

At the forefront of the energy transition

Our vision is to be the supplier of choice to communities across the UK for their social housing energy services

Working closely with our partners, our clients and their customers, we provide services across the UK improving the energy efficiency and reducing the CO₂ emissions of homes and businesses. Through long term relationships, we understand the challenges faced by the communities we work in, and are committed to making a positive impact through the work we do, and helping them achieve net zero in the future.

Our businesses



AaronServices

Part of the Sureserve Group

PrecisionLifts

Part of the Sureserve Group

CorEnergy

Part of the Sureserve Group

Provider

Part of the Sureserve Group

Everwarm

Part of the Sureserve Group

**Sureserve
Fire & Electrical**

Part of the Sureserve Group

H₂ONationwide

Part of the Sureserve Group

SureMaintenance

Part of the Sureserve Group


K&THeating

Part of the Sureserve Group




UN Sustainable Development Goals

Our businesses are committed to investing in sustainable improvements which support the goals and objectives of all our stakeholders, ensuring we continue to improve our environmental performance and safeguard the wellbeing of our people and our communities.

 **Read about** our long term contracts on pages 37 to 41

 **Read about** progress against our ESG strategy on page 24

 **Read about** our communities on [page 26](#)



2022 highlights

Financial highlights

- ▶ Revenue^{*1} increased by 27.0% to £275.1m (2021: £216.6m)
- ▶ EBITA^{*1,2} increased by 36.6% to £16.8m (2021: £12.3m)
- ▶ Profit before tax^{*1} increased by 40.5% to £15.6m (2021: £11.1m)
- ▶ Adjusted basic earnings per share^{*3} increased by 28.6% to 9.0p (2021: 7.0p)
- ▶ Net cash^{*4} (excluding IFRS 16 lease liabilities) increased to £23.3m (2021: £16.4m)
- ▶ Order book^{*1} increased by 18.0% to £593.5m (2021: £502.9m)

Read the full Financial Review on page 42

Operational highlights

- ▶ Internal efficiencies have improved EBITA margin^{*1} to 6.1% (2021: 5.7%)
- ▶ 99 contract wins valued at £247.0m (2021: £400.0m)
- ▶ Average contract length now six years (2021: five years)
- ▶ Over 90% of contracts in the gas businesses have price-index linked clauses
- ▶ CorEnergy acquired in December 2021 for £7.6m performing ahead of management expectations, improving the Group's credentials in renewables
- ▶ Good progress made on ESG as we deliver our targets and sustainability strategy
- ▶ Board strengthened with the appointment of Peter Smith (CEO), Sameet Vohra (CFO) and Tania Songini (Non-Executive Director)

Read about our activities in the year and the full range of operational and energy-related performances across pages 37 to 41

Notes

- ^{*1} From continuing operations. Continuing operations comprises the Social Housing Energy Services division and Central costs segment. Sureserve Fire and Electrical Limited and Precision Lift Services Limited have been classified as assets held for sale and are excluded from continuing operations.
- ^{*2} EBITA is defined as Operating profit before impairment of goodwill, amortisation of acquisition-related intangibles and exceptional items.
- ^{*3} Adjusted basic earnings per share from continuing and discontinued operations excluding impairment of goodwill, amortisation of acquisition-related intangibles, exceptional items and their associated tax effect.
- ^{*4} From continuing and discontinued operations. The cash from discontinued operations is presented within assets held for sale.

Find more online at
www.sureservegroup.co.uk

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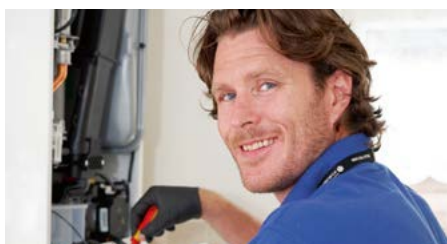
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We have built a Group that is focused on delivering comprehensive and high quality services in sustainable markets.

Our key areas of focus


Services



Our businesses serve customers in the social housing and energy service markets, along with a broad mix of customers in the public buildings and education markets.

Progress in 2022

- ▶ Heating measures fitted for social housing clients: 25,734
- ▶ Domestic energy efficiency measures fitted: 260,267
- ▶ Smart meters fitted: 253,102
- ▶ Air and Ground source heat pumps installed: 1,243
- ▶ Insulation measures fitted: 5,153
- ▶ Electric Vehicle charging points installed: 977
- ▶ Battery storage units fitted: 365
- ▶ Solar PV and Thermal measures fitted: 767

 [Read about our renewable energy operations on pages 40 and 41](#)


Training



Appropriate training for our people at all levels of the organisation is essential to keeping pace with industry developments and advancements in technology. The Sureserve Academy ensures our people are supported to excel in their chosen profession, prepare for the future, and realise their full potential.

Progress in 2022

- ▶ Employees in courses of training: 27.9% of the workforce
- ▶ Employee recognition initiatives across the Group: 7
- ▶ Number of online training modules completed: 25,770
- ▶ Number of employees completing equality, diversity and inclusion training: 1,716
- ▶ New courses developed for businesses specific to their needs: 4

 [Read about the 2022 Sureserve Academy Event and Awards on page 28](#)

Sustainability



We go to great lengths to do business the right way, keeping our promises to our stakeholders, building positive relationships within our marketplace and minimising our impact on the environment.

Progress in 2022

Our communities

- ▶ Delivering energy efficiency advice and guidance to over 260,000 households
- ▶ We have helped raise over £100,000 to help charities combat fuel poverty in UK households

Our people


- ▶ For the first time we have calculated an employee engagement score, which was 72.1% this year
- ▶ 94% employees being paid the real living wage

Our customers

- ▶ We have continued to work with our supply chain to ensure the highest standards in sustainable procurement, environmental protection and social value commitments

Our environment

- ▶ 11% of our fleet has transitioned to electric vehicles, saving 1,874kg in CO₂ emissions
- ▶ 2,370 of our people have completed environmental training this year

 [Read about how we deliver social value on long term contracts on page 26](#)

The Group in numbers

Number of employees

2,673
(2021: 2,381)

Gas heating emergency call-outs

360,749
(2021: 250,178)

Contract wins

£247.0m
(2021: £400.0m)

Total FY22 revenue from continuing operations

£275.1m
(2021: £216.6m)

Number of offices

31
(2021: 27)

Number of domestic properties serviced in the year

555,677
(2021: 566,610)

Total of heating systems installed that were renewable technology

5.3%
(2021: 3.5%)

 [More detail on pages 22 and 23](#)

Strategic roadmap

Our vision is to be supplier of choice for social housing energy services.

Our values



We aspire to deliver organic and acquired growth in all our operations



We do business the right way



We respect, value and recognise all those we work with and for

Our strategy

More on pages 14 and 15

- | | |
|---------------------------------------|--|
| 1. Continued organic growth | Continued organic growth across all of our businesses and their multiple revenue streams. |
| 2. Greater market share in gas | To increase our market leading position in social housing gas through acquisitions. |
| 3. Build renewables capability | An acquisition led approach to developing our renewables capability so that we are at the forefront of the energy transition from gas to renewables. |
| 4. Internal efficiencies | Driving internal efficiencies to improve our profitability. |

Our sustainability pillars

More on page 24



Our communities
We place the communities in which we work at the heart of everything we do, and this means being involved beyond our immediate role as an energy and compliance services provider.



Our people
We see it as our top priority to ensure the health, safety and well-being of our employees, ensuring they are able to participate fully in our activities and realise their full potential.



Our customers
We continuously ensure that client focus is at the heart of everything we do, ensuring a reputation for excellence as a provider of compliance and energy services, and supporting our ability to deliver impact to our clients and customers.



Our environment
We believe that every business should consider, manage and measure the way it uses and impacts upon the environment, and it's a key part of our business strategy.

Our investment case

- 1 Differentiated through our service offering in tightly regulated sectors**
Our focus on quality differentiation and breadth of service attracts and retains core clients, positioning us for further growth in what is a fragmented and regional market.
- 2 Experienced leadership**
Our management team has widespread and extensive experience in delivering successful results in our sector, and has developed a streamlined and effective organisational structure, strengthening our operations with an ongoing focus on operational efficiency and cost savings.
- 3 Strong market positions**
We have leadership positions in non-volatile markets with recurring, predictable revenues, which in turn ensure long term sustainable growth. We are focused on delivering long term contracts with trusted clients.
- 4 Strong performance and operational excellence**
Overall Group performance was very pleasing against a range of market challenges and demonstrates the resilience of the business model and the quality of services delivered by our people.
- 5 Growing geographical footprint**
We have built a Group that is focused on delivering high quality services across the UK from regional offices using local workforces with continued expansion of our activities.
- 6 Strong brands and established reputation**
For more than 30 years the Group has worked closely with clients, providing the services necessary for communities to thrive.
- 7 Sustainability**
The services the Group delivers are directly linked to activities to mitigate and improve the national response to climate change. We also act to reduce our CO₂ footprint with a clear goal to become a net zero business by 2030.

Focused on the future of energy



Nick Winks
Non-Executive
Chairman



“Our ambition is to double our sales and significantly improve our net margin and earnings per share within the next four years.”

In FY22 we achieved a 36.6% increase in EBITA to £16.8m (FY21: £12.3m). Our focus, as always, is on adjusted basic earnings per share which improved to 9.0p, 28.6% better than the previous year (FY21: 7.0p). We now have all the key staff who have performance responsibility, the Chief Executive Officer, Chief Financial Officer, and subsidiary Managing Directors, on earnings focused share options.

In last year's Chairman's Statement, I outlined our then new strategy which is to build upon our position as a leading heating, and heating maintenance provider to the social housing sector in the UK. We estimate that, with about 12% of the £1.3bn annual social housing gas market, we are already a leading provider. Our ambition is to double our sales and significantly improve our net margin and earnings per share within the next four years.

The four key deliverables for the Group outlined last year were:

- ▶ Bolt on acquisitions in the gas-heating space
- ▶ Continued organic growth from existing businesses
- ▶ Strategic acquisitions of renewable energy businesses
- ▶ Driving internal efficiencies to better our EBITA margin on sales

We have unambiguously achieved organic growth in revenues (from continuing operations). In FY22 revenues increased by 27.0% compared with FY21.

Our internal efficiencies in continuing operations have improved EBITA margin to 6.1% (from 5.7% in FY21) despite the well reported inflationary pressures.

We remain committed to our stated acquisition strategy and have identified a number of opportunities that would potentially meet our strategic criteria. We are reviewing several of these opportunities and are positive on the outlook for progress in this area. As we have previously stated, we intend to sell our two businesses held for disposal.

Your Board was strengthened in FY22 by the appointments of Peter Smith (CEO), Sameet Vohra (CFO), and Tania Songini (Non-Executive Director) who has considerable experience of renewable energy. I am grateful to all of my fellow Directors, whose judgement and insight has proved invaluable to the Group.

Nick Winks
Non-Executive Chairman
23 January 2023

Expanding our capabilities



The growth of the Group, both organically and through acquisition, remains a key part of our ongoing strategy, allowing us to keep pace with developing markets and remain prepared as new opportunities emerge.

The built environment in which our communities and businesses exist is a central focus for Government efforts to tackle the cost of living and energy crisis within the UK. Through energy efficiency improvements available to buildings, the long term goal of warm, insulated homes heated with low carbon technologies, reduced energy bills and lower carbon emissions means a better state of health and well-being for those communities.

Those low carbon technologies, such as air and ground source heat pumps and solar PV, are experiencing ever greater attention from clients looking to deliver on net zero commitments, and which in turn value the knowledge and expertise of a long term renewables partner.

The investment in our growth strategy has focused greatly on our position as a business at the forefront of the energy transition, welcoming CorEnergy, a market leading renewables specialist, to the Group in December 2021, putting 84 of our people through training in renewable technologies, recruiting 11 new people with renewables and environmental expertise and welcoming a new Non-Executive Director with a strong renewables background.

Number of heating systems installed 25,734 (2021: 23,527)	of which were boilers 94.7% (2021: 96.5%)	of which were renewables 5.3% (2021: 3.5%)
Renewable technologies installed 2,012 (2021: 1,108)	Energy efficiency measures installed 260,267 (2021: 243,063)	Smart meters installed 253,102 (2021: 236,035)



AT THE FOREFRONT OF THE ENERGY TRANSITION



In December 2021 CorEnergy joined the Group and enhanced our renewable energy provision across the UK. CorEnergy operates as both a consultant and principal contractor for public and private sector organisations, designing and installing high quality decarbonisation solutions incorporating renewable energy generation, renewable heating and energy reduction, improving efficiency and saving carbon within complex environments. Its services cover all phases of sustainability projects, from initial concept, feasibility and design to installation, commissioning and lifetime aftercare support.

One of the business' notable wins in the year, in conjunction with another Group business, was the successful completion of a £5.4m contract with the Defence Infrastructure Organisation to supply the UK Ministry of Defence with solar PV. This is the first time the Group has delivered work for the MOD and reinforces the reputation CorEnergy has established within the renewables industry for being a trusted and reliable partner providing high quality services in complex environments.



“The Army is committed to the roll-out of solar PV across the estate to reduce energy bills and support its sustainability strategy. This successful procurement of solar PV is an important part of our investment in sustainable initiatives that will help to achieve our ambition to be carbon net zero by 2050.”

Brigadier Richard Brown, Ministry of Defence



An exciting addition to CorEnergy's renewable energy delivery for Gloucestershire Health and Care NHS Foundation Trust was a pledge to improve biodiversity at Charlton Lane Hospital in Cheltenham.

This included donating a number of trees and shrubs and organising a planting day for patients, hospital staff and colleagues to all get involved. Tom Griffin and Sean Breen were on site to lend a hand and enjoy a rewarding morning with fellow nature enthusiasts.



In the year CorEnergy delivered solar car port installations to York St John University, part of a wide-scale decarbonisation project it is undertaking across its campus which includes solar PV panels, battery storage and air source heat pumps ('ASHPs'), all helping the University towards its 2030 target of an 80% reduction in emissions over 25 years.

The low carbon measures led to York St John being named joint first for carbon reduction by People & Planet, the largest student network in the UK campaigning for social and environmental justice.

Employees receiving training in renewables in the year:

84

Carbon savings through sustainable office improvements:

34,252kg_{CO₂}

Opportunities in healthy markets

Under our streamlined and focused operational structure, our businesses serve predominantly public sector clients in the social housing market.

Social housing

We have a wealth of experience, delivered over many years, providing services to social housing clients, working with their residents and improving their communities.

Market drivers

- ▶ Mandatory building compliance driven by regulation or legislation
- ▶ UK Government commitment to achieve net zero emissions by 2050
- ▶ Continued demand for social housing due to increasing unaffordability of private housing

Working in tightly regulated markets, we help our clients to meet their legal and regulatory obligations. Gas compliance services are usually mandatory and driven by regulation or legislation. This creates predictable demand for these services, which allows us to plan and invest.

Opportunities

Social housing stock has been reduced in recent years due to various factors without replenishment through new development, meaning there is a shortage of available housing against demand. Alongside this the requirements of ageing housing stock with regard to health and safety regulatory standards and improved energy efficiency add up to long term investment from social housing landlords. We also provide energy efficiency and renewables solutions to clients making the transition away from fossil fuels.

Market developments

Wave 2.1 of the Social Housing Decarbonisation Fund ('SHDF') to support the installation of energy performance measures in social homes in England opened in late 2022, with the Department for Business, Energy and Industrial Strategy ('BEIS') committing £800m to this second wave. The increase, from around £179m available in wave one, reflects a need for scale and urgency in social housing retrofit, which will contribute towards meeting the Government's net zero and fuel poverty objectives. Taking into account subsequent funding waves the SHDF is set to be worth £3.8bn over 10 years.

Outlook

Against a backdrop of a cost-of-living, energy and climate crises, demand for social housing continues to grow. With a Government requirement to address these crises in the long term, we expect client demand for our services to continue growing. Such demand is largely driven by regulation and legislation. Our strong position in both the building safety and energy services sectors presents us with significant growth opportunities across a range of adjacent services and geographic markets.

We believe we have a sizeable and growing market share within an extremely fragmented but growing sector, and that our scale and national reach provide a strong base for further growth and effective client delivery.

Energy

We work within the energy market delivering vital services to social housing clients, energy companies, businesses, landlords and homeowners.

Market drivers

- ▶ Government and local authority commitment to decarbonisation targets
- ▶ Fuel poverty in the UK a focus for Governments
- ▶ Energy providers remain obliged to fund energy efficiency and heating measures under the Government's Energy Company Obligation ('ECO') policy
- ▶ The national smart meter roll-out to install 53m meters in homes and small businesses across Great Britain by the end of 2025

Opportunities

Global climate change, Government targets and incentives that encourage investment in renewable energy and declining renewable energy project costs are key opportunities towards decarbonised systems, with further opportunities in solar PV systems used in combination with battery energy storage, fundamentally changing the energy system.

Market developments

Energy providers remain obliged to fund energy efficiency and heating measures under the Government's ECO policy. The Government's Public Sector Decarbonisation Scheme ('PSDS') delivered two application windows for Phase 3 grant funding in the year, which will provide £1.425bn over the financial years 2022–23 to 2024–25 to reduce emissions from public sector buildings by 75% by 2037.

A number of other key funding schemes exist including the Domestic Renewables Heat Incentive ('RHI') and the Green Homes Grant. The Government and local authorities across the UK are committed to carbon emissions saving targets, which we help to deliver for them through our work for utility companies.

Outlook

The Group has a wealth of experience in the area of accessing renewables and energy efficiency funding. We are also on national and regional programmes with the Scottish Government's flagship HEEPS2 programme.

The smart meter roll-out was originally due to be completed in 2020; this has now been extended to late-2025, which we believe is a positive for our Group as we form part of the UK's plans for a net zero future and provide the means to exchange approximately 30m meters in that time. We are confident in the future of our markets, as demand is there and funding is in place.

Leadership Q&A

Peter Smith, Chief Executive Officer, and Sameet Vohra, Chief Financial Officer

Q: Training and development is a key focus in your growth strategy. How does the Sureserve Academy deliver such a broad training requirement across the nine businesses?

A: (PS) Central to any employee training is that our people at all levels of the business, know that professional development is a main driver for our success. It is actively a part of our culture, and events such as the Sureserve Academy event and Awards this year demonstrate our training commitment to those with a desire to progress. Developing the technology, partnerships, systems and content necessary to deliver that training only has an impact if our people invest fully in the long term benefits of training.

Q: As a business well embedded in the renewables and energy efficiency markets, what opportunities lie ahead for both the Group and your clients in the area of decarbonisation?

A: (SV) When it comes to tackling climate change and working towards Net Zero, there isn't an area of Government, business or industry not involved in the response. As an energy services business we are already changing and developing our activities to best serve our clients, and that will continue to be the case well into the future. As a business firmly in the centre of a wide-scale transition to renewables, we're focused on having the right people with the right skills able to recognise and respond to the opportunities and challenges of the future.

Q: The acquisitions of Vinshire and CorEnergy led quickly to successful integration within the business. Can you talk about the type of businesses you're currently looking at to deliver this continued acquisitional growth?

A: (PS) We have continued to review acquisition opportunities to expand our footprint in gas heating and maintenance, as well as our capabilities in renewable technologies, especially within the Social Housing sector. This is an important part of our growth strategy and we feel positive we will find a business with an optimal value to us when the time is right.

Q: With a focus on long term contracts, where do the business' strengths lie in your relationships with clients?

A: (SV) Very simply put, our clients trust us as a long term partner and that confidence has been borne out time and time again. The past couple of years were challenging to businesses across all sectors, but our attention to our clients' requirements and the continued successful delivery of contracts make all the difference. We're a partner in a very true sense, and we continue to keep the quality of our relationships in keen focus.

Q: This year is the first the business has used an employee engagement score. Are there any predominant themes you've noticed from the results?

A: (PS) We were very encouraged by a survey response rate of 54% across the Group. Considering the high number of mobile workers in our businesses, this accounted for a good number of our people, though we will expect a higher response rate in 2023. The highest performing theme was Responsibility, which let us know our people are aware of, and have responded well to the Group's ESG activities. We were still short of our 2030 target of 80%, but not by much, and we have already begun work on measures to improve this. The lowest scoring theme we saw was Progression, and we have acted quickly to deliver a number of improvements based around our appraisal processes, ensuring there is much closer communication and involvement from line-managers in individual career paths.

Q. Sam, as a member of the E,D&I steering group, what are the Group's immediate priorities regarding your employees?

A: (SV) We want to make sure we are doing everything we can to help our people feel healthy and fulfilled at work, and that extends to our clients and customers too, so a culture of inclusion is essential. We know that we can only demonstrate our values if they're visible at the top, so bringing in more diversity into our senior leadership team has been a big priority, one which we're delivering on. Understanding where we are is also vital, and we're currently creating our second E,D&I report using data from the Government's 2021 census to set a benchmark against which to measure ourselves. Two other significant priorities at the moment are ensuring inclusive recruitment and hiring practices are in place, and that our people have the social and cultural resources to help them have a hand in creating inclusive workplaces.

Q: What is your vision for the business in five years' time?

A: (PS) We want to be supplier of choice for Social Housing energy services in the UK, and I believe that that is where we will be. As we contribute to the Government realising its 2050 Net Zero target, we are also on a journey to become a better, more sustainable business, one which is an exciting and rewarding place for an ambitious and diverse workforce that is truly reflective of the communities we serve. I look forward to delivering that vision and to all the exciting developments that lie ahead of us!



Peter Smith
Chief Executive
Officer



Sameet Vohra
Chief Financial
Officer

AT THE FOREFRONT OF THE ENERGY TRANSITION

Working with Housing Associations like Wandle to deliver long term benefits to our communities.

K&T Heating has worked with Wandle Housing Association since 1992, delivering gas services to more than 6,000 homes throughout London and the South East.

The work comprises the installation of gas boilers, radiators, water heaters and fires for residents, including the provision of essential annual gas safety inspections. The reason for the long term partnership with this, and many other clients, reaches beyond excellent KPI scores, operational excellence and cost-effective solutions, and helps us provide a wider impact to the communities we work in, beyond the services we deliver.

K&T has developed a strong partnership with the Wandle management team and their customers. Working with the Executive team and resident panel representatives to help shape the contract and how it is delivered. Engagement with Wandle's Customer Excellence Panel ensure all aspects of the delivery of the contract is aligned with Wandle's values and corporate strategy.

wandle

K&T Heating

Part of the Sureserve Group



Recruiting fairly and locally

As well as a focus on the recruitment of people in the local area, we take measures to understand those that are under-represented and encourage positive action to ensure equal opportunities for all. Our recruitment teams undertake compulsory classroom-based training along with online learning via the Sureserve Academy to make sure issues such as conscious and unconscious bias for example are understood. We then work with the client to agree how positive action and targeted recruitment can be used to increase diversity.



Ensuring communication is effective

Working across nine London Boroughs, the communities we work in are home to a diverse range of cultures, languages and customs, and we take measures to make sure residents feel safe, supported and understood. 64.5% of K&T's workforce working in residents' homes identify as non-White British, representing a wide range of ethnicities, experiences and abilities, and able to engage and connect with residents with specific needs. When we aren't able to find someone from our workforce to assist with a specific requirement, we will actively recruit someone with the right experience and skills to provide a solution.



Providing a service that's never far away

With the operational coverage provided by K&T Heating across London and the South East, clients such as Wandle benefit from the geographic efficiencies of always having operational response close at hand. This results in minimal downtime due to shorter travel distances between properties and a comprehensive range of skilled trades to draw on during emergencies. In addition to this, as part of a larger group of companies, we have access to a much wider body of qualified operatives who are able to assist when needed.

Record results for the fourth year running

A good performance in FY22 with a strong order book and continued underlying growth.



Peter Smith
Chief Executive
Officer

Trading has been strong throughout the year, with the Group achieving revenues of £275.1m and EBITA of £16.8m from continuing operations. Our cash position increased to £23.3m from £16.4m in FY21. Whilst the global economy has been impacted by a number of challenges, not least war in Ukraine, the ongoing energy price increases and domestic inflation, the services we offer remain of critical importance to our clients and are predominantly driven by non-discretionary, regulatory standards. There have been challenges with the availability of some components, but we continue to adapt and find solutions. Our clients have also been supportive and understanding, showing a good deal of flexibility where required. I would like to thank both our suppliers and our clients for the collaborative approach they continue to demonstrate.

Our year-end order book of £593.5m is a tremendous asset. To have such clear line of sight to future revenues is a real strength of the Group. A large number of contracts in our gas businesses are price-index linked, providing a level of inflation protection. The recent shift towards longer term contracts, some over seven years, has helped our forward visibility and we continue to benefit from high ongoing appointment and retention levels. Our average contract length is now six years, with several long term contract wins and extensions noted elsewhere in this report. Having this client commitment enables us to plan and resource accordingly. Contract wins of £247.0m in FY22 reinforces our confidence in the Group's ongoing and future success.

The past year has seen changes to the Executive team. With my elevation to the Chief Executive Officer role, a thorough search began for my successor to the Chief Financial Officer role. Sam Vohra joined the Group in December 2021, initially on an interim basis, but

it rapidly became clear that he would make an excellent permanent Chief Financial Officer and I was delighted when he secured the role in April 2022. He brings a fresh perspective as well as considerable experience.

In 2021 we identified Social Housing Energy Services as our core market and stated our ambition to be the UK's leading social housing energy services provider. That strategy encompasses both strong organic growth and acquisitions to increase our existing presence in gas heating and find companies in the longer term renewables sector, which will leave us well placed as the UK's energy system transitions, alongside improving our internal efficiencies.

The acquisition of CorEnergy in December 2021 has been a real success performing better than our expectations and has integrated well into the Sureserve Group. CorEnergy provides us with skills and knowledge of the renewables market, which will be essential to enable us to grow the business and focus on the UK's energy transition. Its team has doubled in size in the past year, has moved to new larger premises and its pipeline of opportunities is considerable. CorEnergy provides a good example of the type of renewables acquisitions we are seeking.

We continue to review a number of acquisition opportunities and are positive on the outlook for 2023. As previously stated, we have two businesses which do not fit our renewed strategy and we continue to search for buyers.

Orderbook from continuing operations

2022	£593.5m
2021	£502.9m
2020	£328.9m

Weighted average contract length

2022	5.6 years
2021	5.4 years
2020	4.8 years

Contract wins

2022	£247.0m
2021	£400.0m
2020	£202.8m



“CorEnergy provides us with skills and knowledge of the renewables market, which will be essential to enable us to grow the business and focus on the UK’s energy transition. Its team has doubled in size in the past year, it has moved to new larger premises and its pipeline of opportunities is considerable.”



Lexie Smith, Stock Control Coordinator at Providor, being presented the overall winner prize at the Sureserve Academy Awards for training excellence in May 2022. Lexie was one of over 120 trainees at the event, all benefiting from a range of training programmes delivered in the year.

ESG remains central to the work we do. I attended our Sureserve Academy Awards in May 2022 at Old Trafford where prizes were awarded across each of the subsidiary businesses. I would like to give my special congratulations to Lexie Smith, of Providor, who won the overall award. We undertook an Employee Engagement Survey in May 2022, our first since November 2020. The results were encouraging and helped to identify areas where we can improve which we are focused on. I am particularly proud of Sureserve achieving the Armed Forces Covenant Silver Award for our commitment to employing and supporting ex-services personnel in the business. Additionally, we were delighted to announce our three-year sponsorship of the Young Persons Trust for the Environment Better Planet Schools programme. As we announced last year, we are committed to transitioning our fleet of vans and cars from diesel to electric. The worldwide shortage of key components has made this more challenging than anticipated and caused delays. However, at the end of September 2022, 11% of our fleet was electric up from 3% in September 2021.

The Sureserve Foundation held its second fund raising dinner in November 2022. The Foundation seeks to reduce the burden of fuel poverty in the UK, by raising charitable donations. I am delighted to report that this event raised in excess of £60,000 towards this most worthwhile of causes.

The strength of Sureserve comes from the commitment, passion and skills of those whom we employ and, as always, I want to thank all our staff for all they do. Their dedication to our clients, suppliers and colleagues is key to our ongoing success.

Peter Smith
Chief Executive Officer
23 January 2023



Eight-year contract win with L&Q worth £68m

K&T Heating successfully retained a long term Gas Servicing, Repair and Installation Contract with L&Q this year, expecting to generate sales revenue of £68m over the entirety of the contract term. The eight-year, long term contract began on 1 May 2022 and continues the Group’s long standing relationship with L&Q, a social housing provider who own and manage more than 95,000 homes across London and the South East.

A business model for the long term

How we work

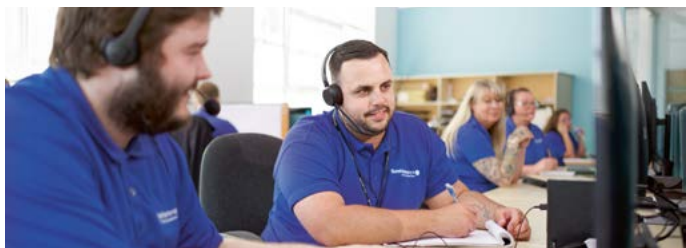
Our long term approach is reflected in the strength and depth of our relationships, based on the quality of our work with our clients, their customers, our communities, our financial partners, our employees, our shareholders and our suppliers.

With highly experienced management and an exceptionally skilled workforce, we look to build our business in regulated markets where revenues are predictable.



Predictable and recurring revenue streams

Compliance services generate steady revenue streams; as such, services are frequently mandatory for many of our clients and driven by regulation. Local authorities and social housing landlords have an obligation to maintain housing stock and public buildings to applicable safety standards and this, in turn, has led to the growth and development of the gas, air and water safety industry from which our businesses continue to benefit.



Relevant industry accreditations and certifications

Our businesses across the Group hold relevant industry accreditations and certifications which are either a statutory requirement for tendering for, or carrying out, work or may be helpful in securing new contracts. These include: ISO 9001, 14001, 45001 and 50001, Gas-Safe, BAFE, EXOR, CHAS, Safe Contractor, NICEIC and Green Deal.



Careful project selection

We carefully select projects on the basis of the value we can generate through undertaking them, for ourselves, our shareholders, our clients, their customers and other stakeholders. Our strong customer relationships and market intelligence are critical, as is the proper assessment of risks, returns, strategic fit and our ability to deliver against client expectations.



Helping Governments realise their commitments

We support the Scottish Government in the delivery of national fuel poverty and energy efficiency schemes. We help to enhance the quality of life of those in need and improve the energy efficiency of properties, making a difference to them financially and to a wider overall consumption as we work towards Government net zero carbon targets.

ESG


How we work is underpinned by our commitment to measuring our social value impact and delivering on the future targets we set. Our activities and performance are set across four sustainability pillars:



Our communities




Our people



Our customers



Our environment

 You can read more on our ESG pillars, intentions and performance on page 24



Target outcomes

Sustainable growth

With a broad service offering and extensive geographic coverage, we seek to grow organically and through focused and target led acquisition. We continue to invest in our bid teams, our technology and our training and development provision. We have acquired businesses that reinforce our ability to grow by improving our service offering, customer base, geographic footprint or opportunities for entering new markets. We only make acquisitions when we can clearly improve the business.

Number of employees

2,673

22	2,673
21	2,381
20	2,162

Client relationships

We aim to build ever better and deeper relationships with our clients, leading to contract renewals and extensions and a continuous flow of attractive tender opportunities.

Average value for long term maintenance contracts

£5.4m

22	£5.4m
21	£5.5m
20	£4.0m

Enhanced reputation

It is important to us that our clients, their customers and the communities where we work regard us in a positive light, recognising us for the quality of our work, our consideration as a contractor, our status as an employer and our role in promoting sustainable practices.

Customer excellence

94.0%

22	94.0%
21	83.8%
20	95.8%

Value we create

Our clients

We deliver high quality services with great efficiency, enabling our clients to meet their legal, regulatory and environmental obligations.

Our clients' customers

We provide safe, warm and well-maintained homes and buildings that improve their quality of life.

The environment

Through both contract delivery and Group-wide carbon reduction strategies, year to year we reduce our, and our clients', impact on the environment.

Communities

We deliver increased employment opportunities, skills and better infrastructure and provide

leadership for community initiatives. We work with industry partners to create opportunities to lessen the effects of fuel poverty in the communities we work in.

Financial partners

Our responsible business management reflects our deep understanding of risk versus returns.

People

We offer interesting, challenging careers in a well-managed and growing business that provides the opportunity for development and progression. We create and cultivate an environment that ensures inclusion at all levels, celebrates diversity and allows each and every one of our people to participate fully and realise their potential.

Shareholders

We operate in non-volatile trading environments with predictable recurring cash flows that should deliver growing revenues and profits.

Our suppliers

We provide opportunities for national and local suppliers to grow their business by developing strong relationships with an expanding group.

£23.3m

year-end net cash
(2021: net cash of £16.4m)

27.9%

group employees in
courses of training
(2021: 13.6%)

326,585

households receiving
energy efficiency advice
and guidance in the year
(2021: 172,405)

72.1%

group-wide employee
engagement score



Read about
how and why we
engage with our
stakeholders on
pages 16 to 19

A clear focus with the right foundations to drive growth

In January 2022 we announced our strategy to be the leading provider of Social Housing Energy Services. We set ourselves an ambition to double our revenues over a five-year period. We stated that this growth would come through a combination of organic growth and acquisitions.



Continued organic growth

Why is this a priority?

Continued organic growth will allow the Group to develop the business in line with our vision and values, manage risk and performance and capitalise on opportunities in order to realise our goals.

Progress in 2022

- ▶ Revenues from our continuing businesses increased by 27.0% this year
- ▶ This year saw us win £247.0 in new sales including significant wins of £68.0m with L&Q, another for £30.0m with Longhurst Group and a contract with Metropolitan Housing for £20.0m
- ▶ Our Order Book now stands at £593.5m, which further strengthens our long term regular recurring revenues
- ▶ Our average contract length has increased from 5.4 to 5.6 as clients continue to partner with us for their long term success



Greater market share in gas

Why is this a priority?

We estimate that the social housing gas market in the UK is worth c.£1.3bn per annum. Sureserve have some 12% of this market, which we believe to be market leading. That provides ample opportunity to grow in a sector where we are vastly experienced and our stable, revenue generating businesses, have thrived.

Progress in 2022

- ▶ We have delivered 15% organic revenue growth in our gas businesses in the past year
- ▶ We are yet to make an acquisition in gas, but continue to explore a number of potential targets
- ▶ 360,749 emergency gas call-outs in the year (2021: 250,178)

 More detail on pages 37 to 41

 More detail on pages 37 to 41

Strategic enablers

Sustainable margin

Ambition

- ▶ To achieve our ambitious growth plans, we need to identify opportunities to improve our margin at both a business entity and Group level

Benefits

- ▶ Sustainable margin will enable us to invest in data capability
- ▶ Sustainable margin will enable us to invest in renewables expertise

How we achieve this

We have identified four levers, namely pricing, operational efficiency, strategic procurement and incentivisation structure. For each of these levers we have identified and continue to look for further opportunities for improvement.

Management data and insight

Ambition

- ▶ We need to define future data needs and implement an effective programme to gather, aggregate and leverage this data for competitive advantage

Benefits

- ▶ Better management data will drive improved productivity and margin
- ▶ Better customer and energy data will drive our renewables capability and solutions

How we achieve this

- ▶ We have identified a third party supplier to help us with this. They will bring an independent view to the challenge
- ▶ We have identified key people within each of our businesses to lead this



Build renewables capability

Why is this a priority?

It is important to recognise the ongoing energy transition from gas to renewables and ensure that we have an appropriate portfolio of renewables technologies in place for our clients, both existing and future.

Progress in 2022

- We enhanced our Renewable capability with the acquisition of CorEnergy in December 2021. CorEnergy are now fully integrated with the rest of the Group and working well with our other businesses, including the recent £5.4m project win with the Ministry of Defence through Aaron Services' framework
- In March 2022 we completed the upgrade of Halton Stadium, replacing three gas fired boilers and four gas fired water heaters with 14 state of the art Air Source heat Pumps ('ASHPs'), saving of 136,561 KgCO₂e p/a for the stadium, and supporting the Council's carbon reduction plans of decarbonising and producing heat through electrification
- In addition to a further 1,000 heating systems fitted this year compared to FY21, we also saw a 1.5% increase in renewable heating systems being fitted. The transition to renewables is slow, but progressing nonetheless and there are ever increasing conversations being had with a number of clients and we will move forward with a partnership approach

More detail on pages 37 to 41



Internal efficiencies

Why is this a priority?

Our margins reflect the Group's overall profitability, and in conjunction with organic and acquisition-based growth, by improving our margins we can ensure we realise our goals.

Progress in 2022

- Despite revenue growth, both gross and EBITA margins have remained largely flat
- The inflationary backdrop to the second half of 2022 has presented some challenges to Sureserve, just as it has to all of our competitors and the wider industry. However, our strong market position and relationship with our suppliers has allowed us to successfully navigate this period. The vast majority of our client contracts include some sort of annual price protection too
- However it is important that we maintain our focus in this area and our working on a number of initiatives to improve our efficiency

More detail on pages 42 to 44

Renewables expertise

Ambition

- We need to focus on building our credibility in this space and apply this expertise to our social housing clients

Benefits

- Renewables capability will support improved margin
- Acquisition of renewables capabilities will improve our insight and data advantage

How we achieve this

- We will hold our first Renewables Conference in March 2023
- We will increase our publicity around the various case studies we already have in renewables
- We will accelerate our stakeholder engagement with relevant parties
- We will continue to look for acquisition opportunities in renewables to increase our expertise and diversify our product portfolio



Keeping stakeholders informed

It is vital to our success that we build and maintain a strong reputation as a responsible business and trusted partner to all our stakeholders. Our stakeholders help to shape our strategy, and understanding our engagement with these groups ensures we are able to continue to do business the right way, keeping our promises, building positive relationships within our marketplace, and minimising our impact on the environment.

Section 172

Recognising and understanding our stakeholders enables the Group's Directors to satisfy their duties under section 172 of the Companies Act 2006, and to take into consideration the interests of stakeholders and other matters in their decision making. When determining what is most likely to promote the success of the Group and its members, the Directors consider the potential impact on these stakeholder groups, communities, the environment and the Group's reputation.

Our clients

We deliver high quality services with great efficiency, enabling our clients to meet their legal, regulatory and environmental obligations.

Why we engage:

Strong client relationships through exceptional contract delivery are essential for the Group's financial stability, continued growth and long term strategy. Our reputation as a service provider of choice is also important in developing new opportunities.

How we engage:

- ▶ Ongoing management of client relationships by senior leadership
- ▶ Press releases
- ▶ Website and social media
- ▶ Collaborative awards submissions
- ▶ Meetings and briefings
- ▶ Charitable support via the Sureserve Foundation
- ▶ Local community support projects in collaboration with clients

Areas of influence:

- ▶ Customer satisfaction is an important driver in determining the quality of experience for our clients and their customers
- ▶ Our operational and financial performance, along with the brand reputation, are all indicators to new and existing clients as to how the Group operates and can determine perceptions of the Group
- ▶ Strong working relationships and effective leadership underpin aspects of trust and confidence especially during challenging periods of contract delivery
- ▶ The quality of our people across the Group, and their access to training and support as well as the necessary resources and equipment to fulfil their role, is ultimately responsible for the successful delivery of our contracts and influences our clients' experience
- ▶ We can help our clients understand, plan for and realise their carbon reduction targets
- ▶ Our delivery of social value during the lifetime of a project is increasingly creating added value in our relationships with those clients

Outcomes in 2021/22:

- ▶ We have been awarded a number of substantial contracts in the year, both new contracts and retentions of existing contracts with long term clients
- ▶ We have developed strong working relationships with clients and charitable partners to identify and deliver social impact in the communities we work in, specifically focusing on measures to combat fuel poverty

Read more about our clients on pages:

 [07–13](#)

 [24–25](#)

 [30–32](#)

 [37–41](#)

Our clients' customers

We provide safe, warm and well-maintained homes and buildings that improve quality of life of residents, employees and business owners across the UK.

Why we engage:

It is essential the Group delivers operational excellence and exceptional customer service to our clients' customers, thus ensuring their well-being, health, safety and peace of mind.

How we engage:

- ▶ Customer Journey programmes
- ▶ Sureserve Foundation
- ▶ Website and social media
- ▶ Community events
- ▶ Customer service
- ▶ Community assistance projects
- ▶ Social value incorporated into contract delivery

Areas of influence:

- ▶ Brand recognition and reputation are important in the delivery of our contracts, and trust and confidence in our services in turn positively affect our community focused opportunities in the scope of works
- ▶ Residents, home owners, businesses and public bodies benefit from the measures we install and maintain through reduced fuel poverty, improved safety and well-being, and increased community cohesion through improvements to homes and places of work

Outcomes in 2021/22:

- ▶ The Group has this year recorded a Group-wide customer excellence KPI of 94%
- ▶ The Group, with the help of the Sureserve Foundation, has delivered energy efficiency measures, and advice and guidance to 326,585 households during the year
- ▶ The benefits delivered through our contracts have helped households across the UK reduce fuel and energy consumption and impacted carbon emissions, as well as ensuring safe systems and their users' health and well-being
- ▶ Businesses across the Group engaged with clients to identify and deliver assistance to residents within many of the Group's projects

Read more about our clients' customers on pages:

- [05–09](#)
- [12–13](#)
- [22](#)
- [24](#)
- [29–32](#)
- [37–41](#)

Communities

We are determined to play our part in making our communities sustainable places to live and work, and we embrace making a positive difference and aim to leave behind a strong, lasting legacy.

Why we engage:

The communities in which we work are also our communities, and the Group is committed to building positive relationships and helping support them at a local level, creating opportunities for work and development, combating fuel poverty and working with local organisations to raise awareness and funds.

How we engage:

- ▶ Website and social media
- ▶ Sureserve Foundation
- ▶ Sureserve Academy
- ▶ Social value incorporated into contract delivery
- ▶ Local community support projects in collaboration with clients
- ▶ School and university information events

Areas of influence:

- ▶ Fuel poverty is experienced by a large number of households across the UK and the variety of economic challenges during the past two years have worsened the situation for many. Work undertaken by the Group, our people independently volunteering and the Sureserve Foundation can all have a direct effect on community health and well-being in this regard
- ▶ Environmental considerations in the delivery of projects as well as in the Group's overarching activities have a direct, profound and long-lasting effect on communities across the UK
- ▶ The delivery of social value projects during the delivery of contracts benefits a variety of groups in the communities we work within, improving health and cohesion of the community, and offering employment opportunities to a local pool of job seekers

Outcomes in 2021/22:

- ▶ The Board have continued developing ESG targets for the Group and monitoring progress accordingly
- ▶ The Group has continued its transition to a zero emissions fleet in replacing petrol or diesel commercial vehicles with electric vehicle equivalents, thus improving the quality of the environments within which we work
- ▶ Many of our people have volunteered this year in support of local, community focused causes, with many seeking and receiving financial or logistical support from their businesses
- ▶ The Directors have continued to highlight and encourage a range of fundraising and volunteering work across the Group during the year
- ▶ The Group has expanded its volunteering programme to support our people in identifying and delivering volunteering work in our communities

Read more about our communities on pages:

- [02–05](#)
- [12–13](#)
- [37–41](#)
- [07–09](#)
- [24–32](#)



Financial partners

Our responsible business management reflects our deep understanding of risk versus returns.

Why we engage:

We rely on the continued support of our financial partners to ensure we have the necessary funds to trade on a day to day basis and pursue the Group's growth strategy.

How we engage:

- ▶ Ongoing management of client relationships by senior leadership
- ▶ Annual Report and Accounts
- ▶ Annual General Meeting
- ▶ Investors section of the Group website
- ▶ Results presentations

Areas of influence:

- ▶ The Group's financial performance, governance and transparency in its activities influence the ongoing relationship with its financial partners

Outcomes in 2021/22:

- ▶ We maintain excellent relationships with our banking partners, maintaining regular dialogue on matters pertaining to trading and risk in the Group
- ▶ We maintain a strict internal review process on covenant compliance to ensure we remain in line with the requirements of our banking documents

Read more about our financial partners on pages:

 [12–13](#)

 [55](#)

Our people

We make sure that Sureserve is an enjoyable and motivating place to work and we work hard to engage with our employees; listen and learn from the opinions and insight that they provide; and help them to progress their careers in line with our business goals. Our investment in training and development incorporates all types of professional skills, and our employees are actively encouraged to propose their own ideas for personal development.

Why we engage:

The Directors recognise that the Group's employees are fundamental to the success of the business and, as such, are committed to ensuring the alignment of the Group's culture and strategy. The future of the Group depends on attracting, retaining and motivating our people, ensuring we remain a responsible employer, in terms of pay, benefits and well-being, and ensuring a safe and diverse workplace.

How we engage:

- ▶ Sureserve Academy
- ▶ Sureserve Apprenticeship programme
- ▶ Employee upskilling
- ▶ Group-wide staff survey
- ▶ Graduate recruitment
- ▶ ERC
- ▶ Equality, diversity and inclusion steering and working groups
- ▶ National Inclusion Week
- ▶ Sureserve Legends
- ▶ Sureserve Legends in the Community
- ▶ Star of Customer Excellence Awards
- ▶ Long Service Awards
- ▶ SHEQ forum
- ▶ Mental health working group
- ▶ Employee Assistance Programme ('EAP')
- ▶ Website, newsletters, emails and social media
- ▶ Group-wide webinars

Areas of influence:

- ▶ Our people expect the Group to be committed to their well-being in both their professional and personal lives
- ▶ It is important that our people are valued in the delivery of their work, with their efforts being recognised and rewarded
- ▶ Training and development are essential aspects of the Group's ability to recruit and retain talent, as well as important parts of succession planning
- ▶ Open and honest communication is important to workplace culture with leadership and management offering clear strategic direction, accountability and accessibility should employees have issues they want to bring forward
- ▶ The Group has a duty as a responsible business to ensure our workplace is safe and healthy for all our people, free from discrimination and visibly working towards improvements in equality, diversity and inclusion

Outcomes in 2021/22:

- ▶ The Group's equality, diversity and inclusion steering group has continued to deliver against its strategy for Group-wide improvements with the support of the two working groups
- ▶ The Group's health and safety teams delivered our annual Group-wide Health and Safety Week to promote best practice and knowledge sharing, resulting in 100% completion of mandatory health and safety courses in the week
- ▶ The Group reports a 14.3% rise in the number of staff undertaking training in the year, and further development of the Sureserve Academy underpins continued improvements in the future



- ▶ The Group celebrated the Sureserve Academy Event and Awards in May, bringing together over 120 trainees from all parts of UK, along with fellow trainees, managers and members of the Board
- ▶ Visible leadership through a wide range of communication tools has underpinned improvements in peer-to-peer support and an uptake in engagement with the EAP and working groups
- ▶ Using the results of our staff survey, the Group calculated an employee engagement score of 72.1% and undertook relevant improvements through a number of stakeholder groups

Read more about our people on pages:

- ▶ [05–06](#)
- ▶ [08](#)
- ▶ [12–13](#)
- ▶ [22–30](#)
- ▶ [47](#)
- ▶ [52](#)
- ▶ [66](#)

Shareholders

We operate in non-volatile trading environments with predictable recurring cash flows that should deliver growing revenues and profits.

Why we engage:

It is important for our shareholders to understand our strategy, and how through it we aim to deliver sustainable growth and create long term sustainable value in line with Group policies and standards.

How we engage:

- ▶ Investor meetings
- ▶ Annual Report and Accounts
- ▶ Annual General Meeting
- ▶ Investors section of the Group website
- ▶ Results presentations
- ▶ Stock exchange announcements and press releases

Areas of influence:

- ▶ The Directors engage with senior management at Group level, delivering operational and performance updates to Committees and ensuring the Directors have a clear understanding of their role and contribution as part of the wider Group
- ▶ Key ongoing considerations concerning our shareholders are the Group's financial performance, governance and transparency, new contract wins, technological innovation and its reputation
- ▶ Consistent and clear communication to our shareholders throughout the year and especially around key reporting periods is essential

Outcomes in 2021/22:

- ▶ The Group has delivered publicly available information to shareholders via the Group's website, regulatory news updates, results and presentations as well as a number of other online resources
- ▶ The Chief Executive Officer and Chief Financial Officer have delivered investor meetings throughout the year and were also available at the Annual General Meeting which enabled shareholders to directly engage with the Board

- ▶ Directors have worked closely with our advisers and brokers throughout the year, ensuring they are aware of our investors' views
- ▶ Meetings with institutional investors

Read more about our shareholders on pages:

- ▶ [12–13](#)
- ▶ [52](#)
- ▶ [54–56](#)
- ▶ [59–62](#)
- ▶ [64–65](#)

Suppliers

We provide opportunities for national and local suppliers to grow their business by developing strong relationships with an expanding group.

Why we engage:

In order to meet the needs of our clients and their customers, we ensure we utilise high quality materials and resources, delivered by suppliers of choice which meet our ethical standards and are compliant with our Code of Conduct, governance policies and supply chain best practices.

How we engage:

- ▶ Supplier conferences and workshops
- ▶ Website
- ▶ Annual Report and Accounts
- ▶ The Sureserve Foundation

Areas of influence:

- ▶ Supply risk must be managed in relation to data security, corporate responsibility and the financial, operational, contractual and reputational damage which may be caused by failures in the supply chain
- ▶ The Group is committed to being a responsible business and as such it is important that legal, ethical and environmental business standards are maintained, including fair payment terms for our supply chain's employees

Outcomes in 2021/22:

- ▶ We have continued to engage with key suppliers to review and further establish processes for the management of supply chain risks and issues, with escalation to Directors as and when was necessary
- ▶ The Directors have reviewed the actions taken by the business to prevent modern slavery at any stage of our supply chain and approved our Modern Slavery Statement

Read more about our suppliers on pages:

- ▶ [12–13](#)
- ▶ [15](#)
- ▶ [22](#)
- ▶ [24](#)
- ▶ [31](#)
- ▶ [47](#)
- ▶ [54](#)

Our chosen key performance indicators allow us to demonstrate how effectively we are achieving our key business objectives.

Both financial and non-financial KPIs are included as there are multiple areas through which we must evaluate our success at achieving targets, and continue to drive future improvements against new targets. All of the following KPIs are important in the continued monitoring of the progression of the Group’s strategy.

Financial indicators

Working capital (accrued income)

£22.1m
(2021: £17.9m)

Accrued income (Group)

2022	£22.1m
2021	£17.9m
2020	£17.3m

The key elements of working capital are trade receivables, accrued income, trade payables and accruals. Accrued income is quoted above as a key indicator of the Group’s overall working capital position.

Relevance to strategy
The level of working capital demonstrates our ability both to grow and manage risk within the Group.

Performance
Trade receivables increased by 25.5% to £23.1m (2021: £18.4m), accrued income increased by 23.5% to £22.1m (2021: £17.9m), trade payables increased by 25.3% to £31.2m (2021: £24.9m) and accruals fell by 5.1% to £11.1m (2021: £11.7m).

Revenue growth (from continuing operations)

27.0%
(2021: increase of 24.7%)

Revenue increase (Group)

2022	27.0%
2021	29.2%
(9.8)%	2020

We operate primarily under service contracts and recognise revenue either at a point in time or over a period of time depending on the satisfaction of performance obligations.

Relevance to strategy
The level of revenue demonstrates our ability both to grow and manage portfolio risk within the Group, predominantly through organic means, but where relevant through carefully targeted acquisitions.

Performance
Group revenue increased by 27.0% to £275.1m (2021: £216.6m), reflecting strong revenue growth across all businesses.

Links to strategy



Further performance analysis


Page 43


Page 37



EBITA (from continuing operations)

£16.8m

(2021: £12.3m restated)

Group EBITA increase

2022	£16.8m
2021 (restated)	£12.3m
2020	£8.5m

EBITA is earnings before amortisation of acquisition intangibles, interest, tax and discontinued activities.

Relevance to strategy

The increase in EBITA demonstrates our ability to grow our profitability, manage risk, deliver operational improvement and expand our margins.

Performance

Group EBITA increased by 36.6% to £16.8m (2021: £12.3m), reflecting strong revenue growth, notwithstanding the inflationary macroeconomic backdrop experienced in the second half of the year, and the investments made in headcount and training in the smart metering business where headcount increased during the year to meet demand from our utility customers.



Order book (from continuing operations)

£593.5m

(2021: £527.1m)

Order book

2022	£593.5m
2021	£502.9m
2020	£328.9m

The order book comprises our contracted revenues, together with prospective revenues from the frameworks we are on, where our experience of customers deploying their confirmed budgets means our revenue from the framework is foreseeable.

Relevance to strategy

The order book measures our success at securing the long term contracts and frameworks we bid for and makes our future revenue more predictable.

Performance

The order book increased 18.0% to £593.5m (2021: £502.9m).

We currently have 79% visibility for the year to 30 September 2023 (like for like prior year: 76%).



Net cash excluding lease liabilities including cash balances in assets held for sale

£23.3m

(2021: £16.4m)

Net cash/(debt)

2022	£23.3m
2021	£16.4m
2020	£9.7m

Net cash excludes lease liabilities.

Relevance to strategy

A high level of cash demonstrates the quality of the profits we earn, as well as our ability to generate funds for reinvesting in our acquisition strategy.

Performance

At 30 September 2022, the Group had net cash excluding lease liabilities of £23.3m (2021: £16.5m). However, this represents a snapshot in time and the Group's revolving credit facility remained undrawn as at the date of issuing this report.

The total net cash, including lease liabilities of £15.7m (2021: £12.0m), was £7.8m (2021: £4.4m).





Non-financial indicators

Group accident frequency rate
0.22

Accident frequency rate RIDDOR

2022	0.22
2021	0.22
2020	0.20

Accident frequency rate all accidents

2022	2.43
2021	2.28
2020	1.98

The Group's accident and reporting data and analysis includes near hits, Reporting of Injuries, Diseases and Dangerous Occurrences Regulations ('RIDDOR') data, accidents/incidents and environmental incidents. This allows us to set relevant and meaningful health and safety targets and objectives.

Relevance to strategy

The Sureserve Group has a safety vision which is supported by the Group-wide strategy.

Working in a safe environment allows our people to focus on delivering a great service to our customers and key stakeholders. Protecting our people also supports employee engagement and retention.

Performance

The AFR for RIDDOR reportable incidents is 0.22 (2021: 0.22); the target for the Group for this period was 0.25 so we have managed to meet our target and not exceed this. The AFR for all accidents stood at 2.43 (2021: 2.28), substantially below the Group target of 5.0.

UN SDGs



Carbon usage

10,025tCO₂e

Carbon usage (tonnes)

2022	10,025t
2021	10,017t
2020	7,296t

We calculate our carbon footprint by considering energy use across the Group, including our vehicle fleet (both business and privately owned).

Relevance to strategy

We understand the need to protect our natural environment and reduce our carbon footprint. Our customers, particularly in the public sector, want to engage responsible suppliers. Managing our environmental impact is therefore important to our ability to win work, as well as being socially responsible and more cost efficient for us.

Performance

The slight increase in carbon consumption is due to an increase in operations across the majority of our businesses. This has been offset by an increase in the number of EV vehicles in our commercial fleet as well as energy efficiency projects such as lighting and solar installations in some of the businesses within the Group. We will continue to drive carbon savings alongside the strategy focusing on acquisitional and organic growth.

UN SDGs



Customer excellence

94.0%

Customer excellence

2022	94%
2021	83.8%
2020	95.8%

We record and report on our performance and the quality of works with our customers.

Relevance to strategy

By monitoring the experience of our customers we can understand and mitigate issues before they become problematic and seek to improve and excel in areas identified. This in turn will go on to influence resident engagement, customer retention and wider reputation.

Performance

Our customer excellence KPI performance indicates an increase on the previous year. Customer excellence remains a high priority for the Group and we are seeing continual improvement. The changes in the year may be due to a number of factors, including reporting efficiencies, and we continue to work hard to understand the challenges faced in the year and make the necessary changes to deliver further improvement in 2023.

UN SDGs



Training

746

Number of trainees across the Group

2022	746
2021	324
2020	166

Across the Group, training initiatives, including apprenticeships, upskilling and management development, are an essential platform to further enable and progress our workforce.

Relevance to strategy

Training opportunities can have a significant impact on retention and provide a great many professionals the skills and capability to be ever more effective and motivated in the workplace, in turn having a dual positive impact on both an employee and business result.

Performance

The number of learners across the Group within the reporting period was 746, accounting for 19.5% of our workforce, up from 27.9% for the previous year and achieving our target of at least 10% each annum. This figure does not include self-funded trainees. We also continued the Sureserve Academy's training provision to incorporate the Group's joint venture partners in the year.

UN SDGs



Gender diversity

18.7%

Percentage of female employees

2022	18.7%
2021	19.4%
2020	19.8%

This figure indicates the total number of female employees against the total number of male employees.

Relevance to strategy

Recognising the value of diversity and inclusion in the way we work benefits all of our stakeholders, and in ensuring gender diversity at all levels we can benefit significantly from ensuring all team members have that opportunity and fully contribute to the Group's success.

Performance

Overall the Group has a gender diversity figure of 18.7% indicating the Group has a ratio of 18.7% women to 81.3% men. We can further break this down into four distinct job role bands. In the Executive Management band women hold 14.3% of positions. Women hold 20.0% of senior management positions. There is a 56.9% figure for women working in support services roles, and 3.1% of those in operational roles are women.

The focus of this KPI is diversity, and through the work undertaken by our ED&I steering group and the gender equality working group, we will look to make improvements to a number of key areas in the year to improve gender diversity.

UN SDGs



Employee engagement

72.1%

Group-wide employee engagement score

2022	72.1%
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This figure indicates the Group-wide employee engagement score.

Relevance to strategy

Employee engagement is a measurable indicator relating to the commitment and connection an employee has to the business they work for. It can be a critical driver for business success and a useful tool in understanding our businesses, where we are performing well and what areas would benefit from deliberate and planned investment. Good levels of engagement can promote retention of talent, increase employee loyalty and well-being, and improve performance and stakeholder value.

Performance

Between May and June 2022 online employee surveys were made available to Group employees. The survey was divided into five key areas associated with employee engagement and corresponding to the Group's published sustainability targets. Those key areas were responsibility, workplace culture, inclusion, well-being and progression.

As a part of our ESG commitments and our sustainability pillars, the Group has identified an employee engagement target score of above 80% by 2030. We recognise 72.1% indicated improvements are needed across a range of areas and, together with a number of key stakeholder groups, have developed plans to deliver those improvements. Staff surveys are planned throughout 2023 to measure the impact of those improvements.

This is the first time the Group has calculated an employee engagement score, therefore no comparisons exist.

UN SDGs



By the very nature of the work we undertake for our clients, we have always considered the mark we leave on both the communities in which we work and their surrounding environments.

The Group's four sustainability pillars are the means by which we understand and measure our social value impact. These pillars are **our communities, our people, our customers** and **our environment** and within each, we have identified key targets for the future against which we can consistently measure our performance and drive improvements across our operations.

As well as framing the way in which we deliver social value, these pillars also serve to support a wider ESG strategy, focused on building strengthened structures and teams and taking a step forward from mandatory expectations towards authentic engagement with ESG goals, reducing our carbon usage and emissions and ensuring equality, diversity and inclusion are at the heart of how we work.

Progress against our sustainability pillars



Our communities

We place the communities in which we work at the heart of everything we do, and this means being involved beyond our immediate role as an energy services provider.

Our targets

- ▶ Help one million people living with fuel poverty by 2030
- ▶ Raise £1m for the Sureserve Foundation by 2030
- ▶ Educate one million households on energy efficiency by 2030
- ▶ Deliver £10m of economic investment to our local communities by 2030

Progress in 2022

- ▶ Through our operations and partnership with the Sureserve Foundation, we have delivered energy efficiency measures to 260,267 homes, helping people improve their energy use and save on energy bills
- ▶ We have taken part in activities to raise funds for the Sureserve Foundation, raising over £100,000 to fight fuel poverty
- ▶ We have helped deliver energy efficiency advice and guidance to 326,585 households
- ▶ We have set up a social value investment working group to identify, record and measure the social value impact delivered during the length of our contracts



Our people

We see it as our top priority to ensure the health, safety and well being of our employees, ensuring they are able to participate fully in our activities and realise their full potential.

Our targets

- ▶ Group to reflect the diversity of the communities where we work by 2030
- ▶ Raise employee engagement to above 80% by 2030
- ▶ 100% of employees to be paid the real living wage by 2030
- ▶ 25% of workforce to have undertaken accredited training and development annually by 2025

Progress in 2022

- ▶ The UK's 2021 Census results relating to ethnic groups, national identity and religion were published on 29 November 2022, after which we undertook comparisons regarding our own diversity figures
- ▶ The Group's employee engagement score for 2022 was 72.1%
- ▶ As at 30 September 2022 94% of employees are paid the real living wage
- ▶ 27.9% of our people were in accredited courses of training in the year



Our customers

We continuously ensure that client focus is at the heart of everything we do, ensuring a reputation for excellence as a provider of compliance and energy services, and supporting our ability to deliver impact to our clients and customers.

Our targets

- ▶ Deliver a positive customer excellence Net Promoter Score every year until 2030
- ▶ Ensure our top 10 suppliers meet our responsible business charter by 2030 – sustainable procurement, environment and social value commitments

Progress in 2022

- ▶ We are still in the process of transferring our customer excellence method to the Net Promoter Score to provide reliable measurements for client and customer experiences. We intend to deliver this in 2023
- ▶ We continue to work closely with our suppliers ensuring our business values and standards are upheld along our supply chain. We will continue to develop learning opportunities for our clients to ensure our ESG commitments are met and that ethical procurement is a practice shared with all our suppliers



Our environment

We believe that every business should consider, manage and measure the way it uses and impacts upon the environment, and it's a key part of our business strategy.

Our targets

- ▶ Work towards 100% renewable offices by 2030
- ▶ Work towards 100% zero emissions fleet by 2025
- ▶ Work towards zero waste to landfill by 2030
- ▶ 100% of workforce to complete mandatory environmental training annually

Progress in 2022

- ▶ We have invested in 36 separate energy efficiency audits to offices across the Group, with savings of 34,252kgCO₂ delivered through measures installed
- ▶ A further 11% of our fleet has transitioned to zero emissions vehicles, saving approximately 1,874kg CO₂ this year
- ▶ 89.4% of our people have completed mandatory environmental training in the year

AT THE FOREFRONT OF THE ENERGY TRANSITION

Q&A with Tania Songini, our new Non-Executive Director



Tania Songini
Non-Executive
Director

Q: Can you tell me a bit about yourself and your background?

A: I'm half Italian and half English and grew up in various African countries. I studied Political Science and Economics at Rome University and began working for Siemens, the engineering company, in Germany. I worked for Siemens in a variety of sectors in the UK and Germany for 20 years, mostly in the position of Finance and Commercial Director.

Q: Can you tell us more about the sectors you were involved in?

A: In that time my work was focused on infrastructure and systems businesses, including airport and postal logistics, healthcare, mobile communication networks and towards the end of my time with Siemens, in energy. When I took the role of Finance Director for Siemens Energy UK and North West Europe in 2011, Siemens was involved in very large projects including offshore and onshore wind farms, transmission networks and interconnectors.

Q: What drew you to becoming a Non-Executive Director of the Sureserve Group?

A: When I left Siemens in 2015, I decided to focus on a portfolio Non-Executive Director ('NED') career and it was clear to me that I wanted to remain in the renewable and sustainable energy space. Many of the boards I am currently on focus on renewable energy

generation and transmission (wind, solar, battery storage, heat pumps, geothermal) and sustainable infrastructure (EV charging, low carbon transport and affordable housing). The area of the energy value chain I was less involved with until I joined Sureserve was domestic heating and energy efficiency. It was clear to me that the Sureserve Group would be instrumental in helping Local Authorities and Housing Associations in the UK decarbonise their social housing stock through energy efficiency measures and by driving the installation of low carbon technology. The domestic sector in the UK is the one struggling the most with decarbonisation. Social housing is the best place to start given the size of the sector. Local Authorities will need to decarbonise their social housing stock over the coming years and, given its scale, this could accelerate the decarbonisation of heat and help grow the supply chain needed to support the transition.

Those that suffer the most due to the bad fabric of housing stock in the UK are those living in social housing. The positive impact Sureserve will have in combatting fuel poverty was a significant driver for me.

Q: How has your professional experience at Siemens and in your other Non-Executive positions helped in your role at Sureserve?

A: My time at Siemens Energy gave me a broad understanding of energy markets, the sector and technologies. On developing my portfolio of NED roles I consciously sought opportunities that would allow me to build on the Siemens experience and deepen my knowledge of the wider energy and sustainable infrastructure landscape. I serve as chair of Audit and Risk Committees on the board of several companies, am also a chair and member of Remuneration committees and have helped set up

and am a member of several ESG/ Health & Safety Environmental and Social committees. Together with the technical skills and experience mentioned above, I believe that the knowledge I bring about wider energy, energy efficiency and heating markets, regulation and technologies developed at Siemens and other companies I work with will assist Sureserve in its role in driving the energy transition in the social and wider housing sector. For instance, at Guernsey Electricity, I see the whole microcosm of the energy landscape, from generation, through to transmission, distribution, supply, including domestic heating; at the Energy Systems Catapult we are driving the decarbonisation of heat and the digitalisation of the energy system to make it more flexible; at the UK Infrastructure Bank we are focusing on investing in low carbon energy and transport solutions, digitisation, and water, combined with the levelling up agenda.

Q: You've been on the Board for over six months now. How has it been and what have the key themes of discussion been for you?

A: In that time, I have met with most of the MDs and spent time with them to understand their business and what changes they are seeing in the market, and it has been very encouraging to learn that a number of them are starting to play a part in the energy transition, as we see energy efficiency and renewable energy services delivery growing next to the traditional gas services business. Sureserve companies are involved in numerous energy efficiency/whole-house solution projects, as well as in the installation of heat pumps, solar panels, battery storage, and smart meters. Given that the Group is the largest social housing energy services provider in the UK, there is a significant opportunity to proactively engage, work with and support our clients on their decarbonisation strategies.

Q: With your background in renewables infrastructure and development what are some of the exciting prospects for the Group and the part they play in the UK's energy transition?

A: An increasing number of local authorities have and are declaring a climate emergency and are working on decarbonisation plans for their cities and towns. There is a growing acknowledgement from stakeholders that decarbonisation of towns and cities is best managed at a Local Authority level as they know and understand the needs of their cities and towns, and public and private funding towards these local efforts is increasing. The Group has long term relationships with many Local Authorities and Housing Associations, as well as specialist resident facing provision which has been developed over decades. Renewable technologies are only effective if they are delivered alongside improved energy efficiency in households, and retrofitting measures are a significant part of that improvement. The Group's businesses cover both areas, and with strong geographical coverage, they are well positioned to accompany and support our clients on their decarbonisation journey. Examples such as the decarbonisation of Widnes Vikings Stadium for Halton Borough Council, our energy efficiency work in Scotland through the Warmworks JV, and the roll out of heat pumps in rural areas of East England are all exciting examples of the scale and complexity of projects we can deliver, that will extend to other opportunities across the UK.

Our communities



Tackling fuel poverty in our communities

Communities across the UK have experienced a range of challenges in recent years including impacts on income, high fuel prices, poor energy efficiency, unaffordable housing prices and poor quality private rental housing.

Since 2019 the Group has worked closely with the Sureserve Foundation, raising funds and delivering projects to housing association clients across the UK. In the year we have worked with the Foundation to support a number of our social housing partners to identify and assist those most in need. A focus on simple solutions continues to be of great value, helping them improve energy efficiency in their homes, as well as offering advice and guidance to increase their awareness and knowledge.

For a number of years we have actively focused on utilising our knowledge, operational experience and strong relationships to combat fuel poverty in the UK, a growing concern in the current economical climate. We have worked with the Sureserve Foundation, the Group's charitable arm, which is dedicated to eradicating fuel poverty by supporting individuals, families and communities to achieve fuel efficiency and, in turn, lessen the financial burden of high gas and electric bills. With the expertise of the Foundation we have worked closely with housing associations in the year, providing advice and guidance, fuel efficiency measures and assistance parcels to help households identified as being in need of help. In the winter of 2021 our people packed and delivered 1,000 parcels to individuals and families identified by our clients as requiring assistance. These Winter Warmer parcels included energy efficiency measures, fuel and food vouchers, and we have continued to support our clients with packages for residents experiencing the effects of fuel poverty. These projects utilise our regional businesses which have mobilised employees to facilitate the delivery of each project, often being active outside of work hours on a volunteer basis. The impact of these projects is 326,585 households receiving material assistance and advice on energy efficiency and over 1,000 hours of volunteered work to make it happen. In November 2022 the Foundation hosted a fundraising dinner to raise funds for projects across the next 12 months. With the help of the Sureserve Group, social housing and supply chain partners raised over £60,000 on the night and had the opportunity to discuss the impact of the energy crisis on social housing with guest speakers Alan Townsend, Chief Executive at Southern Housing, and Elly Hoult, Group Director of Assets and Sustainability at Notting Hill Genesis.

AT THE FOREFRONT OF THE ENERGY TRANSITION



Energy systems at the core of net zero

Successfully tackling climate change is dependent on the cooperation of Governments, businesses, communities and households to commit to a range of actions, both big and small, to reduce their carbon consumption and emissions. Understanding our energy usage is an essential component in these changes, and it is in the use of complementary and integrated technologies that decarbonisation targets will be delivered. Smart meters can link to other energy generation systems, such as solar PV, working in tandem with battery storage making use of time-of-use tariffs, as well as helping energy companies to create 'smart grids', able to predict when and where energy is needed so that supply and demand can be planned for.



Smart meters installed

253,102

Domestic charging points

85

Solar PV and thermal measures fitted

767

Battery storage units fitted

365



Funds raised for the Sureserve Foundation to tackle fuel poverty: more than

£100,000

Households that received energy efficiency advice and guidance

326,585

Number of employees joining the business from the Armed Forces

28

Hours volunteered

1,012

Fuel Poverty packages delivered to communities

1,000



AT THE FOREFRONT OF THE ENERGY TRANSITION



Helping schools control their energy use

The Group has agreed a new three-year partnership with environmental education charity the Young People's Trust for the Environment ('YPTE'), becoming corporate sponsor of 'Better Planet Schools,' YPTE's environmental education platform for primary schools in the UK.

Better Planet Schools provides access to lesson plans, worksheets and activities to engage pupils and enable them to take the lead in making changes to benefit the environment. On average, schools have saved 12% of their annual energy usage through child-led behaviour change alone. With the average school energy bill climbing to over £60,000 per year, saving even 10% of a school's energy use will have a real impact on reducing energy bills, as well as carbon emissions. The Group will support the organisation by providing free energy surveys for selected schools, giving their governing bodies access to valuable information on how they can improve their school's energy performance.

Number of schools taking part in the scheme

148

Average annual carbon saving of schools monitored

31.4tCO₂



“Our exciting partnership with Better Planet Schools is one part of our wider investment in learning and development leading to positive environmental change. Today’s young people will be at the forefront of the UK’s commitment to reach net zero by 2050, so it’s important we support them to appreciate the impact and influence they have now and in the future.”

Peter Smith,
Chief Executive Officer

Skills development

Armed Forces Covenant

The Group has Silver status on the Employer Recognition Scheme, awarded for demonstrating continued support for ex-service men and women into places of work across our businesses, as well as encouraging those who serve, or have served, into employment with the Group. The Group is proud to support ex-Forces personnel and reservists in rewarding, long term careers across our businesses. We recognise the valuable experience and skills offered by ex-service men and women, and as a signatory of the Armed Forces Covenant and through a close partnership with Career Transition Partnership ('CTP') we welcomed 28 new employees with service backgrounds to the Group in the year.



REWARDING CAREERS FOR EX-SERVICE PERSONNEL

One of many ex-service personnel that have joined the Group, Simon Morby started working for Aaron Services 10 years ago as a Gas Engineer after leaving the Marines, and is now a Regional Manager.

‘Aaron were great, they gave me the time to adjust to their way of doing the job and with the skills the military taught me I slotted straight in. My day to day role now is managing the workforce and the clients’ requirements over a large geographical area, every day is different and brings a different challenge.

My time in the Armed Forces gave me excellent general life skills, time keeping, appearance, attitude, respect for others, thinking on my feet. The attitude to work is instilled in me from the Royal Navy. To those thinking about making a move from the Armed Forces and working with Aaron Services I’d say do it. You are a valuable asset to any company that can see you and the skills that you will bring to the business and Aaron Services know this already, the job can be taught but the transferable skills and discipline you have already is another story.’

Our people

Employee engagement

As a part of our ongoing commitment to ESG, in our 2021 Annual Report we identified an employee engagement target score of above 80% by 2030. This is the first time the Group has had such a target, and it is important to understand how that figure is calculated, its significance to our employees and businesses, and how we can translate the data we collect into valuable and meaningful action.

Between May and June 2022 employee surveys were made available via online links to employees. Each survey carried 20 statements, each with easily identifiable actions and respective stakeholder groups. Responses to statements used the Likert scale from 5 = strongly agree to 1 = strongly disagree and statements were divided into five key areas associated with employee engagement and corresponding to the Group's published sustainability targets.

Those key areas were:

Responsibility

The employee's perception as to the way the business acts responsibly.

Workplace culture

The employee's experience of engagement with their place of work.

Inclusion

The employee's feelings of inclusion within the business.

Well-being

The employee's mental and physical well-being with respect to their role within the business.

Progression

The employee's feelings regarding opportunities for professional development.

The total maximum survey response value provided us with final figures out of 100 which were taken as the final percentile. The results were shared with senior leaders across the business' key stakeholder groups, who have reviewed the material and identified improvements necessary to raise the current engagement score of 72.1% closer towards our 80% Group-wide target.

Health and well-being

We provide all our people with a free-to-use, confidential one-to-one help and support service which is available at all times, day or night, online or on the phone. Information as to how to access this system is provided during onboarding, through our ERC and HR teams and line managers across our businesses. We further promote healthy behaviours and knowledge sharing via employee well-being initiatives such as Mental Health Awareness Week, and offer our Group-wide working groups focused CPD on the well-being support for employees.



Number of employees

2,673

Employee engagement

72.1%

Employees being paid the real living wage

94%

Employees with Long Service Awards (more than five years)

250

Sureserve Legends nominated this year

105

Employees in accredited courses of training in the year

746

Online courses completed in the year

25,770

AT THE FOREFRONT OF THE ENERGY TRANSITION



Recognising the value of training

The second ever Sureserve Academy Event and Awards took place on 19 May 2022, and the opportunity to celebrate the Group's training and development opportunities and successes brought together over 120 trainees from all parts of the UK, sharing their knowledge and experience with fellow trainees, managers and members of the Board.

The event was held at Old Trafford football ground and included a welcome from the Chief Executive Officer, Peter Smith, team building and educational activities and a wonderful presentation by a guest speaker, record breaking adventurer Dwayne Fields.

The day provided an opportunity for so many of our people to meet colleagues from different businesses and parts of the UK, and it highlighted the quality of people undertaking apprenticeships, upskilling and management training across the Group. It was an opportunity for many of our people to meet for the first time, and share their experiences of training within the Group, offering a valuable insight into the variety of paths to further development open to them.

The day was rounded off by the Sureserve Academy Awards presentation, an opportunity to celebrate the exceptional individuals across the Group who have achieved great things through their hard work and dedication to training.



Sureserve Legends

Every three months the Group celebrates the Sureserve Legends and Legends in the Community Awards, during which our people nominate their colleagues that they work with for making such a difference to their working day, and to the people they serve in the communities in which we work. It is not unusual for us to receive thanks from a client regarding a resident who has received help or assistance from one of our people attending their home, in many cases averting serious repercussions. Our business leaders understand the importance of recognising and rewarding such exceptional behaviour and the Sureserve Legends Awards is the perfect way to do that. The overall winner is invited to attend working group meetings being held during that quarter, allowing them an opportunity to have their voice heard and be at the centre of decision making in the Group.

Training and development

The Sureserve Academy ties together all learning and development for the Group with the aim to prepare the Company to meet both today's training demands and tomorrow's operational challenges. We are committed to developing and identifying potential within our business, to generate exciting career opportunities and a consistent quality talent pipeline to meet the market's growing demands and ensure the long term sustainability of our business.

The Group became a member of The 5% Club post year end, joining the employer-led charity to help increase 'earn and learn' (apprenticeships, graduate schemes or sponsored students) placements and the employment and career prospects of our people. Members commit to achieve 5% of their UK work force in 'earn and learn' positions within five years of joining. Progress will be measured annually and reported in our Annual Report. This year's 14.3% increase of employees in courses of training to 746 (27.9% of the workforce) confirms our continued commitment to training, and the results achievable through investment and resources.

Apprentices

The Sureserve Group has a long and proud history of recruiting and supporting apprentices into the business. Many of our people now in senior management began their careers as apprentices and the opportunity to learn whilst working alongside experienced professionals ensures that colleagues have pertinent up to date industry experience as soon as they pass the necessary qualifications.

Upskilling

Making training available to our people at all levels of the organisation is essential to avoid skill shortages in the midst of industry developments and advancements in technology. The Group is committed to remaining competitive in challenging markets and, via the Sureserve Academy, we have invested in creating bespoke training solutions for our businesses' particular requirements, utilising educational institutions, external training partners, mentors and online courses to fulfil those learning needs.

Equality, diversity and inclusion

Our workforce reflects the communities in which we work, ensuring that our commitment to equality and diversity is clear in the delivery of our services to our partners, our clients and their customers. Establishing an environment

in which all our people are supported to excel in their chosen profession, and realise their full potential, is an essential part of the Group's strength and resilience.

Our working groups are made up of a diverse set of talented people from across our businesses, each determined to create and improve our culture, policies and systems and ensure we provide better than best practice for all our people. Their work in developing and implementing progression in the areas of gender equality, diversity and inclusion across the Group is sponsored by senior leaders and supported by our ED&I steering group, made up of members of our Executive Management Team. The steering group has been active in the year measuring our progress against targets set out in our ED&I strategy and assisting the two working groups in delivering results in key areas.

ED&I steering group

Following a number of structural changes in the year, a refreshed Group's ED&I steering group was formed in the latter part of the year, picking up a number of activities centred around the governance and effectiveness of its work. Following the re-establishment of the two working groups working alongside the steering group, clear reporting targets were set for the next 12 months and a number of immediate tasks identified to further the Group's commitment to equality and diversity.

The UK's 2021 Census results relating to ethnic groups, national identity and religion were published on 29 November 2022, after which we undertook comparisons regarding our own diversity figures. This work was overseen by the ED&I steering group who are reviewing the data and subsequent actions. These findings showed that gender diversity was down slightly overall, though half of our businesses have improved in the year. The overall figure has been influenced by the significant number of engineers joining the Group in line with operational requirements, the majority of whom are male.

Representation of ethnic groups across the businesses has improved, up from 9.4% overall in FY21 to 11.8% in FY22.

Ethnicity and diversity working group

During the year our ethnicity and diversity working group has been active with a range of internal and external partners, developing and delivering a range of initiatives to promote and develop ethnicity and diversity within our businesses. These projects have included:

- ▶ Developing better representation across our ethnic classification HR data
- ▶ CIPD training for working group members
- ▶ Development and publication of a working group Charter
- ▶ Together with the Sureserve Academy, creation of a mandatory Equality, Diversity and Inclusion online training module

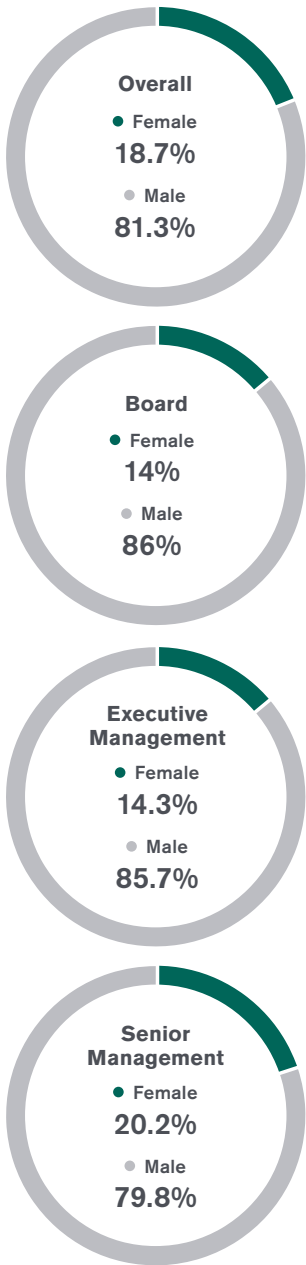
Gender and equality working group

Our people are the Group's most valuable asset, and in a traditionally male-dominated sector, improving gender equality and working towards gender balance across all roles is that much more important.



Diversity within Group Senior Leadership teams

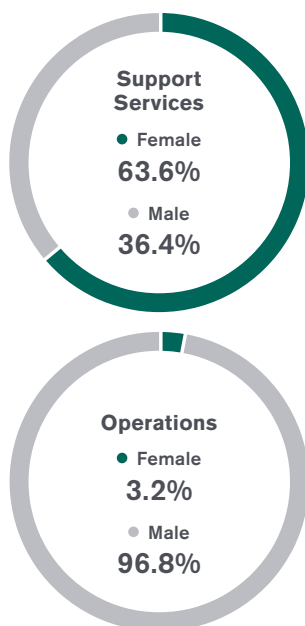
Gender breakdown





Diversity within Business Senior Leadership teams

Gender breakdown



Customer Excellence KPI

94%



Our people continued

Equality, diversity and inclusion continued

Gender and equality working group continued

Across a range of projects there was further progress made in building on long term opportunities for women in our industry, ensuring a Group-wide culture exists from the top down which supports and rewards those who choose to develop a career with us. These projects have included:

- ▶ Ensuring all online vacancies use gender neutral language, and are not biased towards males
- ▶ Joining the Women's Trade Network with a view to improve recruitment and retention of women across a range of roles
- ▶ Reviewing Group policies regarding menopause, fertility treatment leave and adoption leave

Digital accessibility

We are committed to ensuring that our websites and the resources made available through them are as accessible as possible to users. We have integrated an accessibility tools platform into the structure of our websites in order to assist those with impairments or disabilities who often face barriers when utilising online environments which are not designed for them.

Our customers

Every year we serve hundreds of thousands of end customers when we are contracted to deliver work schemes for public sector clients across the UK. Providing our services means more than the installation and maintenance work we do in homes, public buildings and businesses, and a large part of our success is in the manner in which we interact with our customers and clients and how their experience and perception are formed based on the quality of support they receive.

We have continued to focus our attentions on effective leadership and clear client communication during the year, and their confidence and trust in our ability to deliver work successfully and safely have been essential in the increase in new contract wins and extensions to existing contracts.

Star of Customer Excellence Awards

During National Customer Service Week we run the Sureserve Star of Customer Excellence Awards which is an opportunity for people from across the Group to nominate a colleague who has excelled in their customer service during the year. Sian Crick, Contract Administrator at Aaron Services, was chosen as this year's winner. Sian received a number of nominations for her outstanding contribution to both customers' and colleagues' day including: 'Sian is brilliantly organised and goes above and beyond; all the engineers love her. I've been doing this for eight years and Sian is the best customer service I've come across by far'; 'Sian is super positive and is always going above and beyond for staff and residents'; and 'Sian excels in her role and keeps our install department flowing superbly'. We continue to support a culture of customer excellence, giving recognition to those who deliver it and presenting learning opportunities for those progressing in their customer facing roles.

AT THE FOREFRONT OF THE ENERGY TRANSITION



Ambitious renewables project bears fruit for residents

Following the appointment of Everwarm as lead contractor on an energy retrofit scheme in the Swansea community of Penderi, initial results are making a real difference to residents' energy bills and peace of mind.

Everwarm is overseeing the installation of state of the art renewable energy generation, energy storage and smart energy management technology in almost 650 homes owned and managed by Pobl Group, Wales' largest provider of affordable housing, which has partnered with renewable energy tech and service supplier Sero.

As rising energy prices continue to make headlines in the UK, the impact of a project such as this, believed to be the largest ever of its kind in the UK, is significant. It is anticipated that the community will generate as much as 60% of their total electricity requirements, protecting against the impact of future energy price increases, improving resident comfort and well being, and reducing carbon emissions by as much 350 tonnes per year.

With solar PV and battery storage units now installed in over 240 properties, the project is now past the 50% mark of the targeted installation of 2,000 1.4MW solar panels, equating to 750kW of energy output. The energy produced means less reliance on power drawn from the grid, and in turn reduced energy bills for Penderi residents, on average amounting to a 67% reduction at the time of writing.

Everwarm has also delivered on the Sureserve Group's social value commitments by way of creating employment and training opportunities for local residents, with the roles of Operations Manager, Site Manager, electricians, electrical apprentice and Customer Service Manager fulfilled by Swansea residents.

Supply chain

Ethical purchasing is a priority for the Group, and we seek always to take social, environmental and economic factors into account when deciding what, where and how to buy. Our procurement team is highly skilled at achieving best value while positively discriminating in favour of suppliers with policies that complement our beliefs.

Whenever we can, we use our procurement activities to have a positive influence on communities by enabling local businesses to grow. An example of this is our Warmworks joint venture, which manages the Scottish Government's Home Energy Efficiency Programmes ('HEEPs'). This includes fair payment terms and free or subsidised training for suppliers, helping to ensure that local businesses can access our supply chain and encouraging innovation among our suppliers. Every year, we provide training to around 700 of our suppliers' employees.

Information security

We are proud to have achieved ISO 27001 accreditation, the international standard for information security management systems. Ensuring our Information Security Management System is aligned with best practice is vital to all our stakeholders, and this certification makes certain that all legal, physical and technical controls involved in our information risk management processes meet the highest standards.

Health and safety

Health and Safety Week 2022

In September the Group delivered its second Health and Safety Week, a range of focused activities and resources engaging our people in all our businesses across a range of safety-related subjects. Utilising a mix of digital and print supporting material, local SHEQ teams met with employees both physically and online to discuss, record, share, teach and empower proactive behaviours relating to health and safety in the workplace.

HSQE data and statistics are reported monthly to the plc Board, based on the following criteria:

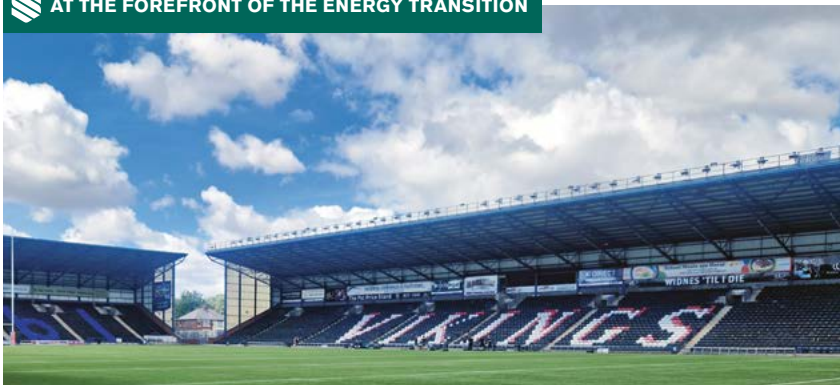
- ▶ Near hits
- ▶ Minor accidents/incidents
- ▶ RIDDORs
- ▶ Gas RIDDORs
- ▶ Environmental incidents
- ▶ Carbon consumption

The Group accident frequency rate ('AFR') is calculated monthly; this is one of the standard safety measures used to identify and analyse the number of occupational accidents which take place in the workplace. Any accident which is reported in the workplace will form a part of the resulting AFR number. This allows the Group to track the number of accidents/incidents which occur and provides a means for comparison to drive improvements and set effective safety targets and objectives.

The Group recently released a Group-wide health and safety strategy which incorporates the safety vision: 'to provide a safe and secure work environment promoting a positive culture by continuously improving the health, safety and well-being of our people and the communities we serve'. This strategy also underpins key aims and objectives which focus on the following:



AT THE FOREFRONT OF THE ENERGY TRANSITION



Decarbonisation of Widnes Vikings Stadium

Sure Maintenance improved energy efficiency at Widnes Vikings Stadium through the delivery of renewable energy upgrades for Halton Borough Council.

Replacing three gas fired boilers and four gas fired water heaters with 14 air source heat pumps ('ASHPs'), has meant a carbon saving of 136,561kgCO₂e p.a for the stadium, supporting the Council's carbon reduction plans of decarbonising and producing heat through electrification.

With an increased lifespan of more than double that of gas boilers, the ASHPs will utilise electricity provided by a local solar PV farm, already connected to the stadium. These positive impacts mean a reduced carbon footprint, reduced maintenance costs and long term reduced running costs for the stadium.

As well as the energy efficiency benefits delivered, Sure Maintenance ensured that the impact on the local community remained positive and that noise pollution from the installations was kept to a minimum. Sure worked alongside an acoustic specialist to assess noise levels, resulting in the installations including acoustic hoods in order to reduce the levels of noise output, and to ensure that the running of the units is virtually undetectable.

Local labour was used throughout the project, employing locally based resources and specialists and supporting local economies and communities. This resulted in less travel and reductions in carbon emissions.

Number of local people
employed on the contract

39

Carbon
savings p.a.

136,561kgCO₂

- ▶ Reducing the number of accidents/incidents across the Group
- ▶ Reviewing and updating our training providers both internally and externally
- ▶ Increasing engagement and awareness amongst our people to provide a positive safety culture
- ▶ Reviewing and researching technologies that will help enhance performance and our internal systems

Across the Sureserve Group our highest priority is to protect the health, safety and well-being of our employees, customers, suppliers and pertinent members of the public. This is one of the core values that underpin our culture as a Group.

We are committed to continual improvement and do everything we can to ensure anybody affected by our work is kept safe, both during our operations and into the future. We operate an Integrated Management System which includes certification to ISO 9001, ISO 14001, ISO 45001 and ISO 50001 which underpins and supports core business values.

Our customers continued

Health and safety continued

Health and Safety Week 2022 continued

When it comes to looking after our people, we have robust procedures in place to ensure that our employees are competent and supported in their roles. This is done via both internal and external industry specific training and is tailored dependent on the type of role and business. Supporting this is our Online Academy which provides a suite of mandatory safety courses tailored to suit our needs for health and safety essentials, which enables our employees to undertake core training on the go.

The SHEQ Forum is well established and consists of our highly skilled and trained health and safety professionals across the Group. We believe the ongoing health and well-being of our people is as important as their on-site safety and we are continually developing and delivering initiatives to support this. The Forum released a new 'Spot the Hazard' safety initiative this year, which is a quarterly Group-wide competition that aims to get colleagues engaged in health and safety and promotes identifying potential hazards.

Every year we look for new ways to improve our health and safety performance across the Group, and this is underpinned by the health and safety strategy. These improvements include reward and incentive schemes, raising awareness, participation and consultation and improving near hit/close call reporting.

Our environment

Reducing our impact through fleet efficiencies

During 2022 we have continued the planned transition to a commercial fleet of electric vehicles ('EVs'), replacing the current diesel equivalents. The new EVs have been placed within a number of businesses, with the drivers using them selected following analysis of telematics data. The drivers of the new EVs are a mix of engineers and supervisory staff to enable us to better understand where the efficiencies of the technology lie. This data will allow us to optimise those efficiencies as we continue the transition to EVs, with more vehicles on order and new courses in driver training being created.

To support our investment in zero emissions vehicles, we have partnered with Octopus Energy to supply drivers with Ohme intelligent home chargers and smart energy tariffs, further leveraging our partner relationships to deliver on our environmental commitments.

ESG Committee

The Group has put in place a committee comprised of senior leaders from across our businesses, specifically focused on ESG and ensuring the Group's sustainability targets and growth strategy are aligned and that year on year our performance across a range of ESG themes continues to progress well and in line with Board expectations.

Reducing carbon emissions

When planning, undertaking and delivering our work, how best to protect the natural environment and help sustain it for the future is always a key consideration for Sureserve. We believe that every business should carefully manage and measure its impacts and doing so is a key part of our own Group strategy.

As part of this, we continuously monitor potential impacts, promote awareness and do everything we can to reduce risks. Our Environmental Management System, underpinned by our ISO 14001 accreditation, ensures that we go further than simply meeting legal requirements and ensures that we are consistently driving continual improvements.

As a Group we ensure that all environmental risks and opportunities are taken into consideration and carefully managed. As part of this risk management, the number of environmental incidents is reported to the plc Board on a monthly basis and in 2022 we have had only two incidents.

The Sureserve Group understands the importance of reducing our carbon footprint, reducing our waste consumptions and conserving wildlife. The key environmental areas on which we focus are energy efficiency, carbon management and waste diversion. We monitor and analyse all these aspects and set local targets to ensure continual improvement.

Our vehicles

Over the past few years we have continued to replace our existing fleet with the most efficient Euro 6 vehicles available, which now account for 97% of the fleet.

We have also begun the transition to a fully electric fleet of vehicles, ensuring we make good progress in achieving our ESG targets for 2030.

All of our commercial vehicles are tracked, speed restricted and fitted with start/stop technology to help reduce any idling time.



Group achieves carbon neutrality

Working with the Carbon Trust this year we achieved PAS 2060 certification across all operations for our Scope 1 and 2 emissions and Scope 3 business travel and waste, for all UK operations for the financial reporting year, 1 October 2020–30 September 2021.

PAS 2060 is the internationally recognised specification for carbon neutrality and sets out requirements for quantification,

reduction and offsetting of greenhouse gas ('GHG') emissions for organisations such as the Sureserve Group.

This is another step in our journey to reduce the total carbon footprint of our activities, and underpins our commitment to developing carbon reduction goals and driving improvements and initiatives across our businesses. Our fleet of zero emissions vehicles continues to grow, with strong infrastructural support through energy partnerships and the installation of a network of charging points. Energy audits of our offices now allow us to improve efficiencies as well as deliver yet more carbon reducing measures. We are working towards achieving zero waste to landfill by 2030 and are intent on delivering annual mandatory environmental training for 100% of our workforce, increasing employee awareness and engagement with energy efficiency and carbon reduction practices.



Non-EV commercial vehicles which currently meet Euro 6-compliant emission standards

97%

Zero emissions vehicles in the fleet

11%

Carbon savings through fleet improvements

1,874kg

Waste diverted from landfill

90%

Driver behaviour

All of our commercial vehicles are fitted with telematics which enable us to track our on-road driver behaviour through driver scorecards and league tables. This identifies any high risk drivers through speeding, harsh braking and cornering metrics. By monitoring and improving our drivers' performance, this will have a positive effect on our fuel consumption and the wear and tear on the vehicle and reduce the possibility of being involved in a road traffic incident.

The Sureserve Group's average driver score has improved to 92 (out of 100) since the adoption of the telematics systems, with 95 being our Group target.

SECR

Achieving a substantial reduction in our use of energy is one of our core priorities as we strive to reduce our carbon footprint, both at a local level within each business unit and across the Group as a whole.

We hold the ISO 50001 accreditation and have a robust Energy Management System which enables us to monitor energy performance and drive continual improvements. We apply its guidance across the Group, not only to ensure we comply with all legal and other requirements but also to help us improve our performance and reduce our carbon consumption. We collate energy data on a monthly basis focusing on our significant energy uses ('SEUs') which have been defined as:

- The fleet for business use
- Electricity
- Gas

The Group has implemented the Streamlined Energy and Carbon Reporting ('SECR') requirements in the year and the results are shown below.

Total consumption of energy supplies (2021/22 consumption kWh)

Utility and scope	Scope	2021 kWh	2022 kWh
Grid-supplied electricity	2	2,678,852	1,502,957
Natural gas	1	1,206,419	372,976
Transportation	1	38,409,137	36,149,701
Total		42,294,408	38,025,634

Total emissions from energy usage (2021/22 emissions CO₂e)

Utility and scope	Scope	2021 CO ₂ e	2022 CO ₂ e
Grid-supplied electricity	2	645.5t	201.2t
Natural gas	1	221.5t	67.1t
Transportation	1	9,150t	9,612t
Total		10,017t	10,025t

Action taken to improve energy efficiency

Our Energy Management System underpins our core business values and enables us to identify the required actions needed to improve our energy consumption and efficiencies. This has included:

- Replacing 11% of existing fleet vehicles with EVs and others with the most efficient Euro 6 vehicles available, which now account for 97% of the fleet
- Utilising telematics to identify high risk drivers through idling, speeding, harsh braking and cornering metrics. This enables us to track fuel consumption and look at driver behaviours to drive improvements
- Enhancing staff awareness with training modules on our internal Online Training Academy
- Undertaking energy audits at each of our head office locations to look at the SEUs and what changes can be made to reduce electricity and gas consumption

Energy intensity metric

	Tonnes CO ₂ e per £m revenue
2022	10,025 t CO ₂ / 310 = 32.4
2021	10,017 t CO ₂ / 244 = 41.1

Revenue/tonnes of CO₂e

For carbon reporting we use the Carbon Trust conversion factors provided in their publication energy and carbon conversions 2020 update. This provides us with the formula to convert kWh into CO₂. We review all new published materials and apply new and updated formulas when made available.

An energy intensity metric has been calculated using the number of tonnes of CO₂ emitted per million pounds of revenue to provide a metric against which the Group will measure current and future energy usage performance. This measure takes account of the differing consumption between divisions and the respective revenue of those divisions.

Carbon reduction target

- To reduce the energy consumption of the office premises via electricity and gas by 1%
- To reduce the energy consumption of the fleet (business and grey) by 1%

We monitor energy consumption at all our offices and utilise a fuel card system to monitor our fleet consumptions. By analysing data, we use it to set stretching but realistic annual reduction targets. We report Group consumption to the plc Board each month and create annual energy reviews and baseline reports to identify and highlight annual performance and improvement opportunities.

Our carbon usage for this reporting year was 10,025 tonnes of CO₂, which shows an increase of 0.07% on the 10,017 tonnes usage in 2021.



“Every day our people are in homes and communities across the UK, much of the time installing or maintaining energy efficiency measures and making sure people are warm and safe in their homes. This is an exciting step towards building zero emissions into that service delivery, improving air quality and delivering sustainable improvements to our operational commitments.”

Peter Smith,
Chief Executive Officer



Task Force on Climate-related Financial Disclosures (TCFD)

In this Annual Report we recognise climate change as a principal risk. The Group is determined to be the UK's leading provider of social housing energy services in the future and we will be focusing on assessing the importance of those climate-related risks likely to impact on our growth strategy and business model during FY23 and going forward. Resilience is a key focus area within our growth strategy and mitigating climate change risks through investment and innovation will also help us to support our clients and their customers on their journey to Net Zero.

Task Force on Climate-related Financial Disclosures ('TCFD') regulations were signed into law on 17 January 2022 and large businesses such as ourselves are required to report for financial years starting on or after 6 April 2022. Although not a requirement, the Board has taken the decision to include a TCFD section in this year's Annual Report so as to demonstrate commitment in our consideration of climate issues and support the transition to a low-carbon, more sustainable business.

The Group is fully committed to aligning our work regarding climate-related risks with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), providing our stakeholders with information relating to climate-related risks and opportunities relevant to our business. As we develop our climate-related risks and opportunities disclosures, the targets and metrics we use will be expanded upon.

Assurance

The Group has ISO 14001 accreditation, ensuring an effective environmental management system (EMS), and ISO 50001 accreditation, the newly revised international standard for Energy Management providing a robust framework for optimising energy efficiency in the business. The Group also achieved PAS 2060 accreditation for our Scope 1 and 2 emissions and Scope 3 Business Travel and Waste, for all UK operations for the financial reporting year, 1st October 2020–30th September 2021. The process for this accreditation involved the measurement, reduction, offsetting and documentation of our emissions.

Approach to climate risk

Climate risk identification and assessment

The Group intends to begin a detailed review of the key risks to and opportunities for the Group's business model to fully understand the implications of climate change. This review will include likely timeframes relating to each risk having an impact on the business, as well as the degree of financial impact expected. The review will look at both the effects of changing weather as well as the economic and regulatory transitions necessary for the business and its stakeholders to mitigate risks.

The Group understands that to effectively determine and understand the risks and opportunities to the business relating to climate change, there must be engagement with both scientific and socio-economic predictions. Management will review the impact of climate-related risks and opportunities on the Group's business plan, financial forecasts and risk register during FY23 through this climate lens.

In line with TCFD guidelines we have structured the following sections around the four thematic areas as recommended by the TCFD; governance, strategy, risk management and metrics and targets.

Governance

Disclose the organisation's governance around climate-related issues and opportunities.

Principle 1

Describe the Board's oversight of climate-related risks and opportunities

The Board has overall responsibility for overall risks and opportunities and ensures the adequacy of mitigation measures in place during the year.

In the paragraphs below we present a number of the initiatives we have undertaken as part of our decarbonisation plan.

Since 2020 we have reported our carbon consumption and emissions in line with Streamlined Energy and Carbon Reporting ('SECR') legislation. The information provided to the Board includes Scope 1 and 2 data and Scope 3 data covering business travel and waste.

In 2020 the Board-initiated plans to replace diesel commercial vehicles in the Group's fleet with EV equivalents. This is an important part of our carbon reduction plans for Scope 1 carbon emissions and there was an increase of 7.6% of EV vehicles in fleet this year. The Board receives regular updates regarding fleet efficiencies and the ongoing efficacy of commercial EV use, and have also been involved in directing businesses to support the expanding use of EVs through the planned installation of domestic and office-based charging points.

Carbon Reduction Plans are in place for each business, reports being made available annually across the period 1 December to 31 January. The Board has agreed strategic targets to cut carbon emissions by 2% for Fleet emissions and 1% for electricity/gas emissions.

With Board approval businesses have undertaken 36 separate energy efficiency audits to offices across the Group in the year, with savings of 34,252kgCO₂ delivered through measures installed.

Carbon neutrality was achieved this year via PAS 2060 accreditation covering the period 01/10/2020–30/09/2021 as awarded by the Carbon Trust. Group emissions verified by the Carbon Trust were offset through forestry and landscape, grassland and renewable energy initiatives purchased through ClimateCare. It was recognised that Scope 3 categories outside of business travel and waste were not included due to lack of available data. This also recognised the Group's intention to keep the boundary under review and consider the extension of this measurement to incorporate other relevant Scope 3 categories in future.

This year is the Group's first reporting against using the TCFD framework. The Board has begun to look more closely at climate-related risks and opportunities in 2023, though these have not yet been fully introduced into the existing risk register. In addition, in 2023 the Board will look to introduce and implement some of the specific requirements relating to TCFD reporting.



Principle 2

Describe management's role in assessing and managing climate-related risks and opportunities

The Executive Management Team is responsible for managing climate-related risks and opportunities.

During 2022 the Group put in place an ESG Committee, chaired by the Director of one of the Group Companies specialised in renewable energy, with other members representing key senior stakeholder roles across our businesses. The ESG Committee meets every quarter and receives performance updates regarding:

- ▶ Office-based energy audits, carbon saving measures fitted and related carbon savings
- ▶ Ongoing transition of diesel to EVs and related carbon savings
- ▶ Waste diverted from landfill figures

The Committee ensures progress is in line with expectations, develops responses for mitigation when necessary, and delivers reports to both the EMT and Board of Directors on a quarterly basis.

Climate-related risks are not currently explicitly reviewed by the businesses. There are plans for the Group Risk Committee to undertake a more detailed and thorough risk assessment of climate-related risks as we develop our risk mitigation in this area. The Group Risk Committee is chaired by the Chief Financial Officer and comprises the Group Company Secretary, and the Group functional heads of HR, IT and health and safety. The Group Risk Committee reports into the Group Audit Committee.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

Principle 3:

Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term

The Group's Growth Strategy 2021–2026 outlines the opportunities identified in helping our customers meet their decarbonisation targets and sets out our purpose and ambition to deliver reliable and efficient energy and energy transition for Social Housing in the UK.

Amongst our social housing clients, the transition to renewables has been slow, and current energy supply volatility adds urgency to this transition. Adopting the right renewables technologies and ensuring a skilled and knowledgeable workforce and developing appropriate information systems to deliver them is essential for us to be able to proactively engage with and support our clients through their decarbonisation strategies. Our capacity to provide energy efficiency and renewables services in an expanding energy transition landscape will be impacted on if there are failures to deliver these areas of progress.

Our deeper understanding of these risks and identification of further climate-related risks will be a focus in FY23.

Principle 4:

Describe the impact of climate-related risks and opportunities on the Company's businesses, strategy and financial planning

As part of our growth strategy, we have identified a number of specific climate-related risks as below.

The Board intends to develop and widen the scope of our climate-related risks and opportunities to include physical and transitional risks during FY23.

Risks

- ▶ **Carbon pricing** A significant part of the Group's activities are in gas heating, meaning that Government legislation created to reduce emissions will have an effect on material costs and increase demand for low-carbon measures. The Group's growing renewables expertise offers some mitigation to this risk
- ▶ **Supply chain shortages** The effect of extreme weather events or changes in climate resulting in shortages of materials or products
- ▶ **Weather disruption** Extreme weather conditions such as longer, colder winters; longer, hotter summers or flooding, impacting travel, delivery of products, energy provision or IT infrastructure
- ▶ **New technology** The support of new technologies within the renewables or energy efficiency markets may require significant capital investment and upskilling or recruitment of skilled labour

Opportunities

- ▶ **Become the supplier of choice for social housing energy services** Driven by our renewables capability, expertise, insight and data we are in a position to provide a comprehensive service to Housing Associations' and Local Authorities' decarbonisation activities on their way to net zero
- ▶ **New technology** Early adoption of new technologies with the necessary operational capabilities will offer us an advantage in emerging markets
- ▶ **Sustainable practices** The investment in low-carbon materials and practices delivers financial savings and enhanced reputation
- ▶ **Access to Government funding for Decarbonisation** Significant knowledge and experience to provide support to clients to access funding mechanisms
- ▶ **Achieve strong results in our social value delivery** Across a range of growing areas we can support the teaching of energy efficiency in schools, supporting biodiversity in our communities, and be a key partner in combatting climate change across the UK

Financial planning

Financial planning is an important part of our strategy and the commitment of clients and Government to achieve carbon emissions savings targets, and significant investment is available to realise this. The Group's operations in social housing as well as Public Buildings are open to investment through Government Decarbonisation funds, both the Social Housing Decarbonisation Fund ('SHDF') and Public Sector Decarbonisation Scheme ('PSDS'), with £800m and £1.425bn committed over the next three years through each respectively. A number of other key funding schemes including the Domestic Renewables Heat Incentive ('RHI') and the Green Homes Grant also remain available.



Strategy continued

Principle 5:

Describe the resilience of the Company's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Our risk management process currently does not include climate-related scenario planning, specifically that related to 2°C or higher impacts on the business. This will be undertaken in 2023. As such the Company does not comply with Principle 5.

Risk Management

Disclose how the organisation identifies, assesses and manages climate-related risks.

Principle 6:

Describe the Company's processes for identifying and assessing climate-related risks

We have a detailed and comprehensive risk management process, covering all aspects of strategic, operational and financial risks. Risks are regularly reviewed by the businesses under the governance of a Group Risk Committee which regularly reviews the Group risk register, controls and mitigating actions. The Group Risk Committee is chaired by the Chief Financial Officer and comprises the Group Company Secretary, and the Group functional heads of HR, IT and health and safety. The Group Risk Committee reports into the Group Audit Committee, that subsequently reports to the Board. Both the Group Audit Committee and Board review the risk register on a quarterly basis. Currently our risk management process does not include an overarching climate-related risk category and this will be a focus area in FY23.

Principle 7:

Describe how processes for managing climate-related risks, including how the Company makes decisions to mitigate, transfer, accept risks, etc.

A key focus of our strategy is to reduce risk and build a sustainable and profitable business. All risks, are reviewed on a quarterly basis. If at this time a risk's net risk score is recorded as high, we will review development regarding this risk on a more frequent basis. The same process will be applied to climate-related risks in FY23.

A full review of our Principal risks and uncertainties can be found on pages 45 to 47.

Principle 8:

Describe how processes for identifying, assessing and managing climate-related risks are integrated into the Company's overall risk management

The Groups risk management process approaches all risks with the same method. A full account of our risk assessment process can be found on page 45. The Group Risk Committee, with the Chief Financial Officer as chair, are ultimately responsible for the Group's risk register and in turn report to the Group Audit Committee. Processes described under Principle 7 will be applied in the development of our climate risk framework in the year.

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Principle 9:

Disclose the metrics used by the Company to assess climate-related risks and opportunities in line with its strategy and risk management processes

For carbon reporting we use the Carbon Trust conversion factors provided in their publication energy and carbon conversions 2020 update. This provides us with the formula to convert kWh into CO₂. We review all new published materials and apply new and updated formulas when made available.

The Group has implemented the Streamlined Energy and Carbon Reporting ('SECR') requirements in the year and the results are shown below.

Total consumption of energy supplies (2021/22 consumption kWh)

Utility and scope	Scope	2021 kWh	2022 kWh
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Total		42,294,408	38,025,634

Total emissions from energy usage (2021/22 emissions CO₂)

Utility and scope	Scope	2021 CO ₂ e	2022 CO ₂ e
Grid-supplied electricity	2	645.5t	201.2t
Natural gas	1	221.5t	67.1t
Transportation	1	9,150t	9,612t
Total		10,017t	10,025t

Principle 10:

Disclose Scope 1, Scope 2, Scope 3, greenhouse gas (GHG) emissions, and related risks in SECR

The Group reports Scope 1 and 2 greenhouse gas (GHG) emissions in the Sustainability Report on page 33. The Company does not fully comply with Principle 10, as Scope 3 emissions are not collected at this time.

Principle 11:

Describe the targets used by the Company to manage climate-related risks and opportunities and performance against targets

Targets for climate-related risks and opportunities have not yet been set, but are an area of focus for FY23 alongside our assessment of climate-related risks.



A full review of our Principal risks and uncertainties can be found on pages 45 to 47

Despite the broader economic challenges the UK currently faces, we continue to provide services that are both essential to our clients and the communities we serve, and form an important part of the energy transition currently underway.

Group summary

As we announced in our full-year results last year, the Group's growth strategy will build on our expertise, experience and leading position in the market as a social housing energy services provider across the UK. We believe that by combining selective and targeted acquisitions alongside developing organic growth opportunities, there is potential for continued substantial growth within the Group in the years ahead.

We were pleased to announce during FY22 that we achieved carbon neutrality for our Scope 1 and 2 emissions and Scope 3 Business Travel and Waste, for all UK operations for the financial reporting year, 1 October 2020–30 September 2021. Working with the Carbon Trust, we have taken steps to calculate the Group's carbon footprint and satisfactorily offset this to achieve carbon neutrality in accordance with PAS 2060.

We are proud to support ex-Forces personnel and reservists in rewarding, long term careers across our businesses. We recognise the valuable experience and skills offered by ex-service men and women. As a signatory of the Armed Forces Covenant and through a close partnership with CTP (Career Transition Partnership) we continue to create exciting opportunities to join the Group.

The Group had a strong financial year, continuing the momentum seen in the prior year, despite the broader macroeconomic environment and inflationary cost pressures. This demonstrates the resilience of the business model which is based on predictable and recurring revenues in areas supported by non-discretionary and regulatory led spend. Our growth is underpinned by high levels of long term contracts and frameworks for which we have continued to see high appointment and retention levels. We are also continuing to see an increase in contract lengths, with a number of contracts of over seven years in duration recently won, taking the average contract length to six years. Our client base, largely of local authorities and housing associations, provides us with sustainable partnerships that we regard as blue chip.

Financial performance – continuing operations

Continuing operations: year ended 30 September	12 months to 30 September 2022	12 months to 30 September 2021 (restated)	Change
Revenue (£m)* ¹	275.1	216.6	27.0%
EBITA (£m)* ²	16.8	12.3	36.6%
EBITA margin	6.1%	5.7%	0.4ppts

*1 Revenue figures are after exclusions for intercompany trading which accounts for a total of £0.9m in 2022 and £3.0m in 2021.

*2 EBITA is defined as operating profit before amortisation of acquisition-related intangibles, impairment of goodwill and acquisition costs.



“The energy efficiency, renewables and smart metering businesses also saw significant growth compared to FY21.”

As previously reported our refreshed strategy is to drive growth from within our specialism of social housing energy services ('SHES'). We believe this focus plays to our core strengths and in identifying business areas where we have an established market position, we can maximise our growth potential. The results below have therefore been presented on a continuing operations basis (including the SHES business and central costs) and do not include our fire and electrical or lift businesses which are classified as being held for sale (with the 2021 prior-year comparatives being restated).

The Group delivered year on year revenue growth of 27.0% to £275.1m (FY21: £216.6m). This was driven by strong organic growth from new contract wins, extensions and additional spending from certain clients, together with the inclusion of CorEnergy which was acquired in December 2021. We saw strong growth across our gas compliance businesses from contract wins and extensions, and an increase in the level of renewables work, particularly in the Aaron Services business. The energy efficiency, renewables and smart metering businesses also saw significant growth compared to last year. Part of this was a return to more normalised trading levels where revenues had been impacted in the prior year from Covid-19 restrictions in place, particularly in the energy efficiency and smart metering businesses. However, we also saw increases from planned growth in smart metering from investments in additional people and training. This increases our operational capabilities and improves opportunity through our partnership with our utility clients.

DELIVERING ENERGY EFFICIENCY SERVICES TO REMOTE COMMUNITIES



Simon Stevens works as a Dual Fuel Engineer for Provider in what is known as the Highlands and Islands, and is one of the most northerly smart meter engineers in the country. Simon lives in John o'Groats, and drives one of the Group's increasing number of electric commercial vehicles, and moving to a zero-emissions vehicle has created a great impression on his work.

'Living in a rural community means that the environment and how we treat it is a huge thing for both me and my family, so to take delivery of a brand new, wholly electric van is a matter of huge importance to me. The cost savings are unbelievable. So far I have travelled 9,000 miles which based on a diesel van would have been about 14 full tanks at approx. So according to my charger data so far the cost saving has been over £1,500, let alone the carbon savings!'

Although Simon's location is very rural, thanks to Orkney Council investment in infrastructure and new technologies, Simon is never more than 30 miles away from a charge point.

'Customers always ask about the van, what it's like to drive and how much it costs to charge, so its a great way of interacting with customers and highlighting cost savings. I look forward to the EV journey going forward and experiencing the benefits it brings as we do our bit to help the planet.'

Group summary continued

EBITA increased by 36.6% to £16.8m (FY21: £12.3m), with this additional profitability driven by a combination of factors. Improved EBITA performance within gas was revenue and volume led, following contract wins and extensions. CorEnergy profitability was a positive benefit compared to the prior year. This is pleasing and also resulted in a positive impact to FY22 EBITA, both in absolute terms and on a margin basis. The Provider headcount and training investments made in the first half of this year impacted the overall EBITA margin but will result in future benefit as scale continues to increase.

Looking forward

We remain optimistic around opportunities for continued growth within the Group, which underpins our refreshed strategy. We believe our businesses have a positive outlook, with many opportunities for growth ahead. Our strong position is reinforced by the Government's continued emphasis on a net zero target for carbon emissions by 2050 with current legislation supporting this target. The Group and our experienced management teams are well placed to support our clients through the energy transition, and we will continue to monitor developments as opportunities present themselves.

The current energy environment in the UK has prompted additional actions from the Government. One such action, announced in November 2022, is the introduction of a new £1bn ECO+ scheme, which will provide funding for hundreds of thousands of homes across the country to install new home insulation. This is part of wider actions across energy policy to help the UK meet its ambition of becoming energy independent. The new scheme will extend support to those who do not currently benefit from any other Government support to upgrade their homes and is in addition to the existing £6.6bn 'Help to Heat' energy schemes. Around one-fifth of the £1bn fund will also be targeted towards the most vulnerable, including those on means tested benefits or in fuel poverty. The Group has been active in delivering other Energy Company Obligation ('ECO') schemes and is well placed to benefit from these new opportunities as they arise.

Energy services and future energy transition is a core focus moving forward and we believe we have developed a successful basis for achieving growth both organically and through acquisition. Our established presence in the installation of solar PV works, battery storage projects, energy efficient lighting, air source heat pumps and electric vehicle charging points presents our experienced management team with attractive growth opportunities going forward that we are well placed to deliver on. The backdrop of climate change and ongoing Government initiatives, and future commitments, is believed likely to provide ongoing opportunities to increase our delivery in these, and associated, service areas.



Order book from
continuing operations

£593.5m

As we communicated at the time, purchasing CorEnergy is a key example of the type of strategic acquisition we wish to pursue. CorEnergy is a business focused on delivering sustainable energy solutions for public and private sector organisations, supplementing our energy services and immediately enhancing earnings for the Group. In line with our refreshed strategy, we will continue to review other appropriate acquisition opportunities as we expand our scale, service mix and geographical offering.

The nature of our Group, particularly our gas businesses, remains as a core service provider to customers, including vital emergency repair and testing services to properties. Our continued growth further strengthens our position in the gas sector, with a true national reach and market leading businesses. Nearly all of our gas contracts include annual contractual price increases which are either CPI linked, or another associated price index linked, with the increase typically falling due on the contract anniversary date. Consequently, we are well positioned to continue our growth both organically and through further acquisitions in what are mostly fragmented and regional markets. Each of the gas businesses achieved double-digit revenue growth and we remain confident that our experienced leadership in this stable sector provides a strong platform for further growth and cash generation underpinned by a strong order book.

While we are not exposed to fluctuations in wholesale gas prices given our position as an installer and maintainer of heating assets, we are well positioned to benefit from UK Government initiatives to reduce fuel poverty, particularly in times when wholesale energy prices are high for extended periods. Our role is to support our client base and the end user with compliant, safe and effective heating. In addition to the gas heating services and products we more generally work with, we are seeing increased demand for alternative heat sources. This includes, but is not limited to, air source heat pumps. The Government has targeted 600,000 heat pump installations per year by 2028 as part of its 2050 net zero initiative. We therefore believe this will continue to be an area of focus and an opportunity for growth as we move forward. It is seen as largely supplementary to existing revenue streams.

The Board is encouraged that high bidding success rates, and contract retention levels, continue to be achieved by the Group. The order book from continuing operations totalled £593.5m at the end of September 2022. This represented an 18.0% increase compared to last year (September 2021: £502.9m). On an overall Group basis, the order book totalled £640.2m (2021: £527.1m). This provides visibility over future revenue, profitability and cash flow, and allows longer term planning to occur, which helps drive efficiency. The order book is consistent with our previously stated view around our targeted efforts on long term contracts that provide opportunities to deliver profitably in our core areas. We continue to target securing contracts with long term visibility and robust value. We remain confident in our future profitable growth with a significantly increased order book value and good visibility on future earnings, underpinning our belief in a robust financial outlook.



“In line with our refreshed strategy, we will continue to review other appropriate acquisition opportunities as we expand our scale, service mix and geographical offering.”

Operational summary

Gas

The Group's gas businesses provide planned and responsive maintenance, installation and repair services predominantly to local authority and housing association clients, in the areas of domestic and commercial gas. These activities include the installation of lower carbon renewable technologies such as air source heat pumps.

Each of the three gas businesses, Sure Maintenance, K&T Heating and Aaron Services, delivered double-digit growth compared to the prior year. Following the increase in size of Aaron Services, both organically and from the acquisition of Vinshire in 2021, the three gas businesses are now more similar in revenue size. In addition to winning new business, this is in part due to the contractual price increase mechanisms included within nearly all of the contracts. The latter has helped to mitigate against some of the temporary cost pressures experienced during the year resulting in increased profitability. As well as project-based work, we provide contracted service and repair work throughout the year. The gas businesses normally have more callouts during colder months, resulting in higher labour and materials costs. This seasonality drives higher levels of profitability and cash generation in the warmer months when call-out rates are lower, and a proportion of our engineers can be redeployed to jobs that yield further income. As a result, a significant proportion of the annual profit occurs during the second half of the financial year.

The gas businesses continued their track record of new wins during the year. The most significant awards included a Gas Servicing, Repair and Installation Contract with L&Q for £68.0m over an eight-year period; a heating services, repairs and installations contract with Longhurst Group for up to £30.0m over a maximum of five years; a contract with Metropolitan Thames Valley Housing valued at more than £20.0m for domestic, commercial heating and electrical works over a four-year term; £20.0m of work over a maximum of 10 years for heating servicing, repairs and installations on behalf of the London Borough of Tower Hamlets; a 10-year gas servicing and maintenance contract with Wandle Housing Association for over £10.0m; and an award of £10.0m over 10 years with Southend-on-Sea Borough Council.

Other notable achievements included the improvement of energy efficiency at Widnes Vikings Stadium through the delivery of renewable energy upgrades for Halton Borough Council, and Sure Maintenance being recognised as Heating Contractor of the Year at the 2022 ASCP Safety & Compliance Awards.

Water and air hygiene

H2O is our water and air risk assessment specialist provider across the UK. Performance of the business has continued to be positive with strong client service supporting consistent delivery. The business has again achieved several wins in the year including a number of individual awards for water testing and sampling including £0.7m with London Borough of Merton, £0.8m with Sanctuary Housing Group, £0.5m with Royal Borough of Kensington and Chelsea and in excess of £0.5m with Metropolitan Thames Valley Housing for water hygiene risk assessments and monitoring.

Operational summary continued

Smart metering

Providor is our leading national installer of smart meters (operating as a meter asset manager and meter operator), undertaking work for utility suppliers which are required by the UK Government to install smart meters in every home across England, Wales and Scotland. The business is among the most experienced in the ongoing UK-wide roll-out and remains focused on existing contract delivery through to the current installation deadline of 31 December 2025. As of September 2022, over 26m of the newly installed meters were operating in smart mode. With more than 55m smart meter installations required in total, there remains a significant market opportunity ahead of the roll-out deadline.

The business has delivered considerable growth in the year from previous wins and extensions, supported in part by the recruitment of new engineers. The business continues to assess new revenue prospects, from both new clients and existing contractual relationships. This represents an ongoing opportunity to grow further with confidence over operational delivery. The business did witness short term challenges from the pandemic effects during the year, notably from employee absences midway through the first half of the year when high levels of Covid-19 isolation were experienced across the UK. Profitability has decreased compared to last year, largely due to the upfront investment costs associated with engineer recruitment and training as the business resized for future volume growth. The Group expects that this investment will result in improved long term margins as the business grows.

Providor has extensive experience of the national smart meter roll-out and continues to apply careful management to the situation. We consider our contractual positions while seeking to provide strong and secure employment for our engineers. We recognise that ongoing volatility in gas prices has adversely impacted numerous energy supplier businesses and their ability to trade. We are fortunate that our client base is the larger utility companies who are better placed to successfully navigate pricing volatility. In addition, Ofgem will tend to appoint these larger energy suppliers to take on the smart meter obligations of any failed suppliers. This may further increase the volume of future work with our existing customers. It may also give us access to more engineers via either direct employment or our subcontractor arrangements, where appropriate opportunities present. The UK Government has confirmed that it remains committed to the smart meter roll-out and that it aligns with its net zero commitment.

Energy efficiency and renewables

These businesses provide a range of energy efficiency services such as insulation, heating and energy efficient technologies. The latter includes air source heat pumps, solar PV, battery storage, energy efficient lighting and electric vehicle charging points through the Everwarm and CorEnergy businesses. Everwarm provides these services predominantly for social housing and private homes, through grant funding, with CorEnergy having a focus on non-domestic premises. The Everwarm business also includes our joint ventures, Warmworks and Arbed, which are similarly focused on energy efficiency works in domestic properties backed by Government funding.

Sureserve delivers energy efficiency measures that support carbon emissions savings for utility companies, enabling them to meet their legislative targets. The insulation operations are driven by seasonal influences, as we are unable to render or use the fixing glue necessary for insulation below certain temperatures. As a result, we typically experience a far larger number of productive working days in summer, compared to winter months, with higher revenues and margins normally achieved in the second half of the financial year. CorEnergy works are project based and therefore not subject to the same seasonality.

Results across our energy efficiency businesses saw increased profitability in the Everwarm business together with a positive contribution from the newly acquired CorEnergy business. Everwarm's improved performance was principally due to the increase in revenues. We saw increased delivery and performance in comparison to last year within the Scottish Warmworks joint venture. This was due to a mix of growth in the business with new workstreams added and Warmer Homes Scotland work for the Scottish Government largely returning to normal compared to the prior year where Covid-19 restrictions had remained. Profit from the Arbed joint venture was also ahead of last year, but primarily resulted from one-off management actions related to the end of the Arbed 3 scheme. The contribution from CorEnergy since its acquisition in December 2021 has been positive and ahead of our expectations.

The energy efficiency and renewables businesses continued to see several large wins and awards as reflected in the order book growth. The largest win for Everwarm was a four-year energy services contract with Aberdeenshire Council for £10.0m. A number of other £1m+ wins and framework placements throughout the year give management confidence for further new work opportunities, along with existing client contracts and opportunities supporting the Warmworks joint venture. CorEnergy also saw a number of wins including works for Liverpool City Council for £2.5m, works in excess of £1.5m with Dorset Council, and various other ongoing



“Results across our energy efficiency businesses saw increased profitability in the Everwarm business together with a positive contribution from the newly acquired CorEnergy business.”



“Our view remains that the Group’s significant wealth of management experience and client relationships gives our business a market leading proposition in energy services and energy transition.”

and associated works. We have already seen additional opportunities from CorEnergy's involvement in the Group and access to frameworks and other tenders which may not have been available to it prior to acquisition. An example of this is the contract with the UK Ministry of Defence for solar PV procurement for £5.4m. We believe the complementary services offered by CorEnergy represent a continued opportunity for growth in the Group.

We continue to believe we are well placed to deliver on behalf of our utility partners based on our management team's extensive experience in this area. The 'ECO4' scheme, which commenced on 1 April 2022, commits funding of £1bn per year until 31 March 2026. Additionally, the ECO+ scheme announced in November 2022 will provide a further £1bn in funding. This should provide further opportunity for Everwarm to deliver increased volumes.

The Public Sector Decarbonisation Scheme supports the aim of reducing emissions from public sector buildings by 75% by 2037. Phase 3B announced a further £635m of grant funding available for non-domestic public sector buildings for the financial years 2023 to 2025, this scheme provides an ongoing revenue stream for CorEnergy for consultancy and contracting works for existing and new public sector clients.

Our Warmworks joint venture delivering the Warmer Homes Scotland initiative for the Scottish Government saw continued momentum in performance and client delivery. The Warmworks joint venture announced the acquisition of Connected Response Ltd in December 2021, which will provide a more diverse range of heating solutions to those in need and will continue to support the growth of the business.

As previously reported, the Arbed 3 programme for the Welsh Government has now concluded with details yet to be finalised for any successor scheme. We will monitor this alongside other appropriate opportunities. The joint venture has concluded the installation programme and is currently undertaking remaining post-installation obligations. The Group continues to work elsewhere in Wales, particularly the energy retrofit scheme with Pobl Group in Penderi.



“We continue to believe we are well placed to deliver on behalf of our utility partners based on our management team’s extensive experience in this area.”



“Our mix of customer propositions and service offerings based on established long term contractual relationships underpins our future prospects.”

Outlook

The continuity of key individuals and consistent growth have provided us with a stable platform to deliver quality services for our client base. Like many others, due to a combination of factors we are continuing to experience some upward cost pressures on certain materials, labour and fuel prices. However, we are well placed to address these challenges through our resilient business model, where we benefit from a high proportion of price-index linked contracts, and the experience of our management teams and workforce. Our long term collaborative approach with clients and key supply chain partnerships will assist us in continuing to mitigate cost pressures wherever possible.

Our mix of customer propositions and service offerings based on established long term contractual relationships underpins our future prospects. We expect that the UK Government will remain committed to providing sufficient funding to address fuel poverty in this highly regulated sector. Our view remains that the Group's significant wealth of management experience and client relationships gives Sureserve a market leading proposition in energy services and energy transition. We believe that our ECO credentials will allow us to continue to service our large utility clients as well as others. This means we are well placed to provide a high quality service to our customers and deliver effectively for all of our stakeholders.

Our financial performance and order book growth have continued to improve throughout FY22, building on last year's momentum. This is underpinned by high levels of long term contracts and frameworks for which we have continued to see high appointment and retention levels. Our client base, consisting largely of local authorities and housing associations, provides us with the continuity to move forward with partners which we regard as blue chip. Our plans support our ambitions to be the leading social housing energy services provider delivering projects that matter at the forefront of the UK energy transition. We remain confident in the ongoing prospects of the businesses.

Peter Smith
Chief Executive Officer
23 January 2023

A strong order book and future prospects



Sameet Vohra
Chief Financial
Officer

Following the update to the Group's strategy during the year, the Board of Directors has changed the basis of segmental reporting to move away from the previously reported two segment reporting basis (Compliance and Energy Services) to a single business segment of 'Social Housing Energy Services'. As part of the updated strategy, the Group is looking to dispose of the Sureserve Fire and Electrical Limited and Precision Lift Services Limited entities and so these have been included as assets held for sale. The Social Housing Energy Services operating segment and central costs are shown as continuing operations and exclude these two businesses that are held for sale.

Group revenue from continuing operations^{*1}, increased by 27.0% to £275.1m (2021: £216.6m), reflecting strong revenue growth across all businesses. CorEnergy, which was acquired in December 2021, has performed ahead of the Board's expectations, contributing to Group revenue of £9.8m including the full revenue relating to the solar PV MOD contract, in conjunction with another group company, and achieving EBITA of £1.0m post acquisition. Total Group revenue from continuing and discontinued operations increased by 26.8% to £309.3m (2021: £244.0m).

Group EBITA from continuing operations^{*1,2} increased by 36.6% to £16.8m (2021: £12.3m) reflecting strong revenue growth, notwithstanding the inflationary macroeconomic backdrop experienced in the second half of the year, and the investments made in headcount and training in the smart metering business where headcount increased during the year to meet demand from our utility customers. Central costs were £3.4m (2021: £2.7m) with the increase primarily relating to higher IFRS 2 share scheme accounting charges, M&A advisory costs, as well as certain one-off items. Total Group EBITA from continuing and discontinued operations increased by 27.4% to £18.6m (2021: £14.6m).

The Group reported an operating profit^{*1} of £16.4m (2021: £12.1m), after £0.3m of amortisation charges for acquisition intangibles (2021: £nil), £nil impairment of goodwill (2021: £0.2m) and exceptional costs of £0.1m (2021: £nil) relating to acquisition costs for CorEnergy.

The net finance expense^{*1} was £0.9m (2021: £1.0m), and taxation^{*1} was £2.5m (2021: £2.0m). The profit after tax^{*1}, was £13.1m (2021: £9.1m).

The Group reported an operating loss from discontinued operations of £1.7m (2021: operating profit of £2.7m), after a £3.5m goodwill impairment charge (2021: £nil) and exceptional income of £nil (2021: £0.4m). The loss after tax from discontinued operations was £2.0m (2021: profit after tax of £2.3m).

Finance expense

The net finance expense^{*1} was £0.9m (2021: £1.0m), which represented the interest charged on our borrowing facilities (net of finance income), together with the amortisation of loan arrangement fees and other interest, which totalled £0.3m (2021: £0.5m). The 2022 figure also includes £0.5m interest on lease agreements (2021: £0.5m) in accordance with IFRS 16.

Tax

The tax charge on the profit before tax^{*1} was £2.5m (2021: £2.0m). The effective tax rate of 15.9%, was lower than the statutory corporation tax rate of 19% due to true-up adjustments in respect of the prior-year tax charge and tax adjustments in relation to share-based payments.

Our net cash tax payment^{*3} for the year was £3.1m (2021: £2.4m) reflecting the higher profitability of the Group during the year.

The net deferred tax asset as at 30 September 2022 was £0.4m (2021: £0.3m). The movement primarily related to a reduction in the deferred tax on accelerated capital allowances being offset by additional deferred tax on short term timing differences and share-based payments. Further details are set out in [note 26](#).

^{*1} From continuing operations. Continuing operations comprises the Social Housing Energy Services division and Central costs segment. Sureserve Fire and Electrical Limited and Precision Lift Services Limited have been classified as assets held for sale and are excluded from continuing operations.

^{*2} EBITA is defined as Operating profit before impairment of goodwill, amortisation of acquisition-related intangibles and exceptional items.

^{*3} Adjusted basic earnings per share from continuing and discontinued operations excluding impairment of goodwill, amortisation of acquisition-related intangibles, exceptional items and their associated tax effect.

^{*4} From continuing and discontinued operations.

Earnings per share

Basic earnings per share from continuing operations were 8.0 pence (2021: 5.7 pence), based on profit after tax from continuing operations of £13.1m (2021: £9.1m). Group adjusted basic earnings per share³ was 9.0 pence (2021: 7.0 pence).

Our statutory profit⁴ for the year was £11.1m (2021: £11.4m). Based on the weighted average number of shares in issue during the year of 163.9m, this resulted in basic earnings per share of 6.8 pence (2021: 7.1 pence) from continuing and discontinued operations.

Cash flow performance

Our operating cash flow⁴ for the period was an inflow of £16.4m (2021: £14.2m), and the management of working capital remains an area of continued focus. This includes accrued income, receivables and payables, and we manage these balances within our existing banking facilities. However, we recognise the importance of supporting our supply chain and have ensured that we have continued to pay our suppliers to contractual terms.

Acquisition of CorEnergy Limited

On 7 December 2021, the Group acquired the entire issued share capital of CorEnergy Limited. The consideration paid for CorEnergy was £6.6m, plus a working capital adjustment of £1.0m (paid in cash), taking the total consideration paid to £7.6m. £3.3m was satisfied through cash and a further £3.3m in the issue of 3,704,811 new ordinary shares of 10p each in Sureserve which were issued at an effective price of 89.4p each.

Banking arrangements

In December 2021, the Group renewed its bank facilities to provide an overdraft facility of £5,000,000 together with a three-year revolving credit facility of £15,000,000 which runs to 31 January 2025.

As at 30 September 2022 the revolving credit facility remained undrawn (2021: £nil), and remained undrawn as at the date of issuing this report. National Westminster Bank ('NatWest') continues to be an excellent and supportive banking partner.

Net cash

At 30 September 2022, the Group had net cash (including cash balances in assets held for sale) excluding lease liabilities⁴ of £23.3m (2021: £16.4m).

	2022 £'000	2021 £'000
Cash and cash equivalents	19,319	16,444
Unamortised finance costs (included in other receivables)	151	27
Net cash pre-lease liabilities	19,470	16,471
Lease liabilities	(15,076)	(12,043)
Total net cash in continuing operations	4,394	4,428
Cash and cash equivalents in assets held for sale	3,989	—
Lease liabilities in assets held for sale	(599)	—
Total net cash (including lease liabilities)	7,784	4,428
Total net cash (excluding lease liabilities)	23,308	16,444

The total net cash, including lease liabilities⁴ of £15.7m (2021: £12.0m), was £7.8m (2021: £4.4m).

Statement of financial position

The principal items in our balance sheet are goodwill, right of use assets and working capital.

There was a decrease in goodwill of £1.5m from 30 September 2021, due to the reallocation of goodwill relating to assets held for sale of £7.8m offset by an increase of £6.2m in relation to the acquisition of CorEnergy. As at 30 September 2022, there are £nil acquisition intangibles (2021: £nil) remaining on the statement of financial position as these have been fully amortised.

Right of use assets has increased by £2.8m to £14.4m (2021: £11.6m) which primarily relates to an increase in our commercial vehicle fleet over the year.

Net current assets (excluding cash and lease liabilities)⁴ stood at £8.0m (2021: net current liability of £1.4m). Net current assets stood at £25.2m (2021: £11.0m).



Statement of financial position continued

The principal balances in working capital are noted below and reflect a continued focus on working capital management:

	As at 30 September 2022 £m	As at 30 September 2021 £m
Trade receivables	23.1	18.4
Accrued income	22.1	17.9
Trade payables	(31.2)	(24.9)
Accruals	(11.1)	(11.7)

*1 From continuing operations. Continuing operations comprises the Social Housing Energy Services division and Central costs segment. Sureserve Fire and Electrical Limited and Precision Lift Services Limited have been classified as assets held for sale and are excluded from continuing operations.

*2 EBITA is defined as Operating profit before impairment of goodwill, amortisation of acquisition-related intangibles and exceptional items.

*3 Adjusted basic earnings per share from continuing and discontinued operations excluding impairment of goodwill, amortisation of acquisition-related intangibles, exceptional items and their associated tax effect.

*4 From continuing and discontinued operations.

Risks

The Board considers strategic, financial and operational risks and identifies actions to mitigate those risks.

Our year-end review included an assessment of accrued income, of which the balance was £22.1m at the reporting date (2021: £17.9m), and this is regularly reviewed for impairment. Accrued income represents a balance sheet risk in our industry and we continue to ensure a balanced approach between risk and possible outcome on final invoicing.

We continue to manage a number of potential risks and uncertainties, including claims and disputes which are common to other similar businesses which could have a material impact on short and longer term performance. The Board remains focused on the outcome of a number of contract settlements on which there is a range of outcomes for the Group in terms of both cash flow and impact on the consolidated statement of comprehensive income.

In preparing our annual accounts, we have taken a view on the financial risk of pending claims and disputes and seek to provide in full for potential shortfalls, whilst taking account of potential counterclaims, such that we have a collectively balanced position of risk across all such matters.

Going concern statement

The Directors acknowledge the Financial Reporting Council's 'Guidance on going concern, risk and viability' issued in June 2020. The Group's business activities, together with factors likely to affect its future development, performance and position, are set out in the Strategic Report within the 2022 Annual Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review, as part of the Strategic Report of the 2022 Annual Report. In addition, [note 32](#) to the consolidated Financial Statements within the 2022 Annual Report includes details of the Group's approach to financial risk management, its financial instruments and hedging activities, and its exposure to credit risk and liquidity risk.

In assessing the Group and Company's ability to continue as a going concern, the Board reviews and approves the annual budget, three-year plan and a rolling 12-month forecast, including forecasts of cash flows, borrowing requirements and covenant headroom. The Board reviews the Group's sources of available funds and the level of headroom available against its committed borrowing facilities and associated covenants. The Group's financial forecasts, considering possible sensitivities in trading, indicate that the Group will be able to operate within the level of its committed borrowing facilities and within the requirements of the associated covenants for the foreseeable future. NatWest remains very supportive of the Group and in December 2021, the Group renewed its bank facilities to provide an overdraft facility of £5,000,000 together with a three-year revolving credit facility of £15,000,000 which runs to 31 January 2025. The Directors have a reasonable expectation that the Group and Company have adequate resources to continue their operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

Sameet Vohra
Chief Financial Officer
23 January 2023



We have a detailed and comprehensive risk management process, covering all aspects of strategic, operational and financial risks.

Risks are regularly reviewed by the businesses under the governance of a Group Risk Committee which regularly reviews the Group risk register, controls and mitigating actions. The Group Risk Committee is chaired by the Chief Financial Officer and comprises the Group Company Secretary, and the Group functional heads of HR, IT and health and safety. The Group Risk Committee reports into the Group Audit Committee.

A key focus of our strategy is to reduce risk and build a sustainable and profitable business, with predictable recurring revenues and increasing margins. We constantly review our control and monitoring processes and our systems and work closely with our clients to understand how our marketplace is changing and how it is likely to change in the future. The commentary below details the main risks we currently face, their potential impact on our business, how we mitigate them, our net risk assessment, and the change in risk rating compared to the prior year.

1

Changes in Government policy

The public sector and regulated industries provide a significant proportion of our revenue, so our business is heavily dependent on policies and programmes adopted by the UK, devolved national and local Governments.

Explanation of risk and impact

Significant changes to Government policy and legislation could have a material impact on our results. Policy, however, extends beyond legislation into client procurement methods; this includes the sudden withdrawal of confirmed budgets, the change in spend profile and mix by customers, changes in client staffing leading to alterations in priorities and difficulties in settling disputes and accounts for payment.

Mitigation

Our diverse business has enabled us to manage the risks and focus our efforts on those markets where we feel there is the opportunity of earning a more predictable return. We recognise the importance of operational delivery in giving confidence to clients and maintain high standards of service and quality that allow us to set ourselves apart whilst generating a reasonable return on capital. We have also continued to invest in business development, through talented senior managers and experienced local leaders, aimed at building sustainable relationships with clients and securing long term contracts. Furthermore, our strategy on acquisitive growth also reduces the risk as we seek to move into renewable markets which are not as affected by Government policy.

Net risk assessment

M

Moderate

Change in rating

-

No change

2

Major health and safety incident

We provide our services in a range of potentially high risk environments: in homes, in public buildings, at height, with water, in lifts, with electrical and gas services and as lone operatives in vans.

Explanation of risk and impact

There is potential for a major health and safety incident within the environment in which we work which could have significant impact on a person or people either directly, indirectly or not involved with the works we are undertaking. A significant health and safety incident could cause a serious injury or death, incur reputational loss or civil and criminal costs as a result of works undertaken by the Group. We are also faced with the perceived risk of the sector, with an increased nervousness of the insurance market around social housing contracting.

Mitigation

As a business we continually review our investment in high quality staff and our performance in health and safety. This is underpinned by internal auditing, internal policies and procedures, accident incident analysis and compliance reporting. The accident frequency rate is an important Group KPI, and all accidents and incident statistics are reported to the Board on a monthly basis. We have a health and safety culture which is driven by the Managing Directors of the divisions and driven by our skilled health and safety team. Each business has a dedicated health and safety resource which has an open remit to attend any site at any time to offer support or audit. We have a robust UKAS-accredited health and safety management system which is administered by a health and safety team who provide support to the businesses at all stages. We adhere to strict internal mandatory training standards driven by job roles with persons in place to monitor and maintain training standards. This is supported by our Online Learning Academy which acts as a base for our core mandatory health and safety training courses. The SHEQ Forum is well established across the Group and meets regularly to review overall business performance and drive new safety initiatives, all of which are supported by our senior management team.

Net risk assessment

L

Low

Change in rating

-

No change



3

Failure to acquire new businesses in line with strategy

Our strategic growth objectives are based on a combination of organic growth and acquisitive growth, focusing on companies in the social housing gas compliance sector, and renewables.

Explanation of risk and impact

The Group announced its strategy in January 2022 and central to that strategy is growth by acquisitions. Failure to acquire businesses could impact future profitability and the Group's reputation to deliver on its strategic growth objectives.

Mitigation

The Group has established its strategic acquisition criteria for both gas compliance businesses and renewables businesses. We are working with experienced M&A advisers to identify potential targets and to manage and advise on the deal execution process. This will be supplemented by detailed due diligence using internal resource and external advisers, with the results of due diligence being reported to the Board who can then make an informed decision as to whether to proceed with an acquisition or not.

Net risk assessment

L
Low

Change in rating

N
New risk

4

Integration of new acquisitions

The Group has a strategic objective of growth through acquisitions. Failure to integrate new acquisitions could impact on the Group's strategic plans.

Explanation of risk and impact

The failure to integrate new acquisitions will result in acquisition business cases not being met resulting in lower profitability and cash flow. It could also have a reputational impact on the Group and may impact the ability of the Group to acquire further businesses.

Mitigation

As part of the acquisition of CorEnergy in December 2021, a detailed acquisition integration plan was developed showing the functional integration activities required to be undertaken by Sureserve Group functional heads, and also management of the acquired business. Responsibility and accountability was attributed to individuals with strict integration deadlines as part of the plan. Overall responsibility for the integration resides with the CFO with regular stats reporting to the Board. This plan now forms the blueprint for future acquisitions and can be tailored accordingly.

Net risk assessment

L
Low

Change in rating

N
New risk

5

Information security and data privacy

Information security, including data privacy, remains a risk that all businesses face with the protection and security of data and information assets critical to the running of the business, and ensuring compliance with legal requirements.

Explanation of risk and impact

The Group holds a significant amount of confidential data and information assets. The prevalence of information security risks in society is increasing and threats are constantly evolving. A significant information security incident could have a major disruptive effect on the operations of the businesses, thereby affecting profitability, cashflow, could affect the reputation of individual businesses or the Group, and affect our customer's confidence in working with us. Any data privacy breaches could also put the Group in a position of non-compliance with data privacy legislation which could result in significant fines and penalties.

Mitigation

The Group has a dedicated information security team in place to not only prevent the potential loss or misuse of data, but also to ensure compliance with data privacy legislation. Detailed information security risk workshops have taken place during the year to identify and assess controls in place, and what further controls may be required. The Group's IT infrastructure has been designed with information security controls in place, e.g. multi-factor authentication. Furthermore, employee training via the Sureserve Academy is undertaken by all staff, and simulation phishing testing exercises are carried out throughout the year to improve awareness of risks.

Net risk assessment

M
Moderate

Change in rating

N
New risk

6

Supply chain availability and cost inflation

The current macroeconomic environment has resulted in certain material shortages and longer lead times, which could have purchase price implications.

Explanation of risk and impact

Due to a number of macroeconomic reasons, the lead times on certain materials e.g. boilers, solar panels and fleet vehicles have increased significantly. This has both price implications as cost inflation will impact profitability and cash flow but could also have operational scheduling issues thereby affecting works and business performance.

Mitigation

By virtue of our significant presence in social housing energy services in the UK, we have strong purchasing power with our suppliers which can partially mitigate cost inflation. Our careful operational scheduling and this purchasing power also helps us in managing lead times of key inputs. Nearly all of our customer contracts in the gas and water hygiene businesses have contractual price protection clauses within them to protect against input cost inflation, with other businesses factoring inflation into their price negotiations with customers.

Net risk assessment

M

Moderate

Change in rating

N

New risk

7

People

The success of our business depends on recruiting, retaining, motivating and developing the right people at all levels of our organisation.

Explanation of risk and impact

If we do not have enough suitably skilled, experienced and engaged people we may not be able to deliver the required service quality to our customers or grow our business as quickly as we had planned. This would affect our ability to tender for new work, affecting profitability and impact our reputation.

Mitigation

We invest significant resources in developing our managers and training our employees including, but not limited to, the Sureserve Academy. We have an Employee Representative Council with members elected from all parts of the Group, ensuring that all of our people have a voice. We work hard to make Sureserve a group that people want to be part of, with a positive culture and opportunities to develop and learn. We are constantly assessing our training needs, listening to staff and developing innovative solutions such as our in-house online training products. We actively seek out rising stars in the business and recognise and celebrate achievement.

Net risk assessment

M-L

Moderate-Low

Change in rating

-

No change

A Board focused on delivering shareholder value



1. Nick Winks Non-Executive Chairman



Appointment

Nick was appointed as Non-Executive Chairman in May 2021.

Key strengths

Nick's early career saw him hold a variety of senior management roles including as MD or CEO of a number of businesses, both private and public. Since then, he has been focused on leading business change projects and has worked with many businesses to drive improvements in operating performance, cash generation and debt structures.

Experience, skills and qualifications

Nick is currently Chairman of Virtua Group, a Non-Executive Director at Rainham Industrial Services and Executive Chairman and CEO at John Charcol Group. He has held previous key management or board roles, increasing value at a range of public and private companies including Claimar Care plc, Eleco plc, PCFG plc, Connect Group plc, Escher Group plc and Inspect Holdings plc. Nick is a past Fellow and past Director of the Institute for Turnaround.

2. Peter Smith Chief Executive Officer

Appointment

Peter was appointed to the Board in July 2019 as Chief Financial Officer and was appointed as Chief Executive Officer in November 2021.

Key strengths

Peter has more than 15 years' experience in finance at Director level with widespread and successful experience in delivering results in areas such as facilities management, services, third party logistics, specialist recruitment, procurement, food service and manufacturing.

Experience, skills and qualifications

Some recent (non-board level) roles have included Finance Director of the Cleaning & Environmental Services division of Mitie Group, Interim Finance Director of the Specialist Services division at OCS Group, Interim Commercial Finance Director at the Post Office and Interim Chief Financial Officer of Support Services at Balfour Beatty as well as Head of Finance Shared Services, Finance Systems and Process Improvement at British Gas.

3. Sameet Vohra Chief Financial Officer

Appointment

Sam joined the Sureserve Group in December 2021 as Interim Chief Financial Officer. He was made permanent Chief Financial Officer and joined the Board in April 2022.

Key strengths

Sam has more than 25 years' experience in finance, with 20 years working in UK-listed PLCs. He has a broad skillset and strengths gained in senior finance leadership roles including: strategy execution, performance improvement, M&A, IT, risk management, transformation programme leadership and financial management.

Experience, skills and qualifications

Sam qualified as a Chartered Accountant with KPMG and is a member of the Institute of Chartered Accountants in England and Wales. He has gained considerable finance and commercial experience in senior finance leadership roles, including as CFO at Science Group PLC, Group Director of Finance at Spectris PLC and Group Financial Controller at TT Electronics PLC.

4. Robert Legget Senior Independent Director



Appointment

Robert was appointed to the Board in April 2016.

Key strengths

Robert has extensive business and finance experience and holds strong views on corporate governance.

Experience, skills and qualifications

Robert co-founded Progressive Value Management Limited in 2000 and is Chairman. Progressive Value Management specialises in creating value and liquidity for institutional investors from illiquid holdings in underperforming companies. In this role he has had significant engagement with public company boards. Robert was formerly a Director of Quayle Munro Holdings plc and Foreign & Colonial Private Equity Trust plc (now CT Private Equity Trust PLC), and is currently a Director of Downing Strategic Micro-cap Investment Trust plc. He has recently been appointed to the boards of Trian Investors 1 Limited and R&Q Insurance Holdings Limited, where he is the Senior Independent Director in both cases. Robert is a member of the Institute of Chartered Accountants of Scotland and holds an MBA.



Key



Audit Committee member



Nomination Committee member



Remuneration Committee member



Committee Chair



5. Derek Zissman Independent Non-Executive Director



Appointment

Derek was appointed to the Board in November 2017.

Key strengths

Derek has extensive business and finance experience.

Experience, skills and qualifications

Derek is currently a Director of three AIM listed companies and one fully listed on the Frankfurt Stock Exchange. He spent many years with KPMG, where he was a co-founder of the firm's Private Equity Groups in the UK and USA, and was Vice Chairman of KPMG UK. Derek is a Fellow of the Institute of Chartered Accountants in England and Wales.

6. Christopher Mills Non-Executive Director

Appointment

Christopher was appointed to the Board in March 2019.

Key strengths

Christopher has extensive business and finance experience.

Experience, skills and qualifications

Christopher is Chief Executive and Investment Manager of North Atlantic Smaller Companies Investment Trust ('NASCIT'), appointed in 1984. He is currently a member and Chief Executive of Harwood Capital Management. In addition he is a Non-Executive Director of numerous UK companies which are either now or have in the past five years been publicly quoted.

7. Tania Songini Independent Non-Executive Director



Appointment

Tania was appointed to the Board in May 2022.

Key strengths

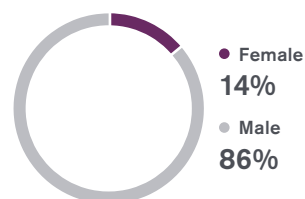
Tania has extensive business and finance experience, particularly in renewable energy technologies.

Experience, skills and qualifications

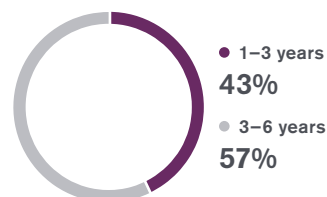
Tania has built a portfolio of Non-Executive Director, Chair of Audit and Risk, and Remuneration Committee roles, including with companies such as The Private Infrastructure Development Group, Thrive Renewables, Guernsey Electricity and the Energy Systems Catapult. She recently joined the board of the UK Infrastructure Bank. Prior to 2015 she worked for Siemens for 18 years in its logistics, healthcare and energy businesses, where she held a number of Finance and Commercial Director roles. Tania has a Master's degree in Political Science and International Relations from the University of Rome.

Diversity, independence and experience

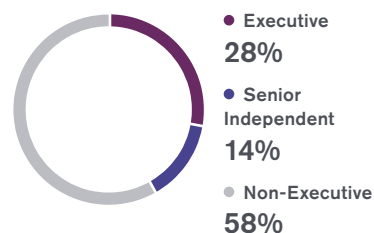
Gender



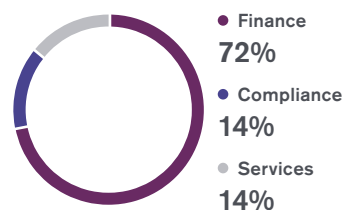
Tenure



Board composition



Sector experience





David Lummis

**Managing Director,
Aaron Services**

David began his career in logistics, working across various Operational, ICT and Finance roles in the logistics sector before joining the family heating business Aaron Services in 2003. David became a Director of the business in 2008 and was made Managing Director in 2012, and has led Aaron through a period of continued growth.

Aaron joined the Group in October 2015.

Employees: 500

Offices: 9



Tom Griffin

**Managing Director,
CorEnergy**

Tom is a Chartered Accountant and has held senior commercial financial positions for G4S Plc, Wincanton Plc and Greencore Plc, and built successful renewable energy and sustainability companies as Commercial Director at Evergreen Energy. In 2014 Tom co-founded CorEnergy and grew the business into a multi-technology decarbonisation solutions provider.

CorEnergy joined the Group in December 2021.

Employees: 19

Offices: 1



Robert Stirling

**Managing Director,
Everwarm**

Robert has a wealth of experience and knowledge gained over 30 years in the energy services and construction industry. Robert has driven Everwarm's whole-house retrofit capability and renewables, ensuring the business continues to stay at the forefront of the market.

Robert works hand in hand with our clients to proactively design innovative solutions that safeguard their interests for many years to come.

Everwarm joined the Group in April 2014.

Employees: 446

Offices: 3



Steve Lorrman

**Managing Director,
H2O Nationwide**

Steve founded H2O in July 1998 and has grown the business into one of the country's best known water hygiene specialists. Steve has held several key industry positions including Senior Associate of the Water Management Society, Vice Chairman for the BESA Air Hygiene Group and co-authored TR/19, the UK's leading air hygiene standard.

H2O Nationwide joined the Group in December 2014.

Employees: 83

Offices: 2



David Greenfield

**Managing Director,
K&T Heating**

Joining K&T in 1989, David progressed through the business as a qualified gas engineer and then into contract management and finance. David moved into the position of Managing Director at K&T in 2011 when the business was acquired by the Group. David has built a strong senior management team and successfully restructured the business leading to improved productivity and profitability.

Employees: 455

Offices: 6



Pat Coleman

**Managing Director,
SureMaintenance**

Pat has over thirty five years' experience within the industry and over 10 years' experience in senior management. Pat joined Sure Maintenance in 1999, progressing through the roles of Supervisor, Accounts Manager, Operations Manager and Business Development Director before starting his current role as Managing Director in 2019.

In September 2015 the business joined the Group.

Employees: 473

Offices: 5



Colin Laidlaw

**Managing Director,
Provider**

Colin has held a number of important positions for market leading gas businesses, including Operations Director during a 12-year period for BSW Heating. Colin joined Provider in 2018 as Operations Director, and was made MD in September 2019.

In June 2017 the business joined the Group.

Employees: 467

Offices: 2



Driving business performance with a strong focus on corporate governance



Nick Winks
Non-Executive
Chairman

Introduction

2022 saw a strengthening of the Group Board, with the appointments of both a new Chief Executive Officer and Chief Financial Officer. Peter Smith assumed the role of Chief Executive Officer in November 2021 following a period as Interim Chief Operating Officer and Chief Financial Officer. Sam Vohra was appointed as Chief Financial Officer in April 2022, following a period as Interim Chief Financial Officer.

Our team of Non-Executive Directors saw the addition to the Board of Tania Songini in May 2022. Tania brings with her a wealth of experience in the energy and renewables sectors.

We now have a stable Board with the experience to drive business performance.

The Company applies the governance principles of the Quoted Companies Alliance Corporate Governance Code 2018 (the 'QCA Code'), on the basis that it is the most appropriate governance code for the Group, having regard to its strategy, size, stage of development and resources. The QCA Code is based around 10 principles and a set of disclosures. Details of how the Group complies with each of the 10 principles of the QCA Code may be found in the explanations below, within the Committee reports, throughout this Report and on the Company's website at www.sureservegroup.co.uk/investors/corporate-governance.

The focus on strong corporate governance is driven by the Board and remains fundamental to the effective management of the business and delivery of long term shareholder value.

2023 will see a focus on delivering key strategic objectives for the Group.

Nick Winks
Non-Executive Chairman
23 January 2023

Statement of compliance with the QCA Corporate Governance Code

The Board has adopted the QCA Corporate Governance Code and in the table below we set out how we comply with the principles of the Code.

Deliver growth

Principle 1

Establish a strategy and business model which promote long term value for shareholders

 Pages 12–13 and [14–15](#)

 www.sureservegroup.co.uk

Sureserve is a leading UK social housing energy services Group, delivering heating and energy efficiency measures to Housing Associations, Local Authorities and landlords across the UK. Details of the Group's strategy, business model and principal risks and uncertainties to the business, together with mitigating factors that the Board has identified, can be found in the Strategic Report.

Principle 2

Seek to understand and meet shareholder needs and expectations

 Pages 19

 www.sureservegroup.co.uk/investors/corporate-governance

Active shareholder dialogue remains a focus for the Company. Regular dialogue with both institutional and private shareholders is led by the Chairman along with the Chief Executive Officer and the Chief Financial Officer, who was appointed during the year.

Following both the Annual and Interim results announcements, meetings are held with analysts, private investors and institutional investors of the Company, in London, Edinburgh and regionally. The Company's website also has details of all public announcements, Annual and Interim Reports and investor presentations.


During the year the Company also held its first, well attended, online presentation through the Investormetcompany portal following the Annual Results announcement.

The March 2022 Annual General Meeting returned to being an in person meeting, open to all shareholders to attend.

Principle 3

Take account wider stakeholder and social responsibilities and their implications for long term success

 Pages 24–33

 www.sureservegroup.co.uk/sustainability and
www.sureservegroup.co.uk/news-media/press-releases

Further detail of the Company's engagement with the wider stakeholder community and of our ESG policy can be found on pages 24 to 33.

The Board remains conscious of the impact that the Company's business activities may have on the environment and society more generally. The Company acknowledges its responsibilities to all stakeholders and encourages all feedback via the Contact Us section of the Company website at www.sureservegroup.co.uk. Continued progress was made within our sustainability agenda, including a growing investment in our fleet to transition to an all electric fleet of vehicles.

Employee engagement at all levels remains a strong focus for the Company. There is regular Group-wide communication with all employees and

enhanced by the work of the Employee Representative Council ('ERC'), which meets on a regular basis throughout the year. Through employees with our people, representatives from all businesses have initiated progress on improved support and benefits for our people. A full employee survey was undertaken during the year which led to a set of employee engagement scores being calculated. These are now being used as ongoing KPIs.

Our Equality, Diversity & Inclusion ('ED&I') steering group and working groups have met several times in the year and continued to develop the Group's equality and diversity commitment. A full ED&I Report was delivered in January 2023 and will serve to refresh current targets and understand progress against the Group's goals.

The Sureserve Academy continues as a central hub for all learning and development activities across the Group, including for the 746 trainees which are in place across the Group.

The Company continually strives to add social value in our contract delivery and regular dialogue is maintained with clients and clients' customers to drive this forward.

Compliance with all central legislation around Bribery and Corruption and Modern Slavery is maintained.

The Sureserve Foundation, which focuses on alleviating fuel poverty, has continued to support communities and individuals with the provision of advice and guidance, fuel poverty vouchers, grants and Winter Warmer parcels to vulnerable residents of our Housing Association clients and external applicants. The annual review for the Sureserve Foundation may be found at www.thesureservefoundation.org.

Principle 4

Embed effective risk management, considering both opportunities and threats, throughout the organisation

 Pages 34–36 and [45–47](#)

Details of the risks and uncertainties faced by the Group, and their mitigation, can be found in the Principal Risks and Uncertainties section of this Report and Accounts on pages 45 to 47.

The Board has responsibility for ensuring that effective risk management is in place across the Group. Clear strategic goals are set and risks to the achievement of these objectives are monitored through regular dialogue with operational management in each of the businesses.

Risk management reporting forms a key aspect of Board discussion, supported by input from relevant external and regulatory bodies.

At each Board meeting a detailed report is tabled from the Group Safety, Health, Environment & Quality ('SHEQ') team which consolidates Group-wide health and safety reporting.

Formal risk registers are in place at plc and operating company level and are reviewed and monitored by the Audit Committee at each meeting.

Reviews of the individual operating companies' risk registers were concluded during the year including site visits by members of Group Risk Committee. The Group Risk Committee met five times during the year. This Committee reports to the Audit Committee as does the Internal Audit function which has also undertaken four specific subsidiary company reviews during the year at the request of the Committee, as well as additional reports into specific areas:

- ▶ Sub contractor engagement and payment arrangements
- ▶ Levels of accrued income in subsidiary companies

The Group maintains appropriate levels of insurance cover and regular reviews were undertaken during the year with regards to any claims or areas of potential new risk for the business.

Maintain a dynamic management framework

Principle 5

Maintain the Board as a well functioning, balanced team led by the Chair

Pages 48–49

www.sureservegroup.co.uk/about-us/board-directors

Board composition has been refreshed during the year. Peter Smith, who had held the joint role of Interim Chief Operating Officer and Chief Financial Officer following the Board changes in the previous year, was appointed as Chief Executive Officer in November 2021.

A comprehensive search was then undertaken for a new Chief Financial Officer. Sameet Vohra was appointed on an Interim basis in December 2021 and was subsequently confirmed in role and appointed to the Board in April 2022.

The Board had been conscious for a while of the need to expand its number of Non-Executive Directors. Tania Songini was subsequently appointed to the Board in May 2022. She brings with her a wealth of experience in the energy sector, particularly around renewables, which will be of considerable benefit to the Board as it continues to develop Group strategy.

The Board now comprises of five Non-Executive Directors, including the Chairman, and two Executive Directors. The Board retains a strong sector and financial experience base.

The Chairman is responsible for the overall management of the Group including the approval and implementation of the Group's objectives and strategy, budgets and operational performance along with the maintenance of sound internal control, corporate governance and risk management procedures. The Board continually reviews these responsibilities. Whilst the Board may delegate day to day management to the Executive Director, subject to formal delegated authority limits, certain matters are reserved for full Board approval. Details of matters reserved for the Board may be found at www.sureservegroup.co.uk/investors/corporate-governance.

Details of the Directors, including brief biographies, Committee membership, key strengths and experience, skills and qualifications, can be found on pages 48 and 49 of this Report and Accounts.

All Directors are subject to re-election at each Annual General Meeting of the Company.

Nick Winks, Robert Legget, Derek Zissman and Tania Songini are all considered to be Independent Non-Executive Directors of the Group.

Directors during the year	Role	Independent/ non-independent	Date of appointment
Nick Winks	Chairman	Independent	May 2021
Peter Smith ¹	Chief Executive Officer	Not independent	July 2019
Sameet Vohra ²	Chief Financial Officer	Not independent	April 2022
Robert Legget	Non-Executive Director Senior Independent Director	Independent	April 2016
Derek Zissman	Non-Executive Director	Independent	November 2017
Christopher Mills	Non-Executive Director	Not independent	March 2019
Tania Songini ³	Non-Executive Director	Independent	May 2022

Notes

1. Peter Smith appointed as Chief Executive Officer in November 2021.
2. Sameet was appointed as Chief Financial Officer in April 2022.
3. Tania Songini was appointed to the Board in May 2022.

The Board is supported in its work by Audit, Remuneration and Nomination Committees which are chaired by the Independent Non-Executive Directors. All Non-Executive Directors are required to commit sufficient time to their roles in order to adequately discharge their duties.

The table below summarises the membership of the Board, the Board Committees and the attendance record of the Directors:

Director	Board scheduled meetings	Audit	Remuneration	Nomination
Executive Directors				
Peter Smith	9/9			
Sameet Vohra ¹	3/3			
Non-Executive Directors				
Nick Winks	9/9	4/4	4/4	2/2
Robert Legget	9/9	4/4	4/4	2/2
Derek Zissman	9/9	4/4	4/4	
Christopher Mills	8/9			
Tania Songini ²	3/3		3/3	

Notes

1. Sameet Vohra was appointed to the Board on 13 April 2022.
2. Tania Songini was appointed to the Board on 5 May 2022.



Maintain a dynamic management framework continued

Principle 6

Ensure that between them the Directors have the necessary up to date experience, skills and capabilities

Pages 48–49

www.sureservegroup.co.uk/about-us/board-directors

The Board of Directors has substantial and relevant experience – both in terms of the sectors in which the Company operates and in financial, operational and public company experience. Details of each Director, including a brief biography, Committee membership, key strengths and experience, skills and qualifications, are detailed on pages 48 and 49 of the Report and Accounts. The Directors are mindful of the importance of diversity within the workforce and at Board level.

All Directors are required to commit sufficient time to their roles in order to adequately discharge their duties. Training is maintained through regular business updates from the Executive Directors and briefings from external advisers.

Supporting the work of the Board are three Board Committees, all with formally delegated powers – an Audit Committee, a Remuneration Committee and a Nomination Committee. All are chaired by and comprise the Non-Executive Directors.

Each of the Directors is subject to either an Executive Service Agreement or a letter of appointment. The Company's Articles of Association require all of the Directors to retire at every Annual General Meeting. Non-Executive Directors are appointed for terms of three years, which may be renewed, subject to the particular Director being re-elected by shareholders.

During the year advice was received from external professional advisers regarding legacy matters from the former construction division and establishment of a revised Performance Share Plan for Executive Directors and Managing Directors of Group subsidiary businesses (Remuneration Committee). In addition, advice was taken regarding the establishment of a further SAYE Scheme for employees.

Principle 7

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

Pages 48–68

As previously reported in order to ensure the effective operation of the Board and the Committees, and in line with QCA Code Guidelines, an evaluation of the Board was undertaken by an external, independent consultant. The process of appointing an external consultant was overseen by the Senior Independent Director and the Company Secretary.

The initial evaluation and the results of the Board evaluation were presented to the Board on 10 January 2019. The Board undertook to implement the recommendations and invited the evaluator to return in late 2019 to form a view on progress. The Follow Up Review was concluded in December 2019. The evaluator concluded that most of the recommendations had been successfully implemented. The Follow Up review identified further areas for development and the Board has agreed to implement them. The conclusions of the Follow Up Review were presented to the Board in January 2020.

In summary, these were:

- ▶ The business was seen to have transitioned well following the disposal of its construction activities and had recovered well to growth
- ▶ Board members are entirely focused on driving shareholder value
- ▶ Corporate Governance was healthy

The Board was unanimous in its agreement with the evaluation assessment that the Board, its Committees and individuals continue to be effective. The Board valued the independence of the external evaluator and the approach taken.

The Board will consider a further evaluation at an appropriate time.

Principle 8

Promote a corporate culture that is based on ethical values and behaviours

Pages 01–47

www.sureservegroup.co.uk

The Company maintains regular dialogue with our employees, clients, clients' customers, communities, financial partners, shareholders and suppliers all in furtherance of our shared value of driving performance and engagement.

Employee engagement is supported by the ERC, regular staff communications and an annual staff survey.

The Sureserve Foundation, which is focused on the alleviation of fuel poverty, has continued to make distributions by way of fuel poverty vouchers, grants and Winter Warmer parcels to vulnerable and needy tenants of our Housing Association clients and external applicants.

Whistleblowing

The Company has established procedures by which employees may, in confidence, raise concerns relating to danger, fraud, or other illegal or unethical conduct in the workplace. The whistleblowing policy applies to all employees of the Group, and also consultants, casual workers and agency workers. The Audit Committee is responsible for monitoring the Group's whistleblowing arrangements and the policy is reviewed periodically by the Board.

Compliance with laws

The Group has systems in place designed to ensure compliance with all relevant laws, new regulations and all relevant codes of business practice. This includes:

- ▶ Taking all appropriate steps to comply with the provisions of the Market Abuse Regulation
- ▶ A copy of the Group's anti-slavery and human trafficking policy statement in relation to the Modern Slavery Act 2015, which can be found on the Company website
- ▶ The Company's Code of Conduct – available on the Company website
- ▶ An anti-corruption policy and Group whistleblowing policy, both of which relate to compliance with the Bribery Act 2010, can also be found on the Company website
- ▶ The Group has complied with the provision of statutory information relating to the gender pay gap legislation and payment practices regime
- ▶ The Energy Savings Opportunity Scheme ('ESOS'), offering full cooperation during audits of the Group's energy use
- ▶ The Company has adopted a share dealing code for the Directors and applicable employees of the Group for the purpose of ensuring compliance by such persons with the provisions of the AIM Rules relating to dealings in the Company's securities (including, in particular, Rule 21 of the AIM Rules). The Directors consider that this share dealing code is appropriate for a company whose shares are admitted to trading on AIM

Principle 9

Maintain governance structures and processes that are fit for purpose and support good decision making by the Board

Pages 48–68

www.sureservegroup.co.uk/investors/corporate-governance

Details of how the Board and its Committees' structure operates can be found at page 57.

The PLC Board held nine meetings during the year.

Within the annual calendar of Board meetings there is normally an annual budget presentation at which the Executive team presents its budget for the forthcoming year. The Non-Executive Directors are encouraged to attend visits to the individual operating businesses to discuss performance and other issues with the management teams.

The Company Secretary works closely with the Chairman and the Chairmen of the Board Committees to ensure that Board procedures, including setting agendas and the timely distribution of papers, are complied with and that there are good communication flows between the Board and its Committees, and between senior management and Non-Executive Directors.

There is a formal agenda at each Board meeting which includes an operational update from the Chief Executive and financial updates from the Chief Financial Officer. Both reports cover all business units within the Group and also cover new business opportunities.

Health and safety and strategic issues are dealt with at each Board meeting by the Chairman and Chief Executive.

During the course of the year, other matters considered by the Board include annual and half-year results announcements, principal risks and uncertainties, corporate social responsibility, AGM resolutions, shareholder communications and management incentivisation.

Board papers are circulated to the Directors at least three clear business days in advance of meetings to enable proper consideration of the content of the papers.

The Chairman maintains regular contact with the Non-Executive Directors outside of formal Board meetings.



Principle 9 continued

The roles of all Board members during the year were as detailed below:

Position	Name	Responsibilities
Chairman	Nick Winks	Leads the Board and sets Company strategy. Ensures an effective link between shareholders and the Board.
Chief Executive Officer	Peter Smith ¹	Implements policies and strategies agreed by the Board and manages the business.
Chief Financial Officer	Sameet Vohra ²	Develops, implements and monitors financial strategy of the business.
Non-Executive Directors	Robert Legget, Derek Zissman, Christopher Mills and Tania Songini ³	Provide constructive challenge to the Executive Directors. Monitor delivery of agreed strategy.

Notes

1. Peter Smith was appointed as Chief Executive Officer in November 2021.
2. Sameet Vohra was appointed as Chief Financial Officer in April 2022.
3. Tania Songini was appointed as Non-Executive Director in May 2022.

All Directors have access to the support and advice of the Company Secretary as required. Directors are also able to take independent professional advice at the Company's expense in the furtherance of their duties where considered necessary.

Position	Name	Responsibilities
Group Company Secretary	John Charlton	Provides guidance on all matters of Corporate Governance. Ensures a good flow of information within the Board and its Committees.

Board Committees

The Board has established three Board Committees, all with formally delegated powers – an Audit Committee, a Remuneration Committee and a Nomination Committee. All are chaired by and comprise the Non-Executive Directors.

The terms of reference for all Board Committees are reviewed regularly and can be found on the Company website at www.sureservegroup.co.uk/investors/corporate-governance.

Committee Chairmen attend the Company AGM and are available to answer any questions from shareholders regarding the activities of the Committees.

Build trust

Principle 10

Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Pages 51–68

www.sureservegroup.co.uk/investors/regulatory-news and www.sureservegroup.co.uk/investors/results-and-presentations

Detail of the activities of both the Audit and Remuneration Committees can be found on pages 59 to 64.

In the year to 30 September 2022 the Executive Directors and members of the Board met and had dialogue with a large number of shareholders and investors.

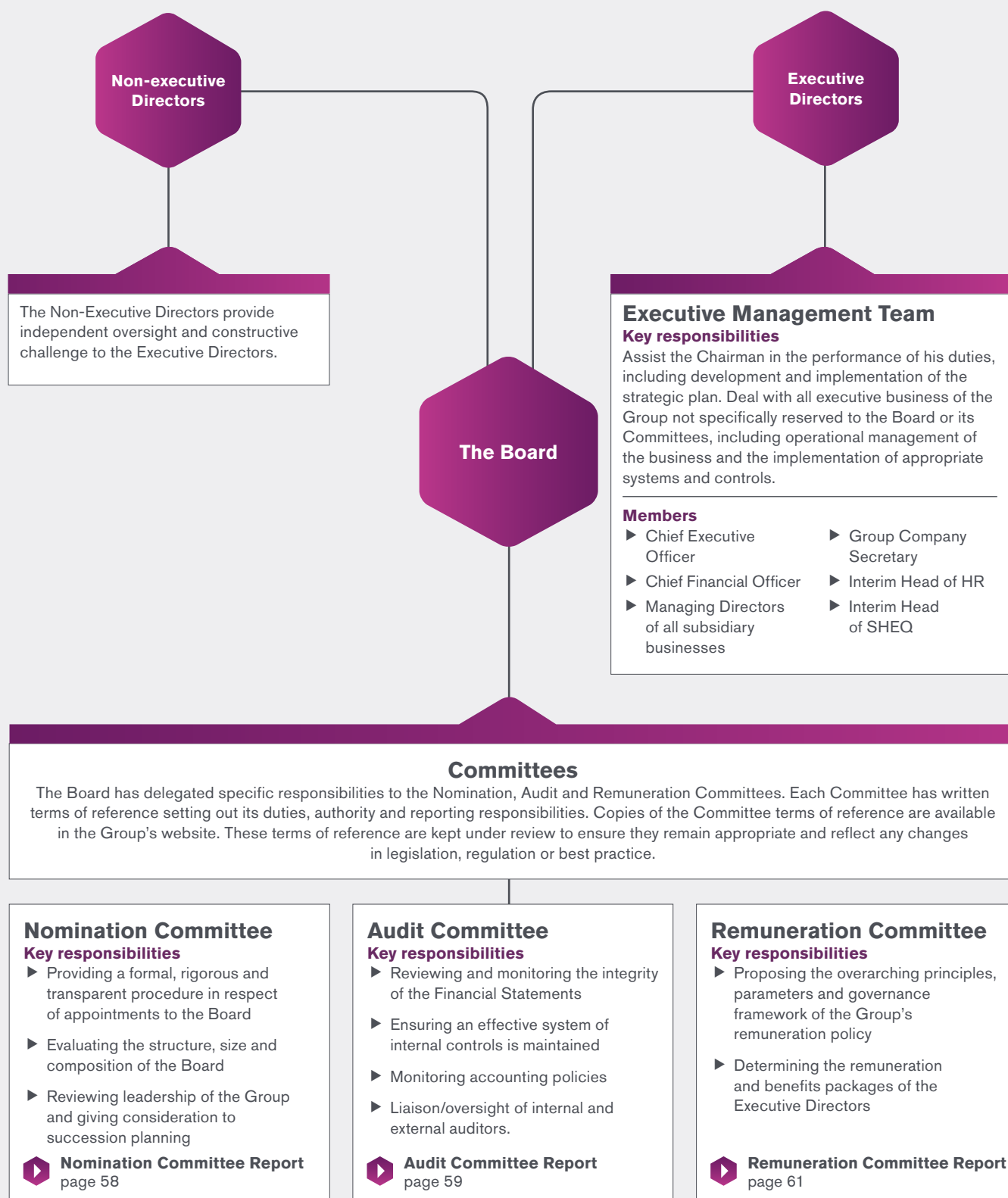
The Company aims to maintain an active dialogue with key stakeholders, including institutional investors, to discuss issues relating to the performance of the Group, including strategy and new developments. The Chairman and the Senior Independent Director are available to discuss any matter shareholders might wish to raise and attend meetings with investors as required.

The Company's website includes an investor relations section containing all RNS announcements, share price information, annual documents available for download and similar materials at www.sureservegroup.co.uk/investors. The website also provides details for contacting the Company on any issues.

The AGM remains a valuable opportunity for the Board to engage with shareholders and to answer any questions which shareholders may have. This year's AGM will be held on 21 March 2023 and full details of the venue and resolutions proposed may be found in the Notice of Meeting enclosed with these accounts or on the Company website. Attendance will require pre-registration and there will be an opportunity to put forward questions to be asked at the meeting in lieu of attendance.

Approved by order of the Board.

Nick Winks
Non-Executive Chairman
23 January 2023



This is the Nomination Committee Report for the year ended 30 September 2022.



Robert Legget
Senior Independent Director
Chair of the Nomination Committee

Committee members

Robert Legget Independent Non-Executive Director	Chair
Nick Winks Non-Executive Chairman	Member
Derek Zissman Independent Non-Executive Director	Member

Allocation of time

Review of candidates and appointment of new Chief Executive Officer and Chief Financial Officer



Consideration of Group Board structure and appointment of a further Non-Executive Director



Incentivisation measures for Executive Directors and Group Managing Directors, including awards under Share Incentive Plans



Review structure and performance measures for 2023 bonus arrangements for Executive Directors and Senior management



Key responsibilities

The key responsibilities of the Nomination Committee are to:

- ▶ Review the structure, size and composition of the Board, including the skills, knowledge, experience and diversity of Directors
- ▶ Give full consideration to succession planning for Directors and other senior Executives
- ▶ Keep under review the leadership needs of the organisation
- ▶ Identify and nominate for the approval of the Board candidates to fill Board vacancies

Membership of the Nomination Committee and attendance during the year

The Nomination Committee comprises two independent Non-Executives of the Company and the Chairman. Robert Legget, Derek Zissman and Nick Winks were the members of the Committee during the year. Details of attendance records during the period can be found on page 53.

Work of the Committee

The focus of the Committee's work during the year has been:

- ▶ Conclusion of the process for the appointment of a new Chief Executive Officer
- ▶ The search for, and appointment of, a new Chief Financial Officer
- ▶ Further strengthening of the Board through the appointment of an additional Non-Executive Director

The Committee had initiated a search for a new Chief Executive Officer towards the end of the previous financial year. Whilst a number of candidates were considered, the process was concluded early in the current financial year with the appointment of Peter Smith, the Interim Chief Operating Officer and Chief Financial Officer, to the role on 4 November 2021.

Following Peter Smith's appointment to the Chief Executive Officer role, the Committee continued its search for a new Chief Financial Officer and Sameet Vohra was appointed as a non-Board member Interim Chief Financial Officer on 14 December 2021. He was subsequently confirmed in the role and appointed to the Board on 13 April 2022.

The Committee had been considering the composition of the Board for some time and was pleased to conclude the appointment of Tania Songini to the Board as a Non-Executive Director on 5 May 2022. Tania brings strong financial management expertise to the Board along with considerable experience within the renewable energy sector.

The Board remains conscious that diversity extends beyond the boardroom and supports the management efforts to build a diverse organisation. The Group continues to embed a strong Equality and Diversity Policy within the business. When considering the optimum composition of the Board, it is believed all appointments should be made on merit, whilst ensuring an appropriate balance of skills and experience within the Board.

Despite the recent Board changes the Committee remains of the view that the output of the follow-up independent Board review adopted by the Board in early 2020 remains relevant, namely that:

- ▶ Sureserve had successfully transitioned to a growth phase following the disposal of its construction interests and the associated risks
- ▶ The Board was fully focused on driving shareholder value
- ▶ Group governance was healthy

The report was presented in December 2019, and adopted at the January 2020 Board meeting.

Action plan for 2022/23

The focus for the Committee during the coming financial year will be:

- ▶ To review succession planning within the Company and the membership of the Executive Management Team which supports the Executive Directors
- ▶ To consider, in cooperation with the Remuneration Committee, incentivisation measures for the members of the Executive Management Team
- ▶ To keep Board structure and composition under review

Approved on behalf of the Board by:

Robert Legget
Senior Independent Director
Chair of the Nomination Committee
23 January 2023

The terms of reference of the Nomination Committee are available to view at www.sureservegroup.co.uk/investors/corporate-governance

This is the Audit Committee Report for the year ended 30 September 2022.



Derek Zissman
Non-Executive Director
Chairman of the Audit Committee

Committee members

Derek Zissman Independent Non-Executive Director	Chair
Nick Winks Non-Executive Chairman	Member
Robert Legget Independent Non-Executive Director	Member
Tania Songini¹ Independent Non-Executive Director	Member

1. Tania Songini was appointed with effect from 5 May 2022.

Allocation of time

Review of Final Audit Findings Report for the year ended September 2021 and accounting judgements

40%

Key accounting considerations for the Interim Results to 31 March 2022

15%

Review of Risk Registers and reports from Risk Committee

20%

Setting of programme and review of Reports from internal auditor

5%

Consideration of external auditor's plan for the September 2022 Audit

20%

Committee meetings

The Committee met four times during the year. The meetings are attended by Committee members and, by invitation, the Chief Financial Officer, senior management and representatives from the external and internal auditors. Once a year, the Committee meets separately with the external auditor without management being present.

Roles and responsibilities

The primary function of the Audit Committee is to assist the Board in discharging its responsibilities with regard to financial reporting and the external and internal controls, including:

- ▶ Reviewing and monitoring the integrity of the Group's Annual and Interim Financial Statements and accompanying reports to shareholders and Corporate Governance statements
- ▶ Reporting to the Board on the appropriateness of the accounting policies and practices
- ▶ In conjunction with the Board, reviewing and monitoring the effectiveness of the Group's internal control and risk management systems, including reviewing the process for identifying, assessing and reporting all key risks (see the Principal Risks and Uncertainties on pages 45 to 47)

- ▶ Reviewing the effectiveness of the Group's internal audit process and approving the forward audit plan
- ▶ To make recommendations to the Board in relation to the appointment and removal of the external auditor and to approve its remuneration and terms of engagement
- ▶ To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements
- ▶ Reviewing and monitoring the extent of the non-audit work undertaken by the Group's external auditor, taking into account relevant professional and regulatory requirements
- ▶ Reviewing the adequacy and effectiveness of the whistleblowing and anti-bribery policy and procedures
- ▶ Reviewing the Group's risk management procedures and monitoring actions taken in the year

The Committee is comprised of financially literate members with the requisite ability and experience to enable the Committee to discharge its responsibilities. Derek Zissman, Nick Winks, Tania Songini and Robert Legget were the members of the Committee during the period under review. The Chairman of the Audit Committee during this period, Derek Zissman, is a Fellow of the Institute of Chartered Accountants in England and Wales whilst Robert Legget is a member of the Institute of Chartered Accountants of Scotland.

Activities of the Committee

During the course of the year the Committee undertook the following activities:

- ▶ Considered the Final Audit Findings Report for the year ended September 2021
- ▶ Reviewed the key accounting considerations and judgements reflected in the Group's results for the six-month period ended 31 March 2022
- ▶ Reviewed and agreed the external auditor's audit plan in advance of its audit for the year ended 30 September 2022
- ▶ Post year end discussed the report received from the external auditor regarding its audit in respect of the year ended 30 September 2022, which includes comments on its findings on internal control and a statement on its independence and objectivity
- ▶ Worked with Nominations Committee to review candidates for the position of Interim Chief Financial Officer which, following the appointment of Sameet Vohra to that role in December 2021, subsequently led to his confirmation and appointment to the Board as Chief Financial Officer in April 2022
- ▶ Assessed the impact of any external economic factors on the business, including but not limited to the Covid-19 pandemic on Group reporting requirements in discussions with the external auditors and management

The terms of reference of the Audit Committee are available to view at www.sureservegroup.co.uk/investors/corporate-governance



Activities of the Committee continued

- ▶ Reviewed the Risk Management Framework of the business including internal controls, the risk registers and the work of the internal auditor
- ▶ Supported the work of the Risk Committee, which meets on a quarterly basis and reports to Audit Committee
- ▶ Reviewed and approved the non-audit assignments undertaken by the external auditor in the year to 30 September 2022
- ▶ Considered, together with the Board, the Principal Risks and Uncertainties Review

External auditor

The Group's external auditor, RSM UK Audit LLP, who have been in place for six years is subject to annual reappointment by shareholders and partner rotation at the required interval. Partner rotation took place during the current financial year. Auditor rotation remains under review by the Board.

The Board is very aware that the effectiveness and independence of the external auditor is central to ensuring the integrity of the Group's published financial information. During the year the Audit Committee took the following steps to ensure that auditor independence was not compromised:

- ▶ The Committee annually reviews the Company's relationship with its auditor and assesses the level of controls and procedures in place to ensure the required level of independence and that the Company has an objective and professional relationship with RSM
- ▶ The Audit Committee reviews all fees paid for the audit and all Non-audit fees with a view to assessing the reasonableness of fees, and any independence issues that may have arisen or may potentially arise in the future

The Board is satisfied with the effectiveness and independence of RSM UK Audit LLP as our external auditor.

Financial reporting and statutory audit

The Committee reviewed with the external auditor the Annual Financial Statements and the Interim Report focusing on truth and fairness of the results and financial position. Factors reviewed included:

- ▶ Compliance with best practice requirements
- ▶ Clarity of disclosures
- ▶ Appropriateness of accounting policies
- ▶ Review of significant accounting judgements and estimates made

Areas which were the subject of review from the Audit Findings report included:

- ▶ Annual impairment review on goodwill and intangibles
- ▶ Provision for contract disputes and legal claims

Risk management and internal controls

One of the key priorities of the Audit Committee is the safeguarding of the Group's assets, both physical, such as inventory and intangible and trade and other receivables. This is achieved through implementation of policies and procedures and regular checks to ensure these are in operation. The Audit Committee has primary responsibility for oversight of the Group's system of internal controls, including the risk management framework and the work of the Internal Audit function. The system of internal controls is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and the Board can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has established a clear organisational structure with defined authority levels. The day to day running of the Group's business is delegated to the Executive Directors of the Group, who meet with both operational and financial management in each business area on a monthly basis. Key financial and operational measurements are reported on a monthly basis and are measured against both budget and forecasts.

Risk Registers are maintained at both subsidiary company and Group level and these outline the key risks faced by the Group, including their impact and likelihood and relevant mitigation controls and actions. The Group and business risk registers are reviewed and updated by management quarterly and further reviewed by Risk Committee, before being presented to Audit Committee for review at least semi-annually.

The principal risks and uncertainties which are judged currently to have the most significant impact on the Group's long term performance and prospects are set out on pages 45 to 47.

Internal audit

The Company has an established Internal Audit function and during the year a number of operational reviews have been undertaken by the internal auditor. These included:

- ▶ A review of accrued income across the Group
- ▶ A detailed review of Sub-contractor processes and payments across Group businesses
- ▶ A post acquisition review of completion accounts and management account reporting following the CorEnergy acquisition during the year
- ▶ Assisted with the implementation of new Group audit software
- ▶ Reviewed IR35 arrangements across the Group
- ▶ Reviewed and progressed closure of all outstanding matters from previous reports resolution of which may have been impacted by the Covid-19 pandemic

Internal Audit Reports are reviewed at each Audit Committee meeting. A forward Audit Plan is agreed with the internal auditor and follow up actions from previous Reviews considered.

Areas for review by the Committee in the current financial year

These will include:

- ▶ Review of the delivery of the new integrated finance system across the operating businesses
- ▶ Continuing to focus on specific operational reviews across the Group

Following the year end, the Committee has met to approve the Group's Annual Report and Financial Statements for the year ending 30 September 2022.

Derek Zissman
Non-Executive Director
Chairman of the Audit Committee
23 January 2023

This is the Directors' Remuneration Report for the year ended 30 September 2022.



Robert Legget
Senior Independent Director
Chairman of the Remuneration Committee

Committee members

Robert Legget Independent Non-Executive Director	Chair
Nick Winks Non-Executive Chairman	Member
Derek Zissman Independent Non-Executive Director	Member

Allocated time

Incentivisation of Senior management team and the Executive management team through a new Performance Share Plan (PSP)

45%

Agreement of remuneration packages, following external bench-marking, for new Chief Executive Officer and Chief Financial Officer, both appointed during the financial year. To include performance bonus arrangements for 2022 Financial year

25%

During the year the Committee reviewed, and agreed, a proposal on assessment of bonus arrangements for Executive Directors, Group Managing Directors and subsidiary company allocations

20%

Review of wider Group remuneration and bonus arrangements for 2022

10%

Responsibilities and role of the Remuneration Committee

The primary function of the Remuneration Committee is to review the remuneration of the Executive Directors and to monitor the remuneration of the Group's senior managers. The remuneration strategy and policy for all staff is also reviewed annually by the Committee.

The Remuneration Committee tries to ensure that a Director's remuneration encourages, reinforces and rewards the growth of shareholder value and promotes the long term success of the Company. The Directors' Remuneration Policy for Executive Directors is intended to support the business needs of the Company and to ensure it has the ability to attract, motivate and retain senior leaders of a high calibre, remains competitive and provides appropriate incentive for good performance. The Executive Directors' remuneration should also:

- ▶ Align Executives with the best interests of the Company's shareholders and other relevant stakeholders through a significant weighting on performance-related pay
- ▶ Be consistent with regulatory and Corporate Governance requirements
- ▶ Be straightforward and transparent and support the delivery of strategic objectives
- ▶ Be consistent with the Group's risk policies and systems to guard against inappropriate risk taking

The Committee reviews the Company's Executive remuneration arrangements taking external advice on current market practice, as appropriate, and implements incentive arrangements to align the interests of Executives with shareholder value.

Membership of the Committee

The Committee is chaired by Robert Legget with Nick Winks and Derek Zissman as members. All are Independent Non-Executive Directors of the Group.

The Committee met four times during the year with all members attending each meeting. As the members of the Committee are the Independent Non-Executive Directors, they are recognised by the Board as bringing independent judgement to the matters considered by the Committee.

This report is split into:

- ▶ Components of Executive remuneration for 2021/22
- ▶ Proposed remuneration for 2022/23
- ▶ Details of the Company's remuneration policy

The terms of reference of the Remuneration Committee are available to view at www.sureservegroup.co.uk/investors/corporate-governance



Components of Executive remuneration

The following section summarises how remuneration arrangements operated during the 2021/22 financial year.

Remuneration and benefits

The table below sets out the annual salary of each of the Executive Directors in the year to 30 September 2022 and the proposed 2022/23 salary for each of their current roles.

	2021/22 salary	2022/23 salary	% change in basic salary
Peter Smith ¹	£280,000	£280,000	0%
Sameet Vohra ²	£210,000	£210,000	0%

Notes

- In addition to base salary Peter Smith has elected to receive his contractual pension entitlement by way of additional salary and this is reflected in the Directors Remuneration Schedule. Following the resignation of Bob Holt in March 2021, Peter Smith took on the additional role of Interim Chief Operating Officer, for which he received an additional allowance of £5,000 per month. Post financial year end 2021, Peter Smith was appointed to the role of Chief Executive Officer on 4 November 2021 for which his annual salary is £280,000.
- Sameet Vohra was appointed as Interim Chief Financial Officer on 13 December 2021, and subsequently appointed to the Board on 13 April 2022 as Chief Financial Officer, for which his annual salary is £210,000. In addition to base salary Sameet Vohra has elected to receive his contractual pension entitlement by way of additional salary and this is reflected in the Directors Remuneration Schedule.

The highest paid Director was paid £280,000 in the financial year, compared to an employee average of £36,100.

Annual bonus

Peter Smith was paid an agreed bonus of £184,800 post year end and on finalisation of the Group Annual Report and Accounts for the year. This represented 66% of basic salary and reflected the strong EBITA performance achieved in the year.

Sameet Vohra was paid an agreed bonus of £115,500 post year end and on finalisation of the Group Annual Report and Accounts for the year. Again, this represented 66% of basic salary and reflected the strong EBITA performance in the year. The payment was pro-rated to reflect the 10-month period in role during the financial year.

Sureserve Group plc Performance Share Plan

The Sureserve Group plc Performance Share Plan was established in March 2015 having been approved by shareholders at the AGM in that month. Full details of the Plan may be found in the 2015 Notice of Annual General Meeting at www.sureservegroup.co.uk.

The Plan has been used as a vehicle to incentivise Executive Directors and Senior Management to deliver strong financial performance in alignment with shareholder requirements.

In his role as Chief Executive Officer, Peter Smith was granted an option over shares under the terms of the above Share Plan. The award was granted on 22 December 2021 and will vest on the third anniversary of grant, on 22 December 2024. Subject to the achievement of the agreed performance condition the award is capable of exercise in respect of 304,900 Ordinary Shares. If the performance condition is exceeded, the award would be capable of exercise in respect of a maximum of 381,125 Ordinary Shares.

Following his appointment to the Board, Sameet Vohra, was also granted an option over shares under the terms of the above Share Plan. The award was granted on 25 May 2022 and will vest on the third anniversary of grant, on 25 May 2025. Subject to the achievement of the agreed performance condition the award is capable of exercise in respect of 252,000 Ordinary Shares. If the performance condition is exceeded, the award would be capable of exercise in respect of a maximum of 315,000 Ordinary Shares.

Post the financial year end additional awards have been made to Peter Smith, Sameet Vohra and the Managing Directors of the Group's subsidiary businesses in order to further align management and shareholders with the Group's growth strategy.

The awards were granted on 13 December 2022 and will vest on 13 December 2025, the third anniversary of grant. The performance condition will be measured against the growth in earnings per share ('EPS') achieved in the three financial years ending 30 September 2025.

Subject to achievement of the performance condition an award to Peter Smith would be capable of exercise as to 405,797 Ordinary Shares and to Sameet Vohra for 304,347 Ordinary Shares. If the performance condition is exceeded, the awards would be capable of exercise in respect of up to 507,246 Ordinary Shares for Peter Smith and up to 380,433 Ordinary Shares for Sameet Vohra. Awards over a maximum of 1,041,657 Ordinary Shares were granted to a total of 8 Managing Directors of the Group's subsidiary businesses.

These awards would vest at a strike price of 69 pence per Ordinary Share.

A summary of PSP share awards granted to Executive Directors

The table below sets out details of the Executive Directors' outstanding option awards under the PSP plan at 30 September 2022.

Name of Director	Scheme	Number of options at 1 October 2021	Granted during the period	Lapsed during the period	Exercised during the period	Number of options at 30 September 2022	Date from which exercisable	Expiry date
Peter Smith	PSP ¹	—	381,125	—	—	381,125	22 December 2024	22 Dec 2034
Sameet Vohra	PSP ¹	—	315,000	—	—	315,000	25 May 2025	25 May 2035
Total		—	696,125	—	—	696,125		

Note

- The Sureserve Group plc Performance Share Plan was established in March 2015 having been approved by shareholders at the AGM in that month. Full details of the Plan may be found in the 2015 Notice of Annual General Meeting at www.sureservegroup.co.uk. Awards were made under the Scheme to Peter Smith and Sameet Vohra during the year. The awards granted in the Schedule assume maximum award under the performance condition being achieved.

Proposed remuneration for 2023

- For the current financial year to 30 September 2023 the Remuneration Committee is proposing no change to the remuneration of the Chairman
- No change in respect of the fees for the Non-Executive Directors
- An annual salary for the Chief Executive Officer of £280,000
- An annual salary for the Chief Financial Officer of £210,000
- Annual bonus arrangements for the Chief Executive Officer and Chief Financial Officer have been concluded for the 2022/23 Financial year, and will include targets around EBITA performance, cash conversion and satisfaction with the audit process. There will be clear financial targets based around increasing shareholder value. The Committee is satisfied that these will be challenging and, in order for the maximum bonus to be earned, will demonstrate significant improvement in the profit performance of the business

Single total figures of remuneration (audited information)

The table below reports the total remuneration received in respect of qualifying services by each Director during the year.

Details of the Company's remuneration policy

2022	Total salary and fees ¹ £'000	Taxable benefits ² £'000	Annual bonus ³ £'000	Long Term Incentive ⁴ £'000	Pensions-related benefits £'000	Compensation for loss of office £'000	Total £'000	2021 Total remuneration £'000
Executive Directors								
Peter Smith ⁵	319	4	185				508	550
Sameet Vohra ⁶	121	6	115				242	—
Non-Executive Directors								
Nick Winks	100						100	37
Robert Legget ⁷	60						60	50
Derek Zissman	45						45	45
Christopher Mills	30						30	20
Tania Songini ⁸	16						16	

Notes

1. Total salary and fees — the amount of salary/fees received in the year.
2. Taxable benefits — the taxable value of benefits received in the year (i.e. car allowance and private medical insurance).
3. Annual bonus — the cash value of the bonus earned in respect of the year.
4. Any share gain in respect of PSP award granted and exercised during the financial year.
5. Peter Smith's remuneration reflects a base salary of £280,000 during the year. He also elected during the year to take his contracted pension payments by way of additional salary.
6. Sameet Vohra's remuneration reflects a base salary of £210,000. He was appointed to the Board on 13 April 2022 and also elected during the year to take his contractual pension payments by way of additional salary.
7. Robert Legget received an additional allowance of £10,000 during the year to reflect the additional responsibilities he held as Interim Chairman during the previous financial year.
8. Tania Songini joined the Board on 5 May 2022.

Long term incentive vesting

No awards were vested during the year.

Other directorships

As relevant, these are detailed in the individual Director's biographies on pages 48 and 49.

Work of the Committee during the year

The work of the Committee during the year predominantly revolved around:

- Structuring and making awards under revised PSP Scheme in order to incentivise Executive Directors and Senior Management
- External review and approval of remuneration packages for new Chief Executive Officer and Chief Financial Officer
- Creation and approval of new bonus arrangements for Executive Directors, Managing Directors of each operating subsidiary company and the amount available as bonuses within each of the subsidiary companies
- Reviewed wider remuneration considerations for Group employees

Shareholder dilution

In accordance with the investor guidelines and the rules of the Company's share schemes, the Company can issue a maximum of 10% of its issued share capital in a rolling 10-year period to employees to satisfy vesting under all its share plans. The Sureserve Group currently operates all its share plans within these guidelines.



Illustrations of application of remuneration policy

The Sureserve Group remuneration arrangements have been designed to ensure that a significant proportion of pay is dependent on the delivery of both short term and long term goals that are aligned with the Company's key strategic objectives and the creation of sustainable returns to shareholders.

The Committee continues to consider the potential amount payable to Executive Directors and Senior Managers in different performance scenarios and is comfortable that the amounts payable are appropriate in the context of the performance delivered and the value added for shareholders.

Service contracts and letters of appointment

The table below summarises the service contracts of the Executive Directors and Non-Executive Directors.

Name	Date of contract/ letter of appointment	Notice period by Company	Notice period by Director
Executive Directors			
Peter Smith	29 July 2019	12 months	6 months
Sameet Vohra ¹	1 April 2022	12 months	6 months
Non-Executive Directors			
Nick Winks	25 May 2021	3 months	3 months
Robert Legget	19 April 2016	1 month	1 month
Derek Zissman	27 November 2017	1 month	1 month
Christopher Mills	18 March 2019	1 month	1 month
Tania Songini ²	5 May 2022	1 month	1 month

Notes

1. Sameet Vohra was appointed with effect from 13 April 2022.
2. Tania Songini was appointed with effect from 5 May 2022.

Non-Executive Directors

All Non-Executive Directors have letters of appointment with the Company for an initial period of three years, and are subject to annual reappointment at the AGM. Appointments are terminable by either party on one month's written notice. The appointment letters for the Non-Executive Directors provide that no compensation is payable on termination, other than accrued fees and expenses.

All Executive Directors' service agreements and Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office at Crossways Point 15, Victory Way, Crossways Business Park, Dartford, Kent DA26DT.

Remuneration in the wider Group

Throughout the Group, base salary and benefit levels are set taking into account prevailing market conditions. Differences between Executive Director pay policy and other employee terms reflect the seniority of the individuals and the nature of responsibilities. The key difference in policy is that for Executive Directors a greater proportion of total remuneration is based on performance-related incentives. The Committee has oversight of incentive plans operated throughout the Group. The incentive arrangements for the senior management immediately below Board level align with the long term interests of the business and, where appropriate, objectives may be tailored to individual business areas.

When setting the policy for the remuneration of the Executive Directors, the Committee pays regard to the pay and employment conditions of employees within the Group. However, the Committee does not use comparison metrics or consult directly with employees when formulating the remuneration policy for Executive Directors. The Committee reviews salary increases and pay conditions within the business as a whole to provide context for decisions in respect of Executive Directors.

Shareholder engagement

We are committed to active engagement with our shareholders. As and when necessary, the Committee will consult with leading shareholders prior to any material change in the way we operate the Directors' Remuneration Policy or when a new policy is being proposed.

Robert Legget

Senior Independent Director

Chairman of the Remuneration Committee

23 January 2023



The Directors present their Annual Report and the audited Financial Statements for the Group for the year ended 30 September 2022.

General information

The Company was incorporated as a public company limited by shares in England and Wales on 28 January 2015 with registered number 09411297 and traded as Lakehouse plc until the Company changed its name to Sureserve Group plc on 1 October 2018, following the divestment of the Group's Construction and Property Services divisions. It is domiciled in the UK. The Company is listed on the AIM market of the London Stock Exchange. The Company's registered address is Crossways Point 15, Victory Way, Crossways Business Park, Dartford, Kent DA2 6DT.

Principal activities

Sureserve is a leading UK social housing energy services group, delivering heating and energy efficiency measures to housing associations, local authorities and landlords across the UK. The principal activity of the parent company is the holding of investments.

Results and dividends

The results for the year are set out in the consolidated statement of comprehensive income on page 73. The Directors do not intend to pay a dividend for this financial year.

Directors and Directors' interests

The Directors who held office during the year and to date were as follows:

- ▶ Nick Winks
- ▶ Peter Smith
- ▶ Sameet Vohra*¹
- ▶ Robert Legget
- ▶ Derek Zissman
- ▶ Christopher Mills
- ▶ Tania Songini*²

*¹ Sameet Vohra was appointed as a Director with effect from 13 April 2022.

*² Tania Songini was appointed as a Director with effect from 5 May 2022.

Biographical details and Committee membership details for Directors appear on pages 48 and 49.

All Directors are required to retire annually, in line with the Articles of Association.

The Directors who held office during the financial year had the following interests in the shares of the Company:

	Beneficial/ non-beneficial	At 1 October 2021 (or date of appointment)	Movement in year	At 30 September 2022	At 30 September 2022 Percentage
Nick Winks	Beneficial	100,000	50,000	150,000	0.09%
Peter Smith	Beneficial	95,837	—	95,837	0.05%
Sameet Vohra ¹	Beneficial	—	—	—	0.00%
Robert Legget	Beneficial	—	—	—	0.00%
Derek Zissman	Beneficial	130,000	—	130,000	0.08%
Tania Songini ²	Beneficial	—	—	—	0.00%
Christopher Mills ³	Non-beneficial	30,202,500	(390,000)	29,812,500	18.21%

1. Sameet Vohra was appointed as a Director with effect from 13 April 2022.

2. Tania Songini was appointed as a Director with effect from 5 May 2022.

3. Christopher Mills is a Director and shareholder of Harwood Capital LLP and entities for which Harwood LLP acts as investment manager.

Details of Directors' emoluments and interests in share options are disclosed in the report of the Board to the shareholders on Directors' remuneration on pages 61 to 64.

No Director has had a material interest in any contract of significance in relation to the business of the Company, or any of its subsidiary undertakings, during the financial year or had as such at the end of the financial year.

Substantial shareholdings and share capital

As at 9 January 2023, being the latest practical date prior to the publication of this document, the Company has been advised of the following interests in 3% or more of the Company's ordinary share capital:

	Number of shares	Percentage held %
Harwood Capital Management Group	30,202,500	18.17
Slater Investments	26,318,325	15.84
Estate of Steve Rawlings	12,537,962	7.54
Chelverton Asset Management	8,150,000	4.90
Charles Stanley Group	7,054,151	4.24
Octopus Investments Limited	5,705,570	3.43

The Company has one class of share in issue, being ordinary shares with a nominal value of 10 pence each. As at 30 September 2022, there were 165,892,554 shares in issue.

Directors' indemnity

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors and officers of the Company and the Group in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liability relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Company and the Group.

Directors' and officers' liability insurance cover is in place in respect of all the Company's Directors.

Directors' powers

As set out in the Company's Articles of Association, the business of the Company is managed by the Board which may exercise all powers of the Company.

Our people

The Group's policy is to consider all job applications on a fair basis free from discrimination in relation to age, sex, race, ethnicity, religion, sexual orientation or disability not related to job performance. Every consideration is given to applications for employment from disabled persons, where the requirement of the job may be adequately covered 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 wherever appropriate.

The Group places considerable value on the involvement of its employees and encourages the development of employee involvement in each of its operating companies through formal and informal meetings. It is the Group's policy to ensure that all employees are made aware of significant matters affecting the performance of the Group through the operation of employee forums, information bulletins, informal meetings, team briefings, internal newsletters and the Group's website and intranet. In addition, the Company's SAYE scheme is available for subscription by all employees.

Key performance indicators

Details of the Group's key performance indicators can be found on pages 20 to 23.

Principal risks and uncertainties

Details of the risks and uncertainties faced by the Group can be found in the Strategic Report on pages 45 to 47.

Financial instruments

An explanation of the Group's treasury policies and existing financial instruments is set out in [note 2](#) of the Financial Statements.

Employee engagement

Details of how the Directors have engaged with Group employees, clients, suppliers and customers in the year can be found in the Strategic Report on pages 16 to 19.

Business relationships

Details of the Group's business relationships can be found in the S172 statement on pages 16 to 19.

Future developments

Details on operational developments in the Group can be found in the Looking forward section within the Operational review on page 38 and 39.

Carbon reporting

Details of the Group's carbon reporting figures, including SECR, can be found in the Strategic Report on pages 32 and 33.

Donations

The Group made charitable donations in the year of £49,602. Information on the Group's resources, relationships and sustainability is set out on pages 01 to 47. The Group made no political donations during the year.

Annual General Meeting

A separate notice convening the Annual General Meeting of the Company to be held at the City of London Club, 19 Old Broad St, London EC2N 1DS, on 21 March 2023 will be sent out with this Annual Report and Financial Statements. Attendance will require pre-registration and there will be an opportunity to put forward questions to be asked at the meeting in lieu of attendance.

Corporate governance

The Company's statement on corporate governance can be found in the Corporate Governance Report on pages 51 to 68. The Corporate Governance Report forms part of this Directors' Report and is incorporated into it by cross-reference.

Section 172 statement

The required statement under section 172 of the Companies Act 2006 is contained within the Strategic Report on pages 16 to 19.

Independent auditor

The auditor, RSM UK Audit LLP, has indicated its willingness under section 489 of the Companies Act 2006 to continue in office and a resolution that it be reappointed will be proposed at the Annual General Meeting.

Statement as to disclosure of information to auditor

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- ▶ In so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware
- ▶ The Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

By order of the Board

John Charlton
Group Company Secretary
23 January 2023



Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements

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 Group and Company Financial Statements for each financial year. The Directors have elected under company law and the AIM Rules of the London Stock Exchange to prepare Group Financial Statements in accordance with UK-adopted International Accounting Standards and have elected under company law to prepare the Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The Group Financial Statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position and performance of the Group. The Companies Act 2006 provides in relation to such Financial Statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company Financial Statements, the Directors are required to:

- a. Select suitable accounting policies and then apply them consistently
- b. Make judgements and accounting estimates that are reasonable and prudent
- c. For the Group Financial Statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards
- d. For the Company Financial Statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Company Financial Statements
- e. Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the Financial Statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Sureserve Group plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This statement was approved by the Board of Directors on 23 January 2023 and is signed on its behalf by:

Peter Smith
Chief Executive Officer



Independent auditor's report

To the members of Sureserve Group plc

Strategic report | Corporate governance | **Financial statements**

Opinion

We have audited the financial statements of Sureserve Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2022 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, company balance sheet, company statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- ▶ the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2022 and of the group's profit for the year then ended
- ▶ the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards
- ▶ the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- ▶ the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	Group <ul style="list-style-type: none">▶ Provisions and contingent liabilities under IAS 37
	Parent Company <ul style="list-style-type: none">▶ Provisions and contingent liabilities under IAS 37
Materiality	Group <ul style="list-style-type: none">▶ Overall materiality: £930k (2021: £1,090k)▶ Performance materiality: £698k (2021: £821k)
	Parent Company <ul style="list-style-type: none">▶ Overall materiality: £500k (2021: £500k)▶ Performance materiality: £375k (2021: £375k)
Scope	Our audit procedures covered 94% of revenue, 95% of total assets and 96% of profit before tax.

Key audit matter

The key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the group financial statements of the current period and includes the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. This matter were addressed in the context of our audit of the group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Independent auditor's report continued

To the members of Sureserve Group plc

Key audit matter continued

Provisions and contingent liabilities under IAS 37

Key audit matter description	The financial statements include provisions for legal and other costs of £2.0m (2021: £2.0m) as disclosed in Note 25 of the consolidated financial statements. The parent company financial statements includes provisions for legal and other costs of £1.1m (2021: 1.1m) as disclosed in Note 45 . The assessment of whether economic outflows are probable, possible or remote involves a high degree of management judgement and the amounts provided by management involve a high degree of estimation uncertainty. As a result of this, and the impact on allocation of audit resource, the matter was considered to be one of most significance in the group and parent company audit and therefore determined to be a key audit matter.
How the matter was addressed in the audit	<p>Our response to the risk included:</p> <ul style="list-style-type: none"> ▶ Obtaining confirmation from management of the completeness of all actual and potential claims including confirmation of their judgement as to whether the likelihood of claims is remote, possible or probable ▶ Requesting confirmation from the group's solicitors regarding the status of known claims and completeness of claims ▶ Reviewing correspondence from the group's solicitors in respect of actual and potential claims and holding discussions with management regarding their judgement over the existence and valuation of required provisions, or lack thereof ▶ Consulting an auditor's expert in respect of provisions and contingent liabilities relating to the disposal in a prior year of Lakehouse Contracts Limited and Foster Property Maintenance Limited ▶ Corroboration of key assertions made by management to supporting documentation ▶ Audit of the disclosures made in respect of provisions and of contingent liabilities for which no provision has been made.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall materiality	£930k (2021: £1,090k)	£500k (2021: £500k)
Basis for determining overall materiality	5% (2021: 7.5%) of Operating Profit before Exceptional and non-recurring items.	1% (2021: 1%) of net assets
Rationale for benchmark applied	Operating profit before exceptional and non-recurring items is considered to be an appropriate benchmark as it is the primary measure used by shareholders in assessing the performance of the Group.	Net assets considered appropriate benchmark for holding company.
Performance materiality	£698k (2021: £821k)	£375k (2021: £375k)
Basis for determining performance materiality	75% (2021: 75%) of overall materiality	75% (2021: 75%) of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £47k (2021: £55k) and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £25k (2021: £25k) and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The group consists of 17 components, all of which are based in the UK.

	Number of components	Revenue	Total assets	Profit before tax
Full scope audit	7	80%	90%	96%
Specific audit procedures	3	14%	5%	0%
Total	10	94%	95%	96%

Our specific audit procedures were performed to address the identified significant risks of material misstatement for the group and include the review of revenue, accrued income and right-of-use assets of the scoped components. Analytical procedures were completed at group level for the remaining seven components.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included audit of the three-year forecasts prepared by management, review of compliance with covenants for facilities in place in the period and after the period end and corroboration of cash balances. We concluded that the directors' assessment was appropriate in the circumstances and have no key observations to make.

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 68, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the 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 the directors 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 for the audit of the financial statements

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

Independent auditor's report continued

To the members of Sureserve Group plc

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- ▶ obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory frameworks
- ▶ inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud
- ▶ discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our audit approach.

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the audit engagement team included:
UK-adopted IAS, FRS 101 and Companies Act 2006	Review of the financial statement disclosures and testing to supporting documentation and completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	Inspection of computations received from external tax advisors and consideration of whether any matter identified during the audit required reporting to an appropriate authority outside the entity.
Health and safety regulations	Inquiries of management and those charged with governance and inspection of correspondence with regulatory authorities.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition	<p>Testing was completed on a sample basis to test whether revenue transactions were recorded in the correct period.</p> <p>Transactions posted to nominal ledger codes outside of the normal revenue cycle were identified through use of a data analytic tool and investigated.</p>
Management override of controls	<p>Testing the appropriateness of journal entries and other adjustments;</p> <p>Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and</p> <p>Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.</p>

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



Use of our report

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

CATHERINE HACKNEY (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

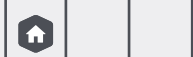
Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

23 January 2023



Consolidated statement of comprehensive income

For the year ended 30 September 2022

	Notes	2022 £'000	2021 (restated) ¹ £'000
Continuing operations			
Revenue	4	275,096	216,577
Cost of sales		(234,049)	(180,275)
Gross profit		41,047	36,302
Other operating expenses		(25,644)	(25,198)
Share of results of joint venture	19	1,424	1,158
Operating profit before exceptional and other items	4, 5	16,827	12,262
Acquisition costs	8	(120)	—
Amortisation of acquisition-related intangibles		(269)	—
Impairment of goodwill	15	—	(188)
Operating profit		16,438	12,074
Finance expense	9	(864)	(1,000)
Profit before tax	4, 5	15,574	11,074
Taxation	12	(2,481)	(1,997)
Profit for the period attributable to the equity holders of the Group from continuing operations		13,093	9,077
(Loss)/profit for the period from discontinued operations	6	(2,022)	2,275
Profit for the period attributable to the equity holders of the Group		11,071	11,352
Earnings per share from continuing operations			
Basic	14	8.0p	5.7p
Diluted	14	7.8p	5.6p
Loss/earnings per share from discontinued operations			
Basic	14	(1.2p)	1.4p
Diluted	14	(1.2p)	1.4p
Earnings per share from continuing and discontinued operations			
Basic	14	6.8p	7.1p
Diluted	14	6.6p	7.0p
Adjusted earnings per share			
Basic	14	9.0p	7.0p
Diluted	14	8.8p	6.8p

The accompanying notes are an integral part of this consolidated statement of comprehensive income.

¹ The prior year numbers have been restated due to two entities been classified as discontinued at 30 September 2022 (see [note 6](#) for further details).

Consolidated statement of financial position

Strategic report | Corporate governance | **Financial statements**

At 30 September 2022

	Notes	2022 £'000	2021 £'000
Non-current assets			
Goodwill	15	40,932	42,479
Other intangible assets	16	1,403	820
Property, plant and equipment	17	1,989	2,009
Right of use assets	18	14,363	11,564
Interests in joint ventures	19	2,494	1,660
Deferred tax assets	26	444	344
		61,625	58,876
Current assets			
Inventories	20	5,059	4,199
Trade and other receivables	21	53,996	43,249
Cash and cash equivalents		19,319	16,444
		78,374	63,892
Assets classified as held for sale	6	15,338	—
Total current assets		93,712	63,892
Total assets		155,337	122,768
Current liabilities			
Trade and other payables	22	54,070	47,397
Lease liabilities	27	5,494	4,071
Provisions	25	497	403
Income tax payable		238	1,003
		60,299	52,874
Liabilities directly associated with assets classified as held for sale	6	8,233	—
Total current liabilities		68,532	52,874
Net current assets		25,180	11,018
Non-current liabilities			
Lease liabilities	27	9,582	7,972
Provisions	25	1,467	1,596
		11,049	9,568
Total liabilities		79,581	62,442
Net assets		75,756	60,326
Equity			
Called up share capital	28	16,589	16,122
Share premium account	30	28,740	25,620
Share-based payment reserve	30	634	349
Merger reserve	30	20,067	20,067
Retained earnings		9,726	(1,832)
Equity attributable to equity holders of the Company		75,756	60,326

The Financial Statements of Sureserve Group plc (registered number 09411297) were approved by the Board of Directors and authorised for issue on 23 January 2023. They were signed on its behalf by:

Sameet Vohra
Director

The accompanying notes are an integral part of this consolidated statement of financial position.



Consolidated statement of changes in equity

For the year ended 30 September 2022

	Share capital £'000	Share premium account £'000	Share-based payment reserve £'000	Own shares £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
At 1 October 2020	15,934	25,408	650	(290)	20,067	(11,663)	50,106
Profit for the year	—	—	—	—	—	11,352	11,352
Dividends paid (Note 13)	—	—	—	—	—	(1,595)	(1,595)
Issue of shares (exercise of options)	188	212	—	—	—	(105)	295
Equity-settled share-based payments, net of tax	—	—	168	—	—	—	168
Reserve transfer	—	—	(469)	290	—	179	—
At 30 September 2021	16,122	25,620	349	—	20,067	(1,832)	60,326
Profit for the year	—	—	—	—	—	11,071	11,071
Issue of shares (acquisition of CorEnergy Limited) (Note 34)	370	2,942	—	—	—	—	3,312
Issue of shares (exercise of options)	97	178	—	—	—	—	275
Equity-settled share-based payments, net of tax	—	—	381	—	—	391	772
Reserve transfer	—	—	(96)	—	—	96	—
At 30 September 2022	16,589	28,740	634	—	20,067	9,726	75,756



Consolidated statement of cash flows

Strategic report | Corporate governance | **Financial statements**

For the year ended 30 September 2022

	Notes	2022 £'000	2021 (restated) ¹ £'000
Cash flows from operating activities			
Cash generated from operations	33	16,372	12,259
Interest paid		(791)	(885)
Income taxes paid		(2,637)	(2,037)
Net operating cash flows from discontinued activities		3,408	4,833
Net cash generated from operating activities		16,352	14,170
Cash flows from investing activities			
Purchase of shares in subsidiary, net of cash acquired		(2,661)	(200)
Purchase of property, plant and equipment		(765)	(1,528)
Purchase of intangible assets		(911)	(543)
Sale of property and equipment		7	18
Net investing cash flows from discontinued activities		(85)	(44)
Net cash used in investing activities		(4,415)	(2,297)
Cash flows from financing activities			
Proceeds from issue of shares		275	295
Dividend paid to shareholders		—	(1,595)
Repayment of lease liabilities		(4,797)	(3,505)
Finance issue costs		(201)	—
Net financing cash flows from discontinued activities		(350)	(303)
Net cash used in financing activities		(5,073)	(5,108)
Net increase in cash and cash equivalents		6,864	6,765
Cash and cash equivalents at beginning of year		16,444	9,679
Cash and cash equivalents at end of year		23,308	16,444
Cash and cash equivalents		19,319	16,444
Cash and cash equivalents included in assets held for sale		3,989	—
Cash and cash equivalents at end of year		23,308	16,444

The accompanying notes are an integral part of this consolidated statement of cash flows.

Cash and cash equivalents shown above excludes capitalised loan arrangement fees.

¹ The prior-year numbers have been restated due to two entities been classified as discontinued at 30 September 2022 (see [note 6](#) for further details).



Notes to the consolidated Financial Statements

For the year ended 30 September 2022

General information

Sureserve Group plc is a company incorporated in England and Wales under the Companies Act. The address of the registered office is Crossways Point 15, Victory Way, Crossways Business Park, Dartford, Kent DA2 6DT.

The consolidated Financial Statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the Group operates. The principal activities are discussed in the Operational Review of the Annual Report.

1. Basis of preparation

Basis of accounting

The consolidated Financial Statements of Sureserve Group plc are prepared in accordance with the historical cost convention, in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The Company's ordinary shares are quoted on AIM, a market operated by the London Stock Exchange.

The principal accounting policies adopted are set out below.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's Financial Statements except as noted below.

All amounts disclosed in the Financial Statements and notes have been rounded off to the nearest thousand Pounds Sterling unless otherwise stated.

Adoption of new and revised standards

The accounting policies adopted are consistent with those of the previous financial year.

New standards and interpretations not applied

The International Accounting Standards Board issued the following standards and interpretations for annual periods beginning on or after the effective dates as noted below. The adoption of the below standards is not expected to have a significant impact on the Financial Statements.

IAS/IFRS standards		Effective for accounting periods starting on or after
IFRS 17	Insurance Contracts	1 January 2023
IFRS 3 (amendment): reference to the conceptual framework	Business Combinations	1 January 2022
IAS 37 (amendment): onerous contracts — cost of fulfilling a contract	Provisions, Contingent Liabilities, and Contingent Assets	1 January 2022
IAS 16 (amendment): proceeds before intended use	Property, Plant and Equipment	1 January 2022

Basis of consolidation

The consolidated Financial Statements incorporate the assets, liabilities, income and expenses of the Group. The Financial Statements of the subsidiaries are prepared for the same financial reporting period as the Company. Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies used into line with those used by the Group. Intercompany transactions, balances and unrealised gain and loss transactions between Group companies are eliminated on consolidation.

As a consolidated statement of comprehensive income is published, a separate profit and loss account for the parent company is omitted from the Financial Statements by virtue of section 408 of the Companies Act 2006.

Going concern

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. The Directors regard the foreseeable future as no less than 12 months following publication of its annual Financial Statements, so in practical terms, 16 months from the reporting date. The Directors review and approve the annual budget, three-year plan and forecasts, including forecasts of cash flows, borrowing requirements and covenant headroom, taking account of reasonable possible changes in trading performance and the current state of its operating market, and are satisfied that the Group should be able to operate within the level of its current facilities and in compliance with the covenants arising from those facilities. In December 2021, the Group renewed its bank facilities to provide an overdraft facility of £5,000,000 together with a revolving credit facility of £15,000,000 which runs to 31 January 2025. At 23 January 2023, the revolving credit facility remained undrawn. Accordingly, the Directors have adopted the going concern basis in preparing the financial information. Please see further statement in the Strategic Report.

2. Significant accounting policies

Operating segments

Following the update to the Group's strategy during the period, the Board of Directors has changed the basis of segmental reporting to move away from the previously reported two segment reporting basis (Compliance and Energy Services) to a single business segment of 'Social Housing Energy Services'. Costs are allocated to the appropriate segment as they arise with central overheads apportioned on a reasonable basis. Operating segments are presented in a manner consistent with internal reporting, with inter-segment revenue and expenditure eliminated on consolidation.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquired company and the equity interest issued by the Group in exchange for control of the acquired company. Acquisition-related costs are recognised as non-trading exceptional costs in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value. Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with IFRS 9 or IAS 37 as appropriate, with the corresponding gain or loss being recognised in profit or loss.

2. Significant accounting policies continued

Acquisition costs

Management believes that acquisition costs are exceptional in nature and they are presented as such in the income statement, so as not to distort presentation of the underlying performance of the Group.

Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which the goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The estimated useful life for each asset type is set out below.

Computer software and capitalised development costs	—	three to five years
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Development costs are capitalised when the asset is identifiable, the value can be measured reliably and it is probable that economic benefits will flow to the Group.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Intangible assets are recognised if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using suitable valuation techniques.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The estimated useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life	Valuation method
Contracted customer order book	Remaining period of the contract	Expected cash flows receivable
Customer relationships	Five years	Expected cash flows receivable
Non-compete agreements	Five years	With or without method

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. The gain or loss from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

Property, plant and equipment, and right of use assets

Property, plant and equipment, and right of use assets are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is calculated so as to write off the cost of a tangible asset, less its estimated residual value, over the estimated useful economic life of that asset on the following bases:

Leasehold improvements	—	over the period of the lease
Plant and equipment	—	15% to 33.33% per annum on a straight line basis
Fixtures and fittings	—	20% to 33.33% per annum on a straight line basis
Motor vehicles	—	25% per annum on a straight line basis
Right of use assets	—	over the period of the lease

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Right of use assets are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal, or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.



Notes to the consolidated Financial Statements continued

For the year ended 30 September 2022

2. Significant accounting policies continued

Exceptional items

Items which are significant by their size and/or nature require separate disclosure and are reported separately in the statement of comprehensive income. Details of exceptional items are explained in [Note 8](#).

Revenue

Revenue recognition is determined according to the requirements of IFRS 15 Revenue from Contracts with Customers. All revenue is considered revenue from contracts with customers as defined by IFRS 15. IFRS 15 prescribes a five-step model of accounting for revenue recognition which includes identifying the contract, identifying performance obligations, determining the transaction price, allocating the transaction price to different performance obligations and the timing of recognition of revenue in connection with different performance obligations.

For contracts with multiple components to be delivered such as solar panels, servicing and repairs, management applies judgement to consider whether those promised goods and services are: (i) distinct – to be accounted for as separate performance obligations; (ii) not distinct – to be combined with other promised goods or services until a bundle is identified that is distinct; or (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

At contract inception the total transaction price is estimated, being the amount to which the Group expects to be entitled and has rights to under the present contract. This includes the fixed price stated in the contract and an assessment of any variable consideration resulting from variation orders, discounts, rebates, refunds, performance bonuses, penalties and service credits. Variable consideration is estimated based on the expected value or the most likely outcome method and is only recognised to the extent that it is highly probable that a subsequent change in its estimate would not result in a significant revenue reversal.

Once the total transaction price is determined, the Group allocates this to the identified performance obligations in proportion to their relative stand-alone selling prices and recognises revenue when (or as) those performance obligations are satisfied.

For each performance obligation identified in the contract, the Group determines if revenue will be recognised over time or at a point in time.

Performance obligations satisfied over time

The Group recognises revenue over time on contracts where any of the following criteria is met:

- ▶ The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs it
- ▶ The services provided create or enhance an asset that the customer controls
- ▶ The services provided do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date

The Group typically recognises revenue on an over time basis for the following:

- ▶ Certain energy services
- ▶ Gas services
- ▶ Fire services
- ▶ Water and air hygiene services
- ▶ Lift services

For each performance obligation to be recognised over time, the Group applies a revenue recognition method that faithfully depicts the Group's performance in transferring control of the goods or services to the customer. This decision requires assessment of the real nature of the goods or services that the Group has promised to transfer to the

customer. The Group applies the relevant output or input method consistently to similar performance obligations in other contracts.

Performance obligations satisfied at a point in time

If the criteria for satisfying a performance obligation over time are not met, revenue is recognised at the point in time when control of the goods or services transfers to the customer. This will be at the point when the jobs are completed and there is a right to invoice.

The Group typically recognises revenue on a point in time basis for the following:

- ▶ Smart metering

- ▶ Certain energy services

- (i) Schedule of Rates ('SOR') contracts

SOR contracts are set based on predetermined rates for a list of services and duties required by the customer.

For short term jobs usually completed within a few days, the right to consideration is considered to correspond directly with the value of performance completed to date as measured by the amounts specified for each job set out on the rate card. Revenue is recognised when the jobs are completed or invoiced. Where deemed appropriate, the Group will utilise the practical expedient within IFRS 15 and recognise revenue in line with amounts invoiced. Contract fulfilment costs are expensed as incurred.

For longer term jobs, the Group applies the relevant output or input revenue recognition method for measuring progress that depicts the Group's performance in transferring control of the goods or services to the customer. Contract fulfilment costs are expensed as incurred.

Certain longer term jobs use the output method based upon surveys of performance completed or milestones reached which allow the Group to recognise revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services under the contract.

Under the input method, revenue is recognised in direct proportion to costs incurred where the transfer of control is most closely aligned to the Group's efforts in delivering the service.

- (ii) Fixed price (or lump sum) service contracts

Certain contracts, in particular for gas servicing and maintenance, are procured on a fixed price basis. Revenue qualifies for recognition over time as the customer receives and consumes the benefits from the service as it is being provided. Revenue for maintenance/reactive activities is recognised on a straight line basis over the term of the contract. Where servicing and maintenance activity is expected to take place evenly throughout the performance period, revenue is recognised on a straight line basis over the contract term. Where activity is more aligned to periodic service events, then revenue is allocated to those events and recognised over the contract term when those events take place. Contract fulfilment costs are expensed as incurred.

- (iii) Accrued income and deferred income

The Group's customer contracts include a diverse range of payment schedules which are often agreed at the inception of longer term jobs under which it receives payments throughout the term of the contracts.

Where revenue recognised at the period-end date is more than amounts invoiced, the Group recognises an accrued income contract asset for this difference. Where revenue recognised at the period end date is less than amounts invoiced, the Group recognises a deferred income contract liability for this difference.

Employee benefits

Retirement benefit costs

The Group contributes to the personal pension plans of certain employees of the Group. The assets of these schemes are held in independently administered funds. The pension cost charged in the Financial Statements represents the contributions payable by the Group in accordance with IAS 19.

2. Significant accounting policies continued

Employee benefits continued

Share-based payments

The Company has issued equity-settled share-based awards and free shares to certain employees. The fair value of share-based awards with non-market performance conditions is determined at the date of the grant using a binominal model. The fair value of share-based awards with market-related performance conditions is determined at the date of grant using the Monte Carlo model. Share-based awards are recognised as expenses based on the Company's estimate of the shares that will eventually vest, on a straight line basis over the vesting period, with a corresponding increase in the share option reserve.

At each reporting date the Company revises its estimates of the number of options that are expected to vest based on service and non-market performance conditions. The amount expensed is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves. Options with market-related performance conditions will vest based on total shareholder return against a selected group of quoted market comparators. Following the initial valuation, no adjustments are made in respect of market-based conditions at the reporting date.

Employee Benefit Trust

The Company established an Employee Benefit Trust upon its IPO, whose remit is to hold Sureserve Group plc shares on behalf of its employees. The Trust is wholly funded by the Group and although legally independent is deemed to be controlled by the Group as the Trust relies on it for funding and the Company is able to remove and appoint the trustees. The assets and liabilities of the Trust are therefore consolidated with those of the Group.

Finance income and costs

Interest receivable and payable on bank balances is credited or charged to the statement of comprehensive income as incurred.

Finance arrangement fees and issue costs are capitalised and netted off against borrowings. All other borrowing costs are written off to the statement of comprehensive income as incurred. If there are nil borrowing costs the finance arrangement fees are included within other receivables.

Notional interest payable, representing the amortisation of loan arrangement fees, is charged to finance costs.

Costs incurred in raising finance

Costs incurred in raising finance are capitalised and amortised through the profit and loss account over the term of the funding. In the event that the associated finance product is refinanced prior to its expiring, the unamortised costs are treated as an 'other item' on the face of the statement of comprehensive income, to the extent that they are replaced with fees and costs associated with raising the new finance.

Assets held for sale

Assets and liabilities within a disposal group classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets, such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation. Any profit or loss arising from the sale of a discontinued operation or its remeasurement to fair value less costs to sell is presented as part of a single line item, profit, or loss from discontinued operations.

Discontinued operations

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale. A discontinued operation represents a separate major line of the business. Profit or loss from discontinued operations comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal group(s) constituting the discontinued operation.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's asset for current tax is calculated using tax rates prevailing at the year end.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences; deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. When current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where appropriate, labour and overheads which have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made, where appropriate, to reduce the value of inventory to its net realisable value.

Government grants

The Group recognises a Government grant when it is receivable. Government grants are offset against applicable costs where appropriate, as opposed to being reported as other income.



Notes to the consolidated Financial Statements continued

For the year ended 30 September 2022

2. Significant accounting policies continued

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and where it is probable that the Group will be required to settle that obligation and the amount can be reliably estimated. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the time value of money is material). Details of material provisions are disclosed unless it is not practicable to do so or where it could be expected to prejudice seriously the position of the entity.

Contingent liabilities

Where a provision or accrual is deemed to be required it has been included within the consolidated statement of financial position. For contingent liabilities where an economic outflow is possible, it is often not practicable to estimate the financial effect due to the range of estimation uncertainty. For contingent liabilities where the possibility of economic outflow is remote, disclosure of the estimated financial effect is not required.

Contingent liabilities acquired in a business combination are initially valued at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount initially recognised.

Joint ventures

Under IFRS 11 joint ventures are accounted for under the equity method of accounting. A joint venture is a joint arrangement whereby the parties have joint control of the arrangement and have rights to the net assets of the arrangement. Loans receivable from joint ventures and investments in joint venture entities are reviewed for impairment at each year end.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The principal financial assets and liabilities of the Group are as follows:

(a) Trade and other receivables

Trade and other receivables are recognised initially at fair value and measured subsequently at amortised cost less any provision for impairment losses including expected credit losses. In accordance with IFRS 9 the Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and accrued income contract assets, estimated using a combination of historical experience and forward-looking information.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with a maturity of three months or less. Bank overdrafts are presented as current liabilities to the extent that there is no right of offset with cash balances. A contractual obligation from a customer is completed when the payment is approved on the customer's banking system, whether this be via BACS or same day transfer, with cash being recognised as the contractual obligation is released.

(c) Trade and other payables

Trade and other payables are not interest bearing and are stated initially at fair value and subsequently held at amortised cost.

(d) Bank and other borrowings

Interest-bearing bank and other loans are recorded at the fair value of the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for at amortised cost and on an accruals basis in the statement of comprehensive income using the effective interest method. Interest is added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

(e) Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations rather than the financial instrument's legal form. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(f) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Leases

The Group assesses whether a contract is a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

A right of use asset and corresponding lease liability are recognised at commencement of the lease. The lease liability is measured at the present value of the lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, at the Group's incremental borrowing rate specific to the type of asset. The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments resulting from a rent review, or change in the Group's assessment of whether it is reasonably certain to exercise a purchase, extension or break option. The right of use asset is initially measured at cost, comprising the initial lease liability and any dilapidation or restoration costs. The right of use asset is subsequently depreciated on a straight line basis over the shorter of the lease term or the useful life of the underlying asset. The right of use asset is tested for impairment if there are any indicators of impairment. Leases of low value assets and short term leases of 12 months or less are expensed to the Group income statement over the lease term.

Nature and purpose of each reserve in equity

Share capital is determined using the nominal value of shares that have been issued.

Share premium represents the difference between the nominal value of shares issued and the fair value of the total consideration receivable at the issue date.

Equity-settled share-based employee remuneration is credited to the share-based payment reserve until the related share options are exercised. Upon exercise the share-based payment reserve is transferred to retained earnings.

The merger reserve was created in relation to the Group reorganisation under IFRS 3, in which Sureserve Group plc replaced Sureserve Holdings Limited as the Group's ultimate parent company.

3. Critical accounting judgements and key sources of uncertainty

In the application of the Group's accounting policies, which are described in [Note 2](#), the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Revenue recognition

Revenue is recognised based on the stage of completion of job or contract activity. Certain types of service provision pricing mechanisms require minimal estimation and judgement; however, service provision lump sum and longer term contracts do require judgements and estimates to be made to determine the stage of completion and the expected outcome for the individual contract. A sum will be recognised in relation to accrued income on the statement of financial position, details of which are described in [Note 21](#). The accrued income balance at 30 September 2022 was £22.1m (2021: £17.9m). These assessments include a degree of uncertainty and therefore if the key judgements and estimates change, further adjustments of recoverable amounts may be necessary. Revenue is generated from a large number of contracts with customers, such that there is limited sensitivity to material revisions arising from changes in estimates on individual contracts.

Provisions for legal and other claims

The Group continues to manage a number of potential risks and uncertainties, including claims and disputes, which are common to other similar businesses and which could have a material impact on short and longer term performance. The Board remains focused on the outcome of a number of contract settlements on which there is a range of outcomes for the Group in terms of both cash flow and impact on the statement of comprehensive income.

In quantifying the likely outturn for the Group, the key judgements and estimates will typically include:

- ▶ The scope of the Group's assessed responsibility
- ▶ An assessment of the potential likelihood of economic outflow
- ▶ An estimation of economic outflow (including potential likelihood)
- ▶ A commercial assessment of potential further liabilities

Estimates of amounts provided take account of legal advice where sought. Details of specific cases are not disclosed due to potential commercial sensitivity. Provisions at 30 September 2022 include £1.1m (2021: £1.1m) in respect of the disposal of Lakehouse Contracts Limited and Foster Property Maintenance Limited – see [Notes 8 and 25](#) for details of the basis of estimation used, as well as [Note 31](#) Contingent liabilities.

The total carrying value of provisions at 30 September 2022 was £2.0m (2021: £2.0m) – see [Note 25](#) for further details.

Impairment of intangible assets and goodwill

The Group assesses whether there are any impairment indicators for non-financial assets at each reporting date using a discount rate of 13.1% (2021: 7.3%). Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. These cash flows are based on the Board approved annual budget and three-year plan. Further details are given in [Note 15](#).

4. Operating segments

The Group's chief operating decision maker is considered to be the Board of Directors. The Group's operating segments are determined with reference to the information provided to the Board of Directors in order for it to allocate the Group's resources and to monitor the performance of the Group.

Following the update to the Group's strategy during the period, the Board of Directors has changed the basis of segmental reporting to move away from the previously reported two segment reporting basis (Compliance and Energy Services) to a single business segment of 'Social Housing Energy Services'. The services provided to customers within Social Housing Energy Services comprise the following:

- ▶ Installation, maintenance and repair on demand of gas appliances and central heating systems, and air and water hygiene solutions where we contract predominantly under framework agreements to predominantly housing associations and local authorities
- ▶ Consultancy and project management services for renewables and other technology
- ▶ Services in the energy efficiency sector, including external, internal and cavity wall insulation, loft insulation, gas central heating, boiler upgrades and other renewable technologies. The services are offered under various energy saving initiatives including the Energy Company Obligation ('ECO'), Green Deal and the Scottish Government's HEEPs ('Home Energy Efficiency Programme') Affordable Warmth programme. Clients include housing associations, social landlords, local authorities and private householders and we have trading relationships with all of the large utility suppliers and many of the leading smaller suppliers
- ▶ Metering services involving the installation, servicing and administration of smart meter devices and associated data

All revenue and profit are derived from operations in the United Kingdom only.

The profit measure the Board used to evaluate performance is operating profit before amortisation of acquisition intangibles, impairment of goodwill and exceptional items (acquisition costs), as outlined overleaf and on the face of the income statement.

The Group accounts for intercompany trading on an arm's length basis. All intercompany trading is eliminated on consolidation.

Notes to the consolidated Financial Statements continued

For the year ended 30 September 2022

4. Operating segments continued

The following is an analysis of the Group's revenue and operating profit before amortisation of acquisition intangibles, impairment of goodwill and exceptional items (acquisition costs) by reportable segment:

	2022 £'000	2021 (restated) £'000
Continuing revenue		
Social Housing Energy Services	276,029	219,555
Intercompany elimination	(933)	(2,978)
Total revenue	275,096	216,577

No customer represents more than 10% of revenue.

Reconciliation of operating profit before exceptional and other items to profit before taxation

	2022 £'000	2021 (restated) £'000
Continuing operating profit before exceptional and other items by segment		
Social Housing Energy Services	20,236	15,011
Central costs	(3,409)	(2,749)
Total operating profit before exceptional and other items	16,827	12,262
Amortisation of acquisition intangibles	(269)	—
Impairment of goodwill	—	(188)
Acquisition costs	(120)	—
Finance expense	(864)	(1,000)
Profit before taxation from continuing operations	15,574	11,074

Only the Group consolidated statement of financial position is regularly reviewed by the chief operating decision maker and consequently no segment assets or liabilities are disclosed here under IFRS 8.

5. Profit before taxation

	2022 £'000	2021 (restated) £'000
Profit before taxation is stated after charging/(crediting):		
Amount of inventories recognised as an expense (Note 20)	71,258	58,927
Depreciation of property, plant and equipment (Note 17)	726	681
Depreciation of right of use assets (Note 18)	5,036	4,403
Amortisation of intangible assets (Note 16)	597	451
Staff costs	98,904	85,307
Profit on disposal of property, plant and equipment	(7)	(208)

6. Assets held for sale and discontinued operations

Following the update to the Group's strategy, the Group is looking to dispose of the Sureserve Fire and Electrical Limited and Precision Lift Services Limited businesses, and a disposal process has commenced which is expected to be completed within 12 months. Accordingly, as required under IFRS, the associated assets and liabilities have consequently been presented as held for sale at 30 September 2022. The businesses were both initially classified as held for sale at 31 March 2022. An impairment review was undertaken at that time and this did not indicate any impairment of the carrying value of either business. Subsequent to 31 March 2022, based on offers received for the Precision Lifts Limited business, an impairment charge of £3.5m was recognised in respect of goodwill.

The results of the discontinued operations, which have been included in the profit for the year, were as follows:

	2022 £'000	2021 (restated) £'000
Revenue	34,177	27,437
Cost of sales	(27,397)	(21,067)
Gross profit	6,780	6,370
Other operating expenses	(4,988)	(4,037)
Exceptional income	—	387
Impairment of goodwill	(3,460)	—
Operating (loss)/profit	(1,668)	2,720
Finance expense	(24)	(16)
(Loss)/profit before tax from discontinued operations	(1,692)	2,704
Taxation	(330)	(429)
(Loss)/profit for the period attributable to the equity holders of the Group from discontinued operations	(2,022)	2,275

6. Assets held for sale and discontinued operations continued

	2022 £'000
Current assets	
Goodwill	4,321
Other intangible assets	16
Property, plant and equipment	87
Right of use assets	594
Deferred tax asset	88
Inventories	1,713
Trade and other receivables	4,530
Cash and cash equivalents	3,989
Total assets classified as held for sale	15,338
Current liabilities	
Trade and other payables	6,958
Income tax payable	366
Lease liabilities	599
Provisions	310
Total liabilities directly associated with current assets classified as held for sale	8,233
Net assets held for sale	7,105

The proceeds of disposal are expected to exceed the carrying amount of the related net assets after the impairment charge of £3,460,000.

7. Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	2022 £'000	2021 £'000
Fees payable to the Company's auditor and its associates for audit services to the Group:		
– The audit of the Company's and the Group's annual accounts	125	100
– The audit of the Company's subsidiaries	350	250
Total audit fees	475	350
Fees payable to the Company's auditor and its associates for other services to the Group:		
– Agreed upon procedures on Interim results	40	35
Total non-audit fees	40	35

8. Exceptional items

	2022 £'000	2021 (restated) £'000
Release of provision for potential legal settlement costs	—	800
Costs on disposal of Lakehouse Contracts Limited and Foster Property Maintenance Limited	—	(800)
Acquisition costs of CorEnergy Limited	(120)	—
	(120)	—

Exceptional items are considered non-trading because they are not part of the underlying trade of the Group.

Acquisition costs comprise legal and professional costs in relation to acquisition of CorEnergy Limited and amounted to £0.1m (2021: £nil).

Lakehouse Contracts Limited and Foster Property Maintenance Limited were sold on 17 August 2018 were previously disclosed as discontinued operations. The Board has reviewed the nature and time elapsed in classifying these and determined they are exceptional items.

Exceptional items comprises:

- ▶ £nil (2021: £0.8m) of additional costs provided for in the year relating to legacy transactions
- ▶ £nil (2021: (£0.8m)) release of provisions for potential legal settlement costs (see further details in [note 31](#))

Notes to the consolidated Financial Statements continued

For the year ended 30 September 2022

8. Exceptional items continued

On 20 December 2019, Mapps Group Limited, the acquirer of Lakehouse Contracts Limited and Foster Property Maintenance Limited, went into liquidation. During the year we corresponded with the Liquidators and advisers to both Mapps Group Limited and Lakehouse Contracts Limited in an effort to progress and resolve any outstanding claims. We are still awaiting the provision of necessary information from the Liquidators in order to progress matters. £nil additional costs (2021: £0.8m) have been provided for during the year. At 30 September 2022, the Group has provisions for liabilities relating to the disposal of £1.1m (2021: £1.1m). In addition to the amounts provided for above, there are a number of potential contingent liabilities arising from the disposal including, but not limited to:

- ▶ Potential claims under parent company guarantees and bonds for projects. The value of bonds and guarantees is included within [Note 31](#)
- ▶ Potential claims under clauses in the sale and purchase agreement including working capital adjustments and warranties/indemnities. Resolution of these outstanding claims is in the hands of the Liquidators of Mapps Group Limited and Lakehouse Contracts Limited

Whilst a claim has been received from the Liquidators of Lakehouse Contracts Limited, the Group has claims against Lakehouse Contracts Limited and Mapps Group Limited for amounts that exceed their best estimate of any amounts that may potentially be due to Lakehouse Contracts Limited and Mapps Group Limited under clauses in the sale and purchase agreement. The Board is in continuing dialogue with all parties.

Further details are not disclosed on the basis that such disclosure would be seriously prejudicial.

9. Finance income and finance expenses

	2022 £'000	2021 (restated) £'000
Finance expenses		
Interest payable on bank overdrafts and loans	194	378
Loan arrangement fee amortisation	78	109
Interest on lease agreements (Note 27)	543	455
Other interest payable	49	58
	864	1,000

10. Information relating to employees

The average number of employees, including Directors, employed by the Group during the year was:

	2022 Number	2021 (restated) Number
Direct labour and contract management	1,656	1,525
Administration and support	759	662
	2,415	2,187

The aggregate remuneration was as follows:

	2022 £'000	2021 (restated) £'000
Wages and salaries	87,181	75,410
Social security	9,365	7,783
Pension costs – defined contribution plans	2,474	1,829
Equity-settled share-based payments	381	285
	99,401	85,307

11. Retirement benefit obligations

The Group contributes to the personal pension plans of certain employees of the Group. The assets of these schemes are held in independently administered funds. From 1 February 2014, the Group contributes to a new workplace pension scheme for all employees in compliance with the automatic enrolment legislation. The Group paid £2,474,000 in the year ended 30 September 2022 (2021 (restated): £1,829,000). At the reporting date, £375,330 of contributions were payable to the funds (2021: £442,000).

12. Tax on profit on ordinary activities

	2022 £'000	2021 (restated) £'000
Current tax		
Current year	3,213	1,846
Current tax – prior year	(476)	95
Total current tax	2,737	1,941
Deferred tax (Note 26)	(256)	56
Total tax on profit on ordinary activities	2,481	1,997

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2022 £'000	2021 (restated) £'000
Profit before tax	15,574	11,074
Effective rate of corporation tax in the UK	19%	19%
Profit before tax at the effective rate of corporation tax	2,959	2,104
Effects of:		
Income not deductible for tax purposes	(341)	(101)
Adjustment of deferred tax to closing tax rate	(54)	(89)
Current tax credited to equity	90	—
Deferred tax credited to equity	302	—
Current tax – prior year	(476)	95
Deferred tax – prior year	1	(12)
Tax charge for the year	2,481	1,997

Factors that may affect future charges

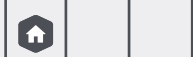
The closing deferred tax provision has been calculated at 25% in accordance with the rate enacted at the statement of financial position date.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. This new law was substantively enacted on 24 May 2021.

13. Dividends

The Board did not recommend the payment of a dividend for the year ended 30 September 2022 (2021: nil).

The final dividend for the year ended 30 September 2020 of 1p per share amounting to £1.6m was paid in the prior year.



Notes to the consolidated Financial Statements continued

For the year ended 30 September 2022

14. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	2022 Number	2021 (restated) Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	163,895,387	160,267,970
Diluted		
Effect of dilutive potential ordinary shares:		
Share options	3,694,811	2,910,442
Weighted average number of ordinary shares for the purposes of diluted earnings per share	167,590,198	163,178,412
Earnings for the purpose of basic and diluted earnings per share from continuing operations, being net earnings attributable to the owners of the Company from continuing operations (£'000)	13,093	9,077
Basic earnings per share from continuing operations	8.0p	5.7p
Diluted earnings per share from continuing operations	7.8p	5.6p
(Loss) / earnings for the purpose of basic and diluted earnings per share from discontinued operations being net earnings attributable to the owners of the Company from discontinued operations (£'000)	(2,022)	2,275
Basic (loss)/earnings per share from discontinued operations	(1.2p)	1.4p
Diluted (loss)/earnings per share from discontinued operations	(1.2p)	1.4p
Earnings for the purpose of basic and diluted earnings per share being net profit after tax attributable to the owners of the Company from continuing and discontinued operations (£'000)	11,071	11,352
Basic earnings per share	6.8p	7.1p
Diluted earnings per share	6.6p	7.0p
Earnings, for the purpose of basic and diluted earnings per share, being net profit after tax attributable to the owners of the Company from continuing and discontinued operations, adjusted for the tax effected impairment of goodwill, amortisation of acquisition intangibles and exceptional items (£'000)	14,695	11,153
Basic earnings per share	9.0p	7.0p
Diluted earnings per share	8.8p	6.8p

The number of shares in issue at 30 September 2022 was 165,892,554 (2021: 161,213,788).

15. Goodwill

	£'000
At 1 October 2021	42,479
Acquisition of CorEnergy Limited	6,234
Transfer of Sureserve Fire and Electrical Limited and Precision Lift Services Limited to assets held for sale	(7,781)
At 30 September 2022	40,932

Goodwill arising on consolidation represents the excess of the fair value of the consideration transferred over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition.

Goodwill is not amortised but is reviewed for impairment on an annual basis or more frequently if there is an indication that goodwill may be impaired. Goodwill acquired in a business combination is allocated to cash-generating units ('CGUs') according to the level at which management monitors that goodwill.

Goodwill is carried at cost less accumulated impairment losses.

The carrying value of goodwill is allocated to the following CGUs:

CGU	2022 £'000	2021 £'000
K&T Heating Services Limited	3,774	3,774
Sureserve Fire and Electrical Limited	—	3,717
Everwarm Limited	17,476	17,476
H2O Nationwide Limited	2,209	2,209
Providor Limited	3,037	3,037
CorEnergy Limited	6,234	—
Sure Maintenance Limited	4,225	4,225
Aaron Services Limited	3,977	3,977
Precision Lifts Limited	—	4,064
	40,932	42,479

An asset is impaired if its carrying value exceeds the unit's recoverable amount which is based upon value in use. At each reporting date impairment reviews are performed by comparing the carrying value of the CGU to its value in use. At 30 September 2022 the value in use for each CGU was calculated based upon the cash flow projections of the latest Board-approved three-year forecasts together with a further two years estimated and an appropriate terminal value to perpetuity.

Future forecasted profits are estimated by reference to the average operating margins achieved in the period immediately before the start of the forecast period.

15. Goodwill continued

The estimated growth rates are based on past experience and knowledge of the individual markets. The Directors believe that the Social Housing Energy Services markets will continue to present strong growth opportunities for the CGUs outlined above. Management believes that future growth in these markets is underpinned by a number of factors including:

- ▶ A pipeline of new tenders
- ▶ Further opportunities to work with other Group companies
- ▶ Client demand for safe buildings
- ▶ Adjacent market opportunities

The assumptions used in the impairment reviews are outlined below:

The growth rate applied to the cash flows in years four and five of the impairment review performed at 30 September 2022 was 4% (2021: 4%). A terminal growth rate of 2% (2021: 2%) was applied. The pre-tax discount rate applied was 13.1% (2021: 7.3%). Three different types of sensitivity analysis have been performed on two entities that showed potential indicators of impairment, including a 20% reduction in revenue and a reduction in the operating profit margin of between 1% and 2%. The Directors consider that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed its recoverable amount.

16. Other intangible assets

	Computer software £'000	Acquisition intangibles			Total £'000
		Contracted customer order book £'000	Customer relationships £'000	Non-compete agreements £'000	
Cost					
At 1 October 2020	1,873	18,606	14,655	1,670	36,804
Additions	545	—	—	—	545
Disposals	(272)	—	—	—	(272)
At 30 September 2021	2,146	18,606	14,655	1,670	37,077
Acquisition of CorEnergy Limited	—	269	—	—	269
Additions	911	—	—	—	911
At 30 September 2022	3,057	18,875	14,655	1,670	38,257
Amortisation					
At 1 October 2020	1,147	18,606	14,655	1,670	36,078
Amortisation charge	451	—	—	—	451
Disposals	(272)	—	—	—	(272)
At 30 September 2021	1,326	18,606	14,655	1,670	36,257
Amortisation charge	328	269	—	—	597
At 30 September 2022	1,654	18,875	14,655	1,670	36,854
Carrying value					
At 30 September 2022	1,403	—	—	—	1,403
At 30 September 2021	820	—	—	—	820

Contracted customer order book

The value placed on the order book was based upon the cash flow projections over the contracts in place when a business is acquired. Due to uncertainties with trying to forecast revenues beyond the contract term, the Directors have valued contracts over the contractual term only. The value of the order book was amortised over the remaining life of each contract which typically ranges from one to five years.

Customer relationships

The values placed on the customer relationships were based upon the non-contractual expected cash inflows forecast on the base business over and above contracted revenues. The value of customer relationships was amortised over five years.

Non-compete agreements

The value placed on the non-compete agreements was based upon the non-compete clause and knowledge and know-how of the former owners of the acquired businesses. The value of non-compete agreements was amortised over five years.

All acquisition intangibles have been fully amortised as at 30 September 2022.

Notes to the consolidated Financial Statements continued

For the year ended 30 September 2022

17. Property, plant and equipment

	Leasehold improvements £'000	Plant and equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 October 2020	676	1,389	1,760	176	4,001
Additions	635	586	349	—	1,570
Disposals	(71)	(223)	(307)	(61)	(662)
At 30 September 2021	1,240	1,752	1,802	115	4,909
Transfer to assets held for sale	(119)	(55)	(223)	(18)	(415)
Additions	21	455	289	—	765
Disposals	(177)	—	(29)	—	(206)
At 30 September 2022	965	2,152	1,839	97	5,053
Depreciation					
At 1 October 2020	460	765	1,396	168	2,789
Charge for the year	99	355	227	—	681
Disposals	(2)	(208)	(307)	(53)	(570)
At 30 September 2021	557	912	1,316	115	2,900
Transfer to assets held for sale	(113)	(50)	(175)	(18)	(356)
Charge for the year	114	379	233	—	726
Disposals	(177)	—	(29)	—	(206)
At 30 September 2022	381	1,241	1,345	97	3,064
Net book value					
At 30 September 2022	584	911	494	—	1,989
At 30 September 2021	683	840	486	—	2,009

18. Right of use assets

	Leasehold property £'000	Commercial vehicles £'000	Total £'000
Cost			
At 1 October 2020	3,235	7,034	10,269
Acquisition of Vinshire Gas Services Limited	—	283	283
Additions	3,325	6,025	9,350
Disposals	(130)	(1,006)	(1,136)
At 30 September 2021	6,430	12,336	18,766
Transfer to assets held for sale	(179)	(771)	(950)
Variations	—	50	50
Additions	77	8,230	8,307
Disposals	—	(808)	(808)
At 30 September 2022	6,328	19,037	25,365
Depreciation			
At 1 October 2020	1,111	2,401	3,512
Charge for the year	1,074	3,329	4,403
Disposals	(130)	(583)	(713)
At 30 September 2021	2,055	5,147	7,202
Transfer to assets held for sale	(111)	(479)	(590)
Charge for the year	938	4,098	5,036
Disposals	—	(646)	(646)
At 30 September 2022	2,882	8,120	11,002
Net book value			
At 30 September 2022	3,446	10,917	14,363
At 30 September 2021	4,375	7,189	11,564

19. Group entities

Subsidiaries

The Group's subsidiary undertakings are:

	Country of incorporation	Class of capital	%	Principal activity
Aaron Services Limited	England	Ordinary	100	Maintenance and installation of domestic gas heating systems
Sureserve Fire and Electrical Limited	England	Ordinary	100	Fire protection and building electrical services
Bury Metering Services Limited	England	Ordinary	100	Non-trading
CorEnergy Limited	England	Ordinary	100	Renewable and energy saving services
Everwarm Limited	Scotland	Ordinary	100	Energy and insulation services
H2O Nationwide Limited	England	Ordinary	100	Duct and water tank cleaning and refurbishment and building services hygiene
Just Energy Solutions Limited	England	Ordinary	100	Non-trading
K & T Heating Services Limited	England	Ordinary	100	Maintenance and installation of domestic gas heating systems
Precision Lift Services Limited	England	Ordinary	100	Lift installation, modernisation and maintenance services
Providor Limited	England	Ordinary	100	Smart metering
Smart Metering Limited	England	Ordinary	100	Non-trading
Sure Maintenance Limited	England	Ordinary	100	Maintenance and installation of domestic gas heating systems
Sureserve Compliance Services Limited	England	Ordinary	100	Intermediate holding company
Sureserve VGS Limited (formerly known as Sureserve Construction Services Limited)	England	Ordinary	100	Intermediate holding company
Sureserve Design and Build Limited	England	Ordinary	100	Non-trading
Sureserve Energy Services Limited	England	Ordinary	100	Intermediate holding company
Sureserve Holdings Limited*	England	Ordinary	100	Intermediate holding company
Vinshire Gas Services Limited	England	Ordinary	100	Non-trading

* Directly held investment.

The registered office of all entities above is Crossways Point 15, Victory Way, Crossways Business Park, Dartford, Kent DA2 6DT, except for Everwarm Limited whose registered office is 3 Inchcorse Place, Whitehill Industrial Estate, Bathgate, Scotland EH48 2EE.

Joint ventures

The Group's joint ventures are:

	Country of incorporation	Class of capital	%	Principal activity
Warmworks Scotland LLP	Scotland	Ordinary	33.33	Energy and insulation services
Arbed am Byth	Wales	Ordinary	50	Energy and insulation services

Details of joint ventures

	2022 £'000	2021 £'000
Carrying value of investment in Arbed am Byth	187	536
Carrying value of investment in Warmworks Scotland LLP	2,307	1,124
	2,494	1,660

Warmworks, a joint venture with Changeworks Resources for Life and the Energy Saving Trust Enterprises Limited, commenced trading in September 2015, and the profit for 2022 was £1,273,000 (2021: profit of £1,013,000). The registered office of Warmworks Scotland LLP is 1 Carmichael Place, Leith, Edinburgh, Midlothian EH6 5PH.

Arbed am Byth, a joint venture with the Energy Saving Trust Enterprises Limited, commenced trading in August 2018, and the profit for 2022 was £151,000 (2021: £146,000). The registered office of Arbed am Byth is 33 Cathedral Road, Cardiff, Wales CF11 9HB.

The Arbed programme for the Welsh Government was delivered via our joint venture with the Energy Saving Trust. The scheme ended in November 2021, with a 12-month period following this for any warranty/service work.

Notes to the consolidated Financial Statements continued

For the year ended 30 September 2022

20. Inventories

	2022 £'000	2021 £'000
Raw materials and consumables	5,059	4,199

There are no inventories at 30 September 2022 or 30 September 2021 carried at fair value less costs to sell. The Directors consider that the replacement value of inventories is not materially different from their carrying value. There was no specific security held at either reporting date over inventory.

£71,258,000 (2021 (restated): £58,927,000) of inventories were recognised as an expense in the year.

21. Trade and other receivables

	2022 £'000	2021 £'000
Current		
Trade receivables	23,115	18,414
Other receivables	5,664	3,698
Prepayments	3,122	3,219
Accrued income	22,095	17,918
	53,996	43,249

Other receivables include sales retentions of £3,002,000 (2021: £2,920,000), rebates receivable of £805,000 (2021: £516,000), and finance issue costs of £151,000 (2021: £27,000).

	2022 £'000	2021 £'000
Trade receivables		
Trade receivables not due	19,876	16,386
Trade receivables past due 1–30 days	2,465	1,666
Trade receivables past due 31–60 days	300	84
Trade receivables past due 61–90 days	100	93
Trade receivables past due over 90 days	761	433
Gross trade receivables	23,502	18,662
Provision for credit losses brought forward	(248)	(446)
Credit note applied	121	—
Acquisition of CorEnergy Limited	(41)	—
Amounts written off	4	208
Provision charged to profit or loss in the year	(223)	(10)
Provision for credit losses carried forward	(387)	(248)
Net trade receivables	23,115	18,414

The provision for credit losses of £387,000 (2021: £248,000) includes £387,000 (2021: £148,000) of trade receivables over 90 days past their due date.

The Directors consider that the carrying amount of trade receivables approximates to their fair value. Debts provided for and written off are determined on an individual basis and included in other operating expenses in the Financial Statements. The Directors believe the credit risk is low due to the majority of the Group's customer base being either public sector or regulated bodies. The Group's maximum exposure to credit risk is the fair value of trade receivables as presented above. The Group has not pledged any trade receivables as security. At the end of the year three clients represented over 5% of the total balance of trade receivables (2021: one client).

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets (accrued income). To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts. The expected loss rates are based on the Group's historical credit losses experienced over the five-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified key macroeconomic factors in the locations where the Group operates.

22. Trade and other payables

	2022 £'000	2021 £'000
Current		
Trade payables	31,200	24,937
Sub-contract retentions	805	727
Accruals	11,097	11,727
Deferred income	1,693	980
Social security and other taxes	7,901	7,524
Other payables	1,374	1,502
	54,070	47,397

The Directors consider that the carrying amount of trade payables approximates to their fair value for each reported period. Trade payables are non-interest bearing. Average settlement days are 74 days (2021: 68 days).

23. Borrowings

In December 2021, the Group renewed its bank facilities to provide an overdraft facility of £5,000,000 together with a revolving credit facility of £15,000,000 which runs to 31 January 2025. The revolving credit facility remained undrawn on 30 September 2022 and 30 September 2021. There is a charge over all of the Company's assets in respect of continuing security for the Group's obligations to pay under the revolving credit facility with NatWest.

24. Net cash

	2022 £'000	2021 £'000
Cash and cash equivalents	19,319	16,444
Unamortised finance costs (included in other receivables)	151	27
Net cash pre-lease liabilities	19,470	16,471
Lease liabilities (note 27)	(15,076)	(12,043)
Total net cash in continuing operations	4,394	4,428
Cash and cash equivalents in assets held for sale	3,989	—
Lease liabilities in liabilities held for sale	(599)	—
Total net cash	7,784	4,428

25. Provisions

	Legal and other £'000
At 1 October 2020	4,046
Additional provision	746
Released during the year	(1,187)
Utilised in the year	(1,606)
At 30 September 2021	1,999
Additional provision	338
Additional provision on acquisition	40
Utilised in the year	(413)
At 30 September 2022	1,964
Current provisions	497
Non-current provisions	1,467

Legal and other

Provisions relate to property dilapidation obligations, potential contract settlement costs and other potential legal settlement costs. These are expected to result in an outflow of economic benefit over the next one to five years. See notes [8](#) and [31](#) for further details.

Notes to the consolidated Financial Statements continued

For the year ended 30 September 2022

26. Deferred taxation

	Accelerated capital allowances £'000	Short term timing differences £'000	Share-based payments £'000	Acquisition intangibles £'000	Unutilised losses £'000	Total £'000
Asset bought forward as at 1 October 2020	93	229	56	—	139	517
(Debit)/credit to P&L	(260)	72	89	—	43	(56)
Deferred tax on share-based payments recognised in equity	—	—	(117)	—	—	(117)
(Liability)/asset carried forward as at 30 September 2021	(167)	301	28	—	182	344
Transfer of assets held for sale	10	(98)	—	—	—	(88)
Acquisition of CorEnergy Limited	(1)	—	—	(67)	—	(68)
(Debit)/credit to P&L	(264)	102	351	67	—	256
Deferred tax on share-based payments recognised in equity	—	—	—	—	—	—
(Liability)/asset carried forward as at 30 September 2022	(422)	305	379	—	182	444
At 30 September 2022						
Non-current asset	—	305	379	—	182	866
Non-current liability	(422)	—	—	—	—	(422)
Net deferred tax (liability)/asset	(422)	305	379	—	182	444
At 30 September 2021						
Non-current asset	—	301	28	—	182	511
Non-current liability	(167)	—	—	—	—	(167)
Net deferred tax (liability)/asset	(167)	301	28	—	182	344

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so.

27. Lease liabilities

	Present value of minimum lease payments £'000
At 1 October 2020	6,836
Repayments	(4,283)
Interest	475
New obligations on acquisition	283
Variation in terms	18
New obligations	9,332
Obligations cancelled	(618)
At 30 September 2021	12,043
Transfer to liabilities held for sale	(365)
Repayments	(5,341)
Interest	543
Variation in terms	50
New obligations	8,307
Obligations cancelled	(161)
At 30 September 2022	15,076

Future lease payments are due as follows:

	Present value of minimum lease payments £'000
Less than one year	5,494
Between two and five years	9,582
At 30 September 2022	15,076
Less than one year	4,071
Between two and five years	7,972
At 30 September 2021	12,043

28. Called up share capital

Allotted, called up and fully paid:

2022 Number	2021 Number		2022 £	2021 £
165,892,554	161,213,788	Ordinary shares of £0.10 each	16,589,255	16,121,379

Details of options granted under the Group's share scheme are contained in [Note 29](#).

Voting rights

The holders of ordinary shares are entitled to receive notice of, attend or participate in any general meeting of the Company and to receive any notice of a written resolution proposed to be passed by the Company.

On a show of hands at a meeting the holders of any such shares shall be entitled to one vote for all such shares held.

On a poll at a meeting, for a written resolution, the holder of such shares shall be entitled to such number of votes as corresponds to the nominal value (in pence) or the relevant shares held.

29. Share-based payments

The Company has established a Share Incentive Plan ('SIP'), Sharesave Scheme ('SAYE'), Company Share Option Plan ('CSOP'), Performance Share Plan ('PSP') and a Special Incentive Award Plan ('SIAP').

The charge recognised for share-based payments in the year was £381,000 (2021: £168,000) net of tax.

SAYE

The SAYE is open to all employees who satisfy certain criteria, particularly relating to period of employment. The exercise price is equal to the average of the closing quoted market price for the preceding three days less a discretionary discount approved by the Board of not less than 80% of the market value of a share. The SAYE is for three years, during which the holder must remain in the employment of the Group. The shares can be exercised within six months from the maturity of the SAYE.

CSOP

The CSOP is open to all employees at the discretion of the Remuneration Committee. The exercise price is equal to the average of the closing quoted market price at the date of grant. The vesting period is for three years, during which the holder must remain in the employment of the Group, and is conditional on the achievement of a mix of market and non-market performance conditions from the date of granting the option to the date of potential exercise.

PSP

The PSP is open to certain employees at the discretion of the Remuneration Committee at a limit not exceeding 150% of the individual's base salary at the date of grant. The exercise price is £nil. The vesting period is for three years, during which the holder must remain in the employment of the Group, and is conditional on the achievement of a mix of market and non-market performance conditions from the date of granting the option to the date of potential exercise.

SIAP

Awards granted under the SIAP take the form of options to acquire Sureserve shares for nil consideration. The awards will have no beneficial tax status. Only employees who are also Directors of the Company may be granted an award under the SIAP. The Remuneration Committee will have absolute discretion to select the persons to whom awards may be granted and in determining the number of shares to be subject to each award.

Notes to the consolidated Financial Statements continued

For the year ended 30 September 2022

29. Share-based payments continued

	SAYE	CSOP	PSP	SIAP
Number				
At 1 October 2020	3,810,884	3,113,153	840,000	800,000
Granted	—	—	—	180,000
Lapsed	(769,129)	(137,870)	—	—
Exercised	(551,336)	(272,643)	—	(980,000)
At 30 September 2021	2,490,419	2,702,640	840,000	—
Granted	1,719,442	—	696,125	—
Lapsed	(343,399)	(366,583)	(110,000)	—
Exercised	(812,632)	(161,323)	—	—
At 30 September 2022	3,053,830	2,174,734	1,426,125	—
Weighted average exercise price (p)				
At 1 October 2021	29.40p	42.84p	—	—
Granted	66.40p	—	—	—
Lapsed	30.56p	42.91p	—	—
Exercised	25.81p	40.75p	—	—
Outstanding at 30 September 2022	50.01p	42.99p	—	—
Outstanding value at 30 September 2021	29.40p	42.84p	—	—
Fair value of options granted				
Weighted fair value of one option	20.30p	18.24p	61.66p	—
Assumptions used in estimating the fair value (weighted average)				
Share price at date of grant	59.10p	42.75p	65.53p	—
Exercise price	50.01p	42.99p	0.00p	—
Expected dividend yield	0.87%	3.57%	2.20%	—
Risk-free rate	0.86%	0.04%	0.48%	—
Expected volatility	37.50%	56.91%	47.45%	—
Expected life	3.31 years	5.41 years	3.00 years	—

In the year ended 30 September 2022, options were granted in respect of the SAYE and PSP schemes.

The weighted average remaining contractual life of outstanding options at 30 September 2022 was 1.3 years (2021: 1.2 years).

The SAYE, CSOP and PSP options were valued under the binomial methodology.

The PSP options granted in FY22 were valued under the Monte Carlo methodology.

The inputs into the binomial model are as follows:

	2022	2021
Share price (p)	83.00	—
Exercise price (p)	66.40	—
Expected volatility (%)	38.35	—
Expected life (years)	3.19	—
Risk-free rate (%)	1.40	—
Expected dividend yield (%)	0.00	—

The inputs into the Monte Carlo model are as follows:

	2022	2021
Share price (p)	83.50–93.50	27.10
Exercise price (p)	0.00	0.00
Expected volatility (%)	36.72–36.94	34.90
Expected life (years)	3.00	1.50
Risk-free rate (%)	0.64–1.48	0.71
Expected dividend yield (%)	0.00–2.52	1.00

Expected volatility was based upon the historical volatility over the expected life of the schemes. The expected life is based upon scheme rules and reflects management's best estimates for the effects of non-transferability, exercise restrictions and behavioural considerations.

30. Reserves

Share premium reserve

The share premium account represents amounts received in excess of the nominal value of shares on issue of new shares, net of the direct costs associated with issuing those shares.

Merger reserve

On 23 March 2015 Sureserve Group plc (then Lakehouse plc) was listed on the Premium Listing segment of the Official List and traded on the Main Market of the London Stock Exchange. As part of a restructuring accompanying the Initial Public Offering ('IPO') of the Group on 23 March 2015, Sureserve Group plc replaced Sureserve Holdings Limited as the Group's ultimate parent company by way of a share exchange agreement. Under IFRS 3 this has been accounted for as a Group reconstruction under merger accounting.

Merger accounting principles for this combination gave rise to a merger reserve of £20,067,000.

Share-based payment reserve

See [note 29](#) for further details.

31. Guarantees and contingent liabilities

The Company and certain subsidiaries have, in the normal course of business, given guarantees and performance bonds relating to the Group's contracts totalling £3,537,900 (2021: £5,463,000). A subsidiary of the Group has provided a guarantee of £750,000 (2021: £750,000) to the Warmworks Scotland LLP joint venture.

Contingent liabilities in respect of the disposal of Lakehouse Contracts Limited and Foster Property Maintenance Limited are disclosed in [Note 8](#).

32. Financial instruments

Financial instruments comprise both financial assets and financial liabilities. The carrying value of these financial assets and liabilities is assumed to approximate their fair values.

The principal financial assets in the Group comprise trade, loans and other receivables and cash and cash equivalents. The principal financial liabilities in the Group comprise borrowings which are categorised as debt at amortised cost, together with trade and other payables, and other long term liabilities, which are classified as other financial liabilities.

Financial risk management

The Group's objectives when managing finance and capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group is not subject to any externally imposed capital requirements.

The main financial risks faced by the Group are liquidity risk, credit risk and market risk (which includes interest rate risk). Currently the Group only operates in the UK and only transacts in Sterling. It is therefore not exposed to any foreign currency exchange risk. The Board regularly reviews and agrees policies for managing each of these risks.

Categories of financial instruments

	Financial assets measured at amortised cost	
	2022 £'000	2021 £'000
Financial assets		
Current financial assets		
Trade receivables, loans and other receivables	50,874	40,030
Cash and cash equivalents	19,319	16,444
	70,193	56,474
	Financial liabilities measured at amortised cost	
	2022 £'000	2021 £'000
Financial liabilities		
Current financial liabilities		
Trade and other payables	44,428	38,027
Lease liabilities	5,494	4,071
Total current financial liabilities	49,922	42,098
Non-current financial liabilities		
Lease liabilities	9,582	7,972
	59,504	50,070

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Statements approximate their fair values.

Notes to the consolidated Financial Statements continued

For the year ended 30 September 2022

32. Financial instruments continued

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group does not enter into derivatives to manage its credit risk.

The maximum exposure to credit risk at the reporting date is represented by the carrying value of the financial assets in the statement of financial position. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

There has been a minimal history of bad debts as the majority of its sales are to local Government councils or housing trust partnerships and as a consequence the Directors do not consider that the Group has a material exposure to credit risk.

Market risk

As the Group only operates in the UK and only transacts in Sterling, the Group's activities expose it primarily to the financial risks of changes in interest rates only and as a consequence of being debt free the Directors do not consider that the Group has a material exposure to interest rate risk.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group's policy on liquidity is to ensure that there are sufficient committed borrowing facilities to meet the Group's long to medium term funding requirements.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(a) Interest rate risk

The Group's revolving credit facility has floating interest rates based on a margin above LIBOR/SONIA. Since the facility was undrawn during both financial years, the Group was not exposed to any interest rate risk.

(b) Interest rate sensitivity analysis

The Group's principal borrowings attract floating rate interest. On a weighted average of £nil (2021: £nil) of debt in the year, a 0.5% increase in the floating interest rate would have increased annual interest payable by £nil (2021: £nil).

33. Cash generated from operations

	2022 £'000	2021 (restated) £'000
Operating profit	16,438	12,074
Adjustments for:		
Depreciation	5,762	4,743
Share-based payments	381	285
Amortisation of intangible-related assets	597	451
Impairment of goodwill and acquisition intangibles	—	188
Profit on disposal of property, plant and equipment	(7)	(208)
Changes in working capital:		
Inventories	(1,634)	(1,061)
Trade and other receivables	(11,145)	(5,258)
Trade and other payables	6,054	2,704
Provisions	(74)	(1,659)
Cash generated from operations	16,372	12,259

34. Business combinations

CorEnergy Limited

On 7 December 2021, the Group acquired the entire issued share capital of CorEnergy Limited. The consideration paid for CorEnergy was £6.6m, plus a working capital adjustment of £1m (paid in cash), taking the total consideration paid to £7.6m. £3.3m was satisfied through cash and a further £3.3m through the issue of 3,704,811 new ordinary shares of 10 pence each in Sureserve which were issued at an effective price of 89.4 pence each.

The Directors consider the value assigned to goodwill represents the acquired workforce, expected synergies to be generated from cross-selling opportunities through the extension of the Group's service and solutions offering in renewables, and access to new customers and markets as a result of this acquisition. It is not expected that any goodwill will be deductible for tax purposes. All costs of the acquisition have been recognised as an exceptional expense in the statement of comprehensive income in the period in which it was incurred, the total cost recognised is £120,000.

The effect of the acquisition on the Group's assets and liabilities was as follows:

	Provisional fair value £'000
Assets	
Current	
Trade and other receivables	671
Cash	1,651
Total assets	2,322
Liabilities	
Current	
Provisions	(40)
Trade and other payables	(1,045)
Total liabilities	(1,085)
Net assets acquired	1,237
Goodwill	6,234
Acquisition intangibles, net of deferred tax	202
	7,673
Satisfied by:	
Cash consideration	3,312
Share consideration	3,312
Working capital adjustment (paid in cash)	1,049
	7,673

Post-acquisition results

The results for CorEnergy Limited since the acquisition date, included within the consolidated statement of comprehensive income for the period ended 30 September 2022 are:

	£'000
Revenue	5,072
Operating profit	1,025
Interest	—
Profit before tax	1,025
Taxation	(191)
Profit for the period	834

Results of business combinations during the period

If the acquisition of CorEnergy Limited had occurred on 1 October 2021, the consolidated statement of comprehensive income for the Group for the period ended 30 September 2022, would have been:

	£'000
Revenue	275,646
Operating profit	16,532
Interest	(864)
Profit before tax	15,668
Taxation	(2,498)
Profit for the period from continuing operations	13,170
Loss from assets held for sale	(2,022)
Profit for the period	11,148



Notes to the consolidated Financial Statements continued

For the year ended 30 September 2022

35. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note.

Trading transactions

The Company's subsidiary, Everwarm Limited, provides services to Warmworks Scotland LLP, a joint venture with Changeworks Resources for Life and Energy Saving Trust Enterprises Limited. £15,604,000 of services were provided in 2022 (2021: £9,609,000). £702,000 was charged to Everwarm Limited from Warmworks Scotland LLP for services provided in 2022 (2021: £848,000).

At 30 September 2022 Everwarm Limited had a receivable owing from Warmworks amounting to £2,209,000 (2021: £1,601,000), and a payable of £6,000 (2021: £138,000).

The Company's subsidiary, Everwarm Limited, provides services to Arbed am Byth, a joint venture with Energy Saving Trust Enterprises Limited. As at 30 September 2022 Everwarm Limited had a receivable owing from Arbed am Byth amounting to £nil (2021: £3,000). £488,000 was charged by Everwarm Limited to Arbed am Byth for services provided in 2022 (2021: £243,000). £13,000 was charged to Everwarm Limited by Arbed am Byth for services provided in 2022 (2021: £nil).

Remuneration of key management personnel

The remuneration of the Directors and members of the Board, together with other key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. The key management personnel are the members of the Executive Management Team. Further information about the remuneration of individual Group Directors is provided in the audited part of the remuneration report:

	2022 Number	2021 Number
Number of members of the Executive Management Team at each year end	13	15
	2022 £'000	2021 £'000
Short term employee benefits	3,350	2,766
Share-based payment charge	180	113
Post-employment benefits	272	211
Compensation for loss of office	150	187
	3,952	3,277

In addition to the above, dividends were paid to Directors of £nil (2021: £1,000). Gains on exercise of share options were £nil (2021: £860,000).



Company balance sheet

At 30 September 2022

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	Notes	2022 £'000	2021 £'000
Fixed assets			
Investments in subsidiaries	39	12,392	12,392
Intangible fixed assets	40	1,170	740
Tangible fixed assets	41	215	248
Right of use assets	42	199	231
		13,976	13,611
Current assets			
Debtors – due within one year	43	10,821	7,538
Debtors – due after more than one year	43	57,759	55,076
Income tax receivable		2,852	1,812
		71,432	64,426
Trade and other payables	44	(9,107)	(15,821)
Lease liabilities	46	(111)	(94)
Creditors: amounts falling due within one year		(9,218)	(15,915)
Net current assets		62,214	48,511
Total assets less current liabilities		76,190	62,122
Creditors: amounts falling due after more than one year			
Lease liabilities	46	(93)	(142)
Provisions for liabilities	45	(1,062)	(1,062)
Net assets		75,035	60,918
Capital and reserves			
Called up share capital	47	16,590	16,122
Share premium account	48	28,739	25,620
Share-based payment reserve	49	634	349
Profit and loss account		29,072	18,827
Shareholders' funds		75,035	60,918

As a consolidated statement of comprehensive income is published, a separate statement of comprehensive income for the parent company is omitted by virtue of the exemption available in section 408 of the Companies Act 2006. The Company's profit and total comprehensive income for the year was £9,759,000 (2021: £8,463,000).

The Financial Statements of Sureserve Group plc (registered number 09411297) were approved by the Board of Directors and authorised for issue on 23 January 2023. They were signed on its behalf by:

Sameet Vohra
Director

The accompanying notes are an integral part of this Company balance sheet.



Company statement of changes in equity

For the year ended 30 September 2022

	Share capital £'000	Share premium account £'000	Share-based payment reserve £'000	Own shares £'000	Profit and loss account £'000	Total equity £'000
At 1 October 2020	15,934	25,408	650	(290)	11,885	53,587
Profit for the year	—	—	—	—	8,463	8,463
Dividends paid (Note 13)	—	—	—	—	(1,595)	(1,595)
Issue of shares (exercise of options)	188	212	—	—	(105)	295
Equity-settled share-based payments, net of tax	—	—	168	—	—	168
Reserve transfer	—	—	(469)	290	179	—
At 30 September 2021	16,122	25,620	349	—	18,827	60,918
Profit for the year	—	—	—	—	9,759	9,759
Issue of shares (acquisition of CorEnergy Limited)	370	2,942	—	—	—	3,312
Issue of shares (exercise of options)	97	178	—	—	—	275
Equity-settled share-based payments, net of tax	—	—	381	—	390	771
Reserve transfer	—	—	(96)	—	96	—
At 30 September 2022	16,589	28,740	634	—	29,072	75,035

Company only

The following [notes 36 to 49](#) relate to the Company only position for the year ended 30 September 2022.

36. Accounting policies

Statement of compliance and basis of preparation

The separate Financial Statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly the Financial Statements have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) Reduced Disclosure Framework as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of a cash flow statement and certain related party transactions including remuneration of key management personnel.

Where required, equivalent disclosures are given in the consolidated Financial Statements.

The Financial Statements have been prepared on the historical cost basis. The principal accounting policies adopted are the same as those set out in [Note 2](#) to the consolidated Financial Statements except as noted below.

Investments

Investments in subsidiary undertakings are stated at cost less any provision for impairment.

Cost is defined as the consideration transferred and is measured at fair value. Fair value is calculated as the sum of the acquisition-date fair values of assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquired company and the equity interest issued by the Company in exchange for control of the acquired company. Acquisition-related costs are recognised in profit or loss as incurred.

When the consideration transferred by the Company includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred. Changes in fair value of the contingent consideration are adjusted when identified with corresponding adjustments dependent upon how the contingent consideration is classified. Where contingent consideration is classified as equity any change in fair value is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with IFRS 9 Financial Instruments, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Impairment of investments

At each balance sheet date, the Company tests the carrying amounts of investments to determine whether those investments have suffered an impairment loss. The recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

37. Critical accounting judgements and key sources of uncertainty

Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually made and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates.

Impairment of investments

The Company reviews the valuation of all its investments for impairment annually or if events and changes in circumstances indicate that the carrying value may not be recoverable. The recoverable amount is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows and the choice of a suitable discount rate in order to calculate the present value of these cash flows. See [Note 15](#) for further information on impairment.



Notes to the Company Financial Statements continued

For the year ended 30 September 2022

38. Staff numbers and costs

	2022 Number	2021 Number
Office and administration	59	62
	2022 £'000	2021 £'000
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	4,135	3,923
Social security costs	474	497
Other pension costs	134	116
Equity-settled share-based payments	381	285
	5,124	4,821

39. Investment in subsidiaries

£'000

Cost	
At 1 October 2021 and 30 September 2022	12,392
Net book value	
At 1 October 2021 and 30 September 2022	12,392

Further information is provided in [Note 19](#).

40. Intangible fixed assets

Computer
software
£'000

Cost	
At 1 October 2020	1,049
Additions	490
Disposals	(271)
At 30 September 2021	1,268
Additions	705
Disposals	—
At 30 September 2022	1,973
Amortisation	
At 1 October 2020	451
Amortisation charge	348
Disposals	(271)
At 30 September 2021	528
Amortisation charge	275
Disposals	—
At 30 September 2022	803
Carrying value	
At 30 September 2022	1,170
At 30 September 2021	740



41. Tangible fixed assets

	Leasehold improvements £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 October 2020	154	136	24	314
Additions	48	28	31	107
Disposals	—	(73)	—	(73)
At 30 September 2021	202	91	55	348
Additions	—	21	13	34
Disposals	—	—	—	—
At 30 September 2022	202	112	68	382
Depreciation				
At 1 October 2020	22	84	7	113
Depreciation charge	17	36	7	60
Disposals	—	(73)	—	(73)
At 30 September 2021	39	47	14	100
Depreciation charge	20	26	21	67
Disposals	—	—	—	—
At 30 September 2022	59	73	35	167
Carrying value				
At 30 September 2022	143	39	33	215
At 30 September 2021	163	44	41	248

42. Right of use assets

	Leasehold property £'000	Commercial vehicles £'000	Total £'000
Cost			
At 1 October 2020	387	11	398
Additions	—	92	92
At 30 September 2021	387	103	490
Additions	—	92	92
Disposals	—	(38)	(38)
At 30 September 2022	387	157	544
Depreciation			
At 1 October 2020	174	1	175
Charge for the year	72	12	84
At 30 September 2021	246	13	259
Charge for the year	63	33	96
Disposals	—	(10)	(10)
At 30 September 2022	309	36	345
Carrying value			
At 30 September 2022	78	121	199
At 30 September 2021	141	90	231

Notes to the Company Financial Statements continued

For the year ended 30 September 2022

43. Debtors

	2022 £'000	2021 £'000
Amounts falling due within one year		
Amounts owed by Group undertakings	9,359	6,337
Prepayments	1,008	1,022
Other debtors	224	32
Deferred tax asset	87	—
Tax receivable	143	147
	10,821	7,538
Amounts falling due after more than one year		
Amounts owed by Group undertakings	57,759	55,076

44. Creditors

	2022 £'000	2021 £'000
Creditors: amounts falling due within one year		
Bank loans and overdrafts	4,694	6,658
Trade creditors	501	283
Amounts owed to Group undertakings	2,006	7,017
Accruals and deferred income	1,777	1,580
Social security and other taxes	114	106
Deferred tax liability	—	159
Other creditors	15	18
	9,107	15,821

There is a charge over all of the Company's assets in respect of continuing security for the Group's obligations to pay under the Group's £15m revolving credit facility with NatWest.

The Company is a member of a VAT group and all the members of the Group are jointly and severally liable for any VAT liabilities. The total liability for the VAT group at 30 September 2022 was £1,324,000 (2021: £654,000).

45. Provisions for liabilities

	Legal and other £'000
At 1 October 2021	1,062
Additional provision	—
At 30 September 2022	1,062

Further information is provided in Notes [8](#) and [25](#).

Further details are not disclosed on the basis that such disclosure would be seriously prejudicial.

46. Lease liabilities

	Present value of minimum lease payments £'000
At 1 October 2020	226
Repayments	(90)
Interest	7
New obligations	160
Obligations cancelled	(67)
At 30 September 2021	236
Repayments	(103)
Interest	7
New obligations	92
Obligations cancelled	(28)
At 30 September 2022	204

Future lease payments are due as follows:

	Present value of minimum lease payments £'000
Less than one year	111
Between two and five years	93
At 30 September 2022	204
Less than one year	94
Between two and five years	142
At 30 September 2021	236

47. Share capital

Allotted, called up and fully paid:

	Number	£
Ordinary shares of £0.10 each	165,892,554	16,589,255

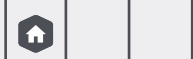
Details of the movements in share capital together with the key rights and preferences of the share capital are disclosed in [Note 28](#).

48. Share premium account

The share premium account represents amounts received in excess of the nominal value of shares on issue of new shares, net of the direct costs associated with issuing those shares.

49. Share-based payments

During the year ended 30 September 2022 the Company had four share-based payment arrangements, which are described in [Note 29](#).



Corporate directory

Company registration number

09411297

Directors

Nick Winks (Non-Executive Chairman)
Peter Smith (Chief Executive Officer)
Sameet Vohra (Chief Financial Officer)
Robert Legget (Senior Independent Director)
Derek Zissman (Non-Executive Director)
Christopher Mills (Non-Executive Director)
Tania Songini (Non-Executive Director)

Group Company Secretary

John Charlton

Registered office

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Principal bankers

NatWest

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EC2M 4AA

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Financial adviser and stockbroker

Shore Capital

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London
SW1A 1LD

Registrars

Link Asset Services

The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Corporate calendar

Annual General Meeting

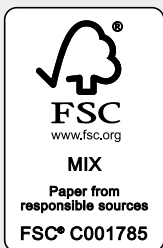
21 March 2023

Announcement of Interim Results

May 2023

Announcement of Final Results

January 2024



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