

VOLT TOPCO (CP) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

30 SEPTEMBER 2023

(Registered Number: 14764589)



VOLT TOPCO (CP) LIMITED

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VOLT TOPCO (CP) LIMITED

Company information

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VOLT TOPCO (CP) LIMITED

Strategic Report

The directors present their Strategic Report and consolidated financial statements of Volt Topco (CP) Limited ("the Company") and its group undertakings (together referred to as "the Group") for the period ended 30 September 2023. The Company was incorporated on 28 March 2023.

Introduction and history

The Strategic Report has been prepared for the Group and therefore gives a greater emphasis to those matters which are significant to the Group when viewed as a whole.

On 11 July 2023, the Group acquired 100% of the issued share capital of Sureserve Group plc ("Sureserve") for a total cash consideration of £213,813,000. Sureserve is an energy services provider based in the UK that is focused on delivering comprehensive and high-quality services in the sustainable markets of social housing, public buildings, education and commercial buildings. Upon the acquisition, Sureserve became a privately-held group of companies and the shares of Sureserve were no longer listed on any public market. Sureserve's financial performance in the period from the acquisition date to 30 September 2023 and its financial position at that date have been consolidated into these Group financial statements which are the Group's first set of consolidated financial statements. Further details in relation to the acquisition of Sureserve are set out in Note 33 to the consolidated financial statements, including pro forma information to show a full 12 month period of trade which is further discussed below. The Group is controlled by funds managed by Cap10 Partners GP S.à r.l. ("Cap10"), further details of which are set out in Note 1 to the consolidated financial statements.

Principal activities

The principal activities of the Group is that of a leading provider of affordable heating, energy savings and compliance solutions to the social housing and related public sector. The Heating Compliance business installs, services and maintains gas boilers and other heating systems. The Group also provides other compliance services in water, fire, electrical and air. The Energy Services & Renewables business provides renewable solutions such as ground and air source heat pumps, solar photovoltaic ("PV") panels and insulation. The principal activity of the Company is the holding of investments.

Review of the business

The Group provides essential and affordable heating, energy services and compliance solutions to the social housing and related public sector market. The Group also aims to play a key and progressive role in decarbonisation.

We consider revenue, gross profit margin and EBITDA to be the key business indicators for the Group. For the purposes of this review we have included full year results with a comparator to previous year (being the Sureserve group as the most relevant results and financial position to compare with), rather than the restricting the review to the period post-acquisition of Sureserve.

Revenue for the year ending 30 September 2023 ("FY23") was £351.1m (FY22: £297.0m) an increase year-on-year of 18%. Gross profit for FY23 was £57.9m (FY22: £48.8m) an increase of 19%. The Group's profit before tax for FY23 was £2.2m (FY22: £17.1m).

The key contributors to the decrease in profitability are:

- gross profit increased by £9.1m due to higher revenue dropping through from higher volumes although these were tempered by inflationary headwinds across the costs base (particularly materials, subcontractor and fuel costs);
- exceptional costs increased by £15.0m largely driven by acquisition-related costs (buy- and sell-side);
- increase in the amortisation of acquired intangibles of £1.5m; and
- net finance expenses increased by £3.1m due to the drawdown of £160.0m of bank and other borrowings

At 30 September 2023, the Group's total cash at bank was £17.3m (2022: £23.3m), reflecting a pre-tax operating cash outflow during the year of £2.1m (operating cash inflow of £7.2m before exceptional cash items) and other outflows of £3.9m including £206.3m of net cash paid on the acquisition of Sureserve offset by the drawdown of bank and other borrowings of £156.8m (net of finance issues costs paid) and proceeds from the issue of shares of £61.5m. Trade receivables and accrued income totalled £64.6m (2022: £48.3m), an increase of 34% reflecting year-on-year revenue growth of 18%. Trade creditors and accruals were £51.1m, an increase from 30 September 2022 of 12% reflecting unpaid acquisition-related liabilities offset by shortening of stretched creditor terms in 2022. As a result of the acquisition of Sureserve, the Group recognised £106.9m of goodwill. In accordance with the requirements of IFRS, the goodwill arising from the acquisition has been treated as if it were an asset. In order to part-fund the purchase price of £213.8m, the Group took out bank and other borrowings which, excluding unamortised debt issue costs, totalled £161.4m at 30 September 2023 and which are further explained in Notes 24 and 25, respectively, to the consolidated financial statements. At 30 September 2023, property plant and equipment was £2.1m, in line with the prior year's balance. Net assets at 30 September 2023 of £58.5m represents £66.4m of A ordinary shares and A2 preferences shares offset by the reported loss for the period of £7.9m. See Note 30 to the consolidated financial statements for further details of the Group's capital structure.

Key performance indicators ("KPIs")

The results for the last two years can be summarised as follows:

KPI (£m unless stated otherwise)	FY23	FY22
Revenue	351.1	297.0
Gross profit ¹	57.9	48.8
Gross profit margin % ¹	16.5%	16.4%
EBITDA ^{1,2}	26.2	18.9
Profit before tax	1.6	17.1
Net assets (as reported)	58.5	75.8

¹ Profit metrics for the Group include IFRS 16 interest charges and net lease adjustments.

² See Note 2 to the consolidated financial statements for the definition of EBITDA.

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Strategic Report (continued)

The directors consider the Groups performance against KPIs to be satisfactory and demonstrates strong growth in its principal markets. Net assets are impacted by the capital restructuring of the business post-acquisition.

Principal risks and uncertainties

A key focus of the Group's 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 following details the main risks the Group currently faces and how we mitigate them.

Changes in government policy

The public sector and regulated industries provide a significant proportion of Group revenue so the business is dependent on policies and programmes adopted by UK, devolved national and local governments. Significant changes to government policy and legislation could have a material impact on results. The Group's mitigating actions and controls include the recruitment of a Group Commercial Director to increase the Group's understanding of current legislation and contribute to government's thought processes on how to shape the industry in the transition period to net zero.

Major health and safety incident

We provide services in a range of potentially higher-risk environments. For example, providing electrical and gas services in homes, public buildings sometimes at height. A significant health and safety incident could cause serious injury or death and incur significant reputational loss in the markets in which the Group operates. The Group mitigates this risk through its culture of promoting safety in the heart of its operations. The Group's investment in health and safety systems and dedicated safety teams in each of its businesses help ensure safety reporting is robust and safety documentation and policies are maintained and reviewed regularly against operational risks and legislative requirements. Staff training in health and safety is mandatory and is refreshed regularly.

Failure to attract and retain people

The Group needs suitably skilled and engaged people to deliver the required service quality at all levels in the business. Without this the ability to grow and win tenders would be adversely impacted. The Group invests significant resources in developing and training managers and employees including the Sureserve Academy. The Group monitors employee engagement and satisfaction formally and informally which helps shape development in terms and conditions and support.

Supply chain availability and cost inflation

Due to macroeconomic reasons, the lead times on certain materials (e.g. boilers and, solar PV panels) could extend and lead to business inefficiency. Supplier price rises during a period of higher inflation can impact profitability. In mitigation the Group has developed very strong relationships with the supply chain utilising its considerable purchasing power to ensure continuity of supply and mitigation of price increases. The majority of the Group's customer contracts contain clauses allowing for general inflation or specific cost rises to be passed on to them.

Information security and data privacy

Information security and data protection remains a risk that all businesses face given the critical nature of systems to the running of businesses. The threat posed by external parties is constantly evolving. Non-compliance with data privacy legislation can result in material fines and loss of reputation. The Group constantly monitors current and future system vulnerabilities with a dedicated information security team. The Group's IT infrastructure has been designed with controls such as dual authenticity in place. Employee training in this area is mandatory and refreshed on an annual basis.

Liquidity

The liquidity position of the Group is underpinned by bank borrowings. Any non-compliance with banking covenants may have a significant impact on the Group's liquidity position. The Group has strong treasury management controls having invested in a dedicated treasury function. Rigorous budgeting, planning and cash forecasting enables the Group to monitor future headroom against the lender covenants and take appropriate action. Operating cashflow is a key performance metric for all parts of the Group. Note 24 to the consolidated financial statements provides further details about the Group's bank borrowings.

Engaging with our stakeholders – Section 172 statement

Recognising and understanding our stakeholders enables the Group's directors to satisfy their duties under section 172(1)(a) to (f) 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.

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.

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Strategic Report (continued)

As part of the identification of key stakeholders, the directors have identified the following stakeholder groups with whom engagement is fundamental to the Company's ongoing success:

- employees
- clients
- clients' customers
- suppliers
- communities
- financial partners
- shareholders

Employees

We make sure that the Group is an enjoyable and motivating place to work and we work hard to engage with our employees. We listen and learn from the opinions and insights that colleagues 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. 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.

The Sureserve Academy is the Group's learning and development hub and engages employees through online training, our Apprenticeship programmes and employee upskilling. Employees are also engaged with through our annual Group-wide employee engagement survey, our equality, diversity and inclusion steering and working groups, our mental health working group and the Employee Representative Council. Through our website, newsletters, intranet, emails and social media, employees are communicated with throughout the year, as well as during national inclusion week, *Sureserve Legends* and *Sureserve Legends in the Community* awards, the *Star of Customer Excellence* awards and long-service awards. Employees are engaged with during graduate recruitment, as well as through regular meetings of the safety, health, environment and quality ("SHEQ") and bid forums. Following the purchase of Sureserve in July 2023, employees have been directly engaged with through a Group core values project, a refreshed Group strategy, Group-wide and business focused webinars and a Group-wide people plan.

Our people expect the Group to be committed to their well-being in both their professional and personal lives. Training and development are essential aspects of the Group's ability to recruit and retain talent, as well as important parts of succession planning and it is important that our people are valued in the delivery of their work, with their efforts being recognised and rewarded. 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.

The Group's has initiated the creation of set of core values for employees, drawing on the experiences and perspectives of employees from across our businesses and from all levels. This year's employee engagement survey delivered a score of 72.1% (2022: 72.1%) across a set of key themes. Businesses communicated results back to their workforces and action plans have been delivered based on a number of live employee feedback sessions. With input from the Group's Board of Directors, further actions were developed including a health and well-being strategy and calendar for 2024, a people plan and an initial integration plan for the new core values for 2024. A Group-wide people plan has been delivered, covering in depth development strategies across a number of key themes. The Group celebrated the Sureserve Academy event and awards in May, bringing together almost 100 trainees from all parts of UK, along with managers and members of the Board. Visible leadership across our businesses continues to underpin positive cultural change and strong engagement. The Group also became a member of *Inclusive Employers*, showing our continued commitment to creating inclusive workplaces.

Clients

We deliver high-quality services with great efficiency, enabling our clients to meet their legal, regulatory and environmental obligations. 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. We engage through ongoing management of client relationships by senior leadership, press releases, website and social media, charitable support via the Sureserve Foundation, collaborative awards submissions, meetings and briefings and local community support projects in collaboration with clients.

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. The way in which we communicate significant changes in the business to clients, both at Group and at business level, involves clarity and transparency and ensures clients maintain confidence going forward. Strong working relationships and effective leadership underpin aspects of trust and confidence especially during challenging periods of contract delivery.

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Strategic Report (continued)

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 our clients.

In the current period 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. This includes developing initiatives and operational systems now significant to our clients' social value delivery. In addition, we have been awarded a number of substantial contracts in the period, both new contracts and retentions of existing contracts with long-term clients and we have continued our partnership with the environmental education charity *Young People's Trust for the Environment*, offering their *Better Planet Schools* online platform and free energy audits for a number of schools across the UK.

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. 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. We engage with clients' customers through customer journey programmes during the delivery of our contracts, through initiatives connected with the Sureserve Foundation including the delivery of fuel poverty programmes and energy efficiency advice and guidance, via our website and social media channels, through community events and delivery of our customer service, through community assistance projects and social value incorporated into contract delivery.

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, homeowners, 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. Through our clients we have access to residents experiencing fuel poverty, allowing us to deliver advice and assistance which impacts their well-being.

The Group, with the help of the Sureserve Foundation, has delivered energy efficiency advice and guidance to 361,055 households during the year. The benefits delivered through our contracts have also 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 have engaged with clients during the period to identify and deliver assistance to their residents, providing operational measures and volunteers to help individuals and families experiencing fuel poverty. Through renewed investment in technology the Group has begun a wider roll-out of a number of customer service modules available online, giving residents direct access to us via SMS, *Whatsapp* and online chat.

Suppliers

We provide opportunities for national and local suppliers to grow their business by developing strong relationships with an expanding group. 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. We engage with our suppliers in a number of ways, including through supplier conferences and workshops and the Sureserve Foundation.

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.

During the period, we have engaged 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. In addition, 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.

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 and lasting legacy. 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. We engage with our communities in a number of ways including through our website and social media, the Sureserve Foundation, the Sureserve Academy, through the delivery of social value via contract delivery, through local community support projects in collaboration with clients and through school and university information events.

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Strategic Report (continued)

Fuel poverty is experienced by a large number of households across the UK and the variety of economic challenges during the last few years have worsened the situation for many. Work undertaken by the Group, our people independently volunteering and the Sureserve Foundation all have a direct effect on community health and well-being in this regard. Environmental considerations in the delivery of projects we undertake as well as in the Group's overarching activities have a direct, profound and long-lasting effect on communities across the UK and the delivery of social value projects during 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.

The Group is transitioning to a zero emissions fleet by replacing petrol or diesel commercial vehicles with electric vehicle ("EV") equivalents, thus improving the quality of the environments within which we work. Many of our people have volunteered throughout the year in support of local, community-focused causes, with many seeking and receiving financial or logistical support from their businesses, with the directors highlighting and encouraging a range of fundraising and volunteering work across the Group during the period. We are supporting *Better Planet Schools*, providing a number of free lighting audits and biodiversity investments to schools across the UK, advising them on the best way to increase energy efficiency and reduce energy costs, and improve their local environment to benefit their pupils.

During the period the Group became a signatory to Employers Domestic Abuse Covenant ("EDAC"), working with them and the social enterprise Addressing Domestic Abuse ("ADA") to develop the *Phoenix Programme* to identify and help women affected by domestic abuse to regain confidence, develop new skills and enter or re-enter work.

Financial partners

Our responsible business management reflects our deep understanding of risk versus returns. 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. We engage with our financial partners through ongoing management of client relationships by senior leadership, submission of monthly management accounts, our Annual Report and financial statements and publication of mandatory documents on the Group website. The Group's financial performance, governance and transparency in its activities influence the ongoing relationship with its financial partners.

During the process to acquire Sureserve Group plc in July 2023, timely and comprehensive distribution of related information, documents and materials was delivered via the Sureserve group website. We maintain excellent relationships with our banking partners, maintaining regular dialogue on matters pertaining to trading and risk in the Group and also maintain a strict internal review process on covenant compliance to ensure we remain in line with the requirements of our banking documents.

Shareholders

We operate in non-volatile trading environments with predictable recurring cash flows that should deliver growing revenues and profits. 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. In July 2023, the Group acquired the entire share capital of Sureserve Group plc, taking it into private ownership. The Group's private shareholders are engaged with by the Group's Executive Chairman who delivers operational and performance updates and who ensures 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.

By order of the Board

Mandar Kulkarni

Mandar Kulkarni
Director

1 February 2024

VOLT TOPCO (CP) LIMITED

Directors' Report

The directors present their first Annual Report and the audited consolidated financial statements for the period ended 30 September 2023.

Directors

The directors who held office during the period and up to the date of this report unless otherwise stated were:

Lars Kastenholz	(appointed 28 March 2023; resigned 6 October 2023)
Luigi Aridon	(appointed 6 October 2023)
Mandar Kulkarni	(appointed 28 March 2023)

Directors' indemnity

The Company provides, subject to the provisions of UK legislation, an indemnity for directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their power, 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.

Results and dividends

The loss for the period to 30 September 2023 amounted to £7,948,000. No dividends were paid during the period.

Equal opportunities and employment policy

The Group is committed to offering equal opportunities to all; no employee or potential employee receives more or less favourable treatment due to their gender, age, race, national or ethnic origin, disability, sexual orientation, or marital status. The Group is committed to the training and development of all employees and to providing a productive working environment. Should an existing employee's circumstance change, it is the Group's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever possible.

Employee involvement

During the period, the Group has provided employees with information about the Group through regular employee updates, including using social media and holding divisional meetings. Employees are actively encouraged to present their suggestions and views on the Group's performance. A free flow of information between the directors, managers and other employees ensures that every person has an opportunity to contribute ideas to the Group. Further details about how the Group interacts with its employees are set out on page 5.

Health and safety

The Group strives to provide and maintain a safe environment for all employees, clients and visitors to its premises and complies with the relevant health and safety legislation. The Group is committed to the wellbeing of its employees and actively promotes best-practice in the workplace.

Political donations

Neither the Company nor any of its subsidiaries made any disclosable political donations or incurred any disclosable political expenditure during the period.

Disclosure of information to auditor

The directors who held office at the date of the approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Going concern

After making enquiries, the directors have a reasonable expectation that the Group has 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 these consolidated financial statements. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

In assessing the Group's ability to continue as a going concern, the Board reviews and approves the annual budget, 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 its committed borrowing facilities and within the requirements of the associated covenants for the foreseeable future.

On 25 May 2023, the Group entered into an English law facilities agreement with certain funds managed by Pemberton Capital Advisors LLP (as the original lenders), Kroll Agency Services Limited (as the agent), Kroll Trustee Services Limited (as security agent) and others (together the "SFA"). The SFA provides for certain committed senior debt facilities which run to July 2030. On 13 October 2023, a £15,000,000 revolving credit facility ("RCF") was established with National Westminster Bank plc. The Group's bank borrowing facilities are described in further detail in Note 24 to the consolidated financial statements. In addition, Note 32 to the consolidated financial statements 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.

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Directors' Report (continued)

Future developments and events after the balance sheet date

The directors remain optimistic around opportunities for continued growth within the Group. 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 will continue to review other appropriate acquisition opportunities as the Group expands its scale, service mix and geographical offering. Consistent with this, on 1 December 2023, the Group acquired 100% of the issued share capital of Swale Heating Holdings Limited for a total consideration of £14.0m comprising cash consideration of £13.5m and contingent consideration of £0.5m.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of colleagues becoming disabled, every effort is made to ensure that their employment with the Group continues and that the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

The environment

The Group recognises that it is part of the wider community of employees, customers and suppliers amongst others and recognises that it has a responsibility to act in a way that respects the environment. The Group actively encourages employees to act in an environmentally responsible manner, particularly in the development of recycling and energy conservation policies to ensure finite resources are not dissipated.

Streamlined Energy and Carbon Reporting ("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 acquired Sureserve group implemented the Streamlined Energy and Carbon Reporting ("SECR") requirements in the year ended 30 September 2022. Disclosures for the current period are made for the full year ended 30 September 2023 (rather than only for the period since incorporation) to provide more meaningful information.

Total consumption of energy supplies

Utility	Scope	2023 kWh	2022 kWh
Grid-supplied electricity	2	829,339	1,502,957
Natural gas	1	840,041	372,976
Transportation	1	43,414,250	36,149,701
Total		45,083,630	38,025,634

Total emissions from energy usage

Utility	Scope	2023 CO ₂ e	2022 CO ₂ e
Grid-supplied electricity	2	196t	201t
Natural gas	1	154t	67t
Transportation	1	10,312t	9,757t
Total		10,662t	10,025t

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Directors' Report (continued)

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
2023	10,662t CO ₂ e / 351 = 30.4
2022	10,025t CO ₂ e / 310 = 32.4

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 pound 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

The Group's has set out the following targets for carbon reduction:

- 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 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 of 10,662 tonnes CO₂, which shows an increase of 6.3% on the 10,025 tonnes usage in 2022.

Financial risk management objectives and policies

The Group's overall risk management programme seeks to minimise potential adverse effects on its financial performance and focuses on mitigation of the unpredictability of financial markets as they affect the Group. Further details of the Group's financial risk management objectives and policies are set in in Note 32 of the consolidated financial statements.

Business relationships

Details of the Group's business relationships can be found in the Section 172 statement on pages 4 to 7.

Auditor

RSM UK Audit LLP has indicated its willingness to be reappointed for another term. A resolution to re-appoint RSM UK Audit LLP as auditor will be proposed at the Annual General Meeting.

Mandar Kulkarni

Mandar Kulkarni
Director

1 February 2024

VOLT TOPCO (CP) LIMITED

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the consolidated financial statements and the Company 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 to prepare the consolidated 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 consolidated financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position, financial performance and cashflows of the Group. The Companies Act 2006 provides in relation to such consolidated 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 consolidated and Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- for the consolidated financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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 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 statement was approved by the Board of Directors on 1 February 2024 and is signed on its behalf by:

Mandar Kulkarni
Director

Independent auditor's report to the members of Volt Topco (CP) Limited

Opinion

We have audited the financial statements of Volt Topco (CP) Limited (the "Company") and its subsidiaries (the "Group") for the period ended 30 September 2023 which comprise the consolidated statement of comprehensive income, consolidated and Company balance sheets, consolidated and Company statement of changes in equity, consolidated cash flow statement and Notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the consolidated financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards including FRS 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 Company's affairs as at 30 September 2023 and of the Group's loss for the period then ended;
- the consolidated financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Company's ability to continue as a going concern for a period of at least 12 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 period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Independent auditor's report to the members of Volt Topco (CP) Limited (continued)

Matters on which we are required to report by exception

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

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 11, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which 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 and component auditors:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the Group and Company operate in and how the Group and 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.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are UK-adopted IAS, FRS101, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inspecting computations from external tax advisors.

Independent auditor's report to the members of Volt Topco (CP) Limited (continued)

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety regulations. We performed audit procedures to inquire of management and those charged with governance whether the Group is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The Group audit engagement team identified the risk areas noted below where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to:

- management override of controls: testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions outside the normal course of business, challenging judgments and estimates applied in the preparation of the financial statements.
- presentation of exceptional items: testing a sample of exceptional items to supporting documentation.
- revenue recognition: testing a sample of revenue transactions recorded close to the period end and identifying and investigating transactions posted to nominal ledger codes outside of the normal revenue cycle through use of a data analytic tool.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the consolidated 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 Group audit approach.

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.

David Olsson

David Olsson (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
MK9 1BP

01/02/24

VOLT TOPCO (CP) LIMITED

Consolidated statement of comprehensive income

for the period ended 30 September 2023

	Note	2023 £000
Continuing operations		
Revenue	7	83,605
Cost of sales		(69,914)
Gross profit		13,691
Other expenses before exceptional items		(5,818)
Share of results of joint ventures		694
Operating profit before exceptional items and amortisation of acquired intangibles		8,567
Exceptional items:		
- Acquisition-related costs	12	(7,865)
- Non acquisition-related costs	12	(1,867)
Amortisation of acquired intangibles		(1,815)
Operating loss		(2,980)
Finance income	13	36
Finance expenses	13	(4,013)
Loss before tax		(6,957)
Taxation	14	(904)
Loss for the period from continuing operations		(7,861)
Discontinued operations		
Loss for the period from discontinued operations	11	(87)
Loss for the period attributable to the equity holders of the Group		(7,948)

The accompanying Notes are an integral part of this consolidated statement of comprehensive income.

VOLT TOPCO (CP) LIMITED
Registered Number: 14764589

Consolidated balance sheet

at 30 September 2023

	Note	2023 £000
Non-current assets		
Goodwill	16	106,892
Other intangible assets	17	88,617
Property, plant and equipment	18	2,139
Right-of-use assets	19	18,997
Interests in joint ventures	20	5,850
Deferred tax assets	28	687
Total non-current assets		223,182
Current assets		
Inventories	21	8,428
Trade and other receivables	22	76,674
Cash and cash equivalents		17,331
Current tax assets		508
Total current assets		102,941
Total assets		326,123
Current liabilities		
Trade and other payables	23	(66,381)
Lease liabilities	29	(6,690)
Derivative financial instruments		(148)
Provisions	27	(195)
Total current liabilities		(73,414)
Non-current liabilities		
Bank borrowings	24	(100,215)
Other borrowings	25	(57,431)
Lease liabilities	29	(13,121)
Provisions	27	(1,280)
Deferred tax liabilities	28	(22,141)
Total non-current liabilities		(194,188)
Total liabilities		(267,602)
Net assets		58,521
Equity		
Ordinary share capital	30	31
Preference share capital	30	1
Share premium account	30	66,437
Profit and loss account		(7,948)
Total equity attributable to equity shareholders		58,521

The accompanying Notes on pages 19 to 50 form part of these consolidated financial statements.

The consolidated financial statements were approved by the Board of Directors on 1 February 2024 and were signed on its behalf by:

Mandar Kulkarni *Mandar Kulkarni*
 Director

VOLT TOPCO (CP) LIMITED

Consolidated statement of changes in equity

for the period ended 30 September 2023

	Ordinary share capital £000	Preference share capital £000	Share premium account £000	Profit and loss account £000	Total equity attributable to equity shareholders £000
Balance on incorporation (28 March 2023)	-	-	-	-	-
Comprehensive loss for the year	-	-	-	(7,948)	(7,948)
Transactions with owners					
Issue of ordinary share capital	31	-	3,096	-	3,127
Issue of preference share capital	-	1	63,341	-	63,342
Balance at 30 September 2023	31	1	66,437	(7,948)	58,521

VOLT TOPCO (CP) LIMITED

Consolidated cash flow statement

for the period ended 30 September 2023

	Note	2023 £000
Cash flow from operating activities		
Loss before tax		(6,957)
Finance income	13	(36)
Finance expenses	13	4,013
Amortisation of software	17	145
Amortisation of acquired intangibles	17	1,815
Depreciation of property, plant and equipment	18	198
Depreciation of right-of-use assets	19	1,620
Share of results of joint ventures		(694)
Changes in working capital:		
Increase in inventories		(993)
Decrease in receivables		6,249
Increase in payables		5,348
Total changes in working capital		10,604
Decrease in provisions		(433)
Cash generated from operations		10,275
Income tax paid		(893)
Net operating cash flows from discontinued activities		(1,063)
Net cash generated from operating activities		8,319
Cash flow from investing activities		
Acquisition of subsidiaries (net of cash acquired)	33	(206,260)
Cash sold on disposal of subsidiaries	11	(463)
Purchase of property, plant and equipment		(211)
Purchase of software		(194)
Net cash used in investing activities		(207,128)
Cash flow from financing activities		
Proceeds from issue of ordinary shares	30	3,127
Proceeds from issue of preference shares classified as equity	30	58,342
Proceeds from issue of preference shares classified as debt		26,399
Net proceeds from shareholder loans		29,689
Proceeds from drawdown of bank borrowings		103,959
Finance issue costs paid	24	(3,271)
Interest paid		(295)
Repayment of lease liabilities	29	(1,845)
Net financing cash flows from discontinued activities		(3)
Net cash generated from financing activities		216,102
Net increase in cash and cash equivalents		17,293
Effect of foreign exchange differences		38
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period		17,331

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements

for the period ended 30 September 2023

1. General information

Volt Topco (CP) Limited (the "Company") is incorporated and domiciled in England and Wales under the Companies Act. The registered office of the Company is 3rd Floor, 12 Charles II Street, St. James's, London SW1Y 4QU. The principal activities are discussed in the Strategic Report on pages 3 to 7. The Company is indirectly owned by Cap10 Partners Fund I SCSp and directly owned by Volt Coinvest SCSp (together the "Funds") who have jointly made an investment into the Company. Cap10 Partners LLP acts as the Investment Advisor and Portfolio Manager to the General Partner of the Funds, Cap10 Partners GP S.à r.l., ("Cap10") which has 100% of the voting rights and makes all decisions on behalf of the Funds.

These consolidated financial statements for the period ended 30 September 2023 were approved for issue by the Board of Directors on 1 February 2024.

2. Definition of terms

The Group uses the following terms, with the definition given, in these consolidated financial statements and its internal monitoring of financial performance.

EBITA / EBITA margin

The Group monitors performance of its businesses on an earnings before interest, tax, exceptional costs and amortisation of acquired intangibles ("EBITA") basis. This measure includes depreciation of right-of-use assets, depreciation of property, plant and equipment and amortisation of software. EBITA margin (expressed as a percentage) is defined as EBITA for the period divided by external revenue for the same period.

EBITDA / EBITDA margin

EBITDA is stated before interest (other than lease interest), tax, exceptional costs, depreciation of property, plant and equipment, amortisation of software and amortisation of acquired intangibles ("EBITDA"). This measure includes depreciation of right-of-use assets, any charge for the interest expense associated with leases ("IFRS 16 interest") and any net lease adjustments (which represents the difference between cash lease payments and non-cash depreciation of right-of-use assets). EBITDA margin (expressed as a percentage) is defined as EBITDA for the period divided by external revenue for the same period.

Exceptional costs

Exceptional costs are non-recurring and, in the judgement of management, should be disclosed separately on the basis that they are material, either by their nature or their size, to provide a better understanding of the Group's financial performance and enable comparison of financial performance between years.

Net debt for internal reporting purposes

Under IFRS, the Group presents as net debt the net of cash and cash equivalents, bank borrowings (including unamortised debt issue costs), other borrowings (comprising shareholder loans, A1 preference shares classified as debt and accrued interest thereon) and lease liabilities. However, for internal reporting purposes, the directors present as net debt only the net of cash and cash equivalents and bank borrowings (excluding unamortised debt issue costs) and does not include other borrowings and lease liabilities. See Note 26 for further details.

3. Amended and new accounting Standards

The Group is assessing the impact of the following amendments and Standards that are not yet effective. Where already endorsed by the UK Endorsement Board ("UKEB"), these changes will be adopted on the effective dates noted. Where not yet endorsed by the UKEB, the adoption date is less certain.

	Effective date
<ul style="list-style-type: none">• Classification of liabilities as current or non-current (Amendments to IAS 1)	1 January 2024
<ul style="list-style-type: none">• Lease liability in a sale and leaseback (Amendments to IFRS 16)	1 January 2024
<ul style="list-style-type: none">• Non-current liabilities with covenants (Amendments to IAS 1)	1 January 2024
<ul style="list-style-type: none">• Lack of exchangeability (Amendments to IAS 21)	1 January 2025
<ul style="list-style-type: none">• Supplier finance arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024
Not yet endorsed by the UKEB:	
<ul style="list-style-type: none">• Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability</i>	1 January 2025
<ul style="list-style-type: none">• IFRS S1 <i>General Requirements for Disclosure of Sustainably-related Financial Information</i>	1 January 2024
<ul style="list-style-type: none">• IFRS S2 <i>Climate-related disclosures</i>	1 January 2024

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the period ended 30 September 2023

4. Basis of preparation

Basis of preparation: (i) Basis of accounting

These consolidated financial statements have been prepared on a historical cost basis, except for derivatives which have been measured at fair value. The Group's consolidated financial statements have been prepared 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.

These consolidated financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. All amounts disclosed in these consolidated financial statements and Notes have been rounded off to the nearest thousand pounds sterling unless otherwise stated. A summary of the Group's significant accounting policies now follows.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's consolidated financial statements except as noted below.

Basis of preparation: (ii) Basis of consolidation

These consolidated financial statements comprise the financial statements of the Company, its subsidiaries and joint ventures ("the Group"). These 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, using consistent accounting policies. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date of disposal when such control ceases. All intra-group transactions, balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full on consolidation.

As a consolidated statement of comprehensive income is published, a separate profit and loss account for the Company is omitted from the financial statements by virtue of section 408 of the Companies Act 2006.

Basis of preparation: (iii) Going concern

After making enquiries, the directors have a reasonable expectation that the Group has 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 these consolidated financial statements. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

In assessing the Group's ability to continue as a going concern, the Board reviews and approves the annual budget, 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 its committed borrowing facilities and within the requirements of the associated covenants for the foreseeable future.

On 25 May 2023, the Group entered into an English law facilities agreement with certain funds managed by Pemberton Capital Advisors LLP (as the original lenders), Kroll Agency Services Limited (as the agent), Kroll Trustee Services Limited (as security agent) and others (together the "SFA"). The SFA provides for certain committed senior debt facilities which run to July 2030. On 13 October 2023, a £15,000,000 RCF was established with National Westminster Bank plc. The Group's bank borrowing facilities are described in further detail in Note 24 to the consolidated financial statements. In addition, Note 32 to the consolidated financial statements 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.

5. Significant accounting policies

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred in a business combination is measured at the aggregate of the fair values at the date of exchange, which is calculated as the sum of the 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 Group's interest in the net fair value of the acquiree's identifiable assets and liabilities. 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 the consolidated statement of comprehensive income as negative representing a bargain purchase gain.

In certain circumstances, the initial accounting for a business combination is only determined on a provisional basis. The Group has up to 12 months from the date of the business combination (the measurement period) to complete its work on the fair values of assets and liabilities acquired and finalise the fair value of consideration transferred. Such "measurement period" adjustments arise from additional information obtained during the measurement period about facts and circumstances that existed at the acquisition date. Any adjustments the Group makes to the provisional values are recognised as if they had occurred at the date of the business combination.

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the period ended 30 September 2023

5. Significant accounting policies (continued)

Revenue

Revenue recognition is determined according to the requirements of IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15"). All revenue is considered revenue from contracts with customers as defined by the Standard. 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, 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; or
- the services provided creates or enhances an asset that the customer controls; or
- 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

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:

- certain energy services
- smart metering

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.

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the period ended 30 September 2023

5. Significant accounting policies (continued)

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.

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 and 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.

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.

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 consolidated statement of comprehensive income represents the contributions payable by the Group in accordance with IAS 19 *Retirement Benefits*.

Exceptional costs

As explained above, the Group presents as exceptional costs on the face of the consolidated statement of comprehensive income those items of expense which, because of their size and/or nature and/or expected infrequency of the events giving rise to them, merit separate presentation to allow users of these consolidated financial statements to better understand the elements of financial performance in the period. Details of exceptional costs are explained in Note 12.

Finance expenses

Interest payable on bank borrowings is charged to the consolidated statement of comprehensive income as incurred. Payment-in-kind interest on shareholder loans and interest on A1 preference shares classified as debt is charged to the consolidated statement of comprehensive income as incurred. Capitalised debt issue costs are amortised through the consolidated statement of comprehensive income over the term of the instrument using the effective interest rate method. All other borrowing costs (including commitment fees, agent fees and security agent fees) are written off to the consolidated statement of comprehensive income as incurred.

The Group uses foreign currency forwards to hedge risks associated with foreign exchange rate fluctuations. Changes in mark-to-market valuations on such derivative financial instruments are recognised in the consolidated statement of comprehensive income.

To the extent the Company or its individual subsidiary companies are involved in transactions in foreign currencies, such transactions are translated to the entity's functional currency using the spot rate. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Foreign exchange differences arising on settlement and on retranslation of foreign currency monetary assets and liabilities are included in the consolidated statement of comprehensive income.

Income tax

Income tax on profit or loss for the period comprises current and deferred tax. The Group recognises all income tax in the consolidated statement of comprehensive income.

Current tax

Taxable profit differs from net profit as reported in the consolidated 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 enacted or substantively enacted during the period.

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the period ended 30 September 2023

5. Significant accounting policies (continued)

Deferred tax assets and liabilities

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. 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. Deferred tax liabilities are generally recognised for all taxable temporary differences. 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 balance sheet 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 balance sheet date. Deferred tax is charged or credited in the consolidated statement of 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.

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.

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.

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 (i) a separate major line of the business or geographical area or (ii) is part of a single co-ordinated plan to dispose of separate major lines of business or geographical areas of operations or (iii) was acquired exclusively with a view to resale. In the consolidated statement of comprehensive income, income and expenses from discontinued operations are reported separately for continuing operations. The resulting profit or loss comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss on sale recognised on the disposal group(s) constituting the discontinued operation.

Assets held for sale

Disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. The condition is regarded as met only when the sale is highly probable and the disposal group is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within 12 months from the date of classification.

Once classified as held for sale, property, plant and equipment and other intangible assets are not depreciated or amortised.

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 CGUs expected to benefit from the synergies of the combination. CGUs 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 CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. 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.

Other intangible assets

Other 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.

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the period ended 30 September 2023

5. Significant accounting policies (continued)

Intangible assets acquired as part of 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). Acquired intangibles are recognised if they are separable from the acquired entity or arises from contractual or other legal rights and its fair value can be measured reliably. The amounts ascribed to such intangibles are arrived at by using suitable valuation techniques (see Note 33). Subsequent to initial recognition, acquired intangibles are carried at cost less accumulated amortisation and accumulated impairment losses.

Internally-developed IT infrastructure and computer software assets (for own use) are recognised at cost. In line with IAS 38 *Intangible Assets*, 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. Otherwise such expenditure is written off as incurred.

Computer software purchased from third-parties is initially recognised at cost.

Other intangible assets are amortised over the following periods:

Purchased and developed computer software	Three to five years
Customer relationships	13 years
Tradenames	10 years
Customer contracts	Remaining duration of contract
Technology	Three years

No intangible assets other than goodwill have been assessed as having indefinite lives.

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 the consolidated statement comprehensive income when the asset is derecognised.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is calculated so as to write-off the cost, less its estimated residual value, over the estimated useful economic life of that asset. Depreciation is calculated on a straight-line basis. The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstance indicate that carrying amounts may not be recoverable.

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.

Property, plant and equipment is depreciated over the following periods:

Leasehold improvements	Over the period of the lease
Plant and equipment	Three to seven years
Fixtures and fittings	Three to five years
Motor vehicles	Four years

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 gains 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 the consolidated statement of comprehensive income.

Leases

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or a series of payments, the right to use a specific asset for an agreed period. The Group, as a lessee, applies the following accounting policies:

Right-of-use assets

The Group records right-of-use assets at cost at the commencement date of the lease, which is the date the underlying asset is available for use, less any accumulated depreciation and impairment losses, and adjusted for subsequent remeasurement of lease liabilities. Cost includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Cost also includes any dilapidation or restoration costs.

Right-of-use assets are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the lease term.

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the period ended 30 September 2023

5. Significant accounting policies (continued)

Leases liabilities

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. The Group records a lease liability at the commencement date of the lease at the present value of the lease payments to be made over the lease term, 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.

Lease payments include fixed payments, including in-substance fixed payments, and variable lease payments that depend on an index or a rate, less any lease incentives receivable. Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

The Group subsequently measures lease liabilities 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 due to a change in the lease term, a change in the in-substance fixed lease payments or a change in the Group's assessment of whether it is reasonably certain to exercise a purchase, extension or break option.

The Group records the accretion and settlement of interest through accruals and reduces the carrying amount of lease liabilities for the capital element of lease payments made.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the low-value asset recognition exemption to groups of underlying leases considered uniformly low-value.

The Group expenses lease payments on short-term lease and leases of low-value assets in the consolidated statement of comprehensive income.

Interests in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Under IFRS 11 *Joint Arrangements*, joint ventures are accounted for under the equity method of accounting. Interests in joint ventures acquired as part of a business combination are initially recognised at fair value with any fair value uplift carried as a permanent difference to the share of net assets. Loans receivable from joint ventures and interests in joint venture entities are reviewed for impairment at each year end.

Impairment of non-financial assets (other than goodwill)

Apart from goodwill which, as set out above, is required under IFRS to be tested for impairment annually, at each reporting date the Group reviews the carrying amounts of its non-financial 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 CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

The 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 CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) 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 CGU) 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 CGU) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of comprehensive income, 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.

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.

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the period ended 30 September 2023

5. Significant accounting policies (continued)

Financial assets and liabilities

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the relevant financial instrument.

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. For the purposes of the consolidated cash flow statement, the Group includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management as a component of cash and cash equivalents.

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. 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.

Trade and other payables

Trade and other payables are not interest-bearing and are stated initially at fair value and are subsequently held at amortised cost. This generally results in recognition at nominal value.

Bank borrowings

Interest-bearing bank borrowings are recorded at the fair value of the proceeds received, net of direct issue costs, and subsequently at amortised cost. The Group accounts for finance charges, including premiums payable on settlement or redemption and direct issue costs, using the effective interest method.

Other borrowings

Interest-bearing shareholder loans are recorded at the fair value of the proceeds received, net of direct issue costs, and subsequently at amortised cost. Payment-in-kind interest is accrued on a compounded basis and is capitalised annually. A1 preference shares issued by the Company classified as debt instruments are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

The Group primarily uses derivatives to manage economic exposure to financial risks. The principal instrument used are foreign exchange forward contracts. The Group does not use derivatives for speculative purposes. The Group recognises derivatives at fair value based on market prices or rates, or calculated using discounted cash flow or option pricing model. The Group recognises changes in the fair value of derivatives in the consolidated statement of comprehensive income. The Group does not designate any derivative in a hedging relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the consolidated balance sheet unless the Group has both a legally enforceable right and intention to offset.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are classified according to the substance of the of the contractual obligations rather than the legal form. The Company's A2 preference shares are classified as equity as they have no fixed maturity date and the holders of the instruments do not have a put option to redeem them. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

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 in cash and the amount can be reliably estimated. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation and are discounted to present value where the effect 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 Group.

Contingent liabilities

For contingent liabilities (where an economic outflow is only possible as opposed to probable), 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 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised.

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the period ended 30 September 2023

6. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 5, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amount recognised and to make estimates and assumptions about the carrying amounts 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.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in consolidated financial statements.

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 (particularly within the CorEnergy business) 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 consolidated balance sheet, details of which are described in Note 22. The accrued income balance at 30 September 2023 was £26,593,000. 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.

Key sources of estimation uncertainty

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

Impairment of goodwill and acquired intangibles

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash generating units ("CGUs") to which the goodwill is allocated. Estimating a value-in-use requires the directors to make an estimate of the expected future cash flows from the CGU 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. At 30 September 2023, the carrying amount of goodwill was £106,892,000. Further details of goodwill are contained in Note 16.

The Group assesses at least annually whether there is any indication of any of its acquired intangibles (comprising customer relationships, tradenames, customer contracts and technology intangibles) being impaired. If there is such an indication, the individual asset's recoverable amount is measured and, if necessary, an impairment charge is recorded. At 30 September 2023, the carrying amount of the Group's acquired intangibles was £86,849,000. Further details of acquired intangibles are contained in Note 17.

If a CGU's goodwill was to be fully impaired following the annual assessment of the carrying amount of goodwill, any remaining excess of book value over recoverable amount would be allocated to other asset classes of the CGU, including its acquired intangibles.

Valuation of assets and liabilities in a business combination

The acquisition of subsidiaries is accounted for using the purchase method and the purchase consideration is allocated over the net fair value of the identifiable net assets, liabilities and contingent liabilities acquired, with any excess consideration representing goodwill. In determining the fair value of assets, liabilities and contingent liabilities acquired, the directors may make significant estimates and assumptions, including those with respect to cash flows and unprovided liabilities and commitments.

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the period ended 30 September 2023

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

Valuation and useful lives of acquired intangibles

The Group recognises intangible assets acquired as part of business combinations at fair value at the date of acquisition. The determination of these fair values is based upon management's judgement and includes assumptions on the timing and amount of future incremental cash flows generated by the assets and selection of an appropriate cost of capital. Furthermore on acquisition of subsidiaries, the Group will consider the useful lives of any intangible asset acquired. The useful lives of customer relationships are assessed based on the average lives of historic customer relationships. The useful lives of tradenames are assessed based on the directors' view of the market and the length of time the tradenames have been established. The useful lives of customer contracts are assessed based on the term of the relevant contract. The useful lives of technology intangibles are based on the directors' view on the period over which the technology will benefit the Group. The amortisation period and amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Details of asset lives are contained in Note 5. At 30 September 2023, the total carrying amount of the Group's acquired intangibles was £86,849,000. Further details of acquired intangibles are contained in Note 17.

Provisions for legal and other claims

The Group manages a number of potential risks and uncertainties, including claims and disputes, 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. See Note 31 for further details.

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 estimation of economic outflow (including potential likelihood); and
- 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. At 30 September 2023, the carrying amount of provisions was £1,475,000. Further details of provisions are contained in Note 27.

7. Revenue

The following is an analysis of the Group's revenue:

	Period ended 30 September 2023 £000
Gas servicing, repairs and installations	41,729
Other compliance	7,257
Energy services and renewables	34,619
Total revenue	83,605

All revenue and profit is derived from operations in the United Kingdom ("UK") only. The Group accounts for intercompany trading on an arm's length basis. All intercompany trading is eliminated on consolidation.

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the period ended 30 September 2023

8. Profit before taxation

The Group's loss before tax is stated after charging:

	Note	Period ended 30 September 2023 £000
Amount of inventories recognised as an expense		20,759
Amortisation of software	17	145
Amortisation of acquired intangibles	17	1,815
Depreciation of property, plant and equipment	18	198
Depreciation of right-of-use assets	19	1,620
Staff costs	9	26,991

The total remuneration during the period of the Group's auditor was as follows:

	Period ended 30 September 2023 £000
Fees payable to the Company's auditor and their associates for audit services to the Group:	
Audit of the Company's and Group's annual accounts	251
Audit of the Company's subsidiaries	374
Total audit fees	625

9. Information relating to employees

The average number of employees, including directors, employed by the Group during the period was:

	Period ended 30 September 2023 Number
Direct labour and contract management	1,594
Administration and support	1,147
Total	2,741

The aggregate remuneration was as follows:

	Period ended 30 September 2023 £000
Wages and salaries	23,941
Social security	2,414
Pension costs	636
Total	26,991

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the period ended 30 September 2023

10. 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. The Group contributes to a workplace pension scheme for all employees in compliance with the automatic enrolment legislation. The Group paid £1,143,000 in the period ended 30 September 2023. At 30 September 2023, £590,000 of contributions were payable to the funds.

11. Discontinued operations

On 29 September 2023, the Group sold 100% of its investment in Precision Lift Services Limited ("Precision") to Anlev (UK) Limited for total net sale proceeds of £166,000, comprising deferred consideration of £510,000 less £344,000 of directly attributable costs. The Precision business was acquired as part of the acquisition of Sureserve on 11 July 2023 (see Note 33 for further details). The results of the discontinued operation from the date of the acquisition to 30 September 2023, which have been included in the consolidated statement of comprehensive income, were as follows:

	Period ended 30 September 2023 £000
Revenue	2,565
Cost of sales	(2,300)
Gross profit	265
Other operating expenses	(349)
Operating loss	(84)
Finance expense	(3)
Loss before tax from discontinued operations	(87)
Taxation	-
Loss for the period attributable to the equity holders of the Group from discontinued operations	(87)

On the acquisition of Sureserve (see Note 33), Precision was classified as held for sale. The book values of the net assets at 29 September 2023 (the date of disposal) are summarised below, together with the related net sale proceeds.

	Book value of net assets at date of disposal £000
Deferred tax asset	11
Inventories	1,166
Trade and other receivables	2,879
Cash and cash equivalents	463
Total assets	4,519
Trade and other payables	(3,752)
Lease liabilities	(549)
Provisions	(52)
Total liabilities	4,353
Net assets disposed of	166
Sale proceeds:	
Deferred consideration	510
Less: directly attributable costs	(344)
Total net sale proceeds	166
Gain on disposal of subsidiary after income tax	-

The cash outflow in the period to 30 September 2023 was £463,000, being the cash and cash equivalents disposed of. In October 2023, the Group received the full amount of the deferred consideration (including reimbursement of the £463,000 of cash and cash equivalents) and also paid the directly attributable costs.

The cashflows from operating and financing activities in the period are as follows:

	Period ended 30 September 2023 £000
Cash flow from operating activities	(1,063)
Cash flow from financing activities	(3)

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the period ended 30 September 2023

12. Exceptional costs

Exceptional costs are non-recurring and, in the judgement of management, should be disclosed separately on the basis that they are material, either by their nature or their size, to provide a better understanding of the Group's financial performance and enable comparison of financial performance between years. Costs that are considered by management for designation as exceptional are as follows:

	Note	Period ended 30 September 2023 £000
Acquisition-related exceptional costs	33	7,865
Non-acquisition-related exceptional costs:		
- Restructuring costs		1,236
- Start-up costs		433
- Other charges		198
Total non-acquisition-related exceptional items		1,867
Total exceptional costs		9,732

Acquisition-related exceptional costs: These costs relate entirely to the acquisition by the Group of Sureserve Group plc (since renamed as Sureserve Group Limited, "Sureserve") of which further information is set out in Note 33. These costs include amounts in respect of due diligence fees, competition review fees, advisor fees and legal fees.

Restructuring costs: Restructuring costs related to the termination of contracts of certain former directors of Sureserve as well as executive search fees.

Start-up costs: During the period, the Group invested £433,000 in the start-up of a business dedicated to creating safe, healthy, and sustainable living spaces by identifying and resolving health hazards, and providing practical recommendations to address dampness and mould effectively.

Other charges: Total other charges of £198,000 include costs incurred in relation to a project to improve working capital cycles across inventory, order-to-cash and procure-to-pay and a fair value assessment of the acquired Sureserve balance sheet (performed by a third-party valuation company).

13. Finance income and finance expenses

Finance income and finance costs comprise:

	Note	Period ended 30 September 2023 £000
Foreign exchange gain		36
Total finance income		36
Interest payable on bank borrowings		(2,250)
Payment-in-kind interest on shareholder loan notes	25	(713)
Interest on A1 preference shares classified as debt	25	(630)
Amortisation of debt issue costs	24	(129)
Mark-to-market of derivative financial instruments		(148)
Interest on lease agreements	29	(65)
Commitment and other fees		(78)
Total finance expenses		(4,013)

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the period ended 30 September 2023

14. Tax on profit on ordinary activities

	Period ended 30 September 2023 £000
Current tax	
Current tax charge for the period	(1,034)
Deferred tax	
Deferred tax credit for the period	130
Total tax charge on loss on ordinary activities	(904)

The tax assessed for the period differs from the standard rate of corporation tax in the UK. The differences are explained below:

	Period ended 30 September 2023 £000
Loss before tax on continuing operations	(6,957)
Effective rate of corporation tax in the UK	24.9%
Loss before tax at the effective rate of corporation tax	1,732
Effect of expenses not deductible for tax purposes	(2,636)
Tax charge for the period	(904)

The UK corporation tax rate of 19% increased to 25% from 1 April 2023. The legislation to effect these changes was enacted before the balance sheet date and deferred tax has been calculated accordingly.

15. Dividends

The Board did not declare the payment of a dividend for the period ended 30 September 2023 in respect of either the Company's A ordinary or A2 preference shares.

16. Goodwill

	30 September 2023 £000
On incorporation (28 March 2023)	-
Acquisition of Sureserve	106,892
At 30 September 2023	106,892

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.

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the period ended 30 September 2023

16. Goodwill (continued)

The carrying value of goodwill is allocated to the following CGUs:

	30 September 2023
CGU	£000
Aaron Services Limited	22,308
CorEnergy Limited	15,691
Everwarm Limited	8,660
H2O Nationwide Limited	10,410
K & T Heating Services Limited	16,983
Provider Limited	8,889
Sure Maintenance Limited	15,995
Sureserve Fire and Electrical Limited	7,956
Total goodwill	106,892

Annual impairment test

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 CGUs according to the level at which management monitors that goodwill.

An asset is impaired if its carrying value exceeds the CGU'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 2023 the value-in-use for each CGU was calculated based upon the cash flow projections of the latest Board approved budget for the year ended 30 September 2024 together with a further four 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.

The estimated growth rates are based on past experience and knowledge of the individual sector's markets. The directors believe that the Social Housing Energy Services markets will continue to present strong growth opportunities for the CGUs outlined above. The directors believe that future growth in these markets is underpinned by a number of factors including:

- pipeline of new tenders
- further opportunities to work with other Group companies
- client demand for safe buildings
- adjacent market opportunities

The growth rate applied to the cash flows in years two to five of the impairment review performed at 30 September 2023 was 4%. A terminal growth rate of 2% was applied. The pre-tax discount rate applied was 16.1%. Sensitivity analyses were performed on all CGUs by changing the pre-tax discount rate and changing the terminal growth rate. The directors consider that any reasonably possible change in the key assumptions would not cause the carrying amount of any CGU to exceed its recoverable amount.

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the period ended 30 September 2023

17. Other intangible assets

	Note	Acquisition intangibles					Total £000
		Computer software £000	Customer relationships £000	Tradenames £000	Customer contracts £000	Technology £000	
Cost							
On incorporation (28 March 2023)		-	-	-	-	-	-
Acquisition of Sureserve	33	1,719	50,200	30,500	4,025	3,939	90,383
Additions		194	-	-	-	-	194
At 30 September 2023		1,913	50,200	30,500	4,025	3,939	90,577
Amortisation							
Amortisation charge for the period		(145)	(857)	(677)	(183)	(98)	(1,960)
At 30 September 2023		(145)	(857)	(677)	(183)	(98)	(1,960)
Carrying value							
On incorporation (28 March 2023)		-	-	-	-	-	-
At 30 September 2023		1,768	49,343	29,823	3,842	3,841	88,617

A split of the carrying amount at 30 September 2023 of the Group's material other intangible assets (being customer relationships and tradenames) by CGU is as follows:

CGU	Customer relationships	Tradenames
	£000	£000
K&T Heating Services Limited	11,697	6,258
Aaron Services Limited	9,043	6,942
Sure Maintenance Limited	7,667	4,596
Providor Limited	-	2,836
Everwarm Limited	9,829	5,476
H2O Nationwide Limited	6,487	-
CorEnergy Limited	-	2,151
Sureserve Fire and Electrical Limited	4,620	1,564
Total	49,343	29,823

Customer relationships and tradenames have remaining useful economic lives of 12.8 years and 9.8 years, respectively.

18. Property, plant and equipment

	Note	Leasehold improvements	Plant & equipment	Fixtures and fittings	Total
		£000	£000	£000	£000
Cost					
On incorporation (28 March 2023)		-	-	-	-
Acquisition of Sureserve	33	594	1,123	409	2,126
Additions		-	67	144	211
At 30 September 2023		594	1,190	553	2,337
Depreciation					
Depreciation charge for the period		(35)	(148)	(15)	(198)
At 30 September 2023		(35)	(148)	(15)	(198)
Carrying value					
On incorporation (28 March 2023)		-	-	-	-
At 30 September 2023		559	1,042	538	2,139

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the period ended 30 September 2023

19. Right-of-use assets

	Note	Leasehold property £000	Motor vehicles £000	Total £000
Cost				
On incorporation (28 March 2023)		-	-	-
Acquisition of Sureserve	33	4,635	12,742	17,377
Variations		406	90	496
Additions		-	2,961	2,961
Disposals		-	(234)	(234)
At 30 September 2023		5,041	15,559	20,600
Depreciation				
Depreciation charge for the period		(208)	(1,412)	(1,620)
Disposals		-	17	17
At 30 September 2023		(208)	(1,395)	(1,603)
Carrying value				
On incorporation (28 March 2023)		-	-	-
At 30 September 2023		4,833	14,164	18,997

20. Interests in joint ventures

	30 September 2023 £000
Warmworks Scotland LLP ("Warmworks")	5,794
Byth Arbed am ("Arbed")	56
Total interests in joint ventures	5,850

Warmworks is a joint venture with Changeworks Resources for Life and the Energy Saving Trust Enterprises Limited. Warmwork's registered office is 1 Carmichael Place, Leith, Edinburgh, Midlothian, EH6 5PH. Included in the closing balance of Warmworks is a fair value uplift of £2,284,000 recognised on the acquisition of Sureserve (see Note 33 for further details). The Group's share of profit for the period ended 30 September 2023 was £694,000.

Arbed is a joint venture with the Energy Saving Trust Enterprises Limited. Arbed's registered office is 33 Cathedral Road, Cardiff, Wales, CF11 9HB. No profit or loss was recorded on Arbed in the period.

21. Inventories

	30 September 2023 £000
Raw materials and consumables	8,428
Total inventories	8,428

The directors consider that the replacement value of inventories is not materially different from their carrying value. Certain subsidiaries of the Group have granted security over certain inventories by way of fixed and floating charges. £20,759,000 of inventories were recognised as an expense in the period (see Note 8).

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the period ended 30 September 2023

22. Trade and other receivables

	30 September 2023 £000
Gross trade receivables	37,996
Less: provision for credit losses	(578)
Net trade receivables	37,418
Accrued income	26,593
Prepayments	4,668
Deferred consideration	510
Amounts owed by shareholders	5,000
Other receivables	2,485
Total	76,674

Included in the Group's gross trade receivable balance are debtors with a carrying amount of £5,608,000 which are past due at the reporting date for which the Group has not recognised a provision for credit losses as there has not been a significant change in credit quality and the amounts are still considered recoverable.

An analysis of the ageing of the Group's gross trade receivables and accrued income at 30 September is as follows:

	Current £000	Past due:				Total £000
		1-30 days £000	31-60 days £000	61-90 days £000	Over 90 days £000	
Gross trade receivables	29,839	3,362	1,930	323	2,542	37,996
Accrued income	21,585	1,184	606	1,089	2,129	26,593
Total	51,424	4,546	2,536	1,412	4,671	64,589

The movements in the provision for expected credit losses in the period ended 30 September 2023 are as follows:

	Note	30 September 2023 £000
Balance on incorporation (28 March)		-
Acquisition of Sureserve	33	(640)
Impairment losses recognised		(370)
Impairment losses reversed		423
Amounts written off as uncollectible		9
Balance 30 September 2023		(578)

The entire provision for credit losses of £578,000 is past due over 90 days.

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 consolidated 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 on credit risk is fair value of trade receivables as presented above. Certain subsidiaries of the Group have granted security over certain trade receivables by way of fixed and floating charges. At the end of the period, two clients individually represented over 5% of the total balance of gross trade receivables.

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 aging. 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.

Accrued income at 30 September 2023 of £26,593,000 arises due to the Group's customer contracts including 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.

Other receivables include amounts owed by shareholders of £5,000,000 (see Note 30), VAT receivable of £1,079,000 and rebates receivable of £979,000.

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the period ended 30 September 2023

23. Trade and other payables

	30 September 2023 £000
Trade payables	32,171
Accruals	18,946
Deferred income	1,219
Social security and other taxes	9,960
Other payables	4,085
Total trade and other payables	66,381

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 65 days.

24. Borrowings

	30 September 2023 £000
Bank borrowings	103,963
Unamortised debt issue costs	(3,748)
Total borrowings	100,215

As set out below, all drawn bank borrowings at 30 September 2023 are repayable on 20 July 2030. Included within non-current total borrowings is £555,000 of debt issue costs which will amortise in the year ended 30 September 2024.

The carrying amounts of the Group's borrowings at 30 September 2023 are denominated in the following currencies. Amounts held in euros have been converted at the respective exchange rate ruling at the balance sheet date.

	Pounds sterling £000	Euros £000	Total £000
Bank borrowings	91,000	12,963	103,963
At 30 September 2023	91,000	12,963	103,963

The weighted average interest rates on all bank borrowings are not materially different from their nominal interest rates. The weighted average interest rate on all interest-bearing loans and borrowings is 11.0%.

The directors consider that the carrying amount of interest-bearing loans and borrowings approximates to their fair value.

Bank borrowings

(i) Terms of bank borrowings at 30 September 2023

On 25 May 2023, the Group (via its wholly owned subsidiaries Volt Midco (CP) Limited and Cap10 4NetZero Bidco Limited) entered into an English law facilities agreement with certain funds managed by Pemberton Capital Advisors LLP (as the original lenders), Kroll Agency Services Limited (as the agent), Kroll Trustee Services Limited (as security agent) and others (the "SFA").

The SFA provides for certain committed senior debt facilities:

- a term loan ("Facility B GBP");
- a term loan ("Facility B EUR");
- a term loan working capital bridge facility ("WCBF"); and
- a term loan "Acquisition/Capex Facility".

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the period ended 30 September 2023

24. Borrowings (continued)

The SFA also provides the option for establishing the following:

- an amount of "Additional Facilities" (which are uncommitted until established), subject to a maximum cap (i.e. the incurrence of such additional facilities would not cause adjusted net leverage to exceed 3.70:1 calculated on a pro forma basis); and
- a super senior RCF, in an amount which does not, on the relevant RCF establishment date, exceed the greater of £15,000,000 and 50% of adjusted EBITDA. Any subsequent increases are not permitted to exceed 10% of consolidated turnover of the Group). On 13 October 2023, a £15,000,000 RCF was established with National Westminster Bank plc.

Each of Facility B GBP, Facility B EUR and the WCBF were borrowed in full on 20 July 2023.

Below is a summary of the interest rates applicable to the SFA and each of the following interest rates are capable of an additional maximum 10 basis points reduction if the Group demonstrates compliance with certain environmental, social and corporate governance criteria.

Facility	Term reference rate	Margin	Further information
Facility B GBP	SONIA ¹	6.00% per annum	Subject to ratchet after 30 June 2024; zero SONIA floor
Facility B EUR	EURIBOR ²	5.75% per annum	Subject to ratchet after 30 June 2024; zero EURIBOR floor
WCBF	SONIA ¹	6.00% per annum	Subject to ratchet after 30 June 2024; zero SONIA floor
Acquisition/CAPEX Facility	SONIA ¹	6.00% per annum	Subject to ratchet after 30 June 2024; zero SONIA floor

¹ SONIA refers to the sterling overnight index average.

² EURIBOR refers to the euro interbank offered rate.

At 30 September 2023, the Group's bank borrowings were secured by a charge over certain of the Group's assets, primarily through pledges over the shares of its subsidiaries.

There are various restrictive undertakings contained in the SFA that limit what actions the Group can undertake. Such restrictive undertakings are in place over items such as acquisitions, disposals, loans and indebtedness, negative pledges, guarantees, interest rate hedging, distributions and dividends. In addition, the SFA sets out a number of other clauses detailing certain events or circumstances where non-compliance would mean the Group would be in default. These include financial covenants (covering a quarterly adjusted net leverage test and an annual capital expenditure test), payment default, misrepresentation, insolvency and failure to comply with the intercreditor agreement. The financial covenants benefit from conventional equity cure rights.

(ii) Analysis of bank borrowings at 30 September 2023

Facility B GBP, Facility B EUR and the WCBF were drawn in full by the Group on 20 July 2023 and the proceeds of such loans were used to fund the consideration payable for the acquisition of Sureserve Group plc (now renamed Sureserve Group Limited) and related transaction costs (see Note 33 for further details).

A summary of drawn funds at 30 September 2023 is as follows:

	Total £000
Facility B GBP	76,000
Facility B EUR ¹	12,963
WCBF	15,000
Total bank borrowings	103,963

¹ Facility B EUR was drawn at €14,943,500 which was equivalent to £12,959,000 based on the closing foreign exchange rate of 1.1531 at 20 July 2023 (30 September 2023: 1.1528).

The £20,000,000 Acquisition/Capex Facility was undrawn but was available to be drawn by any Group entity which has acceded as a borrower under the SFA.

The Group incurred fees of £3,877,000 due in relation to the SFA which were initially capitalised and are deducted from the amount of gross borrowings. The fees are being amortised through the consolidated income statement over the term of the borrowings using the effective interest rate method. In the period to 30 September 2023, £3,271,000 of these fees were paid with £606,000 unpaid. All of the unpaid amount will be settled in the year ended 30 September 2024 apart from £300,000 in relation to the Acquisition/Capex Facility (which is payable on the earlier of drawdown or cancellation of that facility and 20 January 2025).

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the period ended 30 September 2023

24. Borrowings (continued)

(iii) Repayment profiles of bank borrowings at 30 September 2023

The three term loans (which totalled £103,963,000 at 30 September 2023) are for a duration of seven years and are repayable on 20 July 2030.

(iv) Adjusted net leverage ratio

The adjusted net leverage ratio is the ratio of net debt (on the last day of the relevant period) to adjusted EBITDA in respect of that relevant period. The following table sets out the maximum permitted adjusted net leverage ratio for each relevant period:

Relevant period expiring	Ratio
31 March 2024	4.75:1
30 June 2024	4.75:1
30 September 2024	4.50:1
31 December 2024	4.50:1
31 March 2025	4.00:1
30 June 2025	4.00:1
30 September 2025 and each relevant period ending thereafter	3.50:1

(v) Interest rate hedging

Under the SFA, the Group was required to enter into an interest rate hedging instrument in respect of Facility B term loans for not less than 50% of the principal amount of the Facility B loans and for a minimum period of two years from inception of the hedging instrument. On 20 October 2023, the Group entered into a 6.50% per annum interest rate cap with a notional amount of £91,000,000 with a termination date of 20 October 2025.

25. Other borrowings

	Note	30 September 2023 £000
Shareholder loan notes		29,689
Payment-in-kind interest on shareholder loan notes	13	713
A1 preference shares		26,399
Interest on A1 preference shares	13	630
Total other borrowings		57,431

The carrying amounts of the Group's other borrowings at 30 September 2023 are denominated in pounds sterling.

Shareholder loan notes: On 19 July, the Group issued £53,800,000 of unsecured 12.0% fixed rate loan notes to its shareholders. On 19 September 2023, the Company capitalised £13,496,000 of shareholder loan notes, converting the amount to A1 preference shares (see below). On 19 September 2023, £10,615,000 of shareholder loan notes were repaid, resulting in a closing balance at 30 September 2023 of £29,689,000. Payment-in-kind interest on the shareholder loans for the period ended 30 September 2023 of £713,000 is also included within other borrowings. When the shareholder loan notes were capitalised or repaid, the holder waived all accrued interest to date.

On 16 November 2023, £9,216,840 of shareholder loan notes were repaid, resulting in a carrying value after repayment of £20,472,000.

A1 preference shares: As noted above, on 19 September 2023, the Company capitalised £13,496,000 of shareholder loans, issuing 13,496,407 A1 preference shares for total consideration of £13,496,407. On the same day, the Company issued 12,902,770 A1 preference shares for total consideration of £12,902,770. These instruments are intended to rank *pari passu* with the shareholder loan notes (including in respect of repayment requirements) and, as such, have been classified as a liability totalling £26,399,177 within the consolidated balance sheet. Interest on the A1 preference shares for the period ended 30 September 2023 of £630,000 is also included within other borrowings. When the A1 preference shares were issued, under the Company's articles of association, any interest had a backdated commencement date of 19 July 2023.

On 16 November 2023, the Company issued 9,216,840 A1 preference shares for total consideration of £9,216,840.

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the period ended 30 September 2023

26. Net debt reconciliation

An analysis of net debt (under IFRS and for internal reporting purposes) is presented below:

	On incorporatio n (28 March 2023) £000	Net cash/(debt) acquired (Note 33) £000	Net cash disposed of (Note 11) £000	Other cash flows £000	Non-cash movement s in debt issue costs £000	IFRS 16 movement s £000	Interest and foreign exchange £000	30 September 2023 £000
Cash and cash equivalents	-	7,553	(463)	10,201	-	-	40	17,331
Borrowings	-	-	-	(100,688)	477	-	(4)	(100,215)
Shareholder loan notes	-	-	-	(29,689)	-	-	-	(29,689)
A1 preference shares	-	-	-	(26,399)	-	-	-	(26,399)
Interest on other borrowings	-	-	-	-	-	-	(1,343)	(1,343)
Lease liabilities	-	(18,351)	-	1,845	-	(3,305)	-	(19,811)
Net debt under IFRS	-	(10,798)	(463)	(144,730)	477	(3,305)	(1,307)	(160,126)
Remove shareholder loan notes	-	-	-	29,689	-	-	-	29,689
Remove A1 preference shares	-	-	-	26,399	-	-	-	26,399
Remove interest on other borrowings	-	-	-	-	-	-	1,343	1,343
Remove lease liabilities	-	18,351	-	(1,845)	-	3,305	-	19,811
Remove debt issue costs	-	-	-	(3,271)	(477)	-	-	(3,748)
Net debt per internal reporting	-	7,553	(463)	(93,758)	-	-	36	(86,632)

Net debt per internal reporting shown in the consolidated balance sheet as:

Cash and cash equivalents	17,331
Borrowings	(103,963)

Non-cash movements in debt issue costs comprise unpaid debt issue costs at 30 September 2023 of £606,000 less £129,000 of debt issue costs amortisation. The IFRS 16 movements are in respect of IFRS 16 *Leases* and represent an interest charge on lease liabilities of £65,000, variation in terms of £496,000, new lease obligations of £2,961,000, less lease obligations cancelled of £217,000. Further details on lease liabilities are set out in Note 29.

27. Provisions

	Dilapidations £000	Legal and other £000	Total £000
On incorporation (28 March 2023)	-	-	-
Acquisition of Sureserve	466	1,442	1,908
Recognised in the period	4	-	4
Reversed in the period	(120)	-	(120)
Utilised in the period	(35)	(282)	(317)
At 30 September 2023	315	1,160	1,475

Shown in the consolidated balance sheet as:

Current provisions	120	75	195
Non-current provisions	195	1,085	1,280

Dilapidation provisions relate to property dilapidation obligations. These are expected to result in an outflow of economic benefit over the next one to six years.

Legal and other provisions relate to potential contract settlement costs and other potential legal settlement costs relating to legacy disposals made in 2018 by the acquired Sureserve business. These are expected to result in an outflow of economic benefit over the next one to four years. In addition to the amounts provided for above, there are a number of potential contingent liabilities arising from the disposals. See Note 31 for further details.

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the period ended 30 September 2023

28. Deferred tax assets and liabilities

	Note	Amount relating to:				Total £000
		Unutilised losses £000	Short-term timing differences £000	Accelerated capital allowances £000	Acquired intangibles £000	
On incorporation (28 March 2023)		-	-	-	-	-
Acquisition of Sureserve:						
- Deferred tax assets	33	476	534	-	-	1,010
- Deferred tax liabilities	33	-	-	(429)	(22,165)	(22,594)
(Charge)/credit to income		(323)	-	-	453	130
Net deferred tax assets / (liabilities)		153	534	(429)	(21,712)	(21,454)
Shown in the consolidated balance sheet as:						
Deferred tax assets		153	534	-	-	687
Deferred tax liabilities		-	-	(429)	(21,712)	(22,141)

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so.

Deferred tax assets are recognised to the extent that the Group expects there to be sufficient future taxable profits against which the asset can be recovered. The carrying amount of deferred tax assets are reviewed at each balance sheet date. At 30 September 2023, the Group has no unrecognised deferred tax assets.

The directors have performed a review at 30 September 2023 to identify temporary differences associated with the Group's joint venture interests for which deferred tax liabilities have not been recognised. Based on that review the directors are satisfied that no significant temporary differences of this nature exist.

29. Lease liabilities

	Note	30 September 2023 £000
On incorporation (28 March 2023)		-
Acquisition of Sureserve	33	18,351
Repayments		(1,845)
Interest	13	65
Variation in terms	19	496
New obligations	19	2,961
Obligations cancelled		(217)
At 30 September 2023		19,811

Shown in the consolidated balance sheet as:

Current lease liabilities	6,690
Non-current lease liabilities	13,121

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the period ended 30 September 2023

30. Issued share capital

At 30 September the Company had two classes of share capital:

- A ordinary shares
- A2 preference shares

Issued share capital at 30 September 2023 is set out below. All of the issued share capital is full paid unless otherwise stated.

	30 September 2023	
	Number of shares	Value £000
Issued share capital:		
A ordinary shares	3,127,596	31
A2 preference shares	63,341,946	1
Balance at 30 September 2023	66,469,542	32

A ordinary shares: On 28 March 2023, upon incorporation the Company issued one A ordinary share of £0.01 nominal value per share for total consideration of £0.01. On 19 July 2023, the Company issued 2,999,999 ordinary shares of £0.01 nominal value per share for total consideration of £2,999,999. In aggregate, these transactions resulted in a nominal value of £30,000 being recorded in share capital and a credit to the share premium account of £2,970,000. On 28 September 2023, the Company issued 127,596 ordinary shares of £0.01 nominal value per share for total consideration of £127,596, resulting in a nominal value of £1,276 and a credit to the share premium account of £126,320. Given the terms related to the ordinary shares, they have been treated as equity instruments.

A2 preference shares: On 28 September 2023, the Company issued 63,341,946 A2 preference shares of £0.00001 nominal value per share for total consideration of £63,341,946, resulting in a nominal value of £633 being recorded in share capital and a credit to the share premium account of £63,341,313. The Company has an unconditional right to avoid repayment of the instruments and they have therefore been classified as equity.

The total consideration from the issuance of share capital during the period was £66,469,541, of which £66,437,632 has been credited to the share premium account, representing the excess over the nominal value of shares issued of £31,909. At 30 September 2023, £5,000,000 of share issue proceeds was unpaid. This was received by the Company on 4 October 2023.

The Company has also in issue A1 preference shares. As these instruments rank *pari passu* with shareholder loan notes the Group treats these as a liability within the consolidated balance sheet. See Note 25 for further details.

Voting

Each A ordinary share carries one vote per share and entitles its holder to receive notice of, attend and vote at any general meeting of the Company, and to receive a copy of and agree to a proposed written resolution. The A2 preference shares are non-voting and do not entitle their holders to receive notice of, attend and vote at any general meeting of the Company, nor to receive a copy of and agree to a proposed written resolution.

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the year ended 30 September 2023

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 £2,720,000. A subsidiary of the Group has provided a guarantee of £750,000 to the Warmworks Scotland LLP joint venture.

The acquired Sureserve business has potential claims under clauses in the sale and purchase agreements (including working capital adjustments and warranties/indemnities) of legacy disposals made in August 2018. The purchaser of the businesses sold went into liquidation in December 2019. The Group has claims against the sold companies for amounts that exceed their best estimate of any amounts that may potentially be due to the liquidators. The directors are in continuing dialogue with all parties. Further details are not disclosed on the basis that such disclosure would be seriously prejudicial.

32. Financial instruments

Financial instruments comprise both financial assets and financial liabilities. The carrying value of these financial assets and liabilities are assumed to approximate their fair values. The principal financial assets of the Group comprise trade and other receivables and cash and cash equivalents. The principal financial liabilities of the Group comprise bank borrowings, other borrowings (comprising shareholder loan notes and A1 preference shares), trade and other payables and derivative financial instruments.

Carrying amounts and fair values of financial assets and liabilities

	30 September 2023 £000
Financial assets at amortised cost:	
Trade receivables other receivables (excluding prepayments)	72,006
Cash and cash equivalents	17,331
Total financial assets	89,337
Financial liabilities at amortised cost:	
Trade and other payables	(66,381)
Bank borrowings (excluding unamortised debt issue costs)	(103,963)
Other borrowings	(57,431)
Lease liabilities	(19,811)
Financial liabilities at fair value through profit or loss:	
Derivative financial instruments not designated in a cash flow hedging relationship: foreign currency forward contracts	(148)
Total financial liabilities	(247,734)
Net financial liabilities	(158,397)

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Financial instruments carried at fair value on the consolidated balance sheet comprise derivatives. The Group classifies these financial instruments using a fair value hierarchy that reflects the relative significance of both objective evidence and subjective judgements on the inputs used in making the fair value measurements:

- **Level 1:** financial instruments are valued using observable inputs that reflect unadjusted quoted market prices in an active market for identical instruments. An example of an item in this category is a widely traded equity instrument with a normal quoted market price.
- **Level 2:** financial instruments are valued using techniques based on observable inputs, either directly (i.e. market prices and rates) or indirectly (i.e. derived from market prices and rates). An example of an item in this category is a currency derivative, where forward exchange rates and yield curve data, which are observable in the market, are used to derive fair value.
- **Level 3:** financial instruments are valued using techniques involving significant unobservable inputs.

Derivatives

All derivatives are classified as current on the face of the consolidated balance sheet. The table below analyses the carrying amount of derivatives and their contractual amounts, together with an analysis of derivatives by the level in the fair value hierarchy into which their fair value measurement method is categorised.

	Contractual/notional amounts £000	Level 2 £000	Total £000
Financial liabilities			
Foreign currency forward contracts	12,600	148	148
Total	12,600	148	148

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the year ended 30 September 2023

32. Financial instruments (continued)

Financial risk management

The Group's overall risk management programme seeks to minimise potential adverse effects on its financial performance and focuses on mitigation of the unpredictability of financial markets as they affect the Group. The main financial risks faced by the Group are:

- credit risk
- market risk (which includes interest rate risk)
- foreign exchange risk; and
- liquidity risk.

The Group is not subject to any externally imposed capital requirements. The Board regularly reviews and agrees policies for managing each of these risks.

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 consolidated balance sheet. 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 in the acquired Sureserve business 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: The Group only operates in the UK but it does transact in currencies other than pounds sterling. Given the quantum of the Group's bank borrowings, the directors do consider that the Group has a material exposure to interest rate risk.

Interest rate risk: As set out in Note 24, the Group is exposed to interest rate risk from its borrowings which has floating interest rates based on a margin above SONIA and EURIBOR. The Group did not enter into any hedging instruments in the period ended 30 September 2023; however on 20 October 2023 the Group entered into a two-year £91,000,000 interest rate cap (capped at 6.50%) to manage the risk. Interest rate hedging activities are monitored on a regular basis. At 30 September 2023, the longest term of any debt held by the Group was until 2030.

Interest rate sensitivity analysis

A simultaneous 1% increase in the Group's variable interest rates in respect of its pounds sterling and euro cash and cash equivalents and bank borrowings at 30 September 2023 would result in a £866,000 decrease to the Group's profit before tax and a decrease of 1% would result in a £866,000 increase to the Group's profit before tax.

With reference to the interest rate cap as noted above, provided a 1% increase in the Group's variable interest rate caused the interest rate to exceed 6.50% per annum then a simultaneous 1% increase in the Group's variable interest rates in respect of its pounds sterling and euro cash and cash equivalents and bank borrowings at 30 September 2023 would result in a £44,000 increase to the Group's profit before tax and a decrease of 1% would result in a £866,000 increase to the Group's profit before tax.

Foreign exchange: The Group is exposed to exchange rate fluctuations because it undertakes transactions denominated in foreign currency, namely euro-denominated bank borrowings (see Note 24). The Group is not exposed to foreign currency translation risk as all of its operations are based in the UK and all of its subsidiaries have respective functional currencies of pounds sterling.

The Group manages transaction foreign exchange exposures by undertaking foreign currency hedging using forward foreign exchange contracts.

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 and the covenants under the SFA are not breached.

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.

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the year ended 30 September 2023

33. Business combinations

Sureserve Group plc

On 11 July 2023, the Group acquired 100% of the issued share capital of Sureserve Group plc ("Sureserve") for a total cash consideration of £213,813,000. Sureserve is an energy services provider based in the UK that is focused on delivering comprehensive and high-quality services in the sustainable markets of social housing, public buildings, education, energy services and industrial and commercial buildings.

The acquisition was effected by means of a Court-sanctioned Scheme of Arrangement under Part 26 of the Companies Act 2006 (the "Scheme"). Under the terms of the Scheme, Scheme shareholders on the register of members of Sureserve Group plc on 10 July 2023 were entitled to receive 125 pence in cash for every Scheme share held (being 170,582,201 shares in aggregate). In addition, on 21 August the Group purchased a further 468,556 shares at 125 pence in respect of shares allotted under Sureserve's employee Sharesave Scheme ("SAYE"). This purchase has been accounted for as an acquisition.

Goodwill of £106,892,000 recorded on this acquisition is attributable to anticipated profitability arising from the benefits of private ownership and assembled workforce. Without the costs and regulation of a listed company, the directors believe that Sureserve should be able to pursue its strategy more productively and thereby sooner achieve leadership in helping its customers transition from traditional heating fuels to renewable alternatives. None of the goodwill recognised is expected to be deductible for income tax purposes.

The following table summarises the fair values of the assets acquired and liabilities assumed as part of this acquisition.

	Note	Pre-acquisition book values £000	Provisional fair value adjustments £000	Provisional fair values on acquisition £000
Goodwill		44,649	(44,649)	-
Other intangibles assets	17	1,719	88,664	90,383
Interests in joint ventures		2,872	2,284	5,156
Property, plant and equipment	18	2,126	-	2,126
Right-of-use assets	19	17,377	-	17,377
Inventories		7,435	-	7,435
Trade and other receivables		77,413	-	77,413
Cash and cash equivalents		7,553	-	7,553
Trade and other payables		(58,050)	-	(58,050)
Lease liabilities	29	(18,351)	-	(18,351)
Provisions	27	(1,908)	-	(1,908)
Net assets/(liabilities) classified as held for sale		939	(2,217)	(1,278)
Tax:				
- Current tax assets		649	-	649
- Deferred tax assets	28	1,010	-	1,010
- Deferred tax liabilities	28	(429)	(22,165)	(22,594)
Net identifiable assets and liabilities		85,004	21,917	106,921
Goodwill	16			106,892
Total net assets acquired				213,813
Satisfied by:				
Cash consideration				213,813
Total consideration transferred				213,813

Within trade and other receivables are gross trade receivables of £39,999,000 and an expected credit loss provision of £640,000.

Pre-acquisition book values were the same as recognised provisional fair values on acquisition apart from £88,664,000 of acquired intangibles in respect of customer relationships, tradenames, customer contracts and technology (see below for further details), a £22,165,000 related deferred tax liability, a £2,284,000 uplift to interests in joint ventures and a £2,217,000 write-down of net assets held for sale.

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the year ended 30 September 2023

33. Business combinations (continued)

The net cash outflow in the current year arising from this acquisition was £206,260,000, made up of:

	£000
Cash consideration	213,813
Less: cash and cash equivalents acquired	(7,553)
Total net cash outflow	206,260

Acquisition-related costs amounted to £7,865,000 and have been charged to the consolidated statement of comprehensive income within one-off items (see Note 12 for further details) and are included in operating activities within the consolidated cashflow statement.

Below is an analysis of the separately identifiable acquired intangible assets arising as part of the acquisition of Sureserve:

	£000
Customer relationships	50,200
Tradenames	30,500
Customer contracts	4,025
Technology	3,939
Total	88,664

The below explains the nature of the acquired intangibles, their respective useful economic lives and the valuation technique used in determining their respective fair values.

Customer relationships: Customer relationships relate to long-standing relationships certain Group entities have with local authorities, social housing associations, registered social landlords and public sector organisations in England and Scotland. The Group's existing customer relationships were valued using the excess earnings approach in accordance with IFRS 3 *Business Combinations*. The value of the customer relationships were calculated as the sum of the present value of projected cash flow, in excess of returns on contributory assets over the life of the relationship. Customer relationships are being amortised over 13 years.

Tradenames: While each operating company serves as "Part of the Sureserve Group", it is the individual company name that is the value driver and well-known in their respective markets. Tradenames valuations were ascribed to all operating businesses other than H2O Nationwide Limited as the name is generic in the business' sector which it operates in. Management have utilised the royalty savings (relief-from-royalty) method in valuing the Group's tradenames in accordance with IFRS 3 *Business Combinations*. Under the relief from royalty method, it is assumed that a company, without a similar asset, would license the right to use the marketing-related intangible asset and pay a royalty related to turnover achieved. Tradenames are being amortised over 10 years.

Customer contracts: The Group's smart metering business (operated by Providor Limited) and its renewable energy specialist in the sustainability and low-carbon sectors (CorEnergy Limited) both have customer contracts that are valuable to the Group. The Group's existing customer contracts were valued using the excess earnings approach in accordance with IFRS 3 *Business Combinations*. The value of the customer contracts were calculated as the sum of the present value of projected cash flow, in excess of returns on contributory assets over the life of the contract. Customer contracts are being amortised over one to five years.

Technology: This relates to a bespoke scheduling system essential to the gas businesses for invoicing and transaction processing and which interfaces with customers' systems and also a bespoke smart metering platform that transmits communications to a number of different market participants and reduces the complexity of smart meter compliance. The replacement cost method was used to value these software platforms. The technology-related intangible is being amortised over three years.

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the year ended 30 September 2023

33. Business combinations (continued)

The results for Sureserve since the acquisition date, included within the consolidated statement of comprehensive income for the period ended 30 September 2023 are as follows:

	£000
Continuing operations:	
Revenue	83,605
Operating profit	5,546
Profit before tax	4,769
Loss for the period from discontinued operations	(87)

Results of business combinations during the period

If the acquisition of Sureserve Group plc had occurred on 28 March 2023 (the date of incorporation), the consolidated statement of comprehensive income for the Group for the period ended 30 September 2023, would have been:

	£000
Revenue	184,160
Operating profit	1,612
Loss before tax	(6,874)

Other pro forma disclosures

If the acquisition of Sureserve Group plc had occurred on 1 October 2022 (being a full 12-month period for the Group), the operating profit for the Group for the year ended 30 September 2023, would have been:

	12 months ended 30 September 2023 £000
Continuing operations	
Revenue	351,134
Cost of sales ¹	(292,817)
Gross profit¹	58,317
Other expenses before exceptional items	(34,586)
Share of results of joint ventures	1,445
Operating profit before exceptional items and amortisation of acquired intangibles	25,176
Exceptional items	(9,732)
Amortisation of acquired intangibles	(9,049)
Operating profit	6,395

¹ Cost of sales is stated under IFRS. This excludes £672,000 of IFRS 16 interest charges and a credit £272,000 in respect of net lease adjustments (see below). Gross profit including these items was £57,917,000.

Included within the above consolidated statement of comprehensive income for the year ended 30 September 2023 are the following depreciation, amortisation of software charges and IFRS 16 Leases interest charges:

	12 months ended 30 September 2023 £000
Depreciation charge in respect of:	
Right-of-use assets	(6,402)
Property, plant and equipment	(938)
Amortisation of software	(506)
IFRS 16 interest charges	(672)

Earnings for the Group for the year from 1 October from continuing operations before depreciation of property, plant and equipment and amortisation of software but including the IFRS 16 interest charge and including net lease adjustments would have been £26,220,000 which is calculated as follows:

	12 months ended 30 September 2023 £000
Operating profit before exceptional items and amortisation of acquired intangibles	25,176
Add back: depreciation of property, plant and equipment and amortisation of software	1,444
Less: IFRS 16 interest charges	(672)
Add: net lease adjustments	272
EBITDA	26,220

Net lease adjustments represents the difference between cash lease payments and non-cash depreciation of right-of-use assets.

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the year ended 30 September 2023

34. 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 Group's subsidiary, Everwarm Limited, provides services to Warmworks Scotland LLP, a joint venture with Changeworks Resources for Life and Energy Saving Trust Enterprises Limited. £19,900,000 of services were provided in the period to 30 September 2023. £496,000 was charged to Everwarm Limited from Warmworks Scotland LLP for services provided in the period. At 30 September 2023 Everwarm Limited had a receivable owing from Warmworks amounting to £1,576,000 and a payable of £17,850.

Remuneration of key management personnel

The remuneration of the key management personnel, who are not current group directors but are deemed as the people with control over the Group, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*. The directors of the Company do not receive any employee benefits from the Group companies.

	30 September 2023 Number
Number of key management personnel	2

	Period ended 30 September 2023 £000
Short-term employee benefits	178
Total	178

As set in Note 1, the Company is indirectly owned by Cap10 Partners Fund I SCSp and directly owned by Volt Coinvest SCSp. Fabrice Nottin (founder partner of Cap10 Partners LLP) together with the key management personnel of the Group noted above, comprise the "Bidco Board" which oversees and governs the activities of the Group.

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the year ended 30 September 2023

35. Group entities

Subsidiary undertakings

Details of the Group's principal subsidiary undertakings at 30 September 2023 are provided below. All of the subsidiary undertakings are incorporated in England except where otherwise indicated, have ordinary shares and are 100% owned. Unless otherwise indicated, all of the below subsidiary undertakings are owned through intermediate holding companies. All of the below subsidiary undertakings have been consolidated in the consolidated financial statements under the acquisition method of accounting.

Name	Note	Principal activity
Aaron Services Limited		Maintenance and installation of domestic gas heating systems
Bury Metering Services Limited		Non-trading
Cap10 4Netzero Bidco Limited		Financing company
CorEnergy Limited		Renewable and energy saving services
Everwarm Limited†		Energy and insulation services
H2O Nationwide Limited		Duct and water tank cleaning and refurbishment and building services hygiene
Just Energy Solutions Limited	36	Non-trading
K & T Heating Services Limited		Maintenance and installation of domestic gas heating systems
Providor Limited		Smart metering
Smart Metering Limited		Non-trading
Sure Maintenance Limited		Maintenance and installation of domestic gas heating systems
Sureserve Asset Services Limited		Mould detection services
Sureserve Compliance Services Limited	36	Intermediate holding company
Sureserve Fire and Electrical Limited		Fire protection and building electrical services
Sureserve Design and Build Limited		Non-trading
Sureserve Energy Services Limited	36	Intermediate holding company
Sureserve Group Limited (formerly Sureserve Group plc)		Intermediate holding company
Sureserve Holdings Limited	36	Intermediate holding company
Sureserve VGS Limited	36	Intermediate holding company
Vinshire Gas Services Limited	36	Non-trading
Volt Holdco (CP) Limited‡		Intermediate holding company
Volt Midco (CP) Limited		Intermediate holding company

† Everwarm Limited is incorporated in Scotland.

‡ Volt Holdco (CP) Limited is directly held by Volt Topco (CP) Limited.

Interests in joint ventures

Details of the Group's interests in joint ventures at 30 September 2023 are provided below.

Name	Country of incorporation	Class of capital	%	Principal activity
Warmworks Scotland LLP	Scotland	Ordinary	33.33	Energy and insulation services
Arbed am Byth	Wales	Ordinary	50.00	Energy and insulation services

36. Subsidiaries taking the audit exemption via parental guarantee

The entities listed below are exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A. Volt Topco (CP) Limited has given a parental guarantee for all entities listed below under section 479C of the Companies Act 2006.

Name	Registered number
Just Energy Solutions Limited	07591127
Sureserve Compliance Services Limited	09790918
Sureserve Energy Services Limited	09790912
Sureserve Holdings Limited	04659062
Sureserve VGS Limited	09829080
Vinshire Gas Services Limited	12557988

VOLT TOPCO (CP) LIMITED

Notes to the consolidated financial statements (continued)

for the year ended 30 September 2023

37. Events after the balance sheet date

As set out in Note 24, on 13 October 2023 a £15,000,000 RCF was established with National Westminster Bank plc and on 20 October 2023 the Group entered into a 6.50% per annum interest rate cap with a notional amount of £91,000,000 with a termination date of 20 October 2025.

On 1 December 2023, the Group acquired 100% of the issued share capital of Swale Heating Holdings Limited for a total consideration of £14,000,000 comprising cash consideration of £13,515,000 and contingent consideration of £485,000.

In December 2023, the Group entered into a non-recourse agreement to accelerate the receipt of consideration in respect of eligible trade receivables up to a limit of £30,000,000.

On the 12 January 2024, £20,472,000 unsecured 12.0% fixed rate shareholder loan notes were admitted to the Official List of TISE.

VOLT TOPCO (CP) LIMITED

Company balance sheet

at 30 September 2023

	Note	2023 £000
Non-current assets		
Investments in subsidiaries	40	3,000
Debtors	41	91,386
Total assets		94,386
Creditors: amounts falling due within than one year	42	(380)
Net current liabilities		(380)
Creditors: amounts falling due after more than one year	43	(27,029)
Net assets		66,977
Equity		
Ordinary share capital	44	31
Preference share capital	44	1
Share premium account	44	66,437
Profit and loss account		508
Total equity attributable to equity shareholders		66,977

As a consolidated statement of comprehensive income is published, a separate statement of comprehensive income for the 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 period was £508,000.

The financial statements of Volt Topco (CP) Limited were approved by the Board of Directors on 1 February 2024 and were signed on its behalf by:

Mandar Kulkarni
Director

Mandar Kulkarni

The accompanying Notes on pages 53 to 55 form part of this Company balance sheet.

VOLT TOPCO (CP) LIMITED

Company statement of changes in equity

for the period ended 30 September 2023

	Ordinary share capital £000	Preference share capital £000	Share premium account £000	Profit and loss account £000	Total equity attributable to equity shareholders £000
Balance on incorporation (28 March 2023)	-	-	-	-	-
Comprehensive profit for the period				508	508
Transactions with owners					
Issue of ordinary share capital	31	-	3,096	-	3,127
Issue of preference share capital	-	1	63,341	-	63,342
Balance at 30 September 2023	31	1	66,437	508	66,977

VOLT TOPCO (CP) LIMITED

Notes to the Company financial statements

for the period ended 30 September 2023

The following Notes 38 to 44 relate to the Company-only position for year ended 30 September 2023.

38. 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 Financial Reporting Standard ("FRS") 100 *Application of Financial Reporting Requirements* issued by the Financial Reporting Council. Accordingly, the financial statements have been prepared in accordance with FRS 101 *Reduced Disclosure Framework* ("FRS101"), 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 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 Company financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are the same as those set out in Note 5 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 CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs 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.

VOLT TOPCO (CP) LIMITED

Notes to the Company financial statements (continued)

for the period ended 30 September 2023

39. Critical accounting judgements and key sources of estimation 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 historic 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 16 for further information on impairment.

40. Investments in subsidiaries

	30 September 2023
	£000
Investment in Volt Holdco (CP) Limited	3,000
At 30 September 2023	3,000

Further information is provided in Note 35.

41. Debtors

	30 September 2023
	£000
Amounts owed by Group undertakings	91,386
Total	91,386

Included within the above amount is interest receivable from Volt Holdco (CP) Limited of £1,518,000. Under the terms of the intercompany loan agreement, interest accrues at 12.0% and the loan is subordinate to the Group's shareholder loan notes in terms of rank and priority of payment.

42. Creditors: amounts falling due within one year

	30 September 2023
	£000
Amounts owed to Group undertakings	380
Total	380

43. Other borrowings

A1 preference shares: On 19 September 2023, the Company capitalised £13,496,000 of shareholder loans, issuing 13,496,407 A1 preference shares for total consideration of £13,496,407. On the same day, the Company issued 12,902,770 A1 preference shares for total consideration of £12,902,770. These instruments are intended to rank *pari passu* with the Group's shareholder loan notes and, as such, have been classified as a liability totalling £26,399,177 within the Company balance sheet. Interest on the A1 preference shares for the period ended 30 September 2023 of £630,000 is also included within other borrowings.

On 16 November 2023, the Company issued 9,216,840 A1 preference shares for total consideration of £9,216,840.

VOLT TOPCO (CP) LIMITED

Notes to the Company financial statements (continued)

for the period ended 30 September 2023

44. Issued share capital

At 30 September the Company had two classes of share capital:

- A ordinary shares
- A2 preference shares

Issued share capital at 30 September 2023 is set out below. All of the issued share capital is full paid unless otherwise stated.

	30 September 2023	
	Number of shares	Value £000
Issued share capital:		
A ordinary shares	3,127,596	31
A2 preference shares	63,341,946	1
Balance at 30 September 2023	66,469,542	32

A ordinary shares: On 28 March 2023, upon incorporation the Company issued one A ordinary share of £0.01 nominal value per share for total consideration of £0.01. On 19 July 2023, the Company issued 2,999,999 ordinary shares of £0.01 nominal value per share for total consideration of £2,999,999. In aggregate, these transactions resulted in a nominal value of £30,000 being recorded in share capital and a credit to the share premium account of £2,970,000. On 28 September 2023, the Company issued 127,596 ordinary shares of £0.01 nominal value per share for total consideration of £127,596, resulting in a nominal value of £1,276 and a credit to the share premium account of £126,320. Given the terms related to the ordinary shares, they have been treated as equity instruments.

A2 preference shares: On 28 September 2023, the Company issued 63,341,946 A2 preference shares of £0.00001 nominal value per share for total consideration of £63,341,946, resulting in a nominal value of £633 being recorded in share capital and a credit to the share premium account of £63,341,313. The Company has an unconditional right to avoid repayment of the instruments and they have therefore been classified as equity.

The total consideration from the issuance of share capital during the period was £66,469,541, of which £66,437,632 has been credited to the share premium account, representing the excess over the nominal value of shares issued of £31,909. At 30 September, 2023, £5,000,000 of share issue proceeds was unpaid. This was received by the Company on 4 October 2023.

The Company has also in issue A1 preference shares. As these instruments rank *pari passu* with shareholder loan notes the Group treats these as a liability within the Company balance sheet. See Note 42 for further details.

Voting

Each A ordinary share carries one vote per share and entitles its holder to receive notice of, attend and vote at any general meeting of the Company, and to receive a copy of and agree to a proposed written resolution. The A2 preference shares are non-voting and do not entitle their holders to receive notice of, attend and vote at any general meeting of the Company, nor to receive a copy of and agree to a proposed written resolution.