company's auditor and its associates for the audit of the subsidiary companies financial statements | 409 | 446 |
| Total amount payable to the group's auditor and its associates | 511 | 509 |

EDF Energy Services Limited

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For the year ended 31 December 2021

Notes to the financial statements (continued)

4 Profit before interest and taxation (continued)

Exceptional costs

| | Year ended 31 December 2021 £'000 | Year ended 31 December 2020 £'000 |
|---------------------|--|--|
| Restructuring costs | 93 | 2,181 |
| | 93 | 2,181 |

Restructuring costs:

These costs relate to redundancy and reorganisation costs.

5 Staff costs

| | Year ended 31 December 2021 £'000 | Year ended 31 December 2020 £'000 |
|------------------------------------|--|--|
| Staff (including directors) | | |
| Wages and salaries | 157,219 | 143,454 |
| Social security costs | 15,426 | 14,135 |
| Redundancy costs | - | 100 |
| Other pension costs | 5,930 | 5,938 |
| | 178,575 | 163,627 |

EDF Energy Services Limited

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For the year ended 31 December 2021

Notes to the financial statements (continued)

5 Staff costs (continued)

Staff numbers

| | Year ended 31 December 2021 Number | Year ended 31 December 2020 Number |
|---|---|---|
| Average monthly numbers of persons (including directors) employed by the company during the period was: | | |
| Management and administration | 694 | 642 |
| Directly employed operatives | 2,251 | 2,227 |
| | 2,945 | 2,869 |

Directors' emoluments

The emoluments of R Guyler and S Rossi are paid for the parent company EDF Energy Limited, P Commaret is paid for by parent company EDF Customers Limited, S Jehanno, F Bremont, D Rouhier are paid by the parent company, Dalkia Fr. EDF Energy Limited, EDF Customers Limited and Dalkia Fr make no recharges to the company, all are directors within other subsidiaries of Électricité de France S.A, it is not possible to make an accurate apportionment of their emoluments in respect of each of these subsidiaries. Accordingly, no emoluments in respect of them are included in these financial statements. Their total emoluments are included in the aggregate of directors' emoluments in the financial statements of EDF Energy Limited, EDF Customers Limited and Dalkia Fr.

| 6 | Interest payable and similar expenses | Year ended 31 December 2021 £'000 | Year ended 31 December 2020 £'000 |
|---|---------------------------------------|--|--|
| | Interest on long term loans | 1,719 | 1,970 |
| | Bank interest paid | 5 | 16 |
| | Exchange loss | 363 | 425 |
| | Other | 25 | 9 |
| | | 2,112 | 2,420 |

| 7 | Interest receivable and similar income | Year ended 31 December 2021 £'000 | Year ended 31 December 2020 £'000 |
|---|--|--|--|
| | Bank interest received | 33 | 13 |
| | Other interest | 61 | 59 |
| | | 94 | 72 |

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Notes to the financial statements (continued)

8 Tax on profit/(loss)

(a) Tax credit included in profit and loss

| | Year ended 31 December 2021 £'000 | Year ended 31 December 2020 £'000 |
|--|--|--|
| Current tax | | |
| UK corporation tax for the period | 52 | (76) |
| Foreign tax | 929 | 987 |
| Adjustment in respect to prior periods | 166 | (199) |
| Total current taxation | 1,147 | 712 |
| Deferred taxation | | |
| Origination and reversal of timing differences | (4,852) | (1,631) |
| Adjustment in respect to prior periods | (320) | 26 |
| Impact of rate change in tax rate | (2,672) | (468) |
| Total deferred taxation | (7,844) | (2,073) |
| Tax on result on ordinary activities | (6,697) | (1,361) |

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Notes to the financial statements (continued)

8 Tax on profit/(loss) (continued)

(b) Factors affecting total tax credit for the period

During the financial period, the tax credit assessed is higher (2020: higher) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below.

| | Year ended 31 December 2021 £'000 | Year ended 31 December 2020 £'000 |
|--|--|--|
| Result before taxation | (4,638) | (32,240) |
| Result before taxation multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%) | (881) | (6,187) |
| Effects of: | | |
| Foreign tax rate | (257) | (148) |
| Expenses not deductible for tax purposes | 1,308 | 1,697 |
| Income not deductible for tax purposes | (110) | (590) |
| Tax rate change | (2,672) | (468) |
| Non qualifying asset | - | 36 |
| Research and Development relief | (12) | (120) |
| Other short term timing differences | - | 1 |
| Movement in deferred tax | - | 2 |
| Movement in unrecognised deferred tax in period | (3,919) | 4,589 |
| Adjustments in respect to prior periods | (154) | (173) |
| Total credit for the period | (6,697) | (1,361) |

(c) Factors that may affect future tax charges

In the Spring Budget 2021 the government announced that from 1 April 2023 the headline corporation tax rate will increase from 19% to 25%. The proposal to increase the rate to 25% has been substantively enacted at the company's balance sheet date, therefore its effects have been included in these financial statements. The deferred tax asset at 31 December 2021 has been calculated based on this rate. Businesses with profits of £50,000 or less will continue to be taxed at 19%. A tapered rate will also be introduced for profits above £50,000 so that only businesses with £250,000 or greater will be taxed at the full 25%. These rates were introduced in the Finance Bill 2021.

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9 Intangible fixed assets

Group

| | Goodwill | Purchase price allocation (refer to the table below) | Computer software | Service Concession Arrangement | Total |
|---------------------------------|---------------|---|-------------------|--------------------------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Costs | | | | | |
| At 1 January 2021 | 93,624 | 46,553 | 2,206 | 1,289 | 143,672 |
| Additions | - | - | 333 | - | 333 |
| Exchange rate adjustment | - | - | - | - | - |
| At 31 December 2021 | 93,624 | 46,553 | 2,539 | 1,289 | 144,005 |
| Accumulated amortisation | | | | | |
| At 1 January 2021 | 15,203 | 20,267 | 1,173 | 378 | 37,021 |
| Exchange rate adjustment | - | - | - | - | - |
| Charge for the period | 5,567 | 4,227 | 948 | 192 | 10,934 |
| At 31 December 2021 | 20,770 | 24,494 | 2,121 | 570 | 47,955 |
| Net book amount | | | | | |
| At 31 December 2021 | 72,854 | 22,052 | 418 | 719 | 96,050 |
| At 31 December 2020 | 78,421 | 26,286 | 1,033 | 911 | 106,651 |

The goodwill arising on acquisitions has been amortised on a straight line basis over 10 years for the acquisition of Breathe Energy Limited and 20 years for the acquisition of Imtech UK and Ireland, resulting in a charge to the profit and loss account of £5,567,000 (2020: £5,715,000). Intangibles other than goodwill incurred an amortisation charge of £5,367,000 (2020: £5,206,000) to the profit and loss account.

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Notes to the financial statements (continued)

9 Intangible fixed assets (continued)

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

| Type | Value (£000s) | Useful economic life (years) |
|----------------------------------|---------------|------------------------------|
| Trade names | 5,107 | 10 |
| Customer relationships | 32,798 | 12 |
| Order book | 6,522 | 4 |
| Customer relationships (Breathe) | 572 | 12 |
| Customer contracts (Breathe) | 1,554 | 4 |
| Total | 46,553 | |

Company

The company had no intangible assets at 31 December 2021 (2020: Nil).

10 Tangible assets

| Group | Lease improvements £'000 | Fixtures and fittings £'000 | Computer equipment £'000 | Land £'000 | Buildings £'000 | Total £'000 |
|----------------------------|-----------------------------|--------------------------------|-----------------------------|---------------|--------------------|----------------|
| Cost | | | | | | |
| At 1 January 2021 | 1,690 | 3,813 | 1,340 | 120 | 2,326 | 9,289 |
| Exchange rate adjustments | (36) | (39) | (3) | - | (87) | (165) |
| Additions | 214 | 1,392 | 59 | - | 450 | 2,115 |
| Disposals | - | (177) | - | - | - | (177) |
| At 31 December 2021 | 1,868 | 4,989 | 1,396 | 120 | 2,689 | 11,062 |

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Notes to the financial statements (continued)

10 Tangible assets (continued)

| Group | Lease improvements £'000 | Fixtures and fittings £'000 | Computer equipment £'000 | Land £'000 | Buildings £'000 | Total £'000 |
|---------------------------------|--------------------------------|-----------------------------------|--------------------------------|---------------|--------------------|----------------|
| Accumulated depreciation | | | | | | |
| At 1 January 2021 | 527 | 2,179 | 299 | - | 710 | 3,715 |
| Exchange rate adjustments | (8) | (33) | (19) | - | (53) | (113) |
| Charge for year | 168 | 1,010 | 224 | - | 412 | 1,814 |
| Disposals | - | (168) | - | - | - | (168) |
| At 31 December 2021 | 687 | 2,988 | 504 | - | 1,069 | 5,248 |
| Net book amount | | | | | | |
| At 31 December 2021 | 1,181 | 2,001 | 892 | 120 | 1,620 | 5,814 |
| At 31 December 2020 | 1,163 | 1,634 | 1,041 | 120 | 1,616 | 5,574 |

Company

The company had no tangible assets at 31 December 2021 (2020: Nil).

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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 |

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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 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 | G&H House Hooton Street Carlton Road Nottingham NG3 5GL |
| 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 | 5th Floor, John Stow House, Bevis Marks, London, England, EC3A 7JB |
| Imtech Engineering Services North Limited | 100% | Imtech Engineering Services Limited | England and Wales | Mechanical and electrical services | Calder House, St Georges Park Kirkham, Preston, Lancashire, PR4 2DZ |

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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 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 |
| 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 |
| The Barkantine Heat and Power Company Limited | 100% | Imtech Low Carbon Solutions Limited | England and Wales | Provide Energy and low carbon solutions | TWENTY 20 Kingston Road Staines-Upon-Thames Middlesex England TW18 4LG |
| Breathe Energy Limited | 100% | ESSCI Limited | England and Wales | Provide Energy and low carbon solutions | 13a Tottenham Mews, London, England, W1T 4AQ |

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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 |
|----------------------------------|---|-----------------------------|-------------------------|---|--|
| Breathe Asset Management Limited | 100% | Breathe Energy Limited | England and Wales | Provide Energy and low carbon solutions | 13a Tottenham Mews, London, England, W1T 4AQ |
| ESSCI Limited | 100% | EDF Energy Services Limited | England and Wales | Holding Company | TWENTY 20 Kingston Road Staines-Upon-Thames, Middlesex England TW18 4LG |

12 Investment

| | Subsidiary undertakings £'000 |
|------------------------------------|----------------------------------|
| Net book value | |
| As at 1 January 2021 | 138,427 |
| As at 31 December 2021 | 138,427 |
| Analysed as: | |
| Breathe Energy Limited | 20,000 |
| ESSCI Technical Services Limited | 16,450 |
| ESSCI Engineering Services Limited | 2,000 |
| Imtech UK and Ireland | 99,977 |

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Notes to the financial statements (continued)

13 Debtors

| | Group 31 December 2021 £'000 | Company 31 December 2021 £'000 | Group 31 December 2020 £'000 | Company 31 December 2020 £'000 |
|------------------------------------|---------------------------------------|---|---------------------------------------|---|
| Trade debtors | 57,106 | - | 60,051 | - |
| Amounts recoverable on contracts | 57,942 | - | 39,441 | - |
| Amounts owed by group undertakings | 104 | 833 | - | 1,273 |
| Corporation tax | 943 | - | 2,052 | - |
| VAT recoverable | 275 | 2 | 364 | - |
| Other debtors | 6,014 | - | 2,017 | 31 |
| Finance lease receivable | 80 | - | 80 | - |
| Prepayments and accrued income | 8,630 | - | 7,607 | - |
| | 131,094 | 835 | 111,612 | 1,304 |

The non-current portion of the finance lease receivable of £20,000 (2020: £100,000) has been recorded within non-current assets. Trade debtors includes £4,810,000 (31 December 2020: £4,667,000) falling due after more than one year comprising customer retentions.

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

14 Deferred Tax

| Deferred tax asset | Group 31 December 2021 £'000 | Company 31 December 2021 £'000 | Group 31 December 2020 £'000 | Company 31 December 2020 £'000 |
|---------------------------------|---------------------------------------|---|---------------------------------------|---|
| Decelerated capital allowances | 2,372 | - | 1,817 | - |
| Short term timing differences | 1,494 | - | 176 | 17 |
| Research and Development credit | 188 | - | - | - |
| Trading losses | 8,616 | 751 | 3,501 | 362 |
| Total deferred tax asset | 12,670 | 751 | 5,494 | 379 |

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Notes to the financial statements (continued)

14 Deferred Tax (continued)

| Deferred tax asset movement | Group 2021 £'000 | Company 2021 £'000 |
|--|------------------------|--------------------------|
| At 1 January 2021 | 5,494 | 379 |
| Recognised in period dealt with in profit and loss | 4,183 | 266 |
| Prior period adjustment | 318 | (75) |
| Impact of rate change | 2,675 | 181 |
| At 31 December 2021 | 12,670 | 751 |

Group deferred tax asset utilisation presented as current asset £2,584,000 and long term asset £10,086,000 (2020 £5,115,000).

| Deferred tax liability | Group 31 December 2021 £'000 | Company 31 December 2021 £'000 | Group 31 December 2020 £'000 | Company 31 December 2020 £'000 |
|-------------------------------------|---------------------------------------|---|---------------------------------------|---|
| Intangible assets acquired | 4,060 | - | 4,770 | - |
| Accelerated capital allowances | 58 | - | - | - |
| Short term timing differences | - | - | - | - |
| Total deferred tax liability | 4,118 | - | 4,770 | - |

| Deferred tax liability movement | Group 2021 £'000 | Company 2021 £'000 |
|--|------------------------|--------------------------|
| At 1 January 2021 | 4,770 | - |
| Impact of tax rate change | 3 | - |
| Prior period adjustment | (2) | - |
| Utilised in period dealt with in profit and loss | (653) | - |
| At 31 December 2021 | 4,118 | - |

Unrecognised deferred tax assets at 31 December 2021 amounted to £835,000 (2020: £4,754,000).

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Notes to the financial statements (continued)

15 Creditors – amounts falling due within one year

| | Group 31 December 2021 £'000 | Company 31 December 2021 £'000 | Group 31 December 2020 £'000 | Company 31 December 2020 £'000 |
|------------------------------------|---------------------------------------|---|---------------------------------------|---|
| Bank overdraft | 25,758 | - | 24,172 | - |
| Payments received on account | 7,721 | - | 13,183 | - |
| Trade creditors | 56,750 | - | 46,596 | 126 |
| Corporation tax | 34 | - | 58 | - |
| Amounts owed to group undertakings | - | - | - | - |
| Other tax and social security | 10,624 | - | 11,149 | - |
| Amounts owed to related parties | 6,458 | 5,848 | 6,071 | 5,971 |
| Other creditors | 912 | - | 3,864 | 128 |
| Accruals and deferred income | 72,974 | 106 | 40,131 | - |
| | 181,231 | 5,954 | 145,224 | 6,225 |

The amounts owed to group undertakings are unsecured, and repayable on demand.

Bank overdraft is part of a cash pooling arrangement between all the group companies.

The group has implemented a supplier financing arrangement during the year. This arrangement allows suppliers to draw down funding against approved invoices, in advance of the agreed payment date. The terms of the arrangement are such that the group are required to settle the invoices with the funding provider on the same date as they would otherwise pay the supplier.

As at 31 December 2021, suppliers had sought to utilise this facility in respect of invoices totalling £589,000. These invoices remain classified within trade creditors and form part of the movement in trade creditors within the cashflow statement as they are part of the group's normal operating cashflows.

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Notes to the financial statements (continued)

16 Creditors – amounts falling due after one year

| | Group 31 December 2021 £'000 | Company 31 December 2021 £'000 | Group 31 December 2020 £'000 | Company 31 December 2020 £'000 |
|------------------------|---------------------------------------|---|---------------------------------------|---|
| Trade creditors | 649 | - | 1,154 | - |
| Borrowings | 50,810 | 25,810 | 56,000 | 31,000 |
| Deferred consideration | - | - | - | - |
| | 51,459 | 25,810 | 57,154 | 31,000 |

The Long term borrowings of £50,810,000 (31 December 2020: £56,000,000) includes £25,000,000 (31 December 2020: 25,000,000) working capital loan provided by EDF Energy Limited payable by June 2023. £25,810,000 (31 December 2020: £31,000,000) is payable to the parent companies EDF Energy Customers PLC and Dalkia SA. The loans are unsecured, bear interest at a rate of 6.275% and 1.92% per annum and are repayable in instalments until final repayment by 30 June 2027. Loan of £13,300,000 bear interest of 6.275% and £12,500,000 bear interest of 1.92%.

17 Financial Instruments

The group has the following financial instruments:

| | 31 December 2021 £'000 | 31 December 2020 £'000 |
|---|------------------------------|------------------------------|
| Financial assets that are debt instruments measured at amortised cost | | |
| – Trade debtors | 57,106 | 60,051 |
| – Amounts recoverable on contracts | 57,942 | 39,441 |
| – Other receivables | 6,114 | 2,197 |
| Total financial assets | 121,162 | 101,689 |
| Financial liabilities measured at amortised cost | | |
| – Bank loans and overdrafts | 25,758 | 24,172 |
| – Trade creditors | 57,399 | 47,750 |
| – Other creditors | 76,402 | 45,971 |
| – Long term liabilities | 50,810 | 56,000 |
| Total financial liabilities | 210,369 | 173,893 |

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Notes to the financial statements (continued)

18 Provisions for liabilities

| Group | Contracts in progress | Warranty | Defect provisions | Onerous Lease Provision | Restructuring Provision | Total |
|------------------------------------|-----------------------|-----------|-------------------|-------------------------|-------------------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| At 1 January 2021 | 7,060 | 394 | 352 | 87 | 534 | 8,427 |
| Amounts utilised during the period | (4,714) | (686) | (217) | (49) | (534) | (6,200) |
| Provisions made during the period | 1,159 | 374 | 278 | 47 | 67 | 1,925 |
| At 31 December 2021 | 3,505 | 82 | 413 | 85 | 67 | 4,152 |

Warranty

Costs are recognised to cover the warranty period provided to customers and is calculated with reference to the average level of warranty claims received over recent history.

Defects provision

It is not possible to directly attribute the cost associated with remedial work against individual defects provisions. As a consequence those costs are directly expensed to the profit and loss account as incurred and the provisions released as the defects period expires on each contract.

Contracts in progress

Where a contract is loss-making, provision has been made for potentially unrecoverable amounts recoverable on contracts balances and anticipated future losses. Most of the balance is expected to be utilised within the next five years.

Onerous lease provision

Provision has been made for the unavoidable loss on the lease of the office in Kirkham for the remaining committed lease term. Other dilapidation costs are also recorded within the provision. The balance is expected to be utilised within the next year.

Restructuring provision

Provision for redundancy costs. The balance is expected to be utilised within the next year.

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19 Called up share capital

| Group and company | 31 December 2021 Number | 31 December 2021 £ | 31 December 2020 Number | 31 December 2020 £ |
|--|-------------------------------|--------------------------|-------------------------------|--------------------------|
| "A" Ordinary shares of £1 each of 1 each | 52,034 | 52,034 | 52,034 | 52,034 |
| "B" Ordinary shares of £1 each of 1 each | 52,035 | 52,035 | 52,035 | 52,035 |
| | 104,069 | 104,069 | 104,069 | 104,069 |

The Company has two classes of Ordinary shares which carry no right to fixed income.

20 Guarantees and contingencies

At 31 December 2021 the group had performance bonds and guarantees of £35,923,401 (31 December 2020: £33,059,907) for contracts in progress. The company is a party to a group sterling cash pooling facility covering the company and other subsidiaries of EDF Energy Services Limited. A cross guarantee has been provided to Barclays for the cash pooling facility.

21 Contingent liability

The group has received written notification from one of its clients within Suir Engineering to advise that their assessment of losses, damages and costs as a result of failures and breaches by Suir Engineering is £14,335,195 in relation to a specific project.

The Group has not received any substantiation of this amount and a claim has not been received. Based on the information available, no provision in relation to these claims have been recognised in the balance sheet of the Group and it is a contingent liability.

Linked to this contingent liability is a counter claim against the same counterparty for variations and claims which are in excess of the contingent liability noted. The Group has not recognised any revenue in the profit and loss account in respect of this claim.

22 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 2021 £'000 | 31 December 2020 £'000 |
|--------------------------|------------------------------|------------------------------|
| Within one year | 3,991 | 2,825 |
| Within two to five years | 7,468 | 5,188 |
| Within five years plus | 5,092 | 3,613 |
| | 16,551 | 11,626 |

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23 Reconciliation of operating loss to operating cash flows

Group

| | Year ended 31 December 2021 £'000 | Year ended 31 December 2020 £'000 |
|---|---|---|
| Profit / (loss) for the financial period | 2,059 | (33,879) |
| Tax charge | (6,697) | (1,361) |
| Net interest expense | 2,018 | 2,348 |
| Loss before interest and taxation | (2,620) | (32,892) |
| Depreciation and amortisation charges | 12,748 | 12,485 |
| Profit on sale of fixed assets (recorded within investing activities) | - | - |
| Decrease / (increase) in amounts recoverable on contracts net of payments received on account | (23,576) | 19,896 |
| Increase in debtors | (2,099) | (5,497) |
| (Decrease)/Increase in creditors and provisions | 35,836 | (17,014) |
| Net cash flow from operating activities | 20,289 | (23,022) |

24 Reconciliation of net cash flow to movement in net debt

Group

| | 31 December 2021 £'000 |
|-------------------------------------|------------------------------|
| Increase in cash in the period | 8,255 |
| Repayment of loan | 5,190 |
| Net debt at 31 December 2020 | (31,990) |
| Net debt at 31 December 2021 | (18,545) |

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Notes to the financial statements (continued)

25 Analysis of net debt

Group

| | At 1 January 2021 £'000 | Cash changes £'000 | Non - cash Exchange loss £'000 | At 31 December 2021 £'000 |
|--------------------------|----------------------------------|--------------------------|--------------------------------------|---------------------------------|
| Cash at bank and in hand | 48,182 | 10,590 | (749) | 58,023 |
| Overdrafts | (24,172) | (1,586) | - | (25,758) |
| | 24,010 | 9,004 | (749) | 32,265 |
| Long term debt | (56,000) | 5,190 | - | (50,810) |
| Total | (31,990) | 13,452 | (749) | (18,545) |

26 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.

27 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 company is a subsidiary undertaking of Électricité de France S.A. The ultimate Électricité de France S.A., a company incorporated in France. The largest group in which group the results of the company and its group are consolidated is that headed by is Électricité de France S.A., a company incorporated in France. 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. The smallest group in which they are consolidated is that headed by EDF Energy Services Limited, a company incorporated in England and Wales. Copies of the group financial statements of EDF Energy Services Limited are available from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ. No other group financial statements include the results of the company.