

# At the forefront of the energy transition



# Our vision is to be the supplier of choice for Social Housing energy services

## Building energy efficiency into the heart of our communities

Across the UK, the communities in which we work face the same challenges and aspirations in combatting climate change, ensuring everything is done to improve energy efficiency and reduce CO<sub>2</sub> emissions. Working with partners, clients and their customers, we are improving our operations, and through our building safety and energy services our contribution to these communities will continue to drive progress towards a net-zero future.



## Our businesses

**Everwarm**  
Part of the Sureserve Group

**AaronServices**  
Part of the Sureserve Group

**K&THeating**  
Part of the Sureserve Group

**Sureserve  
Fire & Electrical**  
Part of the Sureserve Group

**Providor**  
Part of the Sureserve Group

**H<sub>2</sub>ONationwide**  
Part of the Sureserve Group

**SureMaintenance**  
Part of the Sureserve Group

**PrecisionLifts**  
Part of the Sureserve Group

**COREENERGY**



### UN Sustainable Development Goals


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

- Read about** the way in which we engage with stakeholders on page 14
- Read about** our ESG strategy on page 25
- Read about** sustainable innovation in our operations on pages 32 to 33

## 2021 highlights


### Financial highlights

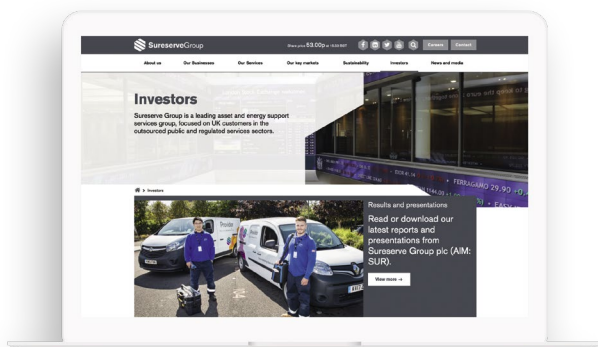
- ▶ Revenue: £244.0m (2020: £195.7m) a 24.7% increase on 2020
- ▶ Profit before tax: £13.8m, representing 76.7% growth on 2020 (2020: £7.8m)
- ▶ Basic Earnings per share 7.1p (2020: 4.0p)
- ▶ Operating profit before exceptional items and amortisation of acquisition related intangibles: £14.6m (2020: £10.4m, 40.3% growth)
- ▶ Year-end net cash excluding lease liabilities: £16.5m (2020: £9.8m including deferred VAT due of £6.1m)

 **Read the full Financial Review** on pages 38 and 39

### Operational highlights

- ▶ Record of 167 contract wins in the year valued at £417.0m
- ▶ ESG targets identified and delivery strategy underway
- ▶ Acquisition and successful integration of Vinshire Gas Services
- ▶ Post-period end acquisition of sustainable energy solutions provider, CorEnergy Limited

 **Read about** our activities in the year and the full range of operational and energy related performances across pages 31 to 37



 **Find more online at** [www.sureservegroup.co.uk](http://www.sureservegroup.co.uk)

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# Committed to becoming market leaders through excellence in delivery, training and development, and innovation

## Our key areas of focus



Our businesses primarily serve customers in the social housing market, along with a broad mix of energy services customers.

### Key areas of our service delivery

- ▶ Asset management services to social housing clients
- ▶ Energy efficiency measures for social housing clients
- ▶ Energy services to energy companies, businesses, landlords and homeowners
- ▶ Energy efficiency and heating system solutions to healthcare bodies.
- ▶ Services to public buildings
- ▶ Maintenance in schools, colleges and universities
- ▶ Services to clients in the industrial and commercial sector

[Read about](#) the operational innovations delivered by our businesses on pages 34 to 37



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

### The Sureserve Academy works across the Group

- ▶ Attracting and retaining talent
- ▶ Developing employee recognition initiatives
- ▶ Supporting and fostering a professional environment
- ▶ Partnering in the delivery of appropriate technologies and systems to deliver industry leading training
- ▶ Creating mandatory and opportunities-focused training modules
- ▶ Building relationships with educational and industry bodies
- ▶ Working with businesses to deliver skills training specific to their needs

[Read about](#) the Sureserve Academy on page 28



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

### Our communities

We deliver value through community investment, and reduce the impact of fuel poverty through charitable partnerships, volunteering and fundraising activities.

### Our people

We are committed to offering our people a diverse and inclusive place to work, one which provides them with the training opportunities and support to realise their potential.

### Our customers

Customer Excellence is at the heart of the relationships we develop with our clients and their customers, building trust and confidence and in turn future growth.

### Our environment

We are focused on investment and innovation to ensure responsible action accompanies knowledge in achieving our sustainable goals.

[Read about](#) our four sustainability pillars on page 26



## The Group in numbers

Working predominantly with Social Housing clients the Group has demonstrated a strong performance in the delivery of its contracts.

### Gas Heating emergency call-outs

# 250,178

(2020: 154,172)

### Contract wins

# £417m

(2020: £202.8m)

### Number of employees

# 2,381

(2020: 2,162)

### Number of offices

# 27

(2020: 22)

### Total FY21 Revenue

# £244.0m

#### Gas

## £127m

- ▶ Social Housing: 97%
- ▶ Other: 3%

#### Insulation

## £25m

- ▶ Social Housing: 65%
- ▶ Other: 35%

#### Water

## £8m

- ▶ Social Housing: 46%
- ▶ Other: 54%

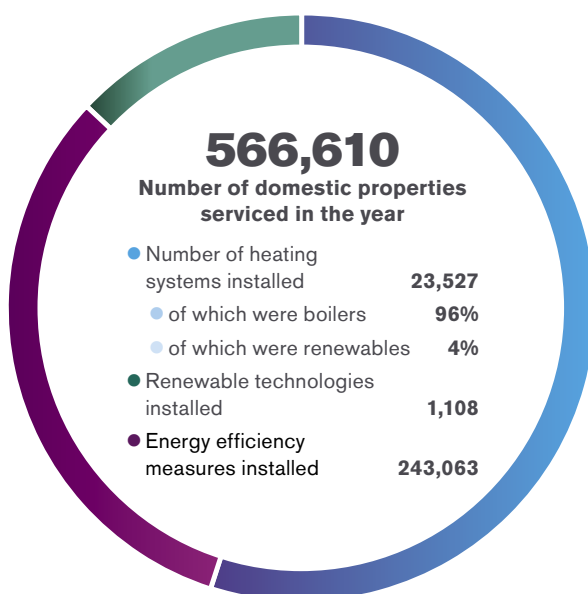
#### Smart Metering

## £28m

- ▶ Other: 100%

#### Other

## £58m



**Read about** our operational performance on pages 34 to 37

## Our investment case

Our investment case is focused on delivering sustainable long term returns and creating value for our stakeholders.

# 1

### Differentiated through our service offering in tightly regulated sectors

Our focus on quality differentiation and breadth of service attracts and retains core clients, positioning us for further growth in what is a fragmented and regional market.

# 2

### Experienced leadership

Our management team has widespread and extensive experience in delivering successful results in our sector, and has developed a streamlined and effective organisational structure, strengthening our operations with an ongoing focus on operational efficiency and cost savings.

# 3

### Strong market positions

Leadership positions in non-volatile markets with recurring, predictable revenues, which in turn ensure long term sustainable growth. We hold long term contracts working with both the Scottish and Welsh Governments.

# 4

### Strong performance and operational excellence

Overall Group performance was very pleasing against the background of Covid-19 and demonstrates the resilience of the business model and the quality of services delivered by our people.

# 5

### Growing geographical footprint

We have built a Group that is focused on delivering high quality services across the UK from regional offices using local workforces with continued expansion of our activities.

# 6

### Strong brands and established reputation

For more than 30 years the Group has worked closely with clients, providing the services necessary for communities to thrive.

# 7

### Sustainability

The services the Group delivers are directly linked to activities to mitigate and improve the national response to climate change. We also act to reduce our CO<sub>2</sub> footprint with a clear goal to become a net-zero business by 2030.



**You can find out about our Corporate governance framework** and how we deliver value to shareholders on pages 47 to 51

# Taking our fleet electric

During 2021 we have initiated the planned transition to a commercial fleet of Electric Vehicles, replacing the current diesel equivalents. The new EVs have been placed within a number of businesses, with the drivers using them selected following analysis of telematics data. The drivers of the new EV vehicles are a mix of engineers and supervisory staff to enable us to better understand where the efficiencies of the technology lay. This data will allow us to optimise those efficiencies as we continue the transition to EVs, with more vehicles on order and new courses in driver training being created.

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

Currently 93% of our non-EV commercial vehicles meet Euro 6-compliant emission standards.

**3.4%**  
of vehicles transitioned to EV

**33,381kg**  
Carbon savings through fleet improvements

## UN Sustainable Development goals



All of our commercial vehicles are fitted with telematics, enabling us to monitor and improve our drivers' performances, with a positive effect on fuel consumption, wear and tear on the vehicle and reducing the possibility of being involved in a road traffic incident.

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

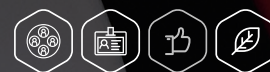
**Peter Smith**  
Chief Executive Officer

#### Part of our ESG strategy

**Carbon emissions from our commercial and company fleet represent 82.4% of our 2021 total carbon emissions.**

By transitioning to EVs the Group, on average, will save 49kg of CO<sub>2</sub> emissions per vehicle per month, and benefit from a number of additional efficiency related benefits such as less requirement for servicing, maintenance and repairs due to fewer moving parts.

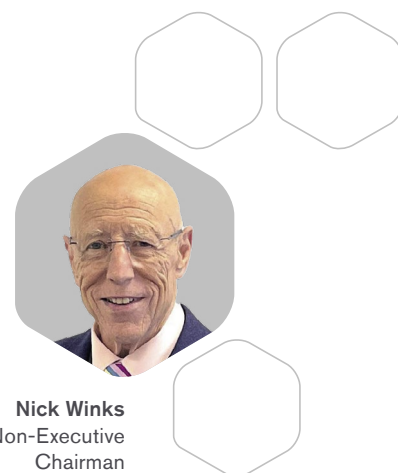
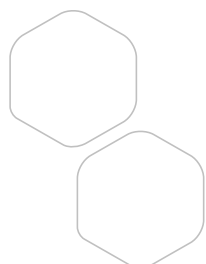
#### Our Sustainability pillars



**▶ Read more** about improvements to our fleet and the related carbon reductions on pages 32 and 33



# Innovating to drive growth



**Nick Winks**  
Non-Executive  
Chairman

## Introduction

This is the first Chairman's statement since my appointment in May 2021. I am grateful to our Senior Independent Director, Robert Legget, for stepping into the breach as Interim Chairman for the two months prior to my arrival.

Upon appointment I set myself two immediate priorities, as well as visiting all Group companies and getting to know the business. These two, equally important, priorities were to oversee a formal process to review and refresh our strategy; and to commence the search for a new Chief Executive Officer.

## Leadership Team

Ironically, the five months of executive search gave me both the experience of meeting a number of high-class CEO candidates as well as a close-up opportunity to watch Peter Smith, our Interim Chief Operating Officer, as he combined his historic responsibilities of Chief Financial Officer with those of a Chief Executive Officer. I was particularly impressed by Peter's abilities with people and his strong work ethic. By late October 2021 I had no hesitation in recommending to our Board that Peter become CEO to take Sureserve Group through the next phase of its growth.

The promotion of Peter Smith to Chief Executive Officer created a vacancy for a Chief Financial Officer. The search began in November 2021 and we hope to conclude this in the next few months. However, we were fortunate to find an excellent Interim CFO, Sameet Vohra, who started working with us on 13th December 2021.

## Trading performance

Although the early months of FY21 were still being impacted by Covid, the Group results for the year ended 30 September 2021 represent a creditable improvement on the previous year.

FY19 was the last year entirely unaffected by Covid and so a comparison of FY21 with two years earlier is worthy of examination.

	FY19	FY21	
Sales	£212m	£244m	+15%
Profit before tax	£5.3m	£13.8m	+160%
Earnings per share	2.6p	7.1p	+173%

Our Group Order book at the start of FY22 was £527.1m. This compares with an order book at the start of FY21 of £355.8m and at the start of FY20 of £333.2m.

## Strategy Review

The turnaround years are now behind us. Our thanks are due to my predecessor, Bob Holt, who successfully led the Group out of the loss-making years and into a position where we can now contemplate the next few years from a position of relative success.

Our strategy is to build upon our position as a heating, and heating maintenance provider to the social housing sector in the UK. We estimate that, with about 9% of this £2 billion annual market, we are already a leading provider. Our ambition is to double our sales and significantly improve our net margin and earnings per share within the next five years.

Achieving these ambitions will require a focus on the three key deliverables below:

1. Expanding our current footprint in gas heating and maintenance by 'bolt-on' acquisitions.
2. Continue to drive organic growth, building on the Group's ongoing FY21 contract win and order book momentum.
3. Enhancing the Group's capabilities in social housing by 'strategic' acquisitions of businesses with experience of renewable technologies for our sector.
4. Driving our internal efficiencies to improve our current c. 6% EBITA margin on sales.

To help with our focus on acquisitions, we have appointed an M&A partner to identify, approach and make initial contact with potential acquisitions on our behalf.

We have businesses which operate outside the social housing energy markets. We will be reviewing the options for these businesses in the light of their performance. One or two of these may ultimately be better served by new owners, allowing their disposal to create cash for acquisitions that further our strategy.

The acquisition of CorEnergy in December 2021 marks the first of our strategic acquisitions and will enhance our positioning as the social housing heating supplier that truly understands the realistic alternatives to fossil fuels.

Our policy of making acquisitions of owner managed businesses, particularly strategic acquisitions, is to choose businesses whose owners are motivated to remain within our business and are committed to continue to deliver success, both for their own satisfaction and also for the wider stakeholders in Sureserve.





## Our people

During my first 8 months I have visited each of our subsidiaries at least twice. Two impressions were immediately apparent.

Without exception our management is customer-focused and very clear on what is needed to retain customers. They are also very co-operative with each other, being not at all competitive with each other. Group companies will frequently help others with bids or with buying where sensible economies are achievable.

Many of our subsidiary company management are previous owner-managers and have been with Sureserve since their business was acquired, which is a testament to the mutual respect which pervades the Group.

## Dividend

As our strategy is to focus on acquisitions as well as organic growth, the Board has decided that the Group's capital would be better deployed in driving our growth plans by retaining cash to invest in strategically enhancing acquisitions. The Board is therefore recommending that no dividend be paid in respect of FY21.

All our resources will be directed towards our strategic priorities which are designed to afford shareholders significantly improved capital growth within the next five years.

### Nick Winks

Non-Executive Chairman

24 January 2022

**“Our strategy is to build upon our strength as a heating, and heating maintenance provider to the social housing sector in the UK. We estimate that, with about 9% of this £2 billion annual market, we are already a leading provider. Our ambition is to double our sales and significantly improve our net margin and earnings per share within the next five years.”**

### Nick Winks

Non-Executive Chairman



## CONTRACT AWARDED FOR LARGEST SOCIAL HOUSING RETROFIT SCHEME OF ITS KIND IN THE UK

In October 2021 Everwarm was pleased to be appointed the lead contractor on an energy retrofit scheme hailed as the largest ever of its kind in the UK.

Everwarm will oversee the installation of state-of-the-art renewable energy generation, energy storage and smart energy management technology in almost 650 homes in the Swansea community of Penderi.

It is anticipated that the community will generate as much as 60% of their total electricity requirements, protecting against the impact of future energy price increases, improving resident comfort and well-being, as well as reducing carbon emissions by as much 350 tonnes per year.

The homes are owned and managed by Pobl Group, Wales' largest provider of affordable housing, who have partnered with renewable energy tech and service supplier, Sero.

The innovative scheme is supported by £3.5m EU funds from the European Regional Development Fund (ERDF) through the Welsh Government, and is seen as a stepping-stone to a wider investment into the Penderi area that will have a positive impact across the entire community.

Scott Paton, Operations Director at Everwarm, said: “Here at Everwarm, we're delighted to have such a driving role in the Penderi energy initiative. It's a programme that'll empower the Penderi community and give residents a greater control over their energy efficiency and household costs. We're looking forward to working alongside Pobl, Sero and local residents to drive forward energy efficiency and develop the opportunities within your community. Together we can make a brighter future for Penderi.”

Solitaire Pritchard, Director of Regeneration at Pobl commented: “More than ever, rising fuel prices is a very real issue, along with climate change, and we must be innovative in how we tackle this crisis. We are looking forward to Everwarm commencing work on a scheme that will tackle the challenge head on, transforming our homes in the community, making them more environmentally and financially sustainable for the future.”

Electricity requirements produced on-site

**60%**

Reduction of Carbon emissions

**350tpa**

# Opportunities in healthy markets

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

## SOCIAL HOUSING

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

### Market drivers

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

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

### Opportunities

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

### Market developments

Wave 1 of the Social Housing Decarbonisation Fund (SHDF) to support the installation of energy performance measures in social homes in England closed in October 2021. Up to £160 million was set aside to improve the energy performance of selected social housing by January 2023. Taking into account subsequent funding waves the SHDF is set to be worth £3.8bn over 10 years.

### Outlook

Demand for social housing continues to grow, and the political significance of fuel poverty remains high, with a Government requirement to continue tackling this key social issue alongside a phased reduction in fossil fuel reliant systems.

We expect client demand for our services to continue growing. Such demand is largely driven by regulation and legislation. Our strong position in both the compliance and energy services sectors presents us with significant growth opportunities across a range of adjacent services and geographic markets.

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

## ENERGY

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

### Market drivers

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

### Opportunities

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

### Market developments

Energy providers remain obliged to fund energy efficiency and heating measures under the Government's Energy Company Obligation ('ECO') policy. The Government's announcement of a £3.0bn plan to upgrade buildings in England as an essential part of building back greener and reaching net zero emissions by 2050 includes the Green Homes Grant, Public Sector Decarbonisation Scheme and the Social Housing Decarbonisation Fund. A number of other key funding schemes exist. The Government and local authorities across the UK are committed to carbon emissions savings targets, which we help to deliver for them through our work for utility companies.

### Outlook

One of our core sources of funding is the ECO ('ECO 3') scheme, running until March 2022 under the current version of the scheme applying from October 2018. The Group has a wealth of experience in this area. We are also on national and regional programmes with the Scottish Government's flagship HEEPS2 programme, which has now been extended to 2022.

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

# Low carbon emissions for social housing

The UK government's legislation to reach net zero carbon emissions by 2050 means that social landlords' decarbonisation plans for social housing stock will continue to take shape. The Group is well positioned to offer comprehensive low carbon solutions to our clients, with the knowledge and experience in renewables required to build in-line with future needs, and a focus on the structures, systems and people essential to make this happen.

Air and Ground Source Heat Pumps installed

# 816

Insulation measures fitted

# 4,374

Solar PV and Thermal measures

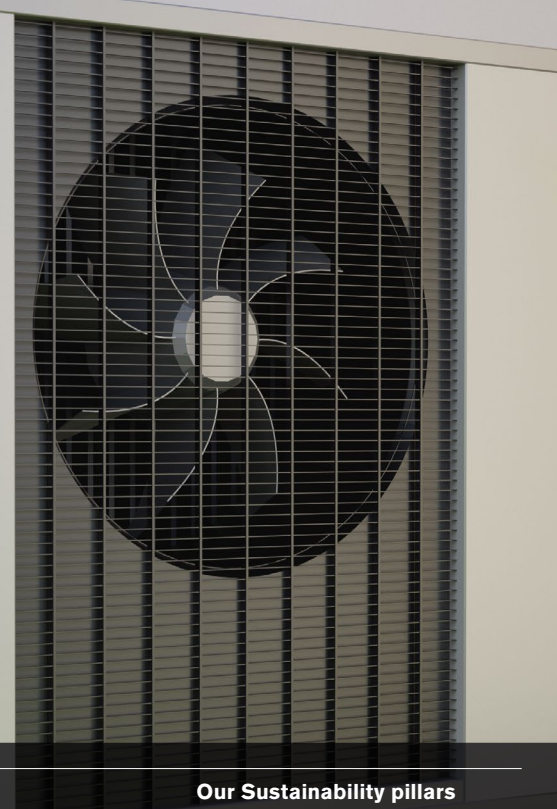
# 193

Battery Storage units fitted

# 136



## UN Sustainable Development goals

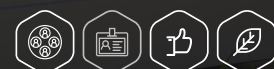


### Part of our ESG strategy

Helping our clients achieve their carbon reduction targets is essential for the UK to achieve its green objectives.

Our carbon reduction activities extend to our supply chain, and we continue to target carbon reductions in Scope 2 operations. Where reductions are not available due to operational requirements we are working with NQA to offset these emissions through PAS2060 accreditation.

### Our Sustainability pillars



Read more about our community focused activities on pages 27 to 32



# Innovation and value creation supporting future growth

## Operational excellence

### Why is this a priority?

Continuing changes in the workplace, in the markets we serve and in our clients' needs require that we maintain operational excellence through evolution and innovation to satisfy our customers and continue to win work.

### Progress in 2021

We have continued to ensure that the wellbeing of our people, our clients and their customers is at the heart of how we work, developing the protocols and cultural norms necessary to navigate ongoing challenges with robust health & safety focused responses. Our commitment to creating and maintaining strong relationships with our clients has resulted in increases in our total contract wins and order book, as well as a significant contract retention with the Guinness Partnership, all clear indicators of the health of the business. The quality of our people continues to be at the heart of our service delivery and a focus on recruitment and retention remains key in supporting growth.

[Read more](#) on pages 34 to 37

## Focused businesses

### Why is this a priority?

We believe focus is the key in regulated growing markets. Our specialist businesses are focused in the sectors we have targeted.

### Progress in 2021

All of our businesses have performed well during the year, optimising opportunities and investing in systems and infrastructure to specifically support both quality and efficacy of tendering as well as contract delivery. Identifying future opportunities is supported through skills acquisitions within our workforce and continued investment in the Sureserve Academy, delivering mandatory training and development to our people. Across the Group businesses have shared and leveraged efficiencies, extending advantages where present.

[Read more](#) about the Sureserve Academy on page 28

## Geography

### Why is this a priority?

Working in sectors which have traditionally been predominantly regional we have achieved scale and geographical coverage.

### Progress in 2021

The Group has grown both organically and through acquisition, Vinshire having joined us in December 2020 and CorEnergy in December 2021, and the Group's strategy continues to support our businesses' ambitions to expand and develop where significant opportunities present themselves. We were also pleased to announce the appointment of Everwarm as lead contractor for a Swansea based retrofit scheme, the largest energy efficiency project of its kind in the UK.

[Read more](#) about our new Swansea contract on page 07

## Working together

### Why is this a priority?

Cross-selling has proved successful in the past and we have a strong track record at delivering a number of services to the same client.

### Progress in 2021

In the year we successfully bid for and won a number of contracts and contract extensions, among them a long-term gas servicing, repair, installation and electrical testing contract with a new client, PA Housing, awarded to K&T Heating and Aaron Services. The eight year contract is expected to generate a combined sales revenue of £36m over the entirety of the contract term.

[Read more](#) about our businesses on page 36



## Enablers

### Pricing and Cost Management



With wage inflation and the promise of inflation on energy costs, it is crucial that we consider where we can make improvements to our margins, through both competitive pricing and cost management.

#### Ambition

Achieve a blended margin of 10% across the Group by 2026.

#### Benefits

- ▶ Improved margins would be of benefit to all stakeholders

#### How we achieve this

Protect margins of current business from inflationary pressure and identify energy acquisitions with higher margins.

[Read more](#) on page 06

### Renewables Expertise



The appetite and need for renewables is increasing rapidly and is a critical area in which we must build capability. We must stay close to our clients to understand their needs and acquire and partner with businesses that will help us stay ahead of the change.

#### Ambition

Drive a step-change in Sureserve renewables capability, expertise, insight and data.

#### Benefits

- ▶ Reduce risk posed by the energy transition
- ▶ Improved ability to advise and partner with associations on renewable installation
- ▶ Develop proprietary renewables data to improve efficiency and retention

#### How we achieve this

- ▶ Acquire businesses in a range of emerging renewables technologies
- ▶ Drive subsidiaries to develop and share renewables capability
- ▶ Stay close to clients to understand their needs and integrate learnings into solutions
- ▶ Pilot energy efficiency and monitoring technology for new renewables installations

[Read more](#) on page 43

### Data and IT



To support growth in the future it is essential that our systems allow scalability and the capacity for robust data collection and reporting.

#### Ambition

Build proprietary customer and energy data to generate growth-driving insights.

#### Benefits

- ▶ Improved profitability by generating a clearer understanding of cost to serve vs. client revenue
- ▶ Added service of monitoring energy usage data for our clients
- ▶ Increased market value by positioning ourselves as a data-led business

#### How we achieve this

The purchase and development of IT solutions that create uniformity across subsidiaries and Group, including CRM; field services system; market leading customer portal; customer data and reporting capability; as well as developing advanced analytics capabilities.

### Multi-Disciplined & Engaged Engineers



Retention and attraction of quality labour (engineers) at current prices is a major headwind currently. We need an engaged, quality workforce of engineers, capable of adapting to renewables and enabled by improved training.

#### Ambition

Train and develop a robust pipeline of versatile, skilled engineers.

#### Benefits

- ▶ Flexibility to deliver different solutions to different clients
- ▶ Improved attraction and retention through better remuneration and engagement

#### How we achieve this

- ▶ Develop and expand the Sureserve Academy engineer training provision
- ▶ Increase engineer pool with multiple certifications across a number of specialisations
- ▶ Ongoing benchmarking of Sureserve employee proposition including package, benefits and total proposition

[Read more](#) on page 35

# A business model for the long-term

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

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



## Predictable and recurring revenue streams

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



## Relevant industry accreditations and certifications

Our businesses across the Group hold relevant industry accreditations and certifications which are either a statutory requirement for tendering for, or carrying out, work or may be helpful in securing new contracts. These include: ISO 9001, 14001, 45001 and 50001, NQA COVID-19 Secure Verification, Gas-Safe, BAFE, EXOR, CHAS, Safe Contractor, NICEIC and Green Deal.

## How we work



## Careful project selection

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



## Helping Governments realise their commitments

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

## ESG

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



Our communities



Our people



Our customers



Our environment



Read more on our Sustainability pillars, intentions and performance on pages 25 to 33

## Target outcomes

### Sustainable growth

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

#### Number of employees

# 2,381

21	2,381
20	2,162
19	2,061

### Client relationships

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

#### Average value for long-term maintenance contracts

# £5.5m

21	£5.5m
20	£4.0m
19	£2.4m

### Enhanced reputation

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

#### Customer satisfaction

# 83.8%

21	83.8%
20	95.8%

### Our clients

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

### Our clients' customers

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

### Communities

We deliver increased employment opportunities, skills and better infrastructure and provide leadership for community initiatives. We work with industry partners to create opportunities to lessen the effects of fuel poverty in the communities we work in.

### Financial partners

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

### People

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

### Shareholders

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

### Suppliers

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

## Value we create

# £16.5m

Year-end net cash  
(2020: £9.8m)

# 13.6%

Group employees in courses of training  
(2020: 7.7%)

# 172,405

Households receiving energy efficiency advice & guidance

# 40.2%

Group-wide engagement with employee survey

# Keeping stakeholders informed

It is vital to our success that we build and maintain a strong reputation as a responsible business and trusted partner to all our stakeholders.

## Our stakeholders:

### OUR CLIENTS



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

#### Why we engage:

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

#### How we engage:

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

#### Read more about our clients on pages



#### Areas of influence:

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

#### Outcomes in 2020/21:

- ▶ During the pandemic specific consideration has been given to issues which may have affected our clients and their customers
- ▶ Ongoing management of client relationships by Senior Leadership continues to be essential to maintain good working relationships and respond quickly to local challenges, thus in many cases continuing services to our clients' customers and minimising the negative impact of the Covid-19 pandemic on revenue
- ▶ Strong relationships with many of our clients made it possible to collaborate on a range of community assistance projects across the UK
- ▶ ISO 27001 accreditation awarded in January 2022

### OUR CLIENTS' CUSTOMERS



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

#### Why we engage:

It is essential the Group deliver operational excellence and exceptional customer services to our clients' customers, thus ensuring their wellbeing, health, safety, and peace of mind.

#### How we engage:

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



## Section 172

Recognising and understanding our stakeholders enables the Groups Directors to satisfy their duties under Section 172 of the Companies Act 2006, and to take into consideration the interests of stakeholders and other matters in their decision making. When making decisions the

Directors consider the potential impact on these stakeholder groups, on communities, the environment and the Group's reputation, when determining what is most likely to promote the success of the Group and its members.

### Areas of influence:

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

### Outcomes in 2020/21:

- ▶ The Group has this year recorded a Group-wide Customer Excellence KPI of 83.8%
- ▶ The Sureserve Foundation has delivered energy efficiency measures, and advice & guidance to 2,084 households during the year
- ▶ The benefits delivered through our contracts have helped households across the UK reduce fuel and energy consumption and impacted carbon emissions, as well as ensured safe systems and their users' health and wellbeing
- ▶ Businesses across the Group engaged with clients to identify and deliver assistance to residents within many of the Group's projects



### Why we engage:

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

### How we engage:

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

### Areas of influence:

- ▶ Fuel poverty is experienced by a large number of households across the UK and the economic challenges during the COVID-19 pandemic have worsened the situation for many. Work undertaken by the Group, our people independently volunteering, and the Sureserve Foundation can all have a direct effect on community health and wellbeing in this regard
- ▶ Environmental considerations in the delivery of projects as well as in the Group's overarching activities have a direct, profound and long-lasting effect on communities across the UK
- ▶ The delivery of social value projects during the delivery of contracts benefits a variety of groups in the communities we work within, improving health and cohesion of the community, and offering employment opportunities to a local pool of job seekers

### Outcomes in 2020/21:

- ▶ Together with the Board the Group Head of Responsible Business has developed a Responsible Business Strategy for the Group
- ▶ The Group has invested in zero emission vehicle additions to its fleet as well as sustainable improvements to our offices, emphasising our commitment to environmental sustainability
- ▶ Many of our people have volunteered this year in support of local, community focused causes, with many seeking and receiving financial or logistical support from their businesses
- ▶ The Directors have continued to highlight and encourage a range of fundraising and volunteering work across the Group during the year

#### Read more about our clients' customers on pages

09 10 12 13 24 25 26 27  
28 30 31 41 47

#### Read more about our communities on pages

03 08 12 13 25 26 27  
28 30 33 47

## FINANCIAL PARTNERS



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

### Why we engage:

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

### How we engage:

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

### Areas of influence:

- ▶ The Group's financial performance, Governance and transparency in its activities influence the ongoing relationship with its Financial Partners

### Outcomes in 2020/21:

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

Read more about our financial partners on pages

- 10 11 38 39 40

## OUR PEOPLE



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

### Why we engage:

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

### How we engage:

- ▶ Sureserve Academy
- ▶ Sureserve Apprenticeship programme
- ▶ Employee upskilling
- ▶ Group-wide Staff Survey
- ▶ Graduate recruitment
- ▶ Employee Representative Council ('ERC')
- ▶ Equality, Diversity & Inclusion steering and working groups
- ▶ Gender & Equality working group
- ▶ Sureserve Legends
- ▶ Star of Customer Excellence Awards
- ▶ Long Service Awards

Read more about our people on pages

- 02 03 04 05 07 10 11 13  
18 22 25 26 27 28 30 31  
32 35 41 42

- ▶ SHEQ forum
- ▶ Mental Health working group
- ▶ Employee Assistance Programme
- ▶ Website, newsletters, emails and social media
- ▶ Group-wide webinars

### Areas of influence:

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

### Outcomes in 2020/21:

- ▶ The Group's Equality, Diversity & Inclusion steering group has continued to deliver against its strategy for Group-wide improvements with the support of the two E,D&I working groups
- ▶ The Group's Health & Safety teams delivered the first Group-wide Health & Safety Week to promote best practice and knowledge-sharing, resulting in 100% completion of mandatory health & safety courses in the week
- ▶ The Group reports a higher percentage of our staff in training, and further development of the Sureserve Academy underpins continued improvements in the coming year
- ▶ Visible leadership through a wide range of communication tools has underpinned improvements in peer-to-peer support and an uptake in engagement with the Employee Assistance Programme ('EAP') and working groups



## SHAREHOLDERS



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

### Why we engage:

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

### How we engage:

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

### Areas of influence:

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

### Outcomes in 2020/21:

- ▶ The Chairman and Chief Financial Officer have delivered investor meetings throughout the year and were also available at the Annual General Meeting which provided shareholders with an opportunity to directly engage with the Board
- ▶ Directors have worked closely with our advisers and brokers throughout the year, ensuring they are aware of our investors' views
- ▶ The Group has delivered publicly available information to shareholders via the Group's website, Regulatory News updates, results and presentations as well as a number of other online resources

#### Read more about our shareholders on pages



## SUPPLIERS



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

### Why we engage:

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

### How we engage:

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

### Areas of influence:

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

### Outcomes in 2020/21:

- ▶ During the COVID-19 pandemic the Group has 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
- ▶ The Directors have reviewed the actions taken by the business to prevent modern slavery at any stage of our supply chain and approved our Modern Slavery Statement

#### Read more about our suppliers on pages



## NATIONAL INCLUSION WEEK 2021

In September 2021 the Group participated in National Inclusion Week, taking the opportunity to deliver a range of activities focused on the health, wellbeing, social connections and recognition of our people. Activities in the week were created and delivered through each business' E,D&I representative, in partnership with local management teams, and were built around educating our people on the inclusive initiatives across the Group; and opening up opportunities for the exchange of experiences and ideas for all our people.

Local webinars as well as office-based sessions delivered a good level of engagement, and our E,D&I groups will continue to look at opportunities to improve inclusive practices in 2022.





# Creating green workplaces for our people

In the year the Group initiated a process of environmental auditing within our office environments. With the participation of our Governance and Compliance Director and the Group Head of Responsible Business, as well as the Board, we are investing in the project to understand the range of opportunities to improve our sustainable performance at a local level.

Upgrades to Providor's head office in Newmarket currently include fitting EV charge points in car parks; eliminating single use plastic within the office; replacement of office lighting with LED systems fitted with light sensors and dimmers; solar panel installation; on-site battery storage; switching to a greener energy supplier; water usage reduction systems and 100% waste recycling.

In undertaking this work we ultimately seek to reduce the Group's carbon footprint, continuing to expand out to other offices and businesses and further delivering on our commitment to sustainability across our operations.

## 0.13t

Reduction of office-based CO<sub>2</sub> per employee

## £9,644

saved per annum through Newmarket office improvements

UN Sustainable Development goals



Across the Group our people feel strongly about sustainable and environmentally-conscious practices. We are investing in ways to understand and improve the places we work, making them healthier for everyone.



Sureserve Group

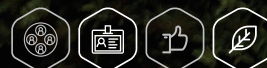


**Part of our ESG strategy**

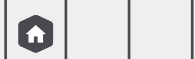
**We are committed to the reduction of carbon consumption within our offices, managing our resources more efficiently and ensuring the design and use of our infrastructures and systems are aligned with the Group's sustainability goals.**

We will continue to use the data available to drive improvements, and look forward to our office-based employees having a hand in our environmental and health related developments.

**Our Sustainability pillars**



**▶ Read more** about improvements within our offices on page 31



## Key performance indicators

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

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

## Financial indicators

### Working capital (accrued income)

**£17.9m**

#### Accrued income (Group)

2021	£17.9m
2020	£17.3m
2019	£17.6m

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

#### Relevance to strategy

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

#### Performance

Trade receivables increased by 10% to £18.4m (2020: £16.7m), accrued income increased by 3% to £17.9m (2020: £17.3m), trade payables increased by 28% to £24.9m (2020: £19.5m) and accruals rose by 18% to £11.7m (2020: £9.9m).

**Further performance analysis**  
on pages 38 and 39

### Revenue growth

**24.7%**

#### Revenue increase (Group)

2021	24.7%
2020	(7.7)%
2019	11.2%

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

#### Relevance to strategy

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

#### Performance

Group revenue increased by 24.7% to £244.0m (2020: £195.7m), reflecting a strong performance in our Energy Services, which increased its revenues by 40.1% to £84.6m (2020: £60.4m) and our building compliance services increasing their collective revenues by 18.4% to £162.4m (2020: £137.2m).

These divisional revenue figures include revenue from intercompany trading which accounts for a total of £3.0m (2020: £1.8m).

**Further performance analysis**  
on pages 34 to 39

## EBITA

# £14.6m

### Group EBITA increase

2021	£14.6m
2020	£10.4m
2019	£9.4m

EBITA is earnings before amortisation of acquisition related intangibles, interest and tax, and is stated before exceptional items.

#### Relevance to strategy

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

#### Performance

Group EBITA increased by 40.3% to £14.6m (2020: £10.4m), reflecting an increase in EBITA across our building compliance businesses of 17.8% to £13.9m (2020: £11.8m) and an increase in our energy services of 325.0% to £3.4m (2020: £0.8m).

**Further performance analysis**  
on page 38

## Order book

# £527.1m

### Order book

2021	£527.1m
2020	£355.8m
2019	£333.2m

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

#### Relevance to strategy

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

#### Performance

The order book increased 48.1% to £527.1m (2020: £355.8m).

We currently have 73% visibility for the year to 30 September 2022 (like for like prior year: 77%).

**Further performance analysis**  
on pages 34 to 37

## Net cash / (debt) excluding lease liabilities

# £16.5m

### Net cash/(debt)

2021	£16.5m
2020	£9.8m
2019	(£7.4m)

Net cash / (debt) excludes lease liabilities.

#### Relevance to strategy

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

#### Performance

At 30 September 2021, the Group had net cash excluding lease liabilities of £16.5m (2020: £9.8m). However, this represents a snapshot in time and the Group's revolving credit facility remained undrawn for the whole financial year (2020: weighted average RCF drawdown £6.4m).

The total net cash, including lease liabilities of £12.0m (2020: £6.8m), was £4.4m (2020: £3.0m).

**Further performance analysis**  
on page 39

## Non-financial indicators

### Group accident frequency rate ('AFR') **0.22**

#### Accident frequency rate RIDDOR

2021	0.22
2020	0.20
2019	0.22

#### Accident frequency rate all accidents

2021	2.28
2020	1.98
2019	3.2

The Group's accident and reporting data and analysis includes near hits, accidents/incidents and environmental incidents. This allows us to set relevant and meaningful health and safety targets and objectives. We also report on weekly and monthly Coronavirus cases/ contacts to enable us to protect our workforce.

#### Relevance to strategy

The Sureserve Group has a Safety vision which is supported by the Group-wide strategy. Providing a safe and secure work environment ensures that our colleagues go home safely at the end of each day and this allows our people to focus on delivering a great service to our customers and key stakeholders. Protecting our people also supports employee engagement and retention.

#### Performance

The AFR for RIDDOR reportable incidents is 0.22 (2020: 0.20), the target for the Group for this period was 0.25 so we have managed to meet our target and not exceed this. The AFR for all accidents stood at 2.28 (2020: 1.98), substantially below the Group target of 5.0.

#### UN SDGs



**Further performance analysis**  
on page 31

### Carbon usage

## 10,017t CO<sub>2</sub>e

#### Carbon usage (tonnes)

2021	10,017t
2020	7,296t
2019	8,666t

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

#### Relevance to strategy

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

#### Performance

The increase in carbon consumption is due to increased activity this period following one of reduced operations due to the effect of Covid-19. We have also experienced growth in a number of our businesses. Despite this, we have delivered localised savings through the transition to EV vehicles within our commercial fleet, as well as improvements across a number of our offices within the year.

#### UN SDGs



**Further performance analysis**  
on pages 32 and 33

### Customer Excellence

## 83.8%

#### Customer Excellence

2021	83.8%
2020	95.8%

We record and report on our performance and the quality of works with our customers. The KPI figure is now more accurate as we are receiving data from all business units.

#### Relevance to strategy

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

#### Performance

Our Customer Excellence KPI performance indicates a decrease on the previous year. Whilst it remains high we are disappointed to see a reduction against the previous year. We are working hard to understand the challenges faced in the year and to make the necessary changes to deliver improvement in 2022.

#### UN SDGs



**Further performance analysis**  
on page 31



## Training

# 324

### Number of trainees across the Group

2021	324
2020	166
2019	142

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

#### Relevance to strategy

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

#### Performance

The number of learners across the Group within the reporting period was 324, accounting for 13.6% of our workforce, up from 7.7% for the previous year and achieving our target of at least 10% each annum. This figure does not include self-funded trainees. We also continued the Sureserve Academy's training provision to incorporate the Groups Joint Venture partners in the year.

#### UN SDGs



**Further performance analysis**  
on pages 31 to 33

## Gender diversity

# 19.4%

### Percentage of female employees

2021	19.4%
2020	19.8%
2019	20.3%

This figure indicates the total number of female employees in the Group.

#### Relevance to strategy

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

#### Performance

Overall the Group has a Gender Diversity figure of 19.4%, indicating the Group has a ratio of 19.4% of women and 80.6% men. We can further break this down into four distinct job-role bands. In the Executive Management band we have 13.3% women holding positions. We have 20.8% women holding job roles in Senior Manager positions. There is a 53.5% figure for women working in Support Services roles, and only 1.6% of those in operational roles are women.

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

#### UN SDGs



**Further performance analysis**  
on pages 28 and 29

## OUR STRATEGY FOR CHANGE



The Group's Equality, Diversity & Inclusion steering group delivered their Strategy document in the year, identifying key issues to focus on and take forward to implement meaningful change in our businesses. These objectives are all equally important and will contribute to achieving the changes needed to advance our long-term commitments to equality, diversity and inclusion.

- ▶ To identify opportunities and barriers related to recruitment, progression and management of a diverse body of staff, and achieve greater diversity at senior levels of the organisation
- ▶ To tackle gender inequality, addressing particular barriers faced by women in particular roles, supporting the career progression of women across the Group
- ▶ To ensure an environment for work that is culturally inclusive, supportive of individual needs, encourages authenticity and upholds the dignity and respect of all
- ▶ To increase engagement in equality, diversity and inclusive best practice at all levels across the Group through participation in training, learning opportunities, joint working and shared objectives

**For further information on our E,D&I steering group** see page 28

**For more on the Group's E,D&I strategy visit our website at**  
[www.sureservegroup.co.uk/about/edi/strategy](http://www.sureservegroup.co.uk/about/edi/strategy)

# Helping households plan their energy usage

Smart meters help households understand what, how and when they use energy. This is an essential component in changing behaviours, as well as supporting the advancements being made in complementary and integrated technologies. Smart meters will be able to link up to other domestic energy generation systems, such as solar PV, and work in tandem with battery storage which could also make use of time-of-use tariffs.

Smart meters will also be able to support energy companies to create 'smart grids', able to predict when and where energy is needed so that supply and demand can be planned for. Between households optimising energy use and only paying for what they use, and the wider scale benefits provided by integrated, these technologies are an important step in domestic decarbonisation.

Smart meters installed

**236,035**

Domestic charging points installed

**1,473**



The UK Government remains committed to their smart meter objective of reaching a minimum smart coverage of 85% by the programme deadline of 30 June 2025.



## UN Sustainable Development goals



### Part of our ESG strategy

**The decarbonisation of housing stock in the UK is essential for the realisation of government net-zero targets.**

Our significant management experience and client relationships give our business a market leading proposition in domestic energy services and energy transition. Delivering domestic energy efficiency measures and helping our clients achieve their carbon reduction targets is essential for the UK to achieve its green objectives.

### Our Sustainability pillars



**Read more** about our community focused activities on page 27

# Sustainable strategies for a better future



**Peter Smith**  
Chief Executive Officer

By the very nature of the work we undertake for our clients, we have always considered the mark we leave on both the communities in which we work, and their surrounding environments. Their health in turn supports the growth of those communities, the businesses, amenities and infrastructure that support them, and allows us to continue to pursue our ambition to be a delivery partner of choice for the services we provide.

We appreciate the changing landscape in the UK with respect to sustainable business practice, from the Government's green recovery, to increased mandatory reporting on the Environmental, Social and Governance (ESG), and that we have an important part to play. As well as our governance and operational strategies, a culture which reflects the values of the Group is essential moving forward, ensuring each of our people has a hand in realising our goals as a leader in our sector and a responsible custodian of the communities in which we work.

We have made good progress in 2021, building on strengthened structures and teams and taking a step forward from mandatory expectations towards an authentic engagement with ESG goals, reducing our carbon usage and emissions and ensuring equality, diversity and inclusion are improved.

## Our pillars

In 2021 we introduced four sustainability pillars through which we will understand and measure our social value impact. These pillars are our communities, our people, our customers and our environment. Within each pillar we have identified key targets for the future, against which we can consistently measure our performance and drive improvements across our operations. As well as framing the way in which we deliver social value, these pillars will also serve to support a wider ESG strategy.

## Our strategy

We have started the process of formalising our ESG strategy, working with industry experts to understand our material concerns through focused engagement with Group stakeholders, and identifying meaningful targets against which we can measure future performance. Measuring and recording our current position across a range of issues is essential in this process, and the publication of the Group's Responsible Business Strategy early in 2021 created a strong building block for this work to take place. We are heartened that many of our existing processes and measures supporting long-term sustainability have aligned with those identified within the scope of an ESG strategy.

A commitment to responsible business practice lies at the heart of the Sureserve Group and our Responsible Business, and Safety, Health, Environment & Quality (SHEQ) teams continue to ensure social value and environmental improvements are delivered concurrently with contracted work, as is expected by our clients, and that residents benefit from our presence beyond the scope of works. We look forward to understanding the impact of this delivery further in the future, and using KPIs we will ensure our stakeholders have the means to measure our progress too.

As you can see within this Annual Report, we have begun to identify areas which lie within the UN's 17 Sustainable Development Goals (SDGs), identifying opportunities to combine current practices and ways of working with sustainable targets that have been set within the SDGs.

## Environmental performance

The Group is committed to environmental sustainability and recognises the importance of understanding and acting on environmental risks and opportunities for the long-term future of our business. We have initiated a number of important projects in 2021, all of which will continue to expand in the coming years. We began the transition of our commercial fleet to Electric Vehicles (EVs), from petrol or diesel equivalents. We have also begun a series of sustainability audits on our offices, measuring the carbon footprint of each workplace and identifying a range of improvements to reduce our carbon consumption.

Through the ongoing process of PAS2060 accreditation we are working with industry experts to more accurately measure and verify our scope 1, 2 and 3 emissions and develop strategies to reduce, replace or offset our scope 1 and 2 emissions.

We are also committed to applying the recommendations set out by the Task Force on Climate-related Financial Disclosures (TCFD) and reporting to our stakeholders information on climate-related risks and opportunities.

**Peter Smith**  
Chief Executive Officer  
24 January 2022

# The four pillars of our ESG approach guide us in everything we do



## OUR COMMUNITIES

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

### What it means

- ▶ Assist with the alleviation of fuel poverty and promote energy efficiency for those living in fuel poverty, across the UK
- ▶ Support the delivery of apprenticeships, employment opportunities, and skills development in the communities in which we work
- ▶ Develop a comprehensive Social Value offer, that champions and supports community-led initiatives that tackle key social issues

### Our targets

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

## OUR PEOPLE

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

### What it means

- ▶ Create a culture of learning across the Sureserve Group, that promotes training and development opportunities for our employees
- ▶ Actively promote equality, diversity and inclusion across all levels of the business
- ▶ Ensure a safe and secure working culture across the Group, for our employees, customers and communities

### Our targets

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

## OUR CUSTOMERS

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

### What it means

- ▶ Ensure that our clients and customers feel that the services we provide are good value for money; achieving targets around efficiency, effectiveness and sustainability
- ▶ Ensure our purchasing decisions have a positive influence, by supporting our supply chain partners and helping small and local businesses to thrive and grow

### Our targets

- ▶ Deliver a positive Customer Excellence Net Promoter Score every year until 2030
- ▶ Ensure our top 10 suppliers meet our responsible business charter by 2030 – Sustainable procurement, environment & social value commitments

## OUR ENVIRONMENT

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

### What it means

- ▶ Measure performance to establish our corporate and project footprint; championing excellent sustainability standards for the social housing and public building projects that we manage
- ▶ Continued Group-wide focus on carbon neutral operations
- ▶ Measure project and office waste, seeking to recycle, minimise and divert from landfill, where possible
- ▶ Delivery of environmental awareness training to all employees

### Our targets

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



## Our communities

Funds raised for the Sureserve Foundation to fight fuel poverty

**£87,329**

Number of individuals or families receiving help to combat fuel poverty

**1,400**

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

### Skills Development

#### Armed Forces Covenant

The Group has achieved Silver status on the Employer Recognition Scheme, awarded for demonstrating continued support for ex-service men and women into places of work across our businesses, as well as encouraging those who serve, or have served, into employment with the Group. Working with Defence Relationship Management (DRM), we will continue to ensure valuable knowledge and skills continue to be utilised and that individuals and families are given every chance to support themselves and contribute to their communities.

#### Fuel Poverty

##### Sureserve Foundation

For a number of years we have actively focused on utilising our knowledge, operational experience and strong relationships to combat fuel poverty in the UK, a growing concern in the current economical climate. We have worked with the Sureserve Foundation, the Group's charitable arm, which is dedicated to eradicating fuel poverty by supporting individuals, families and communities achieve fuel efficiency and in turn, lessen the financial burden of high gas and electric bills. With the expertise of the Foundation we have worked with 26 Housing Associations in the year, providing advice and guidance, fuel efficiency measures, and food and fuel vouchers to assist households identified as in need of help. These projects have utilised our regional businesses who have mobilised employees to facilitate the delivery of each project, often being active outside of work hours on a volunteer basis. The impact of these projects is 1,400 households receiving material assistance and advice on energy efficiency, all delivered through the strength of our client relationships and relying on our people's volunteered time to make it happen.

In October 2020 the Foundation also worked with a number of businesses within the Group, and in turn our social housing and local authority clients, to identify households at risk of self-disconnection and who had been adversely affected by the Covid-19 pandemic, either economically or socially. Following funding from the Energy Redress Scheme the Foundation delivered a project providing 937 emergency fuel vouchers across 684 households in the months leading up to January 2021.



## Our people

Employee engagement

**40.2%**

Voluntary employee turnover (a reduction of 1%)

**7.6%**

Employees undertaking training in the year

**13.6%**

Employees being paid the real living wage

**96.0%**

The Sureserve Group is made up of 2,381 people, working in towns and cities across the UK, and each contributing to improvements and changes in over half a million homes this year. Our people, their abilities and talents along with their effect on our customers' lives is central to our ongoing success and in realising our positive vision for the future of the Group.

### Engagement

In early November 2021 we launched a Group-wide employee survey to ask our employees important questions about their experiences of the Group, their businesses, their teams, colleagues and work, and finally the Group's response to the COVID-19 pandemic. A collaborative project between HR, Marketing and the Sureserve Academy, an engagement figure of 40.2% was recorded. The results were used across a range of targeted stakeholder groups, including Senior Management Teams within each business, HR, our ERC and the Equality, Diversity & Inclusion steering group. Noteworthy actions delivered within the year stemming from our employee feedback include more inclusive performance review systems, improvements to the onboarding process, significant investment in sustainability measures within offices and more focused communications to key employee groups. We are working to improve our engagement figure by at least 10% overall in the next 12 months, ensuring we are on track to meet our ESG targets for 2030.

Employees with Long Service Awards (more than 5 years)

**32.7%**

### Health and Wellbeing

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

### Sureserve Legends

Every three months the Group celebrates the Sureserve Legends Awards, during which our people nominate the exceptional colleagues that they work with for making such a difference to their working day. The overall winner is invited to attend working group meetings being held during that quarter, allowing them an opportunity to have their voice heard and be at the centre of decision making in the Group. During the year we broadened the scope of the awards and added a second category, the Legends in the



To read an up-to-date review of the Sureserve Foundations work to date follow this link:





## Sustainability continued

### Our people continued

#### Sureserve Legends continued

Community award, for our people that go above and beyond for a resident or customer whilst delivering their work. We often receive testimonials from clients and residents when this happens and the impact of these stories on both ourselves and our clients and partners is always significant, and for this reason we believed it was important to do more to recognise these individuals.

**Sureserve Legends  
nominated this year**

# 123

#### Training and Development

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

**Online courses completed  
this year (2020: 8,685)**

# 10,628

#### Apprentices

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

#### Management training

Our Management Excellence Programme is a modular training course created to support our Future Leaders initiative, identifying and encouraging talent and potential in a variety of roles across the Business. A combination of on-line and classroom-based training was specifically created to deliver focused learning to participants in areas such as our legal risk, fraud prevention, corporate strategy and influencing and communication. There were 22 Future Leaders who finished the programme this year and we will continue to expand in scope and engagement and provide our people with a further route to advancement in their careers, as well as providing the Group with a valuable talent pool in the development of our Management teams.

#### Upskilling

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

#### Equality, Diversity & Inclusion

Our workforce reflects the communities in which we work, ensuring that our commitment to equality and diversity is clear in the delivery of our services to our partners, our clients, and their customers. Establishing an environment in which all our people are supported to excel in their chosen profession, and realise their full potential, is an essential part of the Group's strength and resilience.

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

#### Ethnicity & Diversity working group

We understand how important it is to create and cultivate an environment which ensures inclusion at all levels, celebrates diversity and allows each and every one of our people to participate fully and realise their potential. Recognising the value of diversity and inclusion in the way we work benefits all of our stakeholders, and building on our structures of support and engagement contributes to the wellbeing of all our people.

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

- ▶ Race at Work Charter created to support the working groups activities
- ▶ Participation in National Inclusion Week with employee activities across the Group
- ▶ Active partnership with Tpas, Disability Confident, and Mindful Employer initiatives
- ▶ Non-biased recruitment training
- ▶ CPD training for all working group members
- ▶ Internal review of employee ethnic group classifications to ensure proper representation is achieved
- ▶ In-house online 'Equal opportunities and dignity at work' training module developed
- ▶ Improvements in appraisal process to ensure fair and thorough reviews at all levels

#### Gender & Equality working group

Our people are the Group's most valuable asset, and in a traditionally male-dominated sector, improving gender equality and working towards gender balance across all roles is that much more important. Across a range of projects there was further progress made in building on long-term opportunities for women in our industry, ensuring a Group-wide culture exists from the top-down which supports and rewards those who choose to develop a career with us. These have included:

- ▶ Gender Equality (Women in Business) Charter developed
- ▶ Non gender-biased recruitment
- ▶ Sector-leading maternity pay
- ▶ Gender parity for all in-house training and development opportunities
- ▶ Workplace flexibility policy
- ▶ Celebration and recognition of Gender Equality awareness days
- ▶ Active partnership with the Women's Trade Network
- ▶ Silver Award in the Armed Forces Covenant Employer Recognition Scheme
- ▶ A variety of local internal and external initiatives encouraging women into engineering roles
- ▶ Gender Pay Gap review

#### Digital accessibility

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

## Gender breakdown %

### Overall

● Male **80.6%** ● Female **19.4%**



### Operations

● Male **80.8%** ● Female **19.2%**



### Senior Management

● Male **79.2%** ● Female **20.8%**



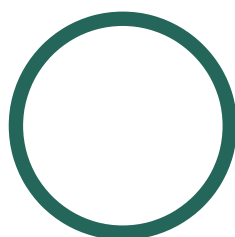
### EMT

● Male **86.7%** ● Female **13.3%**



### Board

● Male **100%**



## TALENTED GAS ENGINEER IS AWARDED APPRENTICE OF THE YEAR

In November 2021 the Group was proud to celebrate the achievements of Apprentice Gas Engineer Marcus Piper, of K&T Heating, after he won Apprentice of the Year (under 21s) at the H&V News Awards 2021.

Apprentices across the Sureserve Group are supported by the Sureserve Academy, the central hub for all learning and development activity across the Group. The Academy delivers all training and upskilling undertaken within each of our businesses, whether that's apprenticeships, new recruits, employee development opportunities, mandatory training or our online learning management system.

Marcus is one of 61 trainees within the K&T Heating business this year, with many more across the Group providing essential long-term growth in our workforce and the necessary skills to ensure operational excellence for our clients.

Marcus was a popular nomination amongst the team at K&T for having consistently achieved excellent results in his studies and in the delivery of his work, and had in fact already won internal awards as well as being shortlisted for the Screwfix Trade Apprentice Award in 2020.

David Greenfield, Managing Director of K&T Heating said of the win "It comes as no surprise to see Marcus awarded an achievement like this. For as long as he's been with the business through his Apprenticeship he's shown his willingness to learn and brilliant work ethic will take him as far as he wants to go as a Gas Engineer. A well deserved win."

The judges said of Marcus "Marcus is an inspirational young man who has a secure and promising future in heating and plumbing and could see clear evidence of the pride he takes in each job."

Training and development is a key part in the Group's growth strategy moving forward and further investment in the Sureserve Academy will ensure Apprentice numbers continue to rise in the future.

### Number of trainees across the Group

**326**

# Making fuel poverty a thing of the past

The challenges faced by communities in the UK have never been more varied, and our active partnerships with the Sureserve Foundation and Housing Association clients provides funding, advice and guidance, and project delivery to homes and communities experiencing fuel poverty across the UK.

In the year we have worked with these partners to identify and assist those in need, easing the challenges they face and reducing the burden of energy efficiency and fuel poverty. Working with fuel poverty experts, we offer residents a wide range of simple helpful solutions to improve energy efficiency in their homes, as well as offering advice and guidance to increase their awareness and knowledge.

**1,400**

parcels delivered to families in need

**937**

emergency vouchers delivered

**2,084**

households supported by the Sureserve Foundation



**The Sureserve Foundation**  
Creating warmer communities

## UN Sustainable Development goals

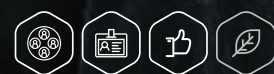


### Part of our ESG strategy

The challenges faced by communities in the UK have never been more varied, and it is crucial that we work to deliver positive impacts to homes and communities experiencing fuel poverty across the UK.

Through our work with the Sureserve Foundation, the Group will continue to collaborate on projects, delivering assistance, and fighting fuel poverty in the communities in which our people, clients and customers live and work.

### Our Sustainability pillars



Read more about the Foundation's work at [www.thesureservefoundation.org](http://www.thesureservefoundation.org)





## Our customers

### Customer Excellence KPI:

# 83.8%

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

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

**“Moat have an excellent working relationship with K&T Heating. Services are provided to our customers at a very high standard and are delivered with a true partnership approach. Gas compliance has been maintained at an exemplary level, despite the challenges and uncertainty faced during lockdown.”**

**Paul Martin**

Head of Technical and Building Safety, Moat Housing

### Star of Customer Excellence Awards

During National Customer Service Week we run the Sureserve Star of Customer Excellence Awards which is an opportunity for people from across the Group to nominate a colleague who has excelled in their customer services during the year. Matthew Upson, a Gas Engineer with Aaron Services, was chosen as this year's winner. Becki Phillips, Install Admin Team Leader at Aaron said, “Matt works extremely well with our customers to make them at ease and very comfortable in their home. We receive many PFM's from our customers after Matt finishes his installs. He goes the extra mile for our customers.” We continue to support a culture of customer excellence, giving recognition to those to deliver it and presenting learning opportunities for those progressing in their customer facing roles.

### Supply chain

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

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

### Information security

In January 2022 we were proud to achieve ISO 27001 accreditation, the international standard for information security management systems. Ensuring our Information Security Management System is aligned with best practice is vital to all our stakeholders, and this certification makes certain that all legal, physical and technical controls involved in our information risk management processes meet the highest standards.

### Health and safety

#### Health & Safety Week 2021

The Sureserve Group's safety vision is “To provide a safe and secure work environment promoting a positive culture by continuously improving the Health, Safety and Well-being of our people and the communities we serve.”

In July the Group delivered its first Health & Safety Week, a range of focused activities and resources engaging our people in all our businesses across a range of safety related subjects. Utilising a mix of digital and print supporting material local SHEQ teams met with employees both physically and online to discuss, record, share teach and empower proactive behaviours relating to health and safety in the workplace. The Group plans to continue this event on an annual basis, setting up a clear platform to further establish a strong culture of health and safety across our businesses.

#### Health & Safety performance

HSQE data and statistics are reported monthly to the Plc Board, based on the following criteria;

- ▶ Near Hits/Misses
- ▶ Accidents resulting in injury
- ▶ Incidents
- ▶ RIDDOR's
- ▶ Gas RIDDOR's
- ▶ Environmental Incidents

The Group AFR ('Accident Frequency Rate') is calculated monthly; this is one of the standard safety measures used to identify and analyse the number of occupational accidents which take place in the workplace.

The Group Health and Safety strategy underpins key aims and objectives which focus on the following;

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

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

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



## Our customers continued

### Health and safety continued

#### Health & Safety performance continued

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

The SHEQ Forum is well established and consists of our highly skilled and trained Health & Safety professionals across the Group. We believe the ongoing health and well-being of our people is as important as their on-site safety and we are continually developing and delivering initiatives to support this.

Every year we look for new ways to improve our Health and Safety performance across the Group, and this is underpinned by the Health & Safety Strategy. These improvements include a new accident and incident reporting platform to promote effective reporting and prevent reoccurrences, reward and incentive schemes, raising awareness, participation and consultation.



### Our environment

#### Carbon savings through fleet improvements (per month)

**5,563kg**

#### Zero emissions vehicles in fleet

**3.4%**

#### Waste diverted from landfill

**95.6%**

### Reducing carbon emissions

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

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

As a Group we ensure that all environmental risks and opportunities are taken into consideration and carefully managed. As part of this risk management, the number of Environmental Incidents is reported the Plc board on a monthly basis and in 2021 we had three incidents.

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

### Our vehicles

Over the past few years we have continued to replace our existing fleet with the most efficient Euro 6 vehicles available, which now account for 94% of the fleet. We have also begun the transition to a fully electric fleet of vehicles, ensuring we make good progress in achieving our ESG targets for 2030. All of our commercial vehicles are tracked, speed restricted and fitted with start/stop technology to help reduce any idling time.

### Driver behaviour

All of our commercial vehicles are fitted with telematics which enable us to track our on-road driver behaviour through driver scorecards and league tables. This identifies any High-Risk drivers through Speeding, Harsh Braking and Cornering metrics. By monitoring and improving our driver's performance, this will have a positive effect on our fuel consumption, the wear and tear on the vehicle and reduce the possibility of being involved in a road traffic incident. The Sureserve Group's average driver score has improved to 94 (out of 100) since the adoption of the telematics systems, with 95 being our group target.

### Sustainability Audits

The Group are now looking to further enhance our ability to reduce our carbon emissions in our office environments and have taken the first step in doing so at Providor's office in Newmarket, by undertaking an external Carbon Audit during the year. This has enabled them to work with an industry expert to identify the sources of emissions within the office environment and create benchmarks for comparison. Areas of improvement have been highlighted and practical solutions to improve the office's operational efficiency. The results of these improvements will form part of a proof of concept to ultimately reduce the business and Group's carbon footprint, expanding out to other offices and businesses and further delivering on our commitment to sustainability across our operations.

### 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 SEU's (Significant Energy Uses) which have been defined as;

- ▶ The Fleet for business use
- ▶ Electricity
- ▶ Gas

The Group has implemented the Streamlined Energy and Carbon Reporting (SECR) requirements in the year and the results are shown below. Our emissions are calculated using Carbon Trust conversion factors.

#### Total consumption of energy supplies

Utility and scope*	2020/21 consumption	2019/20 consumption
Grid-supplied electricity (scope 2)	2,678,852 kWh	1,361,099 kWh
Natural gas (scope 1)	1,206,419 kWh	4,314,060 kWh
Transportation (scope 1)	38,409,137 kWh	31,208,791 kWh
<b>Total</b>	<b>42,294,408 kWh</b>	<b>36,883,950 kWh</b>

#### Total emissions from energy usage

Utility and scope*	2020/21 Consumption CO <sub>2</sub> e	2019/20 Consumption CO <sub>2</sub> e
Grid-supplied electricity (scope 2)	645.5t	567t
Natural gas (scope 1)	221.5t	792t
Transportation (scope 1)	9,150t	5,937t
<b>Total</b>	<b>10,017t</b>	<b>7,296t</b>

## 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 3.4% of existing fleet vehicles with EVs and others with the most efficient Euro 6 vehicles available, which now account for 94% 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 SEU's and what changes can be made to reduce electricity and gas consumption.

**Energy intensity metric 2021**

**41.1t**

**of CO<sub>2</sub>e / per million pounds revenue**

**Energy intensity metric 2020**

**37.2t**

**of CO<sub>2</sub>e / per million pounds revenue**

### Workings for your reference

	2021	2020
Tonnes of CO <sub>2</sub> / revenue	10,017 / 244.0 = 41.1	7,296 / 195.7 = 37.2

## Revenue / Tonnes of CO<sub>2</sub>e

An energy intensity metric has been calculated using the number of tonnes of CO<sub>2</sub> 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

- ▶ 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 2%

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

Our carbon usage for this reporting year was of 10,017 CO<sub>2</sub>, which shows an increase of 37.3% on the 7,296 tonnes usage in 2020.



## DEVELOPING OPPORTUNITIES FOR SEND STUDENTS IN OUR COMMUNITIES

Aaron Services are a member of the Special Education Needs and Disability (SEND) Employer Forum and have been working closely in the year with the young people of the St. Francis School in Lincoln, a specialist school for pupils between the ages of 2 to 19 with wide ranging special educational needs including physical and medical needs, Autistic Spectrum Disorders and social communication difficulties and severe and profound learning difficulties. Aaron have developed a selection of initiatives which aim to inspire the school's students into various workplace settings. It's an exciting journey their teams are proud to be involved with.

They have recently helped the school along the way to achieving the 'Eco Schools Green Flag Award', which acknowledges, rewards and celebrates the ecological achievements of young people. Aaron created a competition for St. Francis School students to show off their creative talents and design a piece of art that would be displayed on their fleet of local electric commercial vehicles.

Aaron have also supported a daily placement once a week over an eight week period for a number of students from St. Francis'. Each student is provided a mentor who gives the students an insight into a range of work related activities including Quality Control checks, Health & Safety checks on employees, along with tenant satisfaction processes and enquiries regarding their new heating systems. The placement has proven an engaging way to encourage learning on both sides.

Following initial collaboration, visits and discussions, a range of activities have been identified to support the school's vision. More recently the relationship between Aaron Services and St Francis Special School has been formalised following Aaron's Head of Bids and Marketing becoming an official Enterprise Advisor for the school, which is a volunteering role. Now with the support of Great Lincolnshire LEP this role supports activities based on their Strategic Careers Plan.

# Building a resilient and responsible business



**Peter Smith**  
Chief Executive  
Officer

## Group Summary

The Group's growth strategy will build on our expertise, experience, and leading position in the market as an energy services provider to social housing clients across the UK. We believe that by combining selective and targeted acquisitions as well as developing organic growth opportunities, there is an opportunity for substantial growth within the Group in the years ahead.

The overall Group performance remains positive against the background of Covid-19. We believe this continues to demonstrate the resilience of the business model. Our basis of predictable and recurring incomes in areas supported by non-discretionary and regulatory led spend has resulted in growth. This is pleasing given revenues have also increased in comparison to pre-pandemic levels. Despite this, we did continue to see significant trading challenges from Covid-19 during the year, albeit largely restricted to specific income streams, clients or geographies. These were particularly prevalent in the first half of the financial year. The majority were seen within, but not completely limited to, our Energy Services division where specific Government pandemic response measures and restrictions impacted more markedly.

Given these effects, the businesses in the Group have continued to apply for and receive Government support where appropriate. This aligned to the lower levels of restrictions witnessed, at a reduced level from that seen in the prior financial year. As previously reported, following the continued emphasis and delivery on cash conversion, we repaid the full £6.1m of deferred VAT payments on 31 March 2021.

## Financial Performance

- ▶ Revenue from operations: £244.0m (2020: £195.7m, 24.7% increase)
- ▶ Operating profit before exceptional items and amortisation of acquisition related intangibles: £14.6m (2020: £10.4m, 40.3% growth)
- ▶ Profit before tax: £13.8m (2020: £7.8m, 76.7% growth)
- ▶ Year-end net cash (excluding IFRS 16 lease liabilities): £16.4m (2020: £9.8m, including deferred VAT due of £6.1m)

We remain confident that the business model is proving resilient, despite the challenges of the pandemic.

## Covid-19 Update

As reported at the half year, the unprecedented situation presented by the Covid-19 pandemic and ongoing Government response measures continued to impact Group operations during the year. The safety of our employees and customers has remained paramount throughout and will continue to be our absolute priority. The national situation in terms of lockdown restrictions has improved and is less severe in comparison to the initial stages of the pandemic response. However, it remains fluid with varying degrees of impact on our operations.

The positive results achieved were pleasing against the backdrop of the significant impact from further Covid-19 pandemic restrictions. A number of businesses delivering building compliance services experienced some delays during the year, particularly in accessing residential and communal properties to undertake work as a result of Government or other measures in response to Covid-19. Some local authority customers, where work was deemed non-essential, such as energy efficiency improvements and smart meter installations, chose to defer certain elements. Everwarm, the majority of whose operations are in Scotland, saw its revenues constrained across the full year because of this. However, as Covid-19 restrictions were reduced in the second half of 2021, Providor and Everwarm experienced significant revenue increases from the comparable period last year with Providor, in particular, also benefitting from significant contract wins. These full year results are therefore still not considered representative of our normal expected financial performance. The Group received £1.7m (2020: £6.6m) of job retention scheme money from the Government in the year, reflecting the reduction in work levels seen for certain delivery teams.

Our focus has been serving our customers in the safest manner possible, while protecting the wellbeing of colleagues and minimising virus spread risk. This includes, but is not limited to, ensuring our 'Covid-Secure' status through NQA verification standards. Our detailed responses and key protocols have been reported on during the period. These continue to evolve while our focus remains on safe delivery as we continue to refine our approach to effective operations.

While the pandemic continues to require navigation throughout Group operations, we remain confident in our ability to proactively manage and respond accordingly to any further developments. We believe that our experiences throughout the pandemic to date have demonstrated it is possible to continue to operate successfully. This includes the delivery of sustained growth, despite any challenges presented. We will continue to monitor restrictions as we move forward and will remain vigilant and reactive to updates as they occur.



## TRAINING & DEVELOPMENT

Like any business in a competitive market place, the Sureserve Group is committed to investing in our people to ensure we have a diverse, capable and motivated workforce that represent us well in the markets where we operate and that we have the capabilities to deliver our growth strategy.

The Sureserve Academy works with every businesses across the Group to deliver a range of flexible training and development solutions in a number of areas, including Apprenticeships, upskilling, Management training, on-line learning and in-house mandatory qualifications. Working with partners in HR and Senior Management, the Academy is able to support immediate business needs as well as develop strategies to longer-term operational goals within the workforce.

The ongoing requirements of our public sector clients demand that as well as providing a rewarding, inclusive and challenging work environment, that we identify opportunities to best serve their operational needs. Developing our engineers across multiple disciplines supports the Group's ability to deliver a number of services in to one client, and draws on the substantial experience and knowledge available to the Group, especially in energy services.

Emma Clarke, a Dual Fuel Engineer at Providor came to the Group as an Apprentice. "I came to Providor as I was looking for a career change. As an Apprentice, you're starting from scratch, but its great because you literally learn everything you need to know. It's good for the business too because they know their engineers are being trained the right way. For the future I'm looking to get into EV charging, and I know the business will be there to help me progress and develop in the direction I want to go."

As well as developing the operational skills and knowledge of our people, the Sureserve Academy delivers a range of courses available to employees including Customer Service Excellence, Ant-Bribery and Corruption, GDPR and Cyber Security.

**Increase in online course completions**

**22.4%**

## Looking Forward

### Implementing the refreshed Strategy

We remain optimistic around opportunities for continued growth within the Group, which underpins our future strategy. Our energy services businesses more than reversed the temporary revenue reduction seen during the initial phases of the Covid-19 pandemic last year. We believe all of our businesses have a positive outlook, with many opportunities for growth ahead. This view is reinforced by the Government's continued emphasis on a net zero target for carbon emissions by 2050, and the momentum which continues to build around that agenda.

Energy services and future energy transition is a core focus moving forward and we believe we have developed a successful basis for growth to be pursued both organically and through acquisition. As we previously noted, acquisitions such as Vinshire in December 2020 are exactly the type of strategic acquisition we wish to pursue. This addition to the Group was followed in December 2021 by the acquisition of CorEnergy Limited, a business focused on delivering sustainable energy solutions for public and private sector organisations, supplementing our energy services and immediately enhancing earnings for the Group. In line with our refreshed strategy, we will continue to review other appropriate acquisition opportunities as we expand our scale, service mix and geographical offering.

Our energy services businesses provide a range of energy efficiency services such as insulation, heating and energy efficient technologies. The latter includes electrical vehicle charging points, air source heat pumps, battery storage and solar PV through the Everwarm subsidiary. Everwarm provides these services for social housing, private homes and non-domestic properties. Measures that are delivered support carbon emissions savings for utility companies enabling them to meet their legislative targets. Our Providor business continues to deliver domestic smart metering installation and recurring asset management services to its utility client base. It is well established as one of the market leaders and is experienced in the ongoing UK-wide Government roll-out.

We believe that the division's established presence in the installation of electrical vehicle charging points, solar PV works, battery storage projects and air source heat pumps all represent likely growth sectors that our experienced management team is well placed to deliver. The backdrop of climate change and ongoing Government initiatives, and future commitments, is believed likely to provide ongoing opportunities to increase our delivery in these, and associated, service areas.

The Board is delighted by the high bidding success rates continuing to be achieved by the Group with the year-end order book significantly increased at £527.1m (2020: £355.8m). This provides a predictability of future incomes and allows longer-term planning to occur, which helps drive efficiency. The order book is consistent with our previously stated view around our focus on long-term contracts that provide opportunities to deliver profitably in our core areas. We continue to target securing contracts with long-term visibility and robust value. With our previously strengthened bidding resource we are well placed to capitalise on various opportunities going forward. We remain confident in the growth and prospects for the Group.

We remain confident in our future with a significantly increased order book value and good visibility on future earnings, underpinning our belief in a robust financial outlook.

## Gas



The three Gas Compliance businesses (Aaron Services, K&T Heating and Sure Maintenance) make up 78% (2020: 74%) of the Compliance division's revenues. They delivered an excellent year of revenue growth from recurring incomes and new works, further enhanced by the Vinshire acquisition and integration into Aaron as discussed below. Following the increase in size of Aaron, the three gas businesses are now very similar in revenue size. This gives the Group a robust base of trading and allows further internal benchmarking and comparability studies to enhance performance.

Aaron Services, delivering gas compliance, alternate fuel and renewable solutions across East Anglia and the Midlands, reported an extremely successful year. This was due to a range of factors. It experienced a significantly reduced Covid-19 impact compared to the prior year and saw improved delivery performance building on previous wins. The successful integration of the Vinshire business in the final quarter of the year also contributed positively, along with significant growth from a number of contract awards. The business saw major wins in the year with the largest being electrical testing and associated works for £31m with Thurrock Council over ten years. Further significant awards were for domestic heating, servicing and maintenance works worth over £14m with PA Housing for an initial term in excess of five years, and £5.0m with Stevenage Borough Council over eight years. A further £11m was won with Babergh District Council for heating and electrical works over seven years.

K&T Heating's trading performance has been strong, with annual revenues growing and now approaching £44m. The business delivers gas compliance services across London and the South-East. The highest single value gas contract win in the year was the successful tender for existing client Guinness Partnership, for up to ten years of gas servicing, repairs and installations. This is expected to be worth £70m each for K&T and Sure, or £140m of total value to the Group combined. The retention of this key Group client is very pleasing given the long-term relationship. The business was also delighted to be awarded a £22m contract with PA Housing for domestic heating, servicing, maintenance and installation works over an initial term in excess of five years. Numerous other wins and extensions were seen within the year.

Sure Maintenance, which delivers gas compliance services across the UK, also delivered significant growth in the year. In addition to its £70m award with Guinness Partnership as noted above, the business saw further key wins to add to the order book position. These included £10.5m with Sandwell Metropolitan Borough Council for replacement of domestic gas appliances and associated works in addition to £5.7m with Cobalt Housing for gas servicing and heating maintenance services.

Our continued growth further strengthens our position in the compliance sector, with a true national reach and market leading Gas Compliance business. We continue to believe we are the strongest compliance business of our type. We are well positioned to grow further both organically and through further acquisition in the fragmented and regional market. The division is showing strong revenue growth and we remain confident that our experienced leadership in this stable sector provides a strong platform to continue our aims of further growth and cash generation.

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

## Lifts



Precision delivers lift installation and maintenance services to local authorities and social housing associations across the UK. The current year has shown further positive progress and increased profitability, despite a reduction in revenues due to a decrease in project work. The reduced levels are due to client timing requirements with some project works impacted or delayed by Covid-19 in addition to our focus on efficiency and delivery of projects that we believe will drive profitability growth. We have also experienced a shift in mix of work towards higher margin service and repair contracts. As we have detailed previously, the current management team had undertaken a range of actions to positively impact performance. We are delighted that, despite revenue decreases, the business has exceeded profitability expectations and delivered a record year of trading performance under Group ownership. Significant wins during the year were a five-year lift modernisation contract worth £1.9m with Optivo and £1.2m for lift service and maintenance with PA Housing. The business also saw a number of other awards. Following year end we were delighted to be win a further award with Optivo, for £3.9m of lift modification work to further strengthen the order book.

## Fire & Electrical



Sureserve Fire & Electrical is the Group's specialist provider of fire, electrical and sprinkler compliance services. It has followed up a successful 2020 with further revenue and profitability growth. The largest wins in the year were £2.0m of fire door repair work for London Borough of Newham and a £2.0m contract with VIVID Housing for fire alarm servicing and maintenance works, both as noted in our interim reporting. Other smaller wins have followed during the remainder of the year.

## Water & Air hygiene



H2O is our water and air risk assessment specialist provider across the UK. Performance of the business has continued to be strong with exceptional client service supporting consistent delivery. The business has again driven efforts to grow and has delivered a number of wins in the period. The business has experienced reduced Covid-19 related impacts from regular clients such as restaurants, hotels and gyms not trading, and we are hopeful this trend will continue. The largest individual win was a £1.2m contract for water hygiene and risk assessments with Southern Housing Group as previously reported. We have also seen a number of other smaller awards which will continue to support the growth aspirations of the business.

## Smart Metering



Providor remains focused on existing contract delivery through to the current Government smart meter deadline of 30 June 2025. The business has delivered considerable growth in the year from previous wins and extensions. The business continues to review new contract opportunities, both from new clients and existing contractual relationships. This represents an ongoing opportunity to strengthen further with confidence over future delivery despite the short-term challenges, particularly in Scotland, from the pandemic restrictions during the year.

Providor has extensive experience of the national smart meter roll-out and continues to apply careful management to the situation. We consider our contractual positions while seeking to provide strong and secure employment for our engineers. We recognise that the gas prices mentioned above have significantly impacted some of the smaller energy supplier businesses and their ability to trade. We are fortunate that our client base are the larger Utility companies who are better placed to successfully navigate pricing volatility. In addition, these larger suppliers are likely to be appointed by Ofgem to take over the smaller suppliers and their smart meter obligations. This therefore may further increase our volume of future work with those customers. It may also give us access to more engineers via either direct employment or our subcontractor arrangements, where appropriate opportunities present. The UK Government has confirmed that it remains committed to the smart meter rollout and it aligns with their net zero commitment mentioned above.



## Energy efficiency and Renewables



Results from the Warmworks and Arbed joint ventures are reported within the Everwarm statutory position. However, they are operated autonomously by local management teams with group and joint venture partner support as necessary.

Warmworks delivers the flagship Warmer Homes Scotland scheme for the Scottish Government. The business saw increased delivery and performance due to a combination of growth both from increased Warmer Homes Scotland volumes and new workstreams. We also experienced less of a negative impact from Covid-19 with a lower number of installations being restricted in the first half of this year.

The business continues to bring a diversified installation portfolio for Everwarm, focusing on central heating, renewable energy installations and other energy efficiency improvement measures. On Monday 6 December 2021, Warmworks Scotland LLP announced the acquisition of Connected Response Ltd. This will allow Warmworks to deliver a more diverse range of heating solutions to homes in need. The Arbed 3 programme for the Welsh Government is delivered via our joint venture with the Energy Saving Trust. The scheme focused on improvements to households often living in severe fuel poverty and has now reached a natural conclusion. As previously reported, the original three-year contract term had seen a six-month extension to November 2021. While we are disappointed the scheme has now concluded, we were satisfied with the delivery volumes achieved despite the challenges Covid-19 has presented during the term. The Welsh Government has not yet announced details of any successor scheme. We will monitor this alongside other appropriate opportunities. The joint venture has now concluded the installation programme and is currently undertaking remaining post installation obligations.

We are delighted the Group continues to install energy efficiency measures in Wales through our recently awarded energy retrofit scheme with Pobl Group in Swansea. Other Group works in Wales include our fire business Sureserve Fire & Electrical who are undertaking ongoing sprinkler installations in Newport.

As we reported in our half year results, carbon prices remained largely stable during the year. We continue to believe we are well placed to support our utility partners based on our management team's extensive experience in this area. The new 'ECO4' scheme planned to commence from 1 April 2022 is to be increased in size to £1bn per year from £640m. This should provide further opportunity for Everwarm to deliver increased volumes.

Everwarm continues to deliver a strong record of contract wins, with revenues for the year increasing to £55m. While this was pleasing, it has not returned to pre-pandemic levels given the Covid-19 impacts which continued during the earlier part of the year. We believe this increase in revenue despite setbacks demonstrates an opportunity for growth, alongside the wider sector prospects. The business supports a range of clients in various energy efficiency projects.

Our largest new win was a £5.5m award for the supply of solar PV and home battery storage for Pobl Group in Swansea. We saw a further win of £2.5m for energy efficiency measures with North Ayrshire, plus the LAD (Local Authority Delivery) works with Ealing, East Lindsey and Doncaster. These previously reported projects total nearly £10m and are part of the further development into England. These, along with other smaller wins and framework appointments, support our ongoing ECO delivery and longer-term contract work.

The business continues to seek and explore new prospects as the sector evolves to develop more efficient and newer forms of energy efficiency technology. We believe our Energy business remains strong and has a positive future outlook based on recent wins. Everwarm is at the forefront of this and is well placed to deliver additional work where appropriate opportunities arise. The UK Government's commitment to create a net zero carbon economy by 2050 is expected to drive further focus on energy efficiency with announcements and commitments on this being seen regularly. We will continue to monitor developments and believe the group is well placed to take advantage.

## Outlook

The continuity of key individuals and consistent growth have provided us with a stable platform to deliver for our client base. We believe we have demonstrated our resilience in navigating the temporary uncertainty caused by the Covid-19 pandemic and will continue to assess its impact and how to best mitigate as we move forward. Like many others, due to a combination of factors we are currently experiencing some upward cost pressures on certain materials and labour supply. However, we believe we are well placed to address these challenges through the strength of our existing workforce and business model. Our partnership approach with clients and key supply chain relationships will also positively impact. We continue to believe our mix of customer proposition and services remains strong. The demand for these works and underlying fundamentals will underpin our future prospects.

Although carbon pricing remains important, we believe that the Government will remain committed to addressing funding for fuel poverty in this highly regulated sector. Our view remains that the Group's significant wealth of management experience and client relationships gives our business a market leading proposition in energy services and energy transition. We believe our ECO credentials will allow us to continue to service our large utility clients as well as others. This means we are well placed to provide a quality service to our customers and deliver effectively for our stakeholders. This will be delivered both through the remainder of the current 'ECO3' scheme to 31 March 2022 and 'ECO4' scheme to follow from 1 April 2022 to 31 March 2026.

We have started FY22 strongly, continuing the momentum from FY21 and we believe the future outlook for our businesses remains strong. This is underpinned by high levels of long-term contracts and frameworks for which we have continued to see high appointment levels. We are also witnessing an ongoing trend towards regulatory services. Our client base, largely of local authorities and housing associations, provides us continuity moving forward with clients whom we regard as blue chip.

It is from this solid foundation that the Board and management team are launching the refreshed strategy to drive growth from within our Social Housing Energy services. Our focus is on playing to our strengths and identifying business areas where we have an established market position, from which we can provide the maximum growth potential. We have identified the route to being the leading social housing energy services provider and our ambitions are endorsed by a strategy to grow organically and by acquisition.

**Peter Smith**  
Chief Executive Officer  
24 January 2022

# Strong performance and growth



**Peter Smith**  
Chief Executive Officer

## The Group had a strong year posting an EBITA<sup>1</sup> of £14.6m (2020: £10.4m).

Group revenue increased by 24.7% to £244.0m (2020: £195.7m), reflecting a strong performance in both divisions with Energy Services increasing its revenues by 40.1% to £84.6m (2020: £60.4m) and Compliance increasing its revenues by 18.4% to £162.4m (2020: £137.2m). These divisional revenue figures include revenue from intercompany trading which accounts for a total of £3.0m (2020: £1.8m).

Group EBITA increased by 40.3% to £14.6m (2020: £10.4m), reflecting an increase in EBITA in the Compliance division of 17.8% to £13.9m (2020: £11.8m) and an increase in EBITA in Energy Services of 325.0% to £3.4m (2020: £0.8m). Central costs were £2.7m (2020: £2.2m), with the movement primarily relating to an increase in share option charges and bonuses, as well as certain one-off items.

We reported an operating profit of £14.8m (2020: £8.8m), after £0.4m (2020: £nil) exceptional credit, £0.2m (2020: £nil) of goodwill impairment and £nil amortisation charges for acquisition related intangibles (2020: £1.6m).

The net finance expense was £1.0m (2020: £1.0m), taxation was £2.4m (2020: £1.5m), with profit after tax of £11.4m (2020: £6.3m).

### Finance expense

Net finance expense was £1.0m (2020: £1.0m), which represented the interest charged on our debt facilities (net of finance income), together with the amortisation of debt issue costs and other interest, which totalled £0.5m (2020: £0.8m). The 2021 figure also includes £0.5m interest on lease agreements (2020: £0.3m).

### Tax

The tax charge on the profit before tax was £2.4m (2020: £1.5m), representing an effective rate of 17.6%, which compares with the statutory corporation tax rate of 19%.

Our net cash tax payment for the year was £2.4m (2020: £0.7m). During the year, the Group has received the anticipated cash tax refund of £0.2m from HMRC which formed part of the corporation tax liability as at 30 September 2020. The Group has also made tax payments on account of £2.6m during the year.

1. EBITA is defined as operating profit before exceptional items, impairment of goodwill and amortisation of acquisition related intangibles.

The net deferred tax asset as at 30 September 2021 was £0.3m (2020: £0.5m). The movement primarily related to a reduction in the deferred tax on accelerated capital allowances being offset by additional deferred tax on short term timing differences and share based payments. Further details are set out in note 25.

### Earnings per share

The statutory profit for the year was £11.4m (2020: £6.3m). Based on the weighted average number of shares in issue during the year of 160.3m, this resulted in basic earnings per share of 7.1 pence (2020: 4.0 pence).

Adjusted earnings per share excluding amortisation of acquisition related intangibles and share based payments were 7.2 pence (2020: 4.9 pence), based on adjusted profit after tax from continuing operations excluding amortisation of acquisition intangibles and share based payments of £11.6m (2020: £7.7m).

### Dividend

As our strategy is focused on both organic and acquisitive growth, the Board has decided that the Group's capital would be better deployed in driving our growth plans by retaining cash to invest in strategically enhancing acquisitions.

The Board believes that all of the Group's resources should be directed towards our strategic priorities which are designed to afford shareholders significantly improved capital growth within the next five years.

### Cash flow performance

Our operating cash flow for the period was an inflow of £17.5m (2020: £23.9m), the cash inflow mainly relates to the EBITA in the year. The 2021 figure includes the repayment of £6.1m to HMRC in relation to the deferred VAT payment scheme.

The management of working capital is a continued focus for the Group. This includes accrued income, debtors and creditors. We manage these balances within our banking facilities. However, we recognise the importance of supporting our supply chain and have ensured that we have continued to pay our suppliers to terms.





## Net cash

At 30 September 2021, the Group had net cash, excluding IFRS 16 lease liabilities, of £16.5m (2020: £9.8m including deferred VAT due of £6.1m). However, this represents a snapshot in time and the revolving credit facility remained undrawn for the whole period (2020: weighted average RCF drawdown £6.4m).

The total net cash, including lease liabilities of £12.0m (2020: £6.8m), was £4.4m (2020: £3.0m).

## Banking arrangements

We had drawn £nil as at 30 September 2021 (2020: £nil) under our revolving credit facility (excluding borrowing costs). At the date of issuing this report we had drawn £nil (excluding borrowing costs); National Westminster Bank ('NatWest') continues to be an excellent and supportive partner.

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

We are confident that our banking facilities provide sufficient support in managing our corporate affairs and provides sufficient capacity to plan for future growth.

## Statement of financial position

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

There was a net increase of £0.1m in goodwill, mainly due to £0.3m of additional goodwill in relation to the acquisition of Vinshire Gas Services Limited, offset by an impairment of goodwill in relation to Just Energy Services Limited.

Right of use assets has increased by £4.8m to £11.6m (2020: £6.8m) which primarily relates to investment in a new office for our K&T Heating business as well as an increased fleet size.

Net current liabilities (excluding cash, borrowings and lease liabilities) stood at £1.4m (2020: £1.6m). Net current assets stood at £11.0m (2020: £4.9m).

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

	September 2021 £m	September 2020 £m
Trade receivables	18.4	16.7
Accrued income	17.9	17.3
Trade payables	(24.9)	(19.5)
Accruals	(11.7)	(9.9)

## Risks

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

Our year-end review included an assessment of accrued income, of which the balance was £17.9m at the reporting date (2020: £17.3m). As a Group we review regularly for impairment. Accrued income represents a balance sheet risk in our industry and we continue to ensure a balanced approach between risk and possible outcome on final invoicing. We have standardised the accrued income provision policy with our bad debt policy in the current year.

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

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

## Going Concern statement

The Directors acknowledge the Financial Reporting Council's 'Guidance on going concern, risk and viability' issued in June 2020. The Group's business activities, together with factors likely to affect its future development, performance and position, are set out in the Strategic Report within the 2021 Annual Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review, as part of the Strategic Report of the 2021 Annual Report. In addition, note 31 to the consolidated Financial Statements within the 2021 Annual Report includes details of the Group's approach to financial risk management, its financial instruments and hedging activities, and its exposure to credit risk and liquidity risk.

In assessing the Group and Company's ability to continue as a going concern, the Board reviews and approves the annual budget, three-year plan and a rolling 12 month forecast, including forecasts of cash flows, borrowing requirements and covenant headroom. The Board reviews the Group's sources of available funds and the level of headroom available against its committed borrowing facilities and associated covenants. The Group's financial forecasts, taking into account possible sensitivities in trading performance including the potential impact of Covid-19, indicate that the Group will be able to operate within the level of its committed borrowing facilities and within the requirements of the associated covenants for the foreseeable future. NatWest remains very supportive of the Group and in December 2021, the Group renewed its bank facilities to provide an overdraft facility of £5,000,000 together with a revolving credit facility of £15,000,000 which runs to 31 January 2025. The Directors have a reasonable expectation that the Group and Company have adequate resources to continue their operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the Annual report.

**Peter Smith**  
Chief Executive Officer  
24 January 2022






# Principal risks and uncertainties

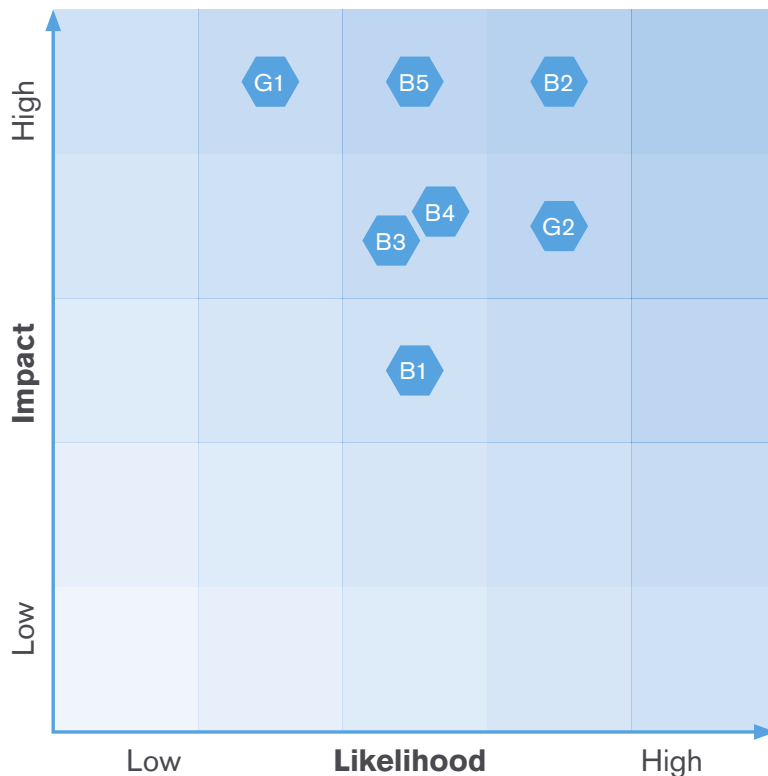
We have a detailed and comprehensive risk management process, covering all aspects of business and operational risk.

A key focus of our strategy is to reduce risk and build a sustainable and profitable business, with predictable 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 table herewith details the main risks we currently face, their potential impact on our business and how we mitigate them. The schematic sets out to the potential impact of each risk on our business prior to mitigation and its likelihood of occurring.

### Key

-  Business risks
-  General corporate risks
-  Existing risks

More information about how we manage risk can be found in the Corporate Governance Report on pages 46 to 51.



## Changes in Government policy

The public sector and regulated industries provide some 98% of our revenue, so our business is heavily dependent on policies and programmes adopted by the UK, devolved national and local Governments.

### Explanation of risk

Significant changes to policy, particularly in energy services around carbon pricing, could have a material impact on our results. Policy, however, extends beyond legislation into client procurement methods; this includes the sudden withdrawal of confirmed budgets, changes in client staffing leading to alterations in priorities and difficulties in settling disputes and accounts for payment. There is also governmental focus on housebuilding and a post-Grenfell prioritisation of budgets on infrastructure and remedial works. As a UK-focused business, we are not exposed to the trade risks of international businesses, but there is a potential Brexit impact around the increases in commodity prices as suppliers pass on the costs of a weakened Pound and distraction within Government from core domestic policy.

There is a risk to the organisation if there is not quality, consistent and accurate information received from the Government with regards to COVID-19 and associated statutory bodies. This needs to be appropriately disseminated to the Group.

### Mitigation

Our diverse business has enabled us to manage the risks and focus our efforts on those markets where we feel there is the opportunity of earning a more predictable return.

We recognise the importance of operational delivery in giving confidence to clients and maintain high standards of service that allow us to set ourselves apart whilst generating a reasonable return on capital. We are proactive in seeking affordable solutions to budget challenges that enable us to work with clients to help them deliver the services expected of them. We have also continued to invest in business development, through talented senior managers and experienced local leaders, aimed at building sustainable relationships with clients and securing long term contracts.

**B2****Tendering for new work**

We compete for work by tendering or negotiating directly with our clients. We are reliant upon our credibility as an organisation, so our reputation, experience, accreditations, pricing and relationships all affect our ability to win work. We compete with local and international companies, some of which could have greater resources and capabilities.

**Explanation of risk**

This is an inherent business risk and if we do not compete effectively we may not be able to win enough work or retain existing contracts, affecting our revenues, profits and cash.

**Mitigation**

Our commitment to health and safety and a responsible business model and our focus on operational delivery are key to ensuring we submit high quality scores in our bid submissions. We have an experienced internal bidding function, so we can submit the best possible bids and maximise our chance of success. We listen to our clients and offer solutions that suit their needs, meaning we can be directly selected under existing frameworks or we can negotiate work that they are not required to put out to tender.

**B3****Poor operational delivery**

Poor operational delivery could lead to a local loss in trust and reputation with a client or customer, or financial loss in the event of a disputed contract settlement. A material loss of service or event could result in the loss of a framework.

**Explanation of risk**

Poor operational performance leads to reputational damage and weaker financial performance.

**Mitigation**

We mitigate this risk by having qualified, trained managers and operatives who are experienced in their roles. We closely monitor quality, progress and service using industry standard products and divisional KPIs to benchmark similar services. We have accredited processes and systems which are audited both internally and externally and reported to the accountable management teams. We have a robust approach to risk management from project level to Board, providing support and scrutiny to mitigate the risk. We have regular project audits and support visits by trained staff. Where we use supply chain partners, we work with the teams, monitoring performance and ensuring rapid resolution of issues as they arise.

**B4****People**

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

**Explanation of risk**

If we do not have enough suitably skilled, experienced and engaged people we may not be able to deliver the service quality we have promised to our clients and customers or grow our business as quickly as we had planned.

There has been a potential risk of a different nature this year through the emergence of the coronavirus pandemic which, if we had not swiftly implemented appropriate action through guidance, controls, measures, communication and practical support where needed, we may have experienced a depleted workforce within the Business which may have rendered us unable to appropriately serve our clients. However, through expediting clear and transparent communication and appropriate measures to ensure the health, safety and well-being of all our people, we are thankful to have largely remained robust and enabled to serve our clients well and will continue in this proactive approach.

**Mitigation**

We invest significant resources in developing our managers and training our employees including through the Sureserve Academy. We have an Employee Representative Council with members elected from all parts of the Group, ensuring that all of our people have a voice. We work hard to make Sureserve a group that people want to be part of, with a positive culture and opportunities to develop and learn. We are constantly assessing our training needs, listening to staff and developing innovative solutions such as our in-house online training products. We actively seek out rising stars in the business and recognise and celebrate achievement.



## Principal risks and uncertainties continued

### B5

#### Major health and safety incident

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

#### Explanation of risk

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

In light of the COVID-19 pandemic, the Group are faced with a new risk which poses potential ill-health to employees and key stakeholders if not managed in accordance with Government Guidance.

#### Mitigation

As a business we continually review our investment in high quality staff and our performance in health and safety. This is underpinned by internal auditing and accident incident analysis. The AFR is an important Group KPI, and all accidents and incident statistics are reported to the Board on a monthly basis. We have a health and safety culture which is owned by the Managing Directors of the divisions and driven by our skilled health and safety team. Each business has a dedicated health and safety resource which has an open remit to attend any site at any time to offer support or audit. We have a robust UKAS-accredited health and safety management system which is administered by an independent centralised team with support provided at all stages. We adhere to strict internal mandatory training standards driven by job roles with persons in place to monitor and maintain training standards. This is supported by our Online Learning Academy which acts as a base for our core mandatory health and safety training courses.

The SHEQ Forum is well established across the Group and meets annually to review overall business performance and drive new safety initiatives, all of which are supported by our senior management team. The response to COVID-19 is led by the HR/SHEQ teams and includes external COVID-19 Secure verification alongside comprehensive risk assessments and safety protocols across all of our businesses.

### G1

#### Financial liquidity

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 have periods in the year where there is a peak in working capital needs, typically in the winter and around the timing of work instructed by our clients and/or arising from the circumstances of our contracts, which require short term funding.

#### Explanation of risk

Were funding support to be withdrawn, we could face cash shortfalls and a limitation of our ability to grow in the immediate term and, ultimately, an inability to settle our liabilities as they fell due if we could not secure funding from alternative sources. This risk would be exacerbated by poor financial performance of the Group. If we were unable to provide financial bonds, we would be limited in our ability to tender for new work.

#### Mitigation

We maintain excellent relationships with our banking partners, maintaining regular dialogue on matters pertaining to trading and risk in the Group. We maintain a strict internal review process on covenant compliance to ensure we remain in line with the requirements of our banking documents. In December 2021, the Group renewed its bank facilities to provide an overdraft facility of £5,000,000 together with a revolving credit facility of £15,000,000 which runs to 31 January 2025. We continue to maintain contact with a number of bonds providers to ensure we are in a position to satisfy the contractual needs of clients. Working capital is a key focus for senior management.

### G2

#### ICT failure

Our business is 24/7 and relies on a robust ICT infrastructure and service.

#### Explanation of risk

An ICT failure could cause business interruption or loss of services which could impact local delivery and our reputation and ultimately have financial consequences.

#### Mitigation

We maintain a Group ICT strategy which is designed to support the existing business needs and provide an ICT infrastructure which is fit for purpose and supports the business' strategic direction.

We invest in resource and technology to ensure that the Group is protected, such as back-up and disaster recovery processes to ensure minimum disruption. The systems are reviewed continually and processes audited on a regular basis. We have a dedicated security team in place to not only prevent the potential loss or misuse of data, but also to ensure compliance with the General Data Protection Regulation.



# Training a new generation of green leaders

The Group is committed to developing our businesses with sustainable performance as a core driver, and as well as bringing in the renewables expertise the Group requires, we're also dedicated to developing and training our people to move into an ever growing area of service.

Leigh Murray, Projects Manager for Everwarm's Electrical and Renewables division, trained up into renewables after working as an Electrician for 15 years. In March 2021 Leigh was invited by the Government's Secretary of State for Business, Energy & Industrial Strategy to take part in a panel discussion on the theme of green jobs and the role businesses can play in tackling climate change. Leigh represents one of the many professionals across the Group accessing the support and investment available to those wanting a future in renewables.



## UN Sustainable Development goals




### Part of our ESG strategy

**The Group is committed to promote a culture of learning that promotes futurefacing training and development opportunities for our employees.**

Ensuring our people have the necessary knowledge and accredited training and development means that they can continue to play a vital part in delivering the essential services to the communities we work in across the UK.

### Our Sustainability pillars



 **Read more** about our development and training activities on pages 28 and 33

The Board have the experience and expertise to effectively manage the Group's business, strategy and development.



**NICK WINKS**  
Non-Executive Chairman

#### Appointment

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

#### Key strengths

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

#### Experience, skills and qualifications

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

#### Committee membership



**PETER SMITH**  
Chief Executive Officer

#### Appointment

Peter was appointed to the Board in July 2019 as Chief Financial Officer. Post financial year end he was appointed as Chief Executive Officer.

#### Key strengths

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

#### Experience, skills and qualifications

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



**ROBERT LEGGET**  
Senior Independent Director

#### Appointment

Robert was appointed to the Board in April 2016.

#### Key strengths

Robert has extensive business and finance experience.

#### Experience, skills and qualifications

► Robert co-founded Progressive Value Management Limited in 2000 and is Chairman. Progressive Value Management specialises in creating value and liquidity for institutional investors from illiquid holdings in underperforming companies. In this role he has had significant engagement with public company boards. Robert was formerly a Director of Quayle Munro Holdings plc and Foreign & Colonial Private Equity Trust plc and is currently a Director of Downing Strategic Micro-cap Investment trust plc. Robert is a member of the Institute of Chartered Accountants of Scotland.

#### Committee membership



**Key**

- Audit committee member
- Nomination committee member
- Remuneration committee member
- Committee Chair



**DEREK ZISSMAN**  
Non-Executive Director

**Appointment**

Derek was appointed to the Board in November 2017.

**Key strengths**

Derek has extensive business and finance experience.

**Experience, skills and qualifications**

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



**CHRISTOPHER MILLS**  
Non-Executive Director

**Appointment**

Christopher was appointed to the Board in March 2019.

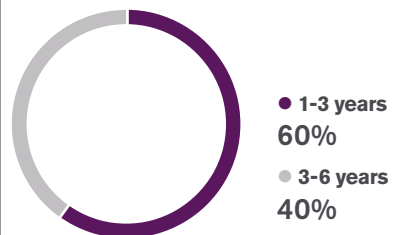
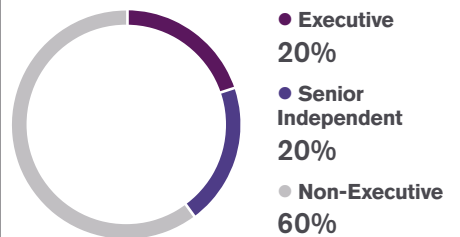
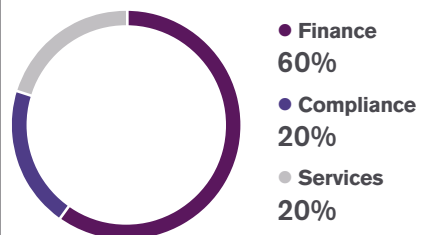
**Key strengths**

Christopher has extensive business and finance experience.

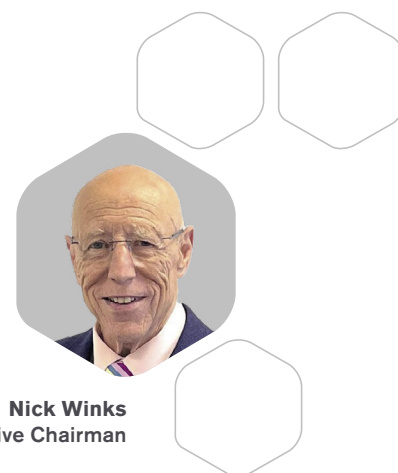
**Experience, skills and qualifications**

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

**Diversity, independence and experience**
**Gender**

**Tenure**

**Board composition**

**Sector experience**

**Committee membership**


# An introduction to Group governance



**Nick Winks**  
Non-Executive Chairman

2021 has been a year of change for the business by way of Board composition.

After a period of fundamental restructuring for the Group, led by Bob Holt, Bob handed over the business in March 2021, and I was appointed as Chairman in May 2021. This enabled the Board to adopt the more conventional approach of separating the roles of Chairman and Chief Executive.

The extensive search for a Chief Executive Officer, which I initiated, concluded in November 2021 with the appointment of Peter Smith, the then Chief Financial Officer as Chief Executive Officer. The search for a new CFO began in November 2021 and we hope to conclude this in the next few months.

Whilst 2021 has continued to be impacted by the effects of the Covid-19 pandemic, I am happy to report that the Company has ended the financial year again in robust good health, both financially and with the full engagement of our employees, communities and other stakeholders.

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

Sound Corporate Governance remains fundamental to effective management of the business, delivery of long term shareholder value and engagement with all stakeholders. It forms a core part of Group strategy and enables and supports the continued growth and future success of the business.

Stakeholder engagement remains a priority and further details as to how we engage with stakeholders can be found on pages 14 to 17 and engagement with shareholders on page 47.

The coming year will be one of development for the Group in terms of strategy and focus on our key markets.

**Nick Winks**  
Chairman  
24 January 2022

**"Whilst 2021 has continued to be impacted by the effects of the Covid-19 pandemic, I am happy to report that the Company has ended the financial year again in robust good health, both financially and with the full engagement of our employees, communities and other stakeholders."**

**Nick Winks**  
Non-Executive Chairman



## Statement of compliance with the QCA Corporate Governance Code

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

### Deliver growth

#### Principle 1

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

Pages 10 – 11 and 12 – 13

[www.sureservegroup.co.uk](http://www.sureservegroup.co.uk)

Sureserve is a leading UK social housing energy services Group, delivering heating and energy efficiency measures to Housing Associations, Local Authorities and landlords across the UK. With our substantial experience and success working in this sector, future growth, both organically and through acquisition, will be underpinned by focused investment on systems and infrastructure as well as an expanded training provision. Details of the Group's strategy, business model and principal risks and uncertainties to the business, together with mitigating factors that the Board has identified, can be found in the Strategic Report.

#### Principle 2

**Seek to understand and meet shareholder needs and expectations**

Page 17

[www.sureservegroup.co.uk/investors/corporate-governance](http://www.sureservegroup.co.uk/investors/corporate-governance)

Active shareholder dialogue remains a focus for the Company, and this has been increased during the year, given the Board changes that have taken place. Dialogue with both institutional and private shareholders is led by the Chairman and the Chief Financial Officer, who during the year also fulfilled the role of Interim Chief Operating officer pending the appointment of a Chief Executive Officer.

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

Whilst last year's Annual General Meeting of the Company had to be held as a closed meeting due to Covid-19, the AGM in March 2022 will once again be held as an open event. Full details will be sent out with this Annual Report document.

To further enhance shareholder engagement, it is the Company's intention to host an online presentation through the Investormetcompany portal following the Annual Results announcement, which will be available for shareholders to attend.

#### Principle 3

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

Pages 25 – 33

[www.sureservegroup.co.uk/sustainability](http://www.sureservegroup.co.uk/sustainability)  
[www.sureservegroup.co.uk/plc/media/press-releases](http://www.sureservegroup.co.uk/plc/media/press-releases)

Further detail of the Company's engagement with the wider stakeholder community and of our ESG policy can be found on pages 25 to 33.

The Board remains conscious of the impact that the Company's business activities may have on the environment and society more generally. The Company acknowledges its responsibilities to all stakeholders and encourages all feedback via the Contact Us section of the Company website at [www.sureservegroup.co.uk](http://www.sureservegroup.co.uk).

During the year great strides have been made within our sustainability agenda, including a growing investment in our fleet to transition to an all electric fleet of vehicles.

Employee engagement at all levels remains a strong focus for the Company. There is regular Group-wide communication with all employees and enhanced by the work of the ERC, which meets on a regular basis throughout the year. A full Employee survey was undertaken during the year.

After the work undertaken in the previous year a formal steering group was established to oversee the Company's work on Equality, Diversity and Inclusion policies. This has 2 working groups reporting to it. In addition, given the societal impacts of the Covid-19 pandemic a Mental Health working Group and an Employee Assistance Programme were established. The long established Women in Business Group continues to go from strength to strength.

The Sureserve Academy continues as a central hub for all learning and development activities across the Group, including for the 324 trainees which are in place across the Group.

The Company continually strives to add social value in our contract delivery and regular dialogue is maintained with clients and clients' customers to drive this forward. Compliance with all central legislation around Bribery and Corruption and Modern Slavery is maintained.

The Sureserve Foundation, which focuses on alleviating fuel poverty, has continued to support communities and individuals with the provision of 937 Fuel poverty vouchers and 1,400 Easter and Winter Warmer parcels to vulnerable individuals along with making a number of one off grants. The annual review for the Sureserve Foundation may be found at [www.thesureservefoundation.org](http://www.thesureservefoundation.org).

#### Principle 4

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

Pages 40 – 42

Details of the risks and uncertainties faced by the Group, and their mitigation, can be found in the Principal Risks and Uncertainties section of this Report and Accounts on pages 40 to 42.

The Board has responsibility for ensuring that effective risk management is in place across the Group. Clear strategic goals are set and risks to the achievement of these objectives are monitored through regular dialogue with operational management in each of the businesses. Risk management reporting forms a key aspect of Board discussion, supported by input from relevant external and regulatory bodies.

At each Board meeting a detailed report is tabled from the Group SHEQ team which consolidates Groupwide Health and Safety reporting, including in the current year additional reporting relating to details around Covid-19 exposure or cases in the workforce. During the height of the restrictions placed on businesses and individuals as a result of the pandemic, the then Chairman and Chief Financial Officer held weekly calls, available for all staff to access, in order to support colleagues and address any operational concerns during the period.

Formal risk registers are in place at plc and operating company level and are reviewed and monitored by the Audit Committee at each meeting. Reviews of the individual operating companies' risk registers have been undertaken remotely due to pandemic restrictions, but since the year end these have returned to being face to face.



## Deliver growth continued

### Principle 4 continued

The Group Risk Committee met 4 times during the year. This Committee reports to the Audit Committee as does the Internal Audit function which has also undertaken 5 specific subsidiary company reviews during the year at the request of the Committee, as well as additional reports into specific areas:

- Levels of accrued income across the Group.
- Review of furlough claims submitted by the businesses.

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

## Maintain a dynamic management framework

### Principle 5

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

Pages 44 – 45

[www.sureservegroup.co.uk/about/board-directors](http://www.sureservegroup.co.uk/about/board-directors)

Composition of the Board changed during the year, following the departure of Bob Holt in March 2021. Bob had latterly held the joint roles of both Chairman and Chief Executive. The Board felt, following Bob's departure, that it was appropriate to follow the standard convention of separating the two roles of Chairman and Chief Executive.

During the period before the appointment of a new Chairman, Robert Legget, Senior Independent Director, took the role of Interim Chairman and Peter Smith, the Chief Financial Officer took the joint roles of Interim Chief Operating Officer and Chief Financial Officer.

Nick Winks was appointed as Chairman in May 2021 and then led the search for a Chief Executive Officer. This was concluded, post year end, in November 2021 with the appointment of Peter Smith as Chief Executive Officer. From 4 November 2021 Peter Smith also held the role of Chief Financial Officer until the appointment of Sameet Vohra as Interim Chief Financial Officer on 13 December 2021. The search for a permanent Chief Financial Officer is underway.

The Board currently comprises of four Non-Executive Directors, including the Chairman, and one Executive Director. A new Chief Financial Officer will be appointed in due course. The Board does however retain a strong sector and financial experience base.

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

Details of the Directors, including brief biographies, Committee membership, key strengths and experience, skills and qualifications, can be found on pages 44 and 45 of this Report and Accounts.

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

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

Because of his management responsibility for Harwood Capital Management, the Group's largest shareholder (19.2%), Christopher Mills is not considered to be independent as a Non-Executive Director of the Group.

Directors during the year	Role	Independent/non-independent	Date of appointment
Bob Holt <sup>1</sup>	Chairman and Chief Executive	Not independent	July 2016
Nick Winks <sup>2</sup>	Chairman	Independent	May 2021
Peter Smith <sup>3</sup>	Chief Executive Officer	Not independent	July 2019
Robert Legget	Non-Executive Director Senior Independent Director	Independent	April 2016
Derek Zissman	Non-Executive Director	Independent	November 2017
Christopher Mills	Non-Executive Director	Not independent	March 2019

#### Notes

1. Bob Holt resigned with effect from 18 March 2021.
2. Nick Winks was appointed with effect from 26 May 2021.
3. Peter Smith held the roles of Chief Financial Officer until March 2021, when in addition he was appointed Interim Chief Operating Officer. He held this latter role until 4 November 2021 when he was appointed as Chief Executive Officer.

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

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

Director	Board scheduled meetings	Audit	Remuneration	Nomination
<b>Executive Directors</b>				
Bob Holt <sup>1</sup>	8/8			1/1
Peter Smith	13/13			
<b>Non-Executive Directors</b>				
Nick Winks <sup>2</sup>	2/2	1/1	1/1	–
Robert Legget	13/13	4/4	4/4	2/2
Derek Zissman	13/13	4/4	4/4	2/2
Christopher Mills	12/13			

#### Notes

1. Bob Holt resigned with effect from 18 March 2021.
2. Nick Winks was appointed with effect from 26 May 2021.

### Principle 6

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

Pages 44 – 45

[www.sureservegroup.co.uk/about-us/board-directors](http://www.sureservegroup.co.uk/about-us/board-directors)

The Board of Directors has substantial and relevant experience – both in terms of the sectors in which the Company operates and in financial, operational and public company experience. Details of each Director, including a brief biography, Committee membership, key strengths and experience, skills and qualifications, are detailed on pages 44 and 45 of the Report and Accounts.



The Directors are mindful of the importance of diversity within the workforce and at Board level and have set this as a focus in the Nomination Committee's action plan for 2021/22.

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

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

Each of the Directors is subject to either an Executive Service Agreement or a letter of appointment. The Company's Articles of Association require all of the Directors to retire at every Annual General Meeting.

Non-Executive Directors are appointed for terms of three years, which may be renewed, subject to the particular Director being re-elected by shareholders.

During the year advice was received from external professional advisers regarding legacy matters from the former construction division and establishment of a new Company Share Option Scheme (Remuneration Committee). In addition advice was taken regarding the establishment of a further SAYE Scheme for employees.

## Principle 7

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

Pages 44 – 62

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

The initial evaluation and the results of the Board evaluation were presented to the Board on 10 January 2019. The Board evaluation process included an observed Board meeting, confidential questionnaires and individual interviews of Board members. The questionnaire included sections relating to the compliance principles of the Quoted Companies Alliance Code.

The Board undertook to implement the recommendations and invited the evaluator to return in late 2019 to form a view on progress. The Follow Up Review was concluded in December 2019. Again, a process of an observed Board meeting and individual interviews of Board members was undertaken. The evaluator concluded that most of the recommendations had been successfully implemented. The Follow Up review identified further areas for development and the Board has agreed to implement them. The conclusions of the Follow Up Review were presented to the Board in January 2020.

In summary, these were:

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

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

The Board will consider a further evaluation once the current outstanding Board changes have been completed.

## Principle 8

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

Pages 01 – 43

[www.sureservegroup.co.uk](http://www.sureservegroup.co.uk)

The Company maintains regular dialogue with our employees, clients, clients' customers, communities, financial partners, shareholders and suppliers all in furtherance of our shared value of driving performance and engagement. Our Group Responsible Business Lead is key to delivering this agenda, which is driven by the Board.

Employee engagement is supported by the ERC, regular staff communications and an annual staff survey. Up until March 2021 the then Chairman and Chief Executive held regular, weekly calls available to all employees to address any employee concerns regarding the Covid-19 pandemic, and to provide updates on Government guidance and support measures. After March 2021 these calls were held by the then acting Chief Operating Officer.

The Sureserve Foundation, which is focused on the alleviation of fuel poverty, has distributed grants to 26 organisations during the financial year, and has distributed 937 fuel poverty vouchers and 1,000 Winter Warmer parcels to vulnerable and needy tenants of our Housing Association clients.

#### Whistleblowing

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

#### Compliance with laws

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

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



## Maintain a dynamic management framework continued

### Principle 9

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

Pages 44 – 62

[www.sureservegroup.co.uk/investors/corporate-governance](http://www.sureservegroup.co.uk/investors/corporate-governance)

Details of how the Board and its Committees' structure operates can be found at page 51.

The PLC Board held 13 meetings during the year.

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

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

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

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

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

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

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

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

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

#### Notes

- Bob Holt held the Joint roles of Chairman and Chief Executive until his resignation on 18 March 2021. Thereafter these roles were separated and Nick Winks was appointed as Chairman on 26 May 2021.
- Peter Smith was additionally appointed as Interim Chief Operating Officer on 18 March 2021, a role which he fulfilled until 4 November 2021 when he was appointed as Chief Executive Officer in addition to that of Chief Financial Officer. The latter role is currently the subject of a market exercise to find a suitable candidate.

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

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

### Board Committees

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

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

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

## Build trust

### Principle 10

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

Pages 01 – 62

[www.sureservegroup.co.uk/investors/regulatory-news](http://www.sureservegroup.co.uk/investors/regulatory-news) and [www.sureservegroup.co.uk/investors/results-and-presentations](http://www.sureservegroup.co.uk/investors/results-and-presentations)

In the year to 30 September 2021 the Executive Directors and members of the Board met and had dialogue with a large number of shareholders and investors.

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

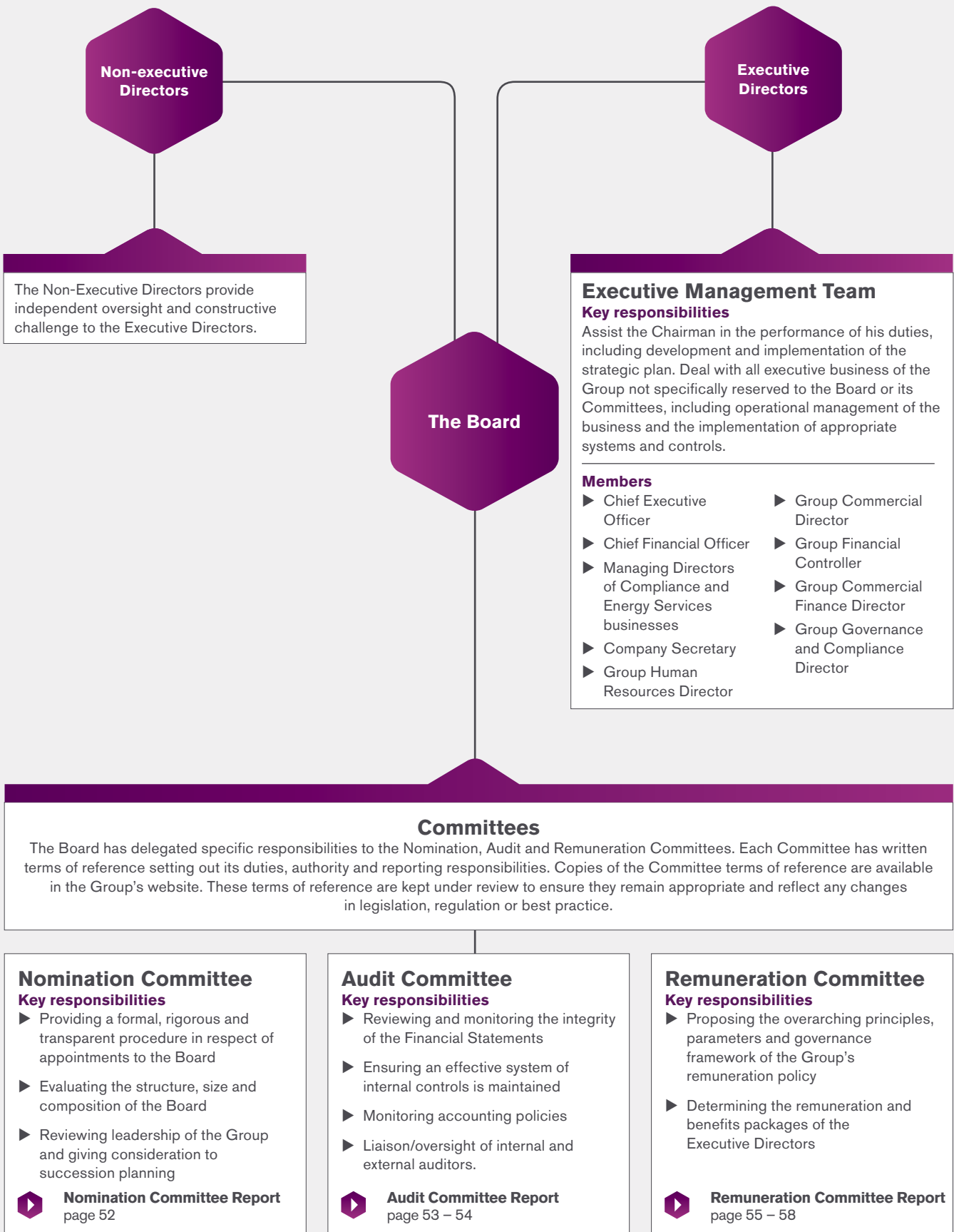
The Company's website includes an investor relations section containing all RNS announcements, share price information, annual documents available for download and similar materials at [www.sureservegroup.co.uk/investors](http://www.sureservegroup.co.uk/investors). The website also provides details for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

The AGM remains a valuable opportunity for the Board to engage with shareholders and to answer any questions which shareholders may have. This year's AGM will be held on 22 March 2022 and full details of the venue and resolutions proposed may be found in the Notice of Meeting enclosed with these accounts or on the Company website. Attendance will require pre-registration and there will be an opportunity to put forward questions to be asked at the meeting in lieu of attendance.

Approved by order of the Board.

**Nick Winks**  
Chairman

24 January 2022





**ROBERT LEGGET**  
**Senior Independent Director**  
**Chairman of the Nomination Committee**

**Committee members**

<b>Robert Legget</b> Senior Independent Director	<b>Chair</b>
<b>Nick Winks</b> Independent Non-Executive Chairman	<b>Member</b>
<b>Derek Zissman</b> Independent Non-Executive Director	<b>Member</b>

**Key responsibilities**

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

The terms of reference of the Nomination Committee are available to view at [www.sureservegroup.co.uk/investors/corporate-governance](http://www.sureservegroup.co.uk/investors/corporate-governance)

**This is the Nomination Committee Report for the year to 30 September 2021.**

**Membership of the Nomination Committee and attendance during the year**

The Nomination Committee comprises the independent Non-Executives of the Company and the Chairman. Robert Legget, Derek Zissman, Bob Holt and Nick Winks were the members of the Committee during the year. Bob Holt resigned as Chairman on 18 March 2021 and Nick Winks was appointed as Chairman on 26 May 2021. Details of attendance records during the period can be found on page 48.

Following the resignation of Bob Holt as Chairman and Chief Executive of Sureserve Group plc on 18 March 2021, Robert Legget was appointed by the Board as Interim Chairman to lead the search for a new Non-Executive Chairman, who would in turn lead the search for a new Chief Executive Officer. This to reflect the separation of roles between Chairman and Chief Executive. Derek Zissman supported the appointment process. The Committee also appointed Peter Smith, Chief Financial Officer of the Group to the combined role of Interim Chief Operating Officer and Chief Financial Officer to assist with management of the Group during the Board transition process.

The Committee's primary focus during the financial year has been the review of candidates for the appointment of Chairman, and subsequently candidates for the role of Chief Executive Officer. This latter process was concluded post financial year end with the appointment of Peter Smith, the Interim Chief Operating Officer and Chief Financial Officer to the role on 4 November 2021. A search for a new Chief Financial Officer is ongoing.

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

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

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

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

**Action plan for 2021/22**

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

- ▶ To conclude the search for a new Chief Financial Officer following the appointment of Peter Smith to the Chief Executive Officer role
- ▶ To review succession planning within the Company and the membership of the Executive Management Team which supports the Executive Directors
- ▶ To review the Executive/Non-Executive balance of the Board
- ▶ The Board is mindful of the requirement to evidence diversity in the workforce

Approved on behalf of the Board by:

**Robert Legget**  
**Senior Independent Director**  
**Chairman of the Nomination Committee**  
 24 January 2022



**DEREK ZISSMAN**  
**Non-Executive Director**  
**Chairman of the Audit Committee**

## Committee members

<b>Derek Zissman</b> Independent Non-Executive Director	<b>Chair</b>
<b>Nick Winks</b> Chairman	<b>Member</b>
<b>Robert Legget</b> Senior Independent Director	<b>Member</b>

## Allocation of time

**Review of Final Audit Findings**  
**Report for the year ended September 2020**  
**and accounting judgements**

40%

**Key accounting considerations for**  
**the Interim Results to 31 March 2021**

20%

**Review of Risk Registers and reports**  
**from Risk Committee**

15%

**Review of Reports**  
**from Internal Auditor**

15%

**Consideration of external auditor's plan for**  
**the September 2021 Audit**

10%

**This is the Audit Committee Report for the year ended 30 September 2021.**

## Committee meetings

The Committee met 4 times during the year. The meetings are attended by Committee members and, by invitation, the Chief Financial Officer, senior management and representatives from the external and internal auditors. Once a year, the Committee meets separately with the external auditor without management being present.

## Roles and responsibilities

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

- ▶ Reviewing and monitoring the integrity of the Group's annual and interim financial statements and accompanying reports to shareholders and Corporate Governance statements
- ▶ Reporting to the Board on the appropriateness of the accounting policies and practices
- ▶ In conjunction with the Board, reviewing and monitoring the effectiveness of the Group's internal control and risk management systems, including reviewing the process for identifying, assessing and reporting all key risks (see the Principal Risks and Uncertainties on pages 40 to 42)
- ▶ Reviewing the effectiveness of the Group's internal audit process and approving the forward audit plan
- ▶ To make recommendations to the Board in relation to the appointment and removal of the external auditor and to approve its remuneration and terms of engagement
- ▶ To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements
- ▶ Reviewing and monitoring the extent of the non-audit work undertaken by the Group's external auditor, taking into account relevant professional and regulatory requirements
- ▶ Reviewing the adequacy and effectiveness of the whistleblowing and anti-bribery policy and procedures
- ▶ Reviewing the Group's risk management procedures and monitoring actions taken in the year

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

The terms of reference of the Audit Committee are available to view at [www.sureservegroup.co.uk/investors/corporate-governance](http://www.sureservegroup.co.uk/investors/corporate-governance)



## Audit Committee report continued

### Activities of the Committee

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

- ▶ Considered the Final Audit Findings Report for the year ended September 2020
- ▶ Reviewed the key accounting considerations and judgements reflected in the Group's results for the six-month period ended 31 March 2021
- ▶ Reviewed and agreed the external auditor's audit plan in advance of its audit for the year ended 30 September 2021
- ▶ Post year end discussed the report received from the external auditor regarding its audit in respect of the year ended 30 September 2021, which includes comments on its findings on internal control and a statement on its independence and objectivity
- ▶ Assessed the impact of the Covid -19 pandemic on Group reporting requirements in discussions with the external auditors and management
- ▶ Reviewed the Risk Management Framework of the business including internal controls, the risk registers and the work of the Internal Auditor
- ▶ Supported the Risk Committee, which meets on a quarterly basis and reports to Audit Committee
- ▶ Reviewed and approved the non-audit assignments undertaken by the external auditor in the year to 30 September 2021
- ▶ Considered, together with the Board, the Principal Risks and Uncertainties Review

### External auditor

The Group's external auditor – RSM UK Audit LLP – is subject to annual reappointment by shareholders and partner rotation at the required interval. Auditor rotation remains under review.

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

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

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

### Financial reporting and statutory audit

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

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

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

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

### Risk management and internal controls

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

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

The principal risks and uncertainties which are judged currently to have the most significant impact on the Group's long term performance and prospects are set out on pages 40 to 42.

### Internal audit

The Company has an established Internal Audit function and during the year a number of operational reviews have been undertaken by the Internal Auditor. These included a review of accrued income across the Group, and the submission of furlough claims for the business during the early stages of the Covid-19 pandemic.

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

### Areas for review by the Committee in the current financial year

These will include:

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

Following the year end, the Committee has met to approve the Group's Annual Report and Financial Statements.

**Derek Zissman**  
Non-Executive Director  
Chairman of the Audit Committee  
24 January 2022



# Directors' remuneration report

## Remuneration Committee Chairman's annual statement



**ROBERT LEGGET**  
Senior Independent Director

Chairman of the Remuneration Committee

### Committee members

<b>Robert Legget</b> Senior Independent Director	<b>Chair</b>
<b>Nick Winks</b> Chairman	<b>Member</b>
<b>Derek Zissman</b> Independent Non-Executive Director	<b>Member</b>

### Allocation of time

#### Incentivisation of Senior management team and the Executive Management Team through a new Company Performance Share Plan (PSP) and Company Share Option Plan (CSOP)

45%

#### Management and review of the Special Incentive Award Plan for Executive Directors

25%

#### Review of proposed 2022 remuneration for Executive Directors

20%

#### Review of wider Group remuneration and bonus arrangements for 2022

10%

The terms of reference of the Remuneration Committee are available to view at [www.sureservegroup.co.uk/investors/corporate-governance](http://www.sureservegroup.co.uk/investors/corporate-governance)

### This is the Directors' Remuneration Report for the year to 30 September 2021.

The Annual Report on Remuneration on pages 55 to 58 provides details of each Director's pay and benefits in the year to 30 September 2021.

### Responsibilities and role of the Remuneration Committee

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

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

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

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

### Membership of the Committee

The Committee is chaired by Robert Legget with Nick Winks and Derek Zissman as members. Nick Winks joined the Committee following his appointment as Chairman on 26 May 2021. All are Independent Non-Executive Directors of the Group.

Before the appointment of Nick Winks, the then Executive Chairman, Bob Holt, attended as required.

The Committee met 4 times during the year with all members attending each meeting. As the members of the Committee are the Independent Non-Executive Directors, they are recognised by the Board as bringing independent judgement to the matters considered by the Committee.

This report is split into:

- ▶ Components of Executive remuneration for 2020/21
- ▶ Proposed remuneration for 2021/22
- ▶ Details of the Company's remuneration policy

## Components of Executive remuneration

The following section summarises how remuneration arrangements operated during the 2020/21 financial year.

### Remuneration and benefits

The table below sets out the annual salary of each of the Executive Directors in the year to 30 September 2021 and the proposed 2021/22 salary for each of their current roles.

	2020/21 salary	2021/22 salary	% change in basic salary
Bob Holt <sup>1</sup>	£375,000	£nil	0%
Peter Smith <sup>2</sup>	£200,000	£280,000	0% <sup>3</sup>

#### Notes

- In addition to a salary of £75,000, Bob Holt was available to provide consultancy services to the Company and other Group companies. These services were provided by a consultancy company of which Bob Holt is a shareholder. Such services were originally provided for two days per week over 47 weeks per year at a total cost of up to £150,000 p.a. (plus VAT). Following the resignation of Michael McMahon, Bob Holt took on the role of Chief Executive Officer. These additional services were also provided through the consultancy company and represented a further two days per week at an additional cost of up to £150,000 p.a. (plus VAT), making a total of £375,000. Bob Holt resigned as of 18 March 2021.
- In addition to base salary Peter Smith has elected to receive his contractual pension entitlement by way of additional salary and this is reflected in the Directors Remuneration Schedule. Following the resignation of Bob Holt, Peter Smith took on the additional role of Interim Chief Operating Officer, for which he received an additional allowance of £5000 per month. Post financial year end Peter Smith was appointed to the role of Chief Executive Officer on 4 November 2021 for which his annual salary is £280,000.
- Given the change in role for Peter Smith the salary rates quoted are not comparable.

The highest paid Director was paid £375,000 in the financial year, compared to an employee average of £34,826.

#### Annual bonus

No bonus was payable to Bob Holt in respect of the September 2021 financial year.

Peter Smith was paid an agreed bonus of £130,000 post year end and on finalisation of the Group Annual Report and Accounts for the year. This represented £100,000 payable against agreed financial targets for the year and an additional bonus of £30,000 relating to his role as Interim Chief Operating Officer for the period since March 2021.

#### Special Incentive Award Plan ('SIAP')

The Sureserve Group plc Special Incentive Award Plan (2019) was established in May 2019 having been approved by shareholders at the AGM in March 2019. Full details of the Plan may be found in the 2019 Notice of Annual General Meeting at [www.sureservegroup.co.uk](http://www.sureservegroup.co.uk). Awards under the Plan were made to Bob Holt and Michael McMahon, both of whom were awarded options over 800,000 shares each. The options awarded to Michael McMahon lapsed on his resignation from the business. An award over 180,000 shares was made to Peter Smith on 13 November 2020, following satisfaction of contractual requirements.

The expiry date of the options was 15 May 2021 and both Bob Holt and Peter Smith exercised their option awards during the financial year.

### A summary of SIAP and PSP share awards granted to Executive Directors

The table below sets out details of the Executive Directors' outstanding option awards under the SIAP plan.

Name of Director	Scheme	Number of options at 1 October 2020	Granted during the period	Lapsed during the period	Exercised during the period	Number of options at 30 September 2021	Date from which exercisable	Expiry date
Bob Holt	SIAP <sup>1</sup>	800,000	—	—	800,000	—	15 November 2020	15 May 2021
Peter Smith	SIAP <sup>1</sup>	—	180,000	—	180,000	—	15 November 2020	15 May 2021
	<b>Total</b>	800,000	180,000	—	980,000	<b>Nil</b>		

#### Note

- The Sureserve Group plc Special Incentive Award Plan (2019) was established during 2019 and approved by shareholders at the AGM in March 2019. Full details of the Plan may be found in the 2019 Notice of Annual General Meeting at <https://www.sureservegroup.co.uk/investors/shareholder-information/meeting-and-voting>. An award under the Plan was made during the previous year to Bob Holt of an option over 800,000 shares subject to the achievement of certain performance conditions. There was the ability to make further awards to eligible employees under the Scheme and an award of an option over 180,000 shares was granted to Peter Smith post the 2020 financial year end.

Awards under this Scheme vested on 15 November 2020. After application of the performance conditions relating to the Scheme, an award capable of exercise was made to Bob Holt in respect of 860,874 Ordinary shares and the award to Peter Smith is capable of exercise in respect of 193,676 Ordinary shares.

#### Company's Performance Share Plan

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

### Proposed remuneration for 2022

- ▶ For the current financial year to 30 September 2022 the Remuneration Committee is proposing no change to the remuneration of the Chairman
- ▶ No change in respect of the fees for the Non-Executive Directors
- ▶ An annual salary for the Chief Executive Officer of £280,000
- ▶ Annual bonus arrangements for the Chief Executive Officer have yet to be concluded for the 2021/22 Financial year, but will include targets around EPS growth, cash conversion and satisfaction with the audit process. There will be clear financial targets based around increasing shareholder value. The Committee is satisfied that these will be challenging and, in order for the maximum bonus to be earned, will demonstrate significant improvement in the profit performance of the business



## Single total figures of remuneration (audited information)

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

### Details of the Company's remuneration policy

2021	Total salary and fees <sup>1</sup> £'000	Taxable benefits <sup>2</sup> £'000	Annual bonus <sup>3</sup> £'000	Long Term Incentive <sup>4</sup> £'000	Pensions related benefits £'000	Compensation for loss of office £'000	Total £'000	2020 Total remuneration £'000
<b>Executive Directors</b>								
Bob Holt <sup>5</sup>	188	5	—	702	1	187	1,083	361
Michael McMahon <sup>6</sup>	—	—	—	—	—	—	—	7
Peter Smith <sup>7</sup>	250	12	130	158	—	—	550	310
<b>Non-Executive Directors</b>								
Nick Winks	37	—	—	—	—	—	37	
Robert Legget	50	—	—	—	—	—	50	48
Derek Zissman	45	—	—	—	—	—	45	43
Christopher Mills	20	—	—	—	—	—	20	19

#### Notes

- Total salary and fees — the amount of salary/fees received in the year.
- Taxable benefits — the taxable value of benefits received in the year (i.e. car allowance and private medical insurance).
- Annual bonus — the cash value of the bonus earned in respect of the year.
- Share gain in respect of 2019 LTIP award granted and exercised during the financial year.
- In addition to a salary of £75,000, Bob Holt is available to provide consultancy services to the Company and other Group companies. These services are provided by a consultancy company of which Bob Holt is a shareholder. Such services were originally provided for two days per week over 47 weeks per year at a total cost of up to £150,000 p.a. (plus VAT). During the period, and following the resignation of Michael McMahon, Bob Holt also took on the role of Chief Executive Officer. These additional services are also provided through the consultancy company and represent a further two days per week at an additional cost of up to £150,000 p.a. (plus VAT). Bob Holt resigned with effect from 18 March 2021.
- Michael McMahon resigned from the Board with effect from 30 September 2019.
- Peter Smith's remuneration reflects a base salary of £200,000 during the year, together with an allowance for acting as Interim Chief Operating Officer from 18 March onwards. He also elected during the year to take his contracted pension payments by way of additional salary.

## Long term incentive vesting

The 2 remaining awards made under The Sureserve Group plc Special Incentive award Plan (2019) vested during the year.

## Other directorships

Bob Holt, who resigned as Chairman on 18 March 2021 was also a Director of Totally plc during the period. This appointment was held prior to Bob Holt joining the Company.

## Work of the Committee during the year

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

- ▶ Satisfaction of awards under the Special Incentive Award Plan which had vested during the year
- ▶ Review of Managing Director and Senior Management pay and bonus awards for 2021
- ▶ Incentivisation plan for Chief Executive Officer and proposed Chief Financial Officer
- ▶ Agreement to framework for bonus arrangements for the coming financial year

## Shareholder dilution

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

## Illustrations of application of remuneration policy

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

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



## Directors' remuneration report continued

### Service contracts and letters of appointment

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

Name	Date of contract/ letter of appointment	Notice period by Company	Notice period by Director
<b>Executive Directors</b>			
Bob Holt <sup>1</sup>	21 July 2016	6 months	6 months
Peter Smith	29 July 2019	12 months	6 months
<b>Non-Executive Directors</b>			
Nick Winks <sup>2</sup>	25 May 2021	3 months	3 months
Robert Legget	19 April 2016	1 month	1 month
Derek Zissman	27 November 2017	1 month	1 month
Christopher Mills	18 March 2019	1 month	1 month

#### Notes

1. Bob Holt resigned with effect from 18 March 2021.
2. Nick Winks was appointed with effect from 26 May 2021.

### Non-Executive Directors

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

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

### Remuneration in the wider Group

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

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

### Shareholder engagement

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

#### Robert Legget

Senior Independent Director

Chairman of the Remuneration Committee

24 January 2022



The Directors present their Annual Report and the audited Financial Statements for the Group for the year ended 30 September 2021.

## General information

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

## Principal activities

Sureserve is a leading UK social housing energy services Group, delivering heating and energy efficiency measures to Housing Associations, Local Authorities and landlords across the UK. The principal activity of the parent company is the holding of investments.

## Results and dividends

The results for the year are set out in the consolidated statement of comprehensive income on page 68. The Directors do not intend to pay a dividend for this financial year.

## Directors and Directors' interests

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

Bob Holt OBE \*  
 Nick Winks \*\*  
 Peter Smith  
 Robert Legget  
 Derek Zissman  
 Christopher Mills

\* Bob Holt resigned as a Director with effect from 18 March 2021.

\*\* Nick Winks was appointed as a Director with effect from 26 May 2021.

Biographical details and Committee membership details for Directors appear on pages 44 and 45.

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

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

		At 1 October 2020 (or date of appointment)	Movement in year	At 30 September 2021	At 30 September 2021 Percentage
Bob Holt <sup>1</sup>	Beneficial	1,298,268	(1,298,268)	—	—
Nick Winks <sup>2</sup>	Beneficial	—	100,000	100,000	0.06%
Peter Smith	Beneficial	—	95,837	95,837	0.06%
Robert Legget	Beneficial	—	—	—	0.00%
Derek Zissman	Beneficial	100,000	30,000	130,000	0.08%
Christopher Mills <sup>3</sup>	Non-beneficial	30,592,500	(390,000)	30,202,500	18.73%

### Notes

1. Bob Holt resigned with effect from 18 March 2021.

2. Nick Winks was appointed with effect from 26 May 2021.

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

Details of Directors' emoluments and interests in share options are disclosed in the report of the Board to the shareholders on Directors' remuneration on pages 55 to 58.

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



### Substantial shareholdings and share capital

As at 14 January 2022, being the latest practical date prior to the publication of this document, the Company has been advised of the following interests in 3% or more of the Company's ordinary share capital:

	Number of shares	Percentage held %
Harwood Capital Management Group	30,202,500	18.35%
Slater Investments	24,768,325	15.05%
Estate of Steve Rawlings	17,081,068	10.38%
Chelverton Asset Management	8,730,000	5.30%
Octopus Investments Limited	7,102,570	4.32%

The Company has one class of share in issue, being ordinary shares with a nominal value of 10 pence each. As at 30 September 2021, there were 161,213,788 shares in issue.

### Directors' indemnity

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

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

### Directors' powers

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

### Our people

The Group's policy is to consider all job applications on a fair basis free from discrimination in relation to age, sex, race, ethnicity, religion, sexual orientation or disability not related to job performance. Every consideration is given to applications for employment from disabled persons, where the requirement of the job may be adequately covered by a disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development wherever appropriate.

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

### Key performance indicators

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

### Principal risks and uncertainties

Details of the risks and uncertainties faced by the Group can be found in the Strategic Review on pages 40 to 42.

### Financial instruments

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

### Post balance sheet event

Following the financial year end the Group acquired the entire issued share capital of CorEnergy Limited.



## Donations

The Group made charitable donations in the year of £15,134. Information on the Group's resources, relationships and sustainability is set out on pages 1 to 43. The Group made no political donations during the year.

## Annual General Meeting

A separate notice convening the Annual General Meeting of the Company to be held at the City of London Club, 19 Old Broad St, London EC2N 1DS on 22 March 2022 will be sent out with this Annual Report and Financial Statements. Attendance will require pre-registration and there will be an opportunity to put forward questions to be asked at the meeting in lieu of attendance.

## Corporate governance

The Company's statement on corporate governance can be found in the Corporate Governance Report on pages 44 to 62. The Corporate Governance Report forms part of this Directors' Report and is incorporated into it by cross-reference.

## Section 172 statement

The required statement under section 172 of the Companies Act 2006 is contained within the Strategic Report on pages 14 to 17.

## Matters of Strategic Importance

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of Streamlined Energy Carbon Reporting, certain employment disclosures and corporate governance.

## Independent auditor

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

## Statement as to disclosure of information to auditor

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

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

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

By order of the Board

**John Charlton**  
**Group Company Secretary**  
24 January 2022



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

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

Company law requires the directors to prepare group and company financial statements for each financial year. The directors have elected under company law to prepare group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and have elected under company law to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The group financial statements are required by law and international accounting standards in conformity with the requirements of the Companies Act 2006 to present fairly the financial position and performance of the group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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

In preparing each of the group and company financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. for the group financial statements, state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- d. for the company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the company financial statements;
- e. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. 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.

## Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the directors, whose names and functions are listed in the Directors' Report that, to the best of each person's knowledge:

- a. the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the company and the undertakings included in the consolidation taken as a whole; and
- b. the Strategic Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This statement was approved by the Board of Directors on 24 January 2022 and is signed on its behalf by:

**Peter Smith**  
Chief Executive Officer





# Independent auditor's report

To the members of Sureserve Group plc

## Opinion

We have audited the financial statements of Sureserve Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2021 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, company statement of financial position, company statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- ▶ the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2021 and of the group's profit for the year then ended;
- ▶ the group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- ▶ the parent 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 the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included audit of the three-year forecasts prepared by management, review of compliance with covenants for facilities in place in the period and after the period end and corroboration of cash balances. We concluded that the directors' assessment was appropriate in the circumstances and have no key observations to make.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

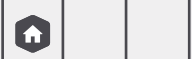
## Summary of our audit approach

<b>Key audit matters</b>	<b>Group</b> <ul style="list-style-type: none"> <li>▶ Goodwill impairment</li> <li>▶ Provisions and contingent liabilities</li> </ul>
<b>Materiality</b>	<b>Group</b> <ul style="list-style-type: none"> <li>▶ Overall materiality: £1,090k (2020: £948k)</li> <li>▶ Performance materiality: £821k (2020: £711k)</li> </ul> <b>Parent Company</b> <ul style="list-style-type: none"> <li>▶ Overall materiality: £500k (2020: £500k)</li> <li>▶ Performance materiality: £375k (2020: £375k)</li> </ul>
<b>Scope</b>	Our audit procedures covered 100% of revenue, 100% of total assets and 100% of profit before tax.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the group and parent company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

There were no key audit matters identified in relation to the parent company.



# Independent auditor's report continued

To the members of Sureserve Group plc

## Key audit matters continued

### Goodwill impairment

**Key audit matter description** At 30 September 2021 the Group had goodwill totalling £42.5m (2020: £42.4m) as disclosed in Note 14 in the consolidated financial statements. Management assess goodwill for impairment using discounted cash flow ("DCF") models to estimate the value in use of the group's cash generating units ("CGUs") and compare this to the goodwill and other assets of the relevant CGU. The use of DCF models requires management to make estimates involving judgement, including forecasts of revenue and profitability and application of appropriate discount rates and as a result of this, and the impact on allocation of audit resource, the matter was considered to be one of most significance in the group audit and therefore determined to be a key audit matter.

**How the matter was addressed in the audit** Our response to the risk included:

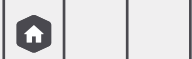
- ▶ Audit of management's models including a check of arithmetic and integrity
- ▶ Corroboration of inputs to the DCF models to relevant financial information and challenge of management assumptions
- ▶ Comparison of forecast financial performance to post year end trading to assess reliability of forecasting
- ▶ Comparison of growth and discount rate assumptions to comparable companies and specific challenge of the appropriateness of the discount rate applied in the DCF models
- ▶ Challenge of forecasts focused on CGUs for which the DCF models showed lowest headroom or made assumptions in relation to Covid restrictions and recovery, including a review of management's sensitivity analysis and completion of additional sensitivity analysis in this regard
- ▶ Consideration of available evidence of recoverable amount for components where management did not rely on a value in use approach
- ▶ Audit of the disclosures in the financial statements and consideration of their completeness, accuracy and appropriateness

### Provisions and contingent liabilities

**Key audit matter description** The financial statements include provisions for legal and other costs of £2.0m (2020: £3.2m) as disclosed in Note 24 of the consolidated financial statements. The assessment of whether economic outflows are probable, possible or remote involves a high degree of management judgement and the amounts provided by management involve a high degree of estimation uncertainty. As a result of this, and the impact on allocation of audit resource, the matter was considered to be one of most significance in the group audit and therefore determined to be a key audit matter.

**How the matter was addressed in the audit** Our response to the risk included:

- ▶ Obtaining confirmation from management of the completeness of all actual and potential claims including confirmation of their judgement as to whether the likelihood of claims is remote, possible or probable
- ▶ Requesting confirmation from the group's solicitors regarding the status of known claims and completeness of claims
- ▶ Reviewing correspondence from the group's solicitors in respect of actual and potential claims and holding discussions with management regarding their judgement over the existence and valuation of required provisions, or lack thereof
- ▶ Consulting an auditor's expert in respect of provisions and contingent liabilities relating to the disposal of Lakehouse Contracts Limited and Foster Property Maintenance Limited
- ▶ Corroboration of key assertions made by management to supporting documentation
- ▶ Audit of the disclosures made in respect of provisions and contingent liabilities for which no provision has been made



## Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
<b>Overall materiality</b>	£1,090k (2020: £948k)	£500k (2020: £375k)
<b>Basis for determining overall materiality</b>	7.5% (2020: 9%) of EBITA	1% (2020: 1%) of net assets
<b>Rationale for benchmark applied</b>	EBITA considered to be appropriate benchmark as key KPI reported in the consolidated financial statements.	Net assets considered appropriate benchmark for holding company.
<b>Performance materiality</b>	£821k (2020: £711k)	£375k (2020: £375k)
<b>Basis for determining performance materiality</b>	75% (2020: 75%) of overall materiality	75% (2020: 75%) of overall materiality
<b>Reporting of misstatements to the Audit Committee</b>	Misstatements in excess of £55k (2020: £47k) and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £25k (2020: £25k) and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

## An overview of the scope of our audit

The group consists of 16 components, all of which are based in the UK.

	Number of components	Revenue	Total assets	Profit before tax
Full scope audit	15	98.2%	98.4%	98.1%
Analytical procedures at group level	1	1.8%	1.6%	1.9%
<b>Total</b>	<b>16</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ▶ the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ▶ the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.



## Independent auditor's report continued

To the members of Sureserve Group plc

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 62, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

### The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- ▶ obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory frameworks;
- ▶ enquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- ▶ discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our audit approach.

## The extent to which the audit was considered capable of detecting irregularities, including fraud

continued

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the audit engagement team included:
<b>International Accounting Standards in conformity with the requirements of the Companies Act 2006, FRS 101 and Companies Act 2006</b>	Review of the financial statement disclosures and testing to supporting documentation and completion of disclosure checklists to identify areas of non-compliance.
<b>Tax compliance regulations</b>	Inspection of computations received from external tax advisors and consideration of whether any matter identified during the audit required reporting to an appropriate authority outside the entity.
<b>Health and safety regulations</b>	Enquiries of management and those charged with governance and inspection of correspondence with regulatory authorities.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
<b>Revenue recognition</b>	Testing was completed on a sample basis to test whether revenue transactions were recorded in the correct period.  Transactions posted to nominal ledger codes outside of the normal revenue cycle were identified and investigated.
<b>Management override of controls</b>	Testing the appropriateness of journal entries and other adjustments;  Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and  Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

### 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.

**GRAHAM RICKETTS (Senior Statutory Auditor)**  
**For and on behalf of RSM UK Audit LLP, Statutory Auditor**  
 Chartered Accountants  
 25 Farringdon Street  
 London  
 EC4A 4AB  
 24 January 2022



# Consolidated statement of comprehensive income

For the year ended 30 September 2021

	Notes	2021 £'000	2020 £'000
<b>Revenue</b>	4	<b>244,014</b>	195,706
Cost of sales		<b>(201,340)</b>	(160,449)
<b>Gross profit</b>		<b>42,674</b>	35,257
Other operating expenses		<b>(29,239)</b>	(24,952)
Share of results of joint venture	18	<b>1,159</b>	99
Operating profit before exceptional and other items	4,5	<b>14,594</b>	10,404
Exceptional items	7	<b>387</b>	—
Amortisation of acquisition related intangibles		<b>—</b>	(1,600)
Impairment of goodwill	14	<b>(188)</b>	—
<b>Operating profit</b>		<b>14,793</b>	8,804
Finance expense	8	<b>(1,020)</b>	(1,047)
Finance income	8	<b>4</b>	39
<b>Profit before tax</b>	4	<b>13,777</b>	7,796
<b>Taxation</b>	11	<b>(2,425)</b>	(1,486)
<b>Profit for the year attributable to the equity holders of the Group</b>		<b>11,352</b>	6,310
<b>Earnings per share</b>			
<b>Basic</b>	13	<b>7.1p</b>	4.0p
<b>Diluted</b>	13	<b>7.0p</b>	3.9p
<b>Adjusted earnings per share</b>			
<b>Basic</b>	13	<b>7.2p</b>	4.9p
<b>Diluted</b>	13	<b>7.1p</b>	4.8p

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

# Consolidated statement of financial position

At 30 September 2021

	Notes	2021 £'000	2020 £'000
<b>Non-current assets</b>			
Goodwill	14	42,479	42,357
Other intangible assets	15	820	726
Property, plant and equipment	16	2,009	1,212
Right of use assets	17	11,564	6,757
Interests in joint ventures	18	1,660	501
Deferred tax assets	25	344	517
		<b>58,876</b>	52,070
<b>Current assets</b>			
Inventories	19	4,199	3,022
Trade and other receivables	20	43,249	40,054
Cash and cash equivalents		16,444	9,679
		<b>63,892</b>	52,755
<b>Total assets</b>		<b>122,768</b>	104,825
<b>Current liabilities</b>			
Trade and other payables	21	47,397	42,764
Lease liabilities	26	4,071	3,167
Provisions	24	403	825
Income tax payable		1,003	1,073
		<b>52,874</b>	47,829
<b>Net current assets</b>		<b>11,018</b>	4,926
<b>Non-current liabilities</b>			
Lease liabilities	26	7,972	3,669
Provisions	24	1,596	3,221
		<b>9,568</b>	6,890
<b>Total liabilities</b>		<b>62,442</b>	54,719
<b>Net assets</b>		<b>60,326</b>	50,106
<b>Equity</b>			
Called up share capital	27	16,122	15,934
Share premium account	29	25,620	25,408
Share-based payment reserve	29	349	650
Own shares	29	—	(290)
Merger reserve	29	20,067	20,067
Retained earnings		(1,832)	(11,663)
<b>Equity attributable to equity holders of the Company</b>		<b>60,326</b>	50,106

The financial statements of Sureserve Group plc (registered number 09411297) were approved by the Board of Directors and authorised for issue on 24 January 2022. They were signed on its behalf by:

**P D M Smith**  
Director

The accompanying notes are an integral part of this consolidated statement of financial position.



## Consolidated statement of changes in equity

For the year ended 30 September 2021

	Share capital £'000	Share premium account £'000	Share-based payment reserve £'000	Own shares £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
At 1 October 2019	15,895	25,318	538	(290)	20,067	(17,237)	44,291
Profit for the year	—	—	—	—	—	6,310	6,310
Dividends paid (Note 12)	—	—	—	—	—	(795)	(795)
Issue of shares (exercise of options)	39	90	—	—	—	—	129
Share-based payments	—	—	171	—	—	—	171
Reserve transfer	—	—	(59)	—	—	59	—
At 30 September 2020	15,934	25,408	650	(290)	20,067	(11,663)	50,106
Profit for the year	—	—	—	—	—	11,352	11,352
Dividends paid (Note 12)	—	—	—	—	—	(1,595)	(1,595)
Issue of shares (exercise of options)	188	212	—	—	—	(105)	295
Equity settled share based payments, net of tax	—	—	168	—	—	—	168
Reserve transfer	—	—	(469)	290	—	179	—
<b>At 30 September 2021</b>	<b>16,122</b>	<b>25,620</b>	<b>349</b>	<b>—</b>	<b>20,067</b>	<b>(1,832)</b>	<b>60,326</b>



# Consolidated statement of cash flows

For the year ended 30 September 2021

	Notes	2021 £'000	2020 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	32	17,492	23,869
Interest paid		(901)	(957)
Income taxes paid		(2,421)	(736)
<b>Net cash generated from operating activities</b>		<b>14,170</b>	<b>22,176</b>
<b>Cash flows from investing activities</b>			
Purchase of shares in subsidiary, net of cash acquired		(200)	—
Receipt of deferred consideration from disposals in prior years		—	930
Purchase of property, plant and equipment		(1,570)	(621)
Purchase of intangible assets		(545)	(539)
Sale of property and equipment		18	31
<b>Net cash used in investing activities</b>		<b>(2,297)</b>	<b>(199)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		295	129
Dividend paid to shareholders		(1,595)	(795)
Repayment of bank borrowings		—	(10,000)
Repayment of lease liabilities		(3,808)	(4,084)
<b>Net cash used in financing activities</b>		<b>(5,108)</b>	<b>(14,750)</b>
<b>Net increase in cash and cash equivalents</b>		<b>6,765</b>	<b>7,227</b>
Cash and cash equivalents at beginning of year		9,679	2,452
<b>Cash and cash equivalents at end of year</b>		<b>16,444</b>	<b>9,679</b>

The accompanying notes are an integral part of this consolidated statement of cash flows.

Cash and cash equivalents shown above excludes capitalised loan arrangement fees.



# Notes to the consolidated Financial Statements

For the year ended 30 September 2021

## General information

Sureserve Group plc is a company incorporated in England and Wales under the Companies Act. The address of the registered office is Crossways Point 15, Victory Way, Crossways Business Park, Dartford, Kent, DA2 6DT.

The consolidated Financial Statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the Group operates. The principal activities are discussed in the operational review of the annual report.

## 1. Basis of preparation

### Basis of accounting

The Consolidated Financial Statements have been prepared on a historical cost basis. The Consolidated Financial Statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The principal accounting policies adopted are set out below.

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

### Adoption of new and revised standards

The accounting policies adopted are consistent with those of the previous financial year.

### New standards and interpretations not applied

The International Accounting Standards Board and the International Financial Reporting Interpretations Committee (IFRIC) have issued the following standards and interpretations for annual periods beginning on or after the effective dates as noted below. The adoption of IFRS 17 is not expected to have a significant impact on the financial statements.

IAS/IFRS standards		Effective for accounting periods starting on or after
IFRS 17	Insurance Contracts	1 January 2023

### Basis of consolidation

The consolidated Financial Statements incorporate the assets, liabilities, income and expenses of the Group. The Financial Statements of the subsidiaries are prepared for the same financial reporting period as the Company. Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies used into line with those used by the Group. Intercompany transactions, balances and unrealised gains and losses transitions between Group companies are eliminated on consolidation.

As a consolidated statement of comprehensive income is published, a separate profit and loss account for the parent company is omitted from the Financial Statements by virtue of section 408 of the Companies Act 2006.

### Going concern

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. The Directors regard the foreseeable future as no less than 12 months following publication of its annual Financial Statements, so in practical terms, 16 months from the reporting date. The Directors review and approve the annual budget, three-year plan and a rolling 12 month forecast, including forecasts of cash flows, borrowing requirements and covenant headroom, taking account of reasonably possible changes in trading performance and the current state of its operating market, including the impact of Covid 19, and are satisfied that the Group should be able to operate within the level of its current facilities and in compliance with the covenants arising from those facilities. In December 2021, the Group renewed its bank facilities to provide an overdraft facility of £5,000,000 together with a revolving credit facility of £15,000,000 which runs to 31 January 2025. At 24 January 2022, the revolving cash facility remained undrawn. Accordingly, the directors have adopted the going concern basis in preparing the financial information. Please see further statement in the strategic report.

## 2. Significant accounting policies

### Operating segments

The Directors regard the Group's reportable segments of business to be Compliance and Energy Services. Costs are allocated to the appropriate segment as they arise with central overheads apportioned on a reasonable basis. Operating segments are presented in a manner consistent with internal reporting, with inter-segment revenue and expenditure eliminated on consolidation.

### Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquired company and the equity interest issued by the Group in exchange for control of the acquired company. Acquisition-related costs are recognised as non-trading exceptional costs in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value. Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with IFRS 9 or IAS 37 as appropriate, with the corresponding gain or loss being recognised in profit or loss.

### Acquisition costs

Management believe that acquisition costs are exceptional in nature and they are presented as such in the income statement, so as not to distort presentation of the underlying performance of the Group.

### Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which the goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

## 2. Significant accounting policies continued

### Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The estimated useful life for each asset type is set out below.

Computer software and capitalised development costs	—	three to five years
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Development costs are capitalised when the asset is identifiable, the value can be measured reliably and it is probable that economic benefits will flow to the Group.

### Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Intangible assets are recognised if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using suitable valuation techniques.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The estimated useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life	Valuation method
Contracted customer order book	Remaining period of the contract	Expected cash flows receivable
Customer relationships	Five years	Expected cash flows receivable
Non-compete agreements	Five years	With or without method

### Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. The gain or loss from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset; is recognised in profit or loss when the asset is derecognised.

### Property, plant and equipment, and right of use assets

Property, plant and equipment, and right of use assets are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is calculated so as to write off the cost of a tangible asset, less its estimated residual value, over the estimated useful economic life of that asset on the following bases:

Leasehold improvements	—	over the period of the lease
Plant & equipment	—	15% to 33.33% per annum on a straight line basis
Fixtures & fittings	—	20% to 33.33% per annum on a straight line basis
Motor vehicles	—	25% per annum on a straight line basis
Right of use assets	—	over the period of the lease

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Right of use assets are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal, or when no future economic benefits are expected to arise from the continued use of the asset. The 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 profit or loss.

### Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### Exceptional items

Items which are significant by their size and/or nature require separate disclosure and are reported separately in the statement of comprehensive income. Details of exceptional items are explained in Note 7.

### Revenue

Revenue recognition is determined according to the requirements of IFRS 15 "Revenue from contracts with customers". All revenue is considered revenue from contracts with customers as defined by IFRS 15. IFRS 15 prescribes a five-step model of accounting for revenue recognition which includes identifying the contract, identifying performance obligations, determining the transaction price, allocating the transaction price to different performance obligations and the timing of recognition of revenue in connection with different performance obligations.

For contracts with multiple components to be delivered such as lift maintenance, 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.



# Notes to the consolidated Financial Statements continued

For the year ended 30 September 2021

## 2. Significant accounting policies continued

### Revenue continued

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
- ▶ Lift services

For each performance obligation to be recognised over time, the Group applies a revenue recognition method that faithfully depicts the Group's performance in transferring control of the goods or services to the customer. This decision requires assessment of the real nature of the goods or services that the Group has promised to transfer to the customer. The Group applies the relevant output or input method consistently to similar performance obligations in other contracts.

### Performance obligations satisfied at a point in time

If the criteria for satisfying a performance obligation over time are not met, revenue is recognised at the point in time when control of the goods or services transfers to the customer. This will be at the point when the jobs are completed and there is a right to invoice.

The Group typically recognises revenue on a point in time basis for the following:

- ▶ Smart metering
- ▶ Certain energy services

### (i) Schedule of Rates ("SOR") contracts

SOR contracts are set based on predetermined rates for a list of services and duties required by the customer.

For short term jobs usually completed within a few days, the right to consideration is considered to correspond directly with the value of performance completed to date as measured by the amounts specified for each job set out on the rate card. Revenue is recognised when the jobs are completed or invoiced. Where deemed appropriate, the Group will utilise the practical expedient within IFRS 15 and recognises revenue in line with amounts invoiced. Contract fulfilment costs are expensed as incurred.

For longer term jobs, the Group applies the relevant output or input revenue recognition method for measuring progress that depicts the Group's performance in transferring control of the goods or services to the customer. Contract fulfilment costs are expensed as incurred.

Certain longer term jobs use the output method based upon surveys of performance completed or milestones reached which allow the Group to recognise revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services under the contract.

Under the input method, revenue is recognised in direct proportion to costs incurred where the transfer of control is most closely aligned to the Group's efforts in delivering the service.

### (ii) Fixed price (or lump sum) service contracts

Certain contracts, in particular for gas servicing and maintenance, are procured on a fixed price basis. Revenue qualifies for recognition over time as the customer receives and consumes the benefits from the service as it is being provided. Revenue for maintenance/reactive activities is recognised on a straight line basis over the term of the contract. Where servicing and maintenance activity is expected to take place evenly throughout the performance period, revenue is recognised on a straight-line basis over the contract term. Where activity is more aligned to periodic service events, then revenue is allocated to those events and recognised over the contract term when those events take place. Contract fulfilment costs are expensed as incurred.

### (iii) Accrued income and deferred income

The Group's customer contracts include a diverse range of payment schedules which are often agreed at the inception of longer term jobs under which it receives payments throughout the term of the contracts.

Where revenue recognised at the period end date is more than amounts invoiced, the Group recognises an accrued income contract asset for this difference. Where revenue recognised at the period end date is less than amounts invoiced, the Group recognises a deferred income contract liability for this difference.

### Employee benefits

#### Retirement benefit costs

The Group contributes to the personal pension plans of certain employees of the Group. The assets of these schemes are held in independently administered funds. The pension cost charged in the Financial Statements represents the contributions payable by the Group in accordance with IAS 19.

#### Share-based payments

The Company has issued equity-settled share-based awards and free shares to certain employees. The fair value of share-based awards with non-market performance conditions is determined at the date of the grant using a bi-nominal model. The fair value of share-based awards with market related performance conditions is determined at the date of grant using the Monte Carlo model. Share-based awards are recognised as expenses based on the Company's estimate of the shares that will eventually vest, on a straight line basis over the vesting period, with a corresponding increase in the share option reserve.

At each reporting date the Company revises its estimates of the number of options that are expected to vest based on service and non-market performance conditions. The amount expensed is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves. Options with market-related performance conditions will vest based on total shareholder return against a selected group of quoted market comparators. Following the initial valuation, no adjustments are made in respect of market based conditions at the reporting date.

## 2. Significant accounting policies continued

### Employee Benefit Trust

The Company established an Employee Benefit Trust upon its IPO, whose remit is to hold Sureserve Group plc shares on behalf of its employees. The trust is wholly funded by the Group and although legally independent is deemed to be controlled by the Group as the Trust relies on it for funding and the Company is able to remove and appoint the trustees. The assets and liabilities of the Trust are therefore consolidated with those of the Group.

### Finance income and costs

Interest receivable and payable on bank balances is credited or charged to the statement of comprehensive income as incurred.

Finance arrangement fees and issue costs are capitalised and netted off against borrowings. All other borrowing costs are written off to the statement of comprehensive income as incurred.

Notional interest payable, representing the amortisation of loan arrangement fees, is charged to finance costs.

### Costs incurred in raising finance

Costs incurred in raising finance are capitalised and amortised through the profit and loss account over the term of the funding. In the event that the associated finance product is refinanced prior to its expiring, the unamortised costs are treated as an "Other Item" on the face of the statement of comprehensive income, to the extent that they are replaced with fees and costs associated with raising the new finance.

### Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's asset for current tax is calculated using tax rates prevailing at the year end.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences; deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. When current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where appropriate, labour and overheads which have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made, where appropriate, to reduce the value of inventory to its net realisable value.

### Government grants

The Group recognises a government grant when it is receivable. Government grants are offset against applicable costs where appropriate, as opposed to other income.

### Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and where it is probable that the Group will be required to settle that obligation and the amount can be reliably estimated. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the time value of money is material). Details of material provisions are disclosed unless it is not practicable to do so or where it could be expected to prejudice seriously the position of the entity.

### Contingent liabilities

Where a provision or accrual is deemed to be required it has been included within the consolidated statement of financial position. For contingent liabilities where an economic outflow is possible, it is often not practicable to estimate the financial effect due to the range of estimation uncertainty. For contingent liabilities where the possibility of economic outflow is remote, disclosure of the estimated financial effect is not required.

Contingent liabilities acquired in a business combination are initially valued at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount initially recognised.

### Joint ventures

Under IFRS 11 joint ventures are accounted for under the equity method of accounting. A joint venture is a joint arrangement whereby the parties have joint control of the arrangement and have rights to the net assets of the arrangement. Loans receivable from joint ventures and investments in joint venture entities are reviewed for impairment at each year end.

### Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The principal financial assets and liabilities of the Group are as follows:

#### (a) Trade and other receivables

Trade and other receivables are recognised initially at fair value and measured subsequently at amortised cost less any provision for impairment losses including expected credit losses. In accordance with IFRS 9 the Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and accrued income contract assets, estimated using a combination of historical experience and forward-looking information.



# Notes to the consolidated Financial Statements continued

For the year ended 30 September 2021

## 2. Significant accounting policies continued

### Financial instrument continued

#### (b) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with a maturity of three months or less. Bank overdrafts are presented as current liabilities to the extent that there is no right of offset with cash balances.

#### (c) Trade and other payables

Trade and other payables are not interest bearing and are stated initially at fair value and subsequently held at amortised cost.

#### (d) Bank and other borrowings

Interest-bearing bank and other loans are recorded at the fair value of the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for at amortised cost and on an accruals basis in the statement of comprehensive income using the effective interest method. Interest is added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

#### (e) Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations rather than the financial instrument's legal form. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

#### (f) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

### Leases

The Group assesses whether a contract is a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

A right of use asset and corresponding lease liability are recognised at commencement of the lease. The lease liability is measured at the present value of the lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, at the group's incremental borrowing rate specific to the type of asset. The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments resulting from a rent review, or change in the Group's assessment of whether it is reasonably certain to exercise a purchase, extension or break option. The right of use asset is initially measured at cost, comprising: the initial lease liability and any dilapidation or restoration costs. The right of use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The right of use asset is tested for impairment if there are any indicators of impairment. Leases of low value assets and short-term leases of 12 months or less are expensed to the Group income statement over the lease term.

### Nature and purpose of each reserve in equity

Share capital is determined using the nominal value of shares that have been issued.

Share premium represents the difference between the nominal value of shares issued and the fair value of the total consideration receivable at the issue date.

Equity-settled share-based employee remuneration is credited to the share-based payment reserve until the related share options are exercised. Upon exercise the share-based payment reserve is transferred to retained earnings.

The merger reserve was created in relation to the Group reorganisation under IFRS 3, in which Sureserve Group plc replaced Sureserve Holdings Limited as the Group's ultimate parent company.

## 3. Critical accounting judgements and key sources of uncertainty

In the application of the Group's accounting policies, which are described in Note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

### Key sources of estimation uncertainty

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

### Revenue recognition

Revenue is recognised based on the stage of completion of job or contract activity. Certain types of service provision pricing mechanisms require minimal estimation and judgement; however service provision lump sum and longer term contracts do require judgements and estimates to be made to determine the stage of completion and the expected outcome for the individual contract. A sum will be recognised in relation to accrued income on the statement of financial position, details of which are described in Note 20.

The accrued income balance at 30 September 2021 was £17.9m (2020: £17.3m). These assessments include a degree of uncertainty and therefore if the key judgements and estimates change, further adjustments of recoverable amounts may be necessary. Revenue is generated from a large number of contracts with customers, such that there is limited sensitivity to material revisions arising from changes in estimates on individual contracts.

### Provisions for legal and other claims

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

In quantifying the likely outcome for the Group, the key judgements and estimates will typically include:

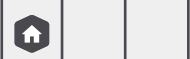
- ▶ The scope of the Group's assessed responsibility;
- ▶ An assessment of the potential likelihood of economic outflow;
- ▶ An estimation of economic outflow (including potential likelihood);
- ▶ A commercial assessment of potential further liabilities.

Estimates of amounts provided take account of legal advice where sought. Details of specific cases are not disclosed due to potential commercial sensitivity. Provisions at 30 September 2021 includes £1.1m (2020: £0.8m) in respect of the disposal of Lakehouse Contracts Limited and Foster Property Maintenance Limited – see Notes 7 and 24 for details of the basis of estimation used.

The total carrying value of provisions at 30 September 2021 was £2.0m (2020: £4.0m) – see Note 24 for further details.

### Impairment of intangible assets and goodwill

The Group assess whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.



### 3. Critical accounting judgements and key sources of uncertainty continued

#### Impairment of intangible assets and goodwill continued

When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. These cash flows are based on the Board approved annual budget and three year plan. Further details are given in Note 14.

### 4. Operating segments

The Group's chief operating decision maker is considered to be the Board of Directors. The Group's operating segments are determined with reference to the information provided to the Board of Directors in order for it to allocate the Group's resources and to monitor the performance of the Group.

The Board of Directors has determined an operating management structure aligned around the two core activities of the Group, with the following operating segments applicable:

- ▶ **Compliance:** focused on gas, fire, electrics, air, water and lifts where we contract predominantly under framework agreements. Services comprise the following:
  - ▶ Installation, maintenance and repair-on-demand of gas appliances and central heating systems;
  - ▶ Compliance services in the areas of fire protection and building electrics;
  - ▶ Air and water hygiene solutions;
  - ▶ Service, repair and installation of lifts.
- ▶ **Energy Services:** we offer a range of services in the energy efficiency sector, including external, internal and cavity wall insulation, loft insulation, gas central heating, boiler upgrades and other renewable technologies. The services are offered under various energy saving initiatives including Energy Company Obligations ("ECO"), Green Deal and the Scottish Government's HEEPs ("Home Energy Efficiency Programme") Affordable Warmth programme. Clients include housing associations, social landlords, local authorities and private householders and we have trading relationships with all of the large utility suppliers and many of the leading smaller suppliers. We also provide metering services involving the installation, servicing and administration of devices and associated data.

The accounting policies of the reportable segments are the same as those described in the accounting policies section.

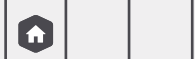
All revenue and profit is derived from operations in the United Kingdom only.

The profit measure the Board used to evaluate performance is operating profit before exceptionals and amortisation of acquisition intangibles. Operating profit before exceptionals and amortisation of acquisition intangibles is defined as operating profit before deduction of exceptional items and amortisation of acquisition intangibles, as outlined in Note 7 and on the face of the income statement.

The Group accounts for inter-segment trading on an arm's length basis. All inter-segment trading is eliminated on consolidation. The following is an analysis of the Group's revenue and Operating profit before exceptional and amortisation of acquisition intangibles by reportable segment:

	2021 £'000	2020 £'000
<b>Revenue</b>		
Compliance	162,429	137,155
Energy Services	84,563	60,363
Total segment revenue	246,992	197,518
Inter-segment elimination	(2,978)	(1,812)
<b>Total revenue</b>	<b>244,014</b>	<b>195,706</b>

Revenue 2021	Revenue recognised		
	Over time £'000	At a point in time £'000	Total £'000
Gas services	127,405	—	127,405
Fire and electrical services	18,965	—	18,965
Water and hygiene services	7,588	—	7,588
Lift services	8,471	—	8,471
Compliance segment revenue	162,429	—	162,429
Energy services	41,491	14,817	56,308
Smart metering	—	28,255	28,255
Energy segment revenue	41,491	43,072	84,563
Inter-segment elimination	(2,978)	—	(2,978)
<b>Total revenue</b>	<b>200,942</b>	<b>43,072</b>	<b>244,014</b>



# Notes to the consolidated Financial Statements continued

For the year ended 30 September 2021

## 4. Operating segments continued

Revenue 2020	Revenue recognised		
	Over time £'000	At a point in time £'000	Total £'000
Gas services	102,014	—	102,014
Fire and electrical services	17,419	—	17,419
Water and hygiene services	7,031	—	7,031
Lift services	10,691	—	10,691
Compliance segment revenue	137,155	—	137,155
Energy services	33,112	10,043	43,155
Smart metering	—	17,208	17,208
Energy segment revenue	33,112	27,251	60,363
Inter-segment elimination	(1,812)	—	(1,812)
Total revenue	168,455	27,251	195,706

### Reconciliation of Operating profit before exceptional and other items to profit before taxation

	2021 £'000	2020 £'000
<b>Operating profit before exceptional and other items by segment</b>		
Compliance	13,896	11,813
Energy Services	3,447	788
Central costs	(2,749)	(2,197)
<b>Total operating profit before exceptional and other items</b>	<b>14,594</b>	10,404
Amortisation of acquisition intangibles	—	(1,600)
Exceptional items	387	—
Impairment of goodwill	(188)	—
Finance income	4	39
Finance costs	(1,020)	(1,047)
<b>Profit before taxation</b>	<b>13,777</b>	7,796

Only the Group consolidated statement of financial position is regularly reviewed by the chief operating decision maker and consequently no segment assets or liabilities are disclosed here under IFRS 8.

None of the Group's major clients account for more than 10% of Group revenue for 2021 or 2020.

## 5. Profit before taxation

	2021 £'000	2020 £'000
Profit before taxation is stated after charging/(crediting):		
Amount of inventories recognised as an expense (Note 19)	63,289	50,615
Depreciation of property, plant and equipment (Note 16)	681	682
Depreciation of right of use assets (Note 17)	4,403	4,111
Amortisation of intangible assets (Note 15)	451	1,984
Staff costs (Note 9)	92,800	75,632
Profit on disposal of property, plant and equipment	(208)	(10)



## 6. Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	2021 £'000	2020 £'000
Fees payable to the Company's auditor and their associates for audit services to the Group:		
– The audit of the Company's and the Group's annual accounts	100	90
– The audit of the Company's subsidiaries	250	215
<b>Total audit fees</b>	<b>350</b>	<b>305</b>
Fees payable to the Company's auditor and their associates for other services to the Group:		
– Agreed upon procedures on interim results	35	28
<b>Total non-audit fees</b>	<b>35</b>	<b>28</b>

## 7. Exceptional and other items

	2021 £'000	2020 £'000
Profit on disposal of Orchard (Holdings) UK Limited	–	303
Release of provision for potential legal settlement costs	1,187	–
Costs on disposal of Lakehouse Contracts Limited and Foster Property Maintenance Limited	(800)	(303)
	<b>387</b>	<b>–</b>

Exceptional items are considered non-trading because they are not part of the underlying trade of the Group.

The Group's Construction and Property Services divisions which were sold on 17 August 2018 and Orchard (Holdings) UK Limited which was sold in September 2017 were previously disclosed as discontinued operations. The Board has reviewed the nature and time elapsed in classifying these and determined they are exceptional items.

The result for the year of exceptional items comprises:

- ▶ £0.8m (2020: £0.3m) of additional costs provided for the year, relating to legacy transactions;
- ▶ £1.2m (2020: £nil) release of provisions for potential legal settlement costs (see further details in note 30); and
- ▶ £nil (2020: £0.3m) profit on sale of Orchard (Holdings) UK Limited from reassessment of the fair value of consideration receivable.

On 20 December 2019, Mapps Group Limited, the acquirer of Lakehouse Contracts Limited and Foster Property Maintenance Limited, went into liquidation. We held meetings during the year with the Liquidators and advisers to both Mapps Group Limited and Lakehouse Contracts Limited in an effort to progress and resolve any outstanding claims. We are still awaiting the provision of necessary information from the Liquidators in order to progress matters. £0.8m of additional costs have been provided for during the year. As at 30 September 2021, the group has provisions for liabilities relating to the disposal of £1.1m (2020: £0.8m). In addition to the amounts provided for above, there are a number of potential contingent liabilities arising from the disposal including:

- ▶ Potential claims under parent company guarantees and bonds for projects. The value of bonds and guarantees is disclosed in Note 31
- ▶ Potential claims under clauses in the sale and purchase agreement including working capital adjustments and warranties/indemnities. Resolution of these outstanding claims is in the hands of the Liquidators of Mapps Group Limited and Lakehouse Contracts Limited

Whilst a claim has been received from the Liquidators of Lakehouse Contracts Limited, the Group has claims against Lakehouse Contracts Limited and Mapps Group Limited for amounts that exceed their best estimate of any amounts that may potentially be due to Lakehouse Contracts Limited and Mapps Group Limited under clauses in the sale and purchase agreement. The Board are in continuing dialogue with all parties.

Further details are not disclosed on the basis that such disclosure would be seriously prejudicial.

## 8. Finance income and finance expenses

	2021 £'000	2020 £'000
<b>Finance income</b>		
Other interest receivable	4	39
<b>Finance expenses</b>		
Interest payable on bank overdrafts and loans	378	652
Loan arrangement fee amortisation	109	109
Interest on lease agreements (Note 26)	475	258
Other interest payable	58	28
	<b>1,020</b>	<b>1,047</b>



# Notes to the consolidated Financial Statements continued

For the year ended 30 September 2021

## 9. Information relating to employees

The average number of employees, including Directors, employed by the Group during the year was:

	2021 Number	2020 Number
Direct labour and contract management	1,641	1,487
Administration and support	713	573
	<b>2,354</b>	2,060

The aggregate remuneration was as follows:

	2021 £'000	2020 £'000
Wages and salaries	81,981	66,932
Social security	8,517	6,811
Pension costs - defined contribution plans	2,017	1,718
Equity-settled share-based payments	285	171
	<b>92,800</b>	75,632

## 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. From 1 February 2014, the Group contributes to a new workplace pension scheme for all employees in compliance with the automatic enrolment legislation. The Group paid £2,008,000 in the year ended 30 September 2021 (2020: £1,718,000). At the reporting date, £442,000 of contributions were payable to the funds (2020: £341,000).

## 11. Tax on profit on ordinary activities

	2021 £'000	2020 £'000
<b>Current tax</b>		
Current year	2,268	1,637
Current tax - prior year	101	(101)
Total current tax	2,369	1,536
Deferred tax (Note 25)	56	(50)
Total tax on profit on ordinary activities	<b>2,425</b>	1,486

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

	2021 £'000	2020 £'000
Profit before tax	13,777	7,796
Effective rate of corporation tax in the UK	19%	19%
Profit before tax at the effective rate of corporation tax	2,618	1,481
Effects of:		
Expenses not deductible for tax purposes	(174)	(15)
Adjustment of deferred tax to closing tax rate	(102)	(34)
Current tax - prior year	101	(101)
Deferred tax - prior year	(18)	155
Tax charge for the year	<b>2,425</b>	1,486

### Factors that may affect future charges

The closing deferred tax provision has been calculated at 25% in accordance with the rate enacted at the statement of financial position date.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. This new law was substantively enacted on 24 May 2021.

## 12. Dividends

The Board did not recommend the payment of a dividend for the year ended 30 September 2021.

The final dividend for the year ended 30 September 2020 of 1 pence per share amounting to £1.6m was paid in the year.

## 13. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	2021 Number	2020 Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	160,267,970	159,025,339
<b>Diluted</b>		
Effect of dilutive potential ordinary shares:		
Share options	2,910,442	3,200,981
Weighted average number of ordinary shares for the purposes of diluted earnings per share	163,178,412	162,226,320
Earnings for the purpose of basic and diluted earnings per share being net profit after tax attributable to the owners of the Company (£'000)	11,352	6,310
Basic earnings per share	7.1p	4.0p
Diluted earnings per share	7.0p	3.9p
Adjusted earnings for the purpose of basic and diluted earnings per share being net profit after tax adjusted for share based payments and amortisation of acquisition related intangibles attributable to the owners of the Company (£'000)	11,583	7,745
Basic earnings per share	7.2p	4.9p
Diluted earnings per share	7.1p	4.8p

The number of shares in issue at 30 September 2021 was 161,213,788 (2020: 159,335,259).

The weighted average number of ordinary shares in issue during the year excludes those accounted for in the own shares reserve (Note 29).

## 14. Goodwill

	£'000
At 1 October 2019 and 30 September 2020	42,357
Acquisition of Vinshire Gas Services Limited	310
Other adjustments to goodwill - Just Energy Solutions Limited	(188)
<b>At 30 September 2021</b>	<b>42,479</b>

Goodwill arising on consolidation represents the excess of the fair value of the consideration transferred over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition.

Goodwill is not amortised but is reviewed for impairment on an annual basis or more frequently if there is an indication that goodwill may be impaired. Goodwill acquired in a business combination is allocated to cash-generating units ("CGUs") according to the level at which management monitors that goodwill.

Goodwill is carried at cost less accumulated impairment losses.

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

CGU	Segment	2021 £'000	2020 £'000
K&T Heating Services Limited	Compliance	3,774	3,774
Sureserve Fire and Electrical Limited	Compliance	3,717	3,717
Everwarm Limited	Energy services	17,476	17,476
H2O Nationwide Limited	Compliance	2,209	2,209
Providor Limited	Energy services	3,037	3,037
Sure Maintenance Limited	Compliance	4,225	4,225
Aaron Services Limited	Compliance	3,977	3,667
Precision Lifts Limited	Compliance	4,064	4,064
Just Energy Solutions Limited	Compliance	—	188
		<b>42,479</b>	42,357

An asset is impaired if its carrying value exceeds the unit's recoverable amount which is based upon value in use. At each reporting date impairment reviews are performed by comparing the carrying value of the CGU to its value in use. At 30 September 2021 the value in use for each CGU was calculated based upon the cash flow projections of the latest Board approved three-year forecasts together with a further two years estimated and an appropriate terminal value to perpetuity.

Future forecasted profits are estimated by reference to the average operating margins achieved in the period immediately before the start of the forecast period.

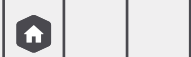
The estimated growth rates are based on past experience and knowledge of the individual sector's markets. The Directors believe that the compliance and energy service markets will continue to present strong growth opportunities for the CGUs outlined above. Management believe that future growth in these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

- ▶ A pipeline of new tenders;
- ▶ Further opportunities to work with other Group companies;
- ▶ Client demand for safe buildings;
- ▶ Adjacent market opportunities.

The assumptions used in the impairment reviews are outlined below.

The growth rate applied to the cash flows in years four and five of the impairment review performed at 30 September 2021 was 4% (2020: 4%). A terminal growth rate of 2% (2020: 2%) was applied. The pre-tax discount rate applied was 7.3% (2020: 7.2%). Three different types of sensitivity analysis have been performed on entities that showed potential indicators of impairment, including a 20% reduction in revenue, a reduction in the operating profit margin of between 1% and 2% and an increase in the discount rate by between 1.5% and 3%. Additional sensitivity has been completed regarding the potential effect of Covid-19 in 2022 and 2023 for the Energy Services division. The Directors consider that any reasonable possible change in the key assumptions would not cause the carrying amount to exceed its recoverable amount.

The goodwill in Just Energy Solutions has been written down to zero as it is no longer a trading CGU.



# Notes to the consolidated Financial Statements continued

For the year ended 30 September 2021

## 15. Other intangible assets

	Acquisition intangibles				Total £'000
	Computer software £'000	Contracted customer order book £'000	Customer relationships £'000	Non-compete agreements £'000	
<b>Cost</b>					
At 1 October 2019	1,349	18,606	14,655	1,670	36,280
Additions	539	—	—	—	539
Disposals	(15)	—	—	—	(15)
At 30 September 2020	1,873	18,606	14,655	1,670	36,804
Additions	545	—	—	—	545
Disposals	(272)	—	—	—	(272)
<b>At 30 September 2021</b>	<b>2,146</b>	<b>18,606</b>	<b>14,655</b>	<b>1,670</b>	<b>37,077</b>
<b>Amortisation</b>					
At 1 October 2019	778	18,522	13,139	1,670	34,109
Amortisation charge	384	84	1,516	—	1,984
Disposals	(15)	—	—	—	(15)
At 30 September 2020	1,147	18,606	14,655	1,670	36,078
Amortisation charge	451	—	—	—	451
Disposals	(272)	—	—	—	(272)
<b>At 30 September 2021</b>	<b>1,326</b>	<b>18,606</b>	<b>14,655</b>	<b>1,670</b>	<b>36,257</b>
<b>Carrying value</b>					
<b>At 30 September 2021</b>	<b>820</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>820</b>
At 30 September 2020	726	—	—	—	726

### Contracted customer order book

The value placed on the order book was based upon the cash flow projections over the contracts in place when a business is acquired. Due to uncertainties with trying to forecast revenues beyond the contract term, the Directors have valued contracts over the contractual term only. The value of the order book was amortised over the remaining life of each contract which typically range from one to five years.

### Customer relationships

The values placed on the customer relationships were based upon the non-contractual expected cash inflows forecast on the base business over and above contracted revenues. The value of customer relationships was amortised over five years.

### Non-compete agreements

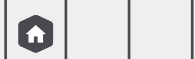
The value placed on the non-compete agreements was based upon the non-compete clause and knowledge and know-how of the former owners of the acquired businesses. The value of non-compete was amortised over five years.

## 16. Property, plant and equipment

	Leasehold improvements £'000	Plant and equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>					
At 1 October 2019	686	1,224	1,640	379	3,929
Additions	10	373	238	—	621
Disposals	(20)	(208)	(118)	(203)	(549)
At 30 September 2020	676	1,389	1,760	176	4,001
Additions	635	586	349	—	1,570
Disposals	(71)	(223)	(307)	(61)	(662)
<b>At 30 September 2021</b>	<b>1,240</b>	<b>1,752</b>	<b>1,802</b>	<b>115</b>	<b>4,909</b>
<b>Depreciation</b>					
At 1 October 2019	272	737	1,275	301	2,585
Charge for the year	207	236	228	11	682
Disposals	(19)	(208)	(107)	(144)	(478)
At 30 September 2020	460	765	1,396	168	2,789
Charge for the year	99	355	227	—	681
Disposals	(2)	(208)	(307)	(53)	(570)
<b>At 30 September 2021</b>	<b>557</b>	<b>912</b>	<b>1,316</b>	<b>115</b>	<b>2,900</b>
<b>Net book value</b>					
<b>At 30 September 2021</b>	<b>683</b>	<b>840</b>	<b>486</b>	<b>—</b>	<b>2,009</b>
At 30 September 2020	216	624	364	8	1,212

## 17. Right of use assets

	Leasehold property £'000	Commercial vehicles £'000	Total £'000
<b>Cost</b>			
At 1 October 2019	2,989	5,171	8,160
Additions	246	2,750	2,996
Disposals	—	(887)	(887)
At 30 September 2020	3,235	7,034	10,269
Acquisition of Vinshire Gas Services Limited	—	283	283
Additions	3,325	6,025	9,350
Disposals	(130)	(1,006)	(1,136)
<b>At 30 September 2021</b>	<b>6,430</b>	<b>12,336</b>	<b>18,766</b>
<b>Depreciation</b>			
At 1 October 2019	—	—	—
Charge for the year	1,111	3,000	4,111
Disposals	—	(599)	(599)
At 30 September 2020	1,111	2,401	3,512
Charge for the year	1,074	3,329	4,403
Disposals	(130)	(583)	(713)
<b>At 30 September 2021</b>	<b>2,055</b>	<b>5,147</b>	<b>7,202</b>
<b>Net book value</b>			
<b>At 30 September 2021</b>	<b>4,375</b>	<b>7,189</b>	<b>11,564</b>
At 30 September 2020	2,124	4,633	6,757



# Notes to the consolidated Financial Statements continued

For the year ended 30 September 2021

## 18. Group entities

### Subsidiaries

The Group's subsidiary undertakings are:

	Country of incorporation	Class of capital	%	Principal activity
Aaron Services Limited	England	Ordinary	100	Maintenance and installation of domestic gas heating systems
Sureserve Fire and Electrical Limited	England	Ordinary	100	Fire alarm engineers
Bury Metering Services Limited	England	Ordinary	100	Non-trading
Everwarm Limited	Scotland	Ordinary	100	Energy and insulation services
H2O Nationwide Limited	England	Ordinary	100	Water hygiene
Just Energy Solutions Limited	England	Ordinary	100	Non-trading
K & T Heating Services Limited	England	Ordinary	100	Plumbing and heating engineers
Precision Lift Services Limited	England	Ordinary	100	Lift installation, modernisation and maintenance services
Providor Limited	England	Ordinary	100	Smart Metering
Smart Metering Limited	England	Ordinary	100	Non-trading
Sure Maintenance Limited	England	Ordinary	100	Maintenance and installation of domestic gas heating systems
Sureserve Compliance Services Limited	England	Ordinary	100	Intermediate holding company
Sureserve VGS Limited (formerly known as Sureserve Construction Services Limited)	England	Ordinary	100	Intermediate holding company
Sureserve Design and Build Limited	England	Ordinary	100	Non-trading
Sureserve Energy Services Limited	England	Ordinary	100	Intermediate holding company
Sureserve Holdings Limited*	England	Ordinary	100	Intermediate holding company
Vinshire Gas Services Limited	England	Ordinary	100	Maintenance and installation of domestic as heating systems

\* Directly held investment.

The registered office of all entities above is Crossways Point 15, Victory Way, Crossways Business Park, Dartford, Kent, DA2 6DT except for Everwarm Limited whose registered office is 3 Inchcourse Place, Whitehill Industrial Estate, Bathgate, Scotland, EH48 2EE.

### Joint ventures

The Group's joint ventures are:

	Country of incorporation	Class of capital	%	Principal activity
Warmworks Scotland LLP	Scotland	Ordinary	33.33	Energy and insulation services
Arbed am Byth	Wales	Ordinary	50	Energy and insulation services

### Details of joint ventures

	2021 £'000	2020 £'000
Carrying value of investment in Arbed am Byth	536	390
Carrying value of investment in Warmworks Scotland LLP	1,124	111
	<b>1,660</b>	501

Warmworks, a joint venture with Changeworks Resources for Life and the Energy Saving Trust Enterprises Limited, commenced trading in September 2015, and the profit for 2021 was £1,013,000 (2020: loss of £62,000). The registered office of Warmworks Scotland LLP is 1 Carmichael Place, Leith, Edinburgh, Midlothian, EH6 5PH.

Arbed am Byth, a joint venture with the Energy Saving Trust Enterprises Limited, commenced trading in August 2018, and the profit for 2021 was £146,000 (2020: £161,000). The registered office of Arbed am Byth is Unit 2 Cefn Coed, Nantgarw, Cardiff, Wales, CF15 7QQ.

## 19. Inventories

	2021 £'000	2020 £'000
Raw materials and consumables	4,199	3,022

There are no inventories at 30 September 2021 or 30 September 2020 carried at fair value less costs to sell. The Directors consider that the replacement value of inventories is not materially different from their carrying value. There was no specific security held at either reporting date over inventory.

£63,289,000 (2020: £50,615,000) of inventories were recognised as an expense in the year.

## 20. Trade and other receivables

	2021 £'000	2020 £'000
<b>Current</b>		
Trade receivables	18,414	16,667
Social security and other taxes	—	7
Other receivables	3,698	3,708
Prepayments	3,219	2,336
Accrued income	17,918	17,336
	43,249	40,054

Other receivables include sales retentions of £2,920,000 (2020: £2,461,000), rebates receivable of £516,000 (2020: £714,000), and finance issue costs of £27,000 (2020: £136,000).

	2021 £'000	2020 £'000
<b>Trade receivables</b>		
Trade receivables not due	16,386	15,231
Trade receivables past due 1-30 days	1,666	1,088
Trade receivables past due 31-60 days	84	255
Trade receivables past due 61-90 days	93	64
Trade receivables past due over 90 days	433	475
Gross trade receivables	18,662	17,113
Provision for credit losses brought forward	(446)	(619)
Amounts written off	208	312
Provision charged to profit or loss in the year	(10)	(139)
Provision for credit losses carried forward	(248)	(446)
Net trade receivables	18,414	16,667

The provision for credit losses of £248,000 (2020: £446,000) includes £148,000 (2020: £446,000) of trade receivables over 90 days past their due date.

The Directors consider that the carrying amount of trade receivables approximates to their fair value. Debts provided for and written off are determined on an individual basis and included in other operating expenses in the financial statements. The Directors believe the credit risk is low due to the majority of the Group's customer base being either public sector or regulated bodies. The Group's maximum exposure on credit risk is fair value on trade receivables as presented above. The Group has not pledged any trade receivables as security.

At the end of the year one client represented over 5% of the total balance of trade receivables (2020: one client).

## 21. Trade and other payables

	2021 £'000	2020 £'000
<b>Current</b>		
Trade payables	24,937	19,547
Sub-contract retentions	727	833
Accruals	11,727	9,918
Deferred income	980	920
Social security and other taxes	7,524	10,508
Other payables	1,502	1,038
	47,397	42,764

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 68 days (2020: 65 days).

## 22. Borrowings

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

## 23. Net cash

	2021 £'000	2020 £'000
Cash and cash equivalents	16,444	9,679
Unamortised finance costs (included in other receivables)	27	136
Net cash pre lease liabilities	16,471	9,815
Lease liabilities	(12,043)	(6,836)
<b>Total net cash</b>	4,428	2,979

## 24. Provisions

	Legal and other £'000
At 1 October 2019	3,610
Additional provision	632
Utilised in the year	(196)
At 30 September 2020	4,046
Additional provision	746
Released during the year	(1,187)
Utilised in the year	(1,606)
<b>At 30 September 2021</b>	1,999
Current provisions	403
Non-current provisions	1,596

### Legal and other

Provisions relate to property dilapidation obligations, potential contract settlement costs and other potential legal settlement costs. These are expected to result in an outflow of economic benefit over the next one to five years. See notes 7 and 30 for further details.



# Notes to the consolidated Financial Statements continued

For the year ended 30 September 2021

## 25. Deferred taxation

	Accelerated capital allowances £'000	Short term timing differences £'000	Share based payments £'000	Acquisition intangibles £'000	Unutilised losses £'000	Total £'000
Asset/(provision) bought forward as at 1 October 2019	233	290	92	(272)	124	467
Credit/(debit) to P&L	(140)	(61)	(36)	272	15	50
Asset/(provision) carried forward as at 30 September 2020	93	229	56	—	139	517
Credit/(debit) to P&L	(260)	72	89	—	43	(56)
Deferred tax on share-based payments recognised in equity	—	—	(117)	—	—	(117)
<b>(Liability)/asset carried forward as at 30 September 2021</b>	<b>(167)</b>	<b>301</b>	<b>28</b>	<b>—</b>	<b>182</b>	<b>344</b>
<b>At 30 September 2021</b>						
Non-current asset	—	301	28	—	182	511
Non-current liability	(167)	—	—	—	—	(167)
<b>Net deferred tax (liability)/asset</b>	<b>(167)</b>	<b>301</b>	<b>28</b>	<b>—</b>	<b>182</b>	<b>344</b>
<b>At 30 September 2020</b>						
Non-current asset	93	229	56	—	139	517
Non-current liability	—	—	—	—	—	—
Net deferred tax asset	93	229	56	—	139	517

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

## 26. Lease liabilities

	Present value of minimum lease payments £'000
At 1 October 2019	8,160
Repayments	(4,289)
Interest	258
New obligations	2,996
Obligations cancelled	(289)
At 30 September 2020	6,836
Repayments	(4,283)
Interest	475
New obligations on acquisition	283
Variation in terms	18
New obligations	9,332
Obligations cancelled	(618)
<b>At 30 September 2021</b>	<b>12,043</b>

Future lease payments are due as follows:

	Present value of minimum lease payments £'000
Less than one year	4,071
Between two and five years	7,972
<b>At 30 September 2021</b>	<b>12,043</b>
Less than one year	3,167
Between two and five years	3,669
At 30 September 2020	6,836





## 27. Called up share capital

Allotted, called-up and fully paid:

2021 Number	2020 Number		2021 £	2020 £
161,213,788	159,335,259	Ordinary shares of £0.10 each	16,121,379	15,933,526

Details of options granted under the Group's share scheme are contained in Note 28.

### Voting rights

The holders of ordinary shares are entitled to receive notice of, attend or participate in any general meeting of the Company and to receive any notice of a written resolution proposed to be passed by the Company.

On a show of hands at a meeting the holders of any such shares shall be entitled to one vote for all such shares held.

On a poll at a meeting, for a written resolution, the holder of such shares shall be entitled to such number of votes as corresponds to the nominal value (in pence) or the relevant shares held.

## 28. Share-based payments

The Company has established a Share Incentive Plan (SIP), Sharesave Scheme (SAYE), Company Share Option Plan (CSOP), Performance Share Plan (PSP) and a Special Incentive Award Plan (SIAP).

The charge recognised for share based payments in the year was £285,000 (2020: £171,000), gross of tax.

### Share Incentive Plan (SIP)

The SIP is an HMRC-approved scheme plan open to all UK employees at the date of the IPO, 23 March 2015. Each employee was given £200 of free shares; there were no performance conditions apart from remaining in employment for three years from the date of award. Shares totalling 325,842 were transferred directly to the SIP trust and on 29 April 2015, 236,213 share allotted in relation to the initial award of shares under the SIP. No further awards have been made under the SIP.

### Sharesave Scheme (SAYE)

The SAYE is open to all employees who satisfy certain criteria, particularly relating to period of employment. The exercise price is equal to the average of the closing quoted market price for the preceding three days less a discretionary discount approved by the Board of not less than 80% of the market value of a share. The Scheme is for three years, during which the holder must remain in the employment of the Group. The shares can be exercised within six months from the maturity of the Scheme.

### Company Share Option Plan (CSOP)

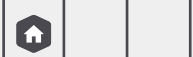
The CSOP is open to all employees at the discretion of the Remuneration Committee. The exercise price is equal to the average of the closing quoted market price at the date of grant. The vesting period is for three years, during which the holder must remain in the employment of the Group and is conditional on the achievement of a mix of market and non-market performance conditions from the date of granting the option to the date of potential exercise.

### Performance Share Plan (PSP)

The PSP is open to certain employees at the discretion of the Remuneration Committee at a limit not exceeding 150% of the individual's base salary at the date of grant. The exercise price is £nil. The vesting period is for three years, during which the holder must remain in the employment of the Group and is conditional on the achievement of a mix of market and non-market performance conditions from the date of granting the option to the date of potential exercise.

### Special Incentive Award Plan (SIAP)

Awards granted under the SIAP take the form of options to acquire Sureserve Shares for nil consideration. The awards will have no beneficial tax status. Only employees who are also Directors of the Company may be granted an award under the SIAP. The Remuneration Committee will have absolute discretion to select the persons to whom awards may be granted and in determining the number of shares to be subject to each award.



# Notes to the consolidated Financial Statements continued

For the year ended 30 September 2021

## 28. Share-based payments continued

	SIP	SAYE	CSOP	PSP	SIAP
<b>Number</b>					
At 1 October 2019	65,867	2,963,436	1,248,153	160,000	800,000
Granted	—	1,818,896	1,880,000	680,000	—
Lapsed	—	(583,656)	(15,000)	—	—
Exercised	(65,867)	(387,792)	—	—	—
At 30 September 2020	—	3,810,884	3,113,153	840,000	800,000
Granted	—	—	—	—	180,000
Lapsed	—	(769,129)	(137,870)	—	—
Exercised	—	(551,336)	(272,643)	—	(980,000)
<b>At 30 September 2021</b>	<b>—</b>	<b>2,490,419</b>	<b>2,702,640</b>	<b>840,000</b>	<b>—</b>
<b>Weighted average exercise price (p)</b>					
At 1 October 2020	0.00p	30.22p	42.71p	0.00p	0.00p
Granted	—	—	—	—	0.00p
Lapsed	—	30.72p	44.00p	—	—
Exercised	0.00p	33.24p	40.75p	—	0.00p
<b>Outstanding at 30 September 2021</b>	<b>0.00p</b>	<b>29.40p</b>	<b>42.84p</b>	<b>0.00p</b>	<b>0.00p</b>
Outstanding value at 30 September 2020	0.00p	30.22p	42.71p	0.00p	0.00p
<b>Fair value of options granted</b>					
Weighted fair value of one option	—	8.32p	17.85p	39.42p	6.00p
<b>Assumptions used in estimating the fair value (weighted average)</b>					
Share price at date of grant	—	31.17p	42.58p	43.24p	27.10p
Exercise price	—	29.40p	42.84p	0.00p	0.00p
Expected dividend yield	—	2.18%	3.81%	2.90%	1.00%
Risk free rate	—	0.39%	0.04%	(0.03%)	0.71%
Expected volatility	—	40.45%	56.76%	57.10%	34.90
Expected life	—	3.42 years	5.26 years	3.00 years	1.50 years

In the year ended 30 September 2021, options were granted in respect of the SIAP schemes.

The weighted average remaining contractual life of outstanding options at 30 September 2021 was 1.2 years (2020: 1.7 years).

The SAYE, CSOP and PSP options were valued under the binomial methodology.

The SIAP options were valued using a Monte Carlo model.

The inputs into the Binomial model are as follows:

	2021	2020
Share price (p)	— 32.00	— 44.00
Exercise price (p)	— 0.00	— 44.00
Expected volatility (%)	— 35.00	— 58.00
Expected life (years)	— 3	— 6.5
Risk-free rate (%)	— (0.05)	— 0.20
Expected dividend yield (%)	— 1.75	— 1.85

The inputs into the Monte Carlo model are as follows:

	2021	2020
Share price (p)	27.1	—
Exercise price (p)	0.00	—
Expected volatility (%)	34.90	—
Expected life (years)	1.50	—
Risk-free rate (%)	0.71	—
Expected dividend yield (%)	1.00	—

Expected volatility was based upon the historical volatility over the expected life of the schemes. The expected life is based upon scheme rules and reflect management's best estimates for the effects of non-transferability, exercise restrictions and behavioural considerations.

## 29. Reserves

### Share premium reserve

The share premium account represents amounts received in excess of the nominal value of shares on issue of new shares, net of the direct costs associated with issuing those shares.

### Own shares reserve

At IPO, each employee was given £200 of free shares, to be held for their benefit in an Employee Benefit Trust. Shares totalling 325,842 were transferred directly to the Employee Benefit Trust on 23 March 2015. The own shares reserve at 30 September 2020 represented the cost of 325,842 shares in Sureserve Group plc. At 30 September 2021, the shares had been transferred to employees and the reserve balance was £nil.

### Merger reserve

On 23 March 2015 Sureserve Group plc (then Lakehouse plc) was listed on the Premium Listing segment of the Official List and trading on the Main Market of the London Stock Exchange. As part of a restructuring accompanying the Initial Public Offering ("IPO") of the Group on 23 March 2015, Sureserve Group plc replaced Sureserve Holdings Limited as the Group's ultimate parent company by way of a share exchange agreement. Under IFRS 3 this has been accounted for as a group reconstruction under merger accounting.

Merger accounting principles for this combination gave rise to a merger reserve of £20,067,000.

### Share based payment reserve

See note 28 for further details.

## 30. 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 £5,463,000 (2020: £4,621,000). A subsidiary of the Group has provided a guarantee of £750,000 (2020: £750,000) to the Warmworks Scotland LLP joint venture.

Contingent liabilities in respect of the disposal of Lakehouse Contracts Limited and Foster Property Maintenance Limited are disclosed in Note 7.

The £1.2m provisions release (note 24) relates to a past event which in the directors' judgement has a lower risk likelihood and is now considered possible rather than probable, and hence is disclosed as a contingent liability in the current year.

## 31. 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 in the Group comprise trade, loans and other receivables and cash and cash equivalents. The principal financial liabilities in the Group comprise borrowings which are categorised as debt at amortised cost, together with trade and other payables, other long-term liabilities, which are classified as other financial liabilities.

### Financial risk management

The Group's objectives when managing finance and capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group is not subject to any externally imposed capital requirements.

The main financial risks faced by the Group are liquidity risk, credit risk and market risk (which includes interest rate risk). Currently the Group only operates in the UK and only transacts in Sterling. It is therefore not exposed to any foreign currency exchange risk. The Board regularly reviews and agrees policies for managing each of these risks.

## Categories of financial instruments

	Financial assets measured at amortised cost	
	2021 £'000	2020 £'000
<b>Financial assets</b>		
<b>Current financial assets</b>		
Trade receivables, loans and other receivables	40,030	37,711
Cash and cash equivalents	16,444	9,679
	<b>56,474</b>	47,390
	Financial liabilities measured at amortised cost	
	2021 £'000	2020 £'000
<b>Financial liabilities</b>		
<b>Current financial liabilities</b>		
Trade and other payables	38,027	31,336
Lease liabilities	4,071	3,167
Total current financial liabilities	<b>42,098</b>	34,503
<b>Non-current financial liabilities</b>		
Lease liabilities	7,972	3,669
	<b>50,070</b>	38,172

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

### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group does not enter into derivatives to manage its credit risk.

The maximum exposure to credit risk at the reporting date is represented by the carrying value of the financial assets in the statement of financial position. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

There has been a minimal history of bad debts as the majority of its sales are to local government councils or housing trust partnerships and as a consequence the Directors do not consider that the Group has a material exposure to credit risk.

### Market risk

As the Group only operates in the UK and only transacts in Sterling, the Group's activities expose it primarily to the financial risks of changes in interest rates only and as a consequence of being debt free the Directors do not consider that the Group has a material exposure to interest rate risk.

### Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group's policy on liquidity is to ensure that there are sufficient committed borrowing facilities to meet the Group's long to medium-term funding requirements.

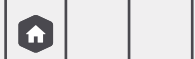
The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

#### (a) Interest rate of borrowings

Due to the floating rate of interest on the Group's principal borrowings, the Group is exposed to interest rate risk. The Group's average interest rate was 3.3% (2020: 3.7%) which included LIBOR and margin.

#### (b) Interest rate risk.

Due to the floating rate of interest on the Group's principal borrowings, the Group is exposed to interest rate risk.



# Notes to the consolidated Financial Statements continued

For the year ended 30 September 2021

## 32. Cash generated from operations

	2021 £'000	2020 £'000
Operating profit	14,793	8,805
<b>Adjustments for:</b>		
Depreciation	5,084	4,793
Share-based payments	285	171
Amortisation of intangible related assets	451	1,984
Impairment of goodwill and acquisition intangibles	188	—
Profit on disposal of property, plant and equipment	(208)	(10)
<b>Changes in working capital:</b>		
Inventories	(1,158)	37
Trade and other receivables	(3,661)	1,618
Trade and other payables	3,765	6,035
Provisions	(2,047)	436
Cash generated from operations	17,492	23,869

## 33. Business combinations

### Vinshire Gas Service Limited

On 3 December 2020 the Group acquired certain trade and other assets of Vinshire Plumbing and Heating Limited, which included the entire share capital of Vinshire Gas Services Limited, for consideration as detailed below. Vinshire Gas Services Limited's principal activity is that of installation and maintenance of plumbing and heating systems. The effect of the acquisition on the Group's assets and liabilities were as follows:

	Fair value £'000
<b>Assets</b>	
<b>Non-current</b>	
Property, plant and equipment	283
<b>Current</b>	
Inventories	19
Trade and other receivables	693
Cash	—
<b>Total assets</b>	<b>995</b>
<b>Liabilities</b>	
<b>Current</b>	
Provisions	(20)
Trade and other payables	(1,085)
<b>Total liabilities</b>	<b>(1,105)</b>
<b>Net liabilities acquired</b>	<b>(110)</b>
Satisfied by:	
<b>Cash consideration</b>	<b>200</b>
Goodwill	310

The Directors consider the value assigned to goodwill represents the workforce acquired, expected synergies to be generated, and access to additional geographical areas in the UK as a result of this acquisition. It is not expected that any goodwill will be deductible for tax purposes.

### Post-Acquisition results

The results for Vinshire Gas Services Limited since the acquisition date, included within the consolidated Statement of Comprehensive Income for the period ended 30 September 2021, are:

	£'000
Revenue	4,278
Operating profit	154
Interest payable	(6)
Profit before tax	148
Taxation	(29)
Profit for the period	119

There is no difference between the revenue and profit for the period and for the period starting 1 October 2020.



### 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 Company's subsidiary, Everwarm Limited, provides services to Warmworks Scotland LLP, a joint venture with Changeworks Resources for Life and Energy Saving Trust Enterprises Limited. £9,609,000 of services were provided in 2021 (2020: £5,285,000). £848,000 was charged to Everwarm Limited from Warmworks Scotland LLP for services provided in 2021 (2020: £484,000).

At 30 September 2021 Everwarm Limited had a receivable owing from Warmworks amounting to £1,601,000 (2020: £1,166,000), and a payable of £138,000 (2020: £23,000).

The Company's subsidiary, Everwarm Limited, provides services to Arbed am Byth, a joint venture with Energy Saving Trust Enterprises Limited. As at 30 September 2021 Everwarm Limited had a receivable owing from Arbed am Byth amounting to £3,000 (2020: £18,000). £243,000 was charged by Everwarm Limited to Arbed am Byth for services provided in 2021 (2020: £359,000).

Bob Holt provided consultancy services via a company of which he is a shareholder. The daily fee payable for such consultancy services was £1,595 plus VAT. Such services were provided at a total cost of £150,000 (2020: £285,000) (plus VAT). A further £150,000 compensation for loss of office (2020: £nil), was also paid. Sureserve group plc had an amount owing to the company of £nil (2020: £nil).

#### Remuneration of key management personnel

The remuneration of the Directors and members of the Board, together with other key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 – Related Party Disclosures. The key management personnel are the members of the Executive Management Team. Further information about the remuneration of individual Group Directors is provided in the audited part of the remuneration report.

	2021 Number	2020 Number
Number of members of the Executive Management Team at each year end	15	15
	2021 £'000	2020 £'000
Short-term employee benefits	2,766	2,383
Share-based payment charge	113	—
Post-employment benefits	211	142
Compensation for loss of office	187	—
	<b>3,277</b>	2,525

In addition to the above dividends were paid to directors of £1,000 (2020: £7,000). Gains on exercise of share options were £860,000 (2020: £nil).



# Notes to the consolidated Financial Statements continued

For the year ended 30 September 2021

## 35. Events after the reporting date

On 4 November 2021, Peter Smith was appointed as the new CEO.

### Arbed am Byth

The Arbed 3 programme for the Welsh Government is delivered via our joint venture with the Energy Saving Trust. The original three-year contract term had seen a six-month extension to November 2021 as previously announced. While we are disappointed the scheme has now concluded, we were satisfied with the delivery volumes achieved despite the challenges Covid-19 has presented during the term. The Welsh Government has not yet announced details of any successor scheme. We will monitor this alongside other appropriate opportunities. The joint venture has now concluded the installation programme and is currently undertaking remaining post installation obligations. We are delighted the Group continues to install energy efficiency measures in Wales through our recently awarded energy retrofit scheme with Pobl Group in Swansea. Other Group works in Wales include our fire business SS F&E is undertaking ongoing sprinkler installations in Newport.

### CorEnergy Limited

On 7 December 2021, the Group, acquired the entire issued share capital of CorEnergy Limited, a business focused on delivering sustainable energy solutions for public and private sector organisations.

The maximum total consideration payable for CorEnergy is £7.5 million, plus any working capital adjustments with an initial £5.9 million payable on completion, satisfied through £2.9m in cash and the issue of 3,281,879 new ordinary shares of 10p each in Sureserve. The Consideration Shares were issued at an effective price of 89.4p each. Further deferred consideration of up to a maximum of £1.6 million may be payable, split equally between cash and shares, depending on CorEnergy's full year results to December 2021. The transaction is to be achieved on a debt free / cash free basis.

The provisional effect of the acquisition on the Group's assets and liabilities were as follows:

	Provisional fair value £'000
<b>Assets</b>	
<b>Non-current</b>	
Deferred tax asset	91
<b>Current</b>	
Trade and other receivables	671
Cash	1,651
<b>Total current assets</b>	<b>2,322</b>
<b>Total assets</b>	<b>2,413</b>
<b>Liabilities</b>	
<b>Current</b>	
Provisions	(40)
Trade and other payables	(1,258)
<b>Total liabilities</b>	<b>(1,298)</b>
<b>Net assets acquired</b>	<b>1,115</b>
Goodwill and intangible assets acquired	<b>6,494</b>
	<b>7,609</b>
Satisfied by:	
Cash consideration	<b>2,934</b>
Deferred cash consideration	300
Share consideration	2,934
Deferred share consideration	300
Working capital adjustment (paid in cash)	1,141
	<b>7,609</b>

Contingent deferred consideration has been calculated based on the expectations of future performance of the entity compared to the calculation methodology set out in the Share Purchase Agreement. The contingent deferred consideration may vary depending on the underlying trading performance of the business.

The CorEnergy Limited intangible assets and goodwill represent the expected value to be derived from the acquired customer-related contracts and acquired customer relationships. The value of the customer-related contracts and customer relationships will be based on expected post-tax cash inflows over the estimated remaining life of the contract. The estimated life for customer contracts is assumed to be the remaining life of the contract, and the customer relationships are expected to have a life of up to three years.

The Directors consider the value assigned to goodwill will represent the workforce acquired, expected synergies to be generated, and access to additional geographical areas in the UK as a result of this acquisition. It is not expected that any goodwill will be deductible for tax purposes.

# Company balance sheet

At 30 September 2021

	Notes	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Investments in subsidiaries	39	12,392	12,392
Intangible fixed assets	40	740	598
Tangible fixed assets	41	248	201
Right of use assets	42	231	223
		<b>13,611</b>	13,414
<b>Current assets</b>			
Debtors - due within one year	43	7,538	4,506
Debtors - due after more than one year	43	55,076	59,284
Income tax receivable		1,812	903
		<b>64,426</b>	64,693
Trade and other payables	44	(15,821)	(22,235)
Lease liabilities	46	(94)	(74)
<b>Creditors: Amounts falling due within one year</b>		<b>(15,915)</b>	(22,309)
<b>Net current assets</b>		<b>48,511</b>	42,384
<b>Total assets less current liabilities</b>		<b>62,122</b>	55,798
<b>Creditors: Amounts falling due after more than one year</b>			
Lease liabilities	46	(142)	(152)
Provisions for liabilities	45	(1,062)	(2,059)
<b>Net assets</b>		<b>60,918</b>	53,587
<b>Capital and reserves</b>			
Called up share capital	47	16,122	15,934
Share premium account	48	25,620	25,408
Own shares		—	(290)
Share-based payment reserve	49	349	650
Profit and loss account		18,827	11,885
<b>Shareholders funds</b>		<b>60,918</b>	53,587

As a consolidated statement of comprehensive income is published, a separate statement of comprehensive income for the parent company is omitted by virtue of the exemption available in section 408 of the Companies Act 2006. The Company's profit and total comprehensive income for the year was £8,463,000 (2020: profit of £2,835,000).

The financial statements of Sureserve Group plc (registered number 09411297) were approved by the Board of Directors and authorised for issue on 24 January 2022. They were signed on its behalf by:

**P D M Smith**  
Director

The accompanying notes are an integral part of this company balance sheet.



## Company statement of changes in equity

For the year ended 30 September 2021

	Share capital £'000	Share premium account £'000	Share-based payment reserve £'000	Own shares £'000	Profit and loss account £'000	Total equity £'000
At 1 October 2019	15,895	25,318	538	(290)	9,786	51,247
Profit for the year	—	—	—	—	2,835	2,835
Dividends paid (Note 12)	—	—	—	—	(795)	(795)
Issue of shares (exercise of options)	39	90	—	—	—	129
Share-based payment	—	—	171	—	—	171
Reserve transfer	—	—	(59)	—	59	—
At 30 September 2020	15,934	25,408	650	(290)	11,885	53,587
Profit for the year	—	—	—	—	8,463	8,463
Dividends paid (Note 12)	—	—	—	—	(1,595)	(1,595)
Issue of shares (exercise of options)	188	212	—	—	(105)	295
Share-based payment	—	—	168	—	—	168
Reserve transfer	—	—	(469)	290	179	—
<b>At 30 September 2021</b>	<b>16,122</b>	<b>25,620</b>	<b>349</b>	<b>—</b>	<b>18,827</b>	<b>60,918</b>





For the year ended 30 September 2021

## Company only

The following notes 36 to 49 relate to the Company only position for year ended 30 September 2021.

## 36. Accounting policies

### Statement of compliance and basis of preparation

The separate Financial Statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly the Financial Statements have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of a cash flow statement and certain related party transactions including remuneration of key management personnel.

Where required, equivalent disclosures are given in the consolidated Financial Statements.

The Financial Statements have been prepared on the historical cost basis. The principle accounting policies adopted are the same as those set out in Note 2 to the consolidated Financial Statements except as noted below.

### Investments

Investments in subsidiary undertakings are stated at cost less any provision for impairment.

Cost is defined as the consideration transferred and is measured at fair value. Fair value is calculated as the sum of the acquisition-date fair values of assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquired company and the equity interest issued by the Company in exchange for control of the acquired company. Acquisition-related costs are recognised in profit or loss as incurred.

When the consideration transferred by the Company includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred. Changes in fair value of the contingent consideration are adjusted when identified with corresponding adjustments dependent upon on how the contingent consideration is classified. Where contingent consideration is classified as equity any change in fair value is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with IFRS 9: Financial instruments, or IAS 37: Provisions, contingent liabilities and contingent assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

### Impairment of investments

At each balance sheet date, the Company tests the carrying amounts of investments to determine whether those investments have suffered an impairment loss. The recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## 37. Critical accounting judgements and key sources of uncertainty

### Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually made and are based on 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 15 for further information.



## Notes to the Company Financial Statements continued

For the year ended 30 September 2021

### 38. Staff numbers and costs

	2021 Number	2020 Number
Office and administration	62	50
	2021 £'000	2020 £'000
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	3,923	3,059
Social security costs	497	308
Other pension costs	116	89
Equity-settled share-based payments	285	171
	4,821	3,627

### 39. Investment in subsidiaries

	£'000
<b>Cost</b>	
At 1 October 2020 and 30 September 2021	12,392
<b>Net book value</b>	
At 1 October 2020 and 30 September 2021	12,392

Further information is provided in Note 18.

### 40. Intangible fixed assets

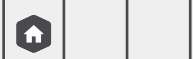
	Computer software £'000
<b>Cost</b>	
At 1 October 2019	606
Additions	443
At 30 September 2020	1,049
Additions	490
Disposals	(271)
<b>At 30 September 2021</b>	<b>1,268</b>
<b>Amortisation</b>	
At 1 October 2019	249
Amortisation charge	202
At 30 September 2020	451
Amortisation charge	348
Disposals	(271)
<b>At 30 September 2021</b>	<b>528</b>
<b>Carrying value</b>	
<b>At 30 September 2021</b>	<b>740</b>
At 30 September 2020	598

**41. Property, plant and equipment**

	Leasehold improvements £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
<b>Cost</b>				
At 1 October 2019	154	112	24	290
Additions	—	24	—	24
At 30 September 2020	154	136	24	314
Additions	48	28	31	107
Disposals	—	(73)	—	(73)
<b>At 30 September 2021</b>	<b>202</b>	<b>91</b>	<b>55</b>	<b>348</b>
<b>Depreciation</b>				
At 1 October 2019	7	58	2	67
Depreciation charge	15	26	5	46
At 30 September 2020	22	84	7	113
Depreciation charge	17	36	7	60
Disposals	—	(73)	—	(73)
<b>At 30 September 2021</b>	<b>39</b>	<b>47</b>	<b>14</b>	<b>100</b>
<b>Carrying value</b>				
<b>At 30 September 2021</b>	<b>163</b>	<b>44</b>	<b>41</b>	<b>248</b>
At 30 September 2020	132	52	17	201

**42. Right of use assets**

	Leasehold property £'000	Commercial vehicles £'000	Total £'000
<b>Cost</b>			
At 30 September 2019	387	3	390
Additions	—	11	11
Disposals	—	(3)	(3)
At 30 September 2020	387	11	398
Additions	—	92	92
<b>At 30 September 2021</b>	<b>387</b>	<b>103</b>	<b>490</b>
<b>Depreciation</b>			
At 30 September 2019	—	—	—
Charge for the year	174	3	177
Disposals	—	(2)	(2)
At 30 September 2020	174	1	175
Charge for the year	72	12	84
<b>At 30 September 2021</b>	<b>246</b>	<b>13</b>	<b>259</b>
<b>Carrying value</b>			
<b>At 30 September 2021</b>	<b>141</b>	<b>90</b>	<b>231</b>
At 30 September 2020	213	10	223



# Notes to the Company Financial Statements continued

For the year ended 30 September 2021

## 43. Debtors

	2021 £'000	2020 £'000
<b>Amounts falling due within one year</b>		
Amounts owed by Group undertakings	6,337	4,039
Prepayments	1,022	227
Deferred tax asset	—	77
Other debtors	32	163
Tax receivable	147	—
	<b>7,538</b>	4,506
<b>Amounts falling due after more than one year</b>		
Amounts owed by Group undertakings	55,076	59,284

## 44. Creditors

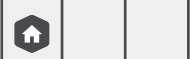
	2021 £'000	2020 £'000
<b>Creditors: Amounts falling due within one year</b>		
Bank loans and overdrafts	6,658	9,160
Trade creditors	283	341
Amounts owed to Group undertakings	7,017	10,551
Accruals and deferred income	1,580	2,037
Social security and other taxes	106	134
Deferred tax liability	159	—
Other creditors	18	12
	<b>15,821</b>	22,235

There is a charge over all of the Company's assets in respect of continuing security for the Group's obligations to pay under the Group's £15m revolving credit facility with NatWest.

## 45. Provisions for liabilities

	Legal and other £'000
At 1 October 2020	2,059
Additional provision	500
Released during the year	(800)
Utilised in the year	(697)
<b>At 30 September 2021</b>	<b>1,062</b>

Further information is provided in Note 24.



## 46. Lease liabilities

	Present value of minimum lease payments £'000
At 30 September 2019	390
Repayments	(183)
Interest	9
New obligations	11
Obligations cancelled	(1)
At 30 September 2020	226
Repayments	(90)
Interest	7
New obligations	160
Obligations cancelled	(67)
<b>At 30 September 2021</b>	<b>236</b>

Future lease payments are due as follows:

	Present value of minimum lease payments £'000
Less than one year	94
Between two and five years	142
<b>At 30 September 2021</b>	<b>236</b>
<b>Less than one year</b>	<b>74</b>
<b>Between two and five years</b>	<b>152</b>
<b>At 30 September 2020</b>	<b>226</b>

## 47. Share capital

Allotted, called-up and fully paid:

	Number	£
<b>Ordinary shares of £0.10 each</b>	<b>161,213,788</b>	<b>16,121,379</b>

Details of the movements in share capital together with the key rights and preferences of the share capital are disclosed in Note 27.

## 48. Share premium account

The share premium account represents amounts received in excess of the nominal value of shares on issue of new shares, net of the direct costs associated with issuing those shares.

## 49. Share based payments

During the year ended 30 September 2021 the Company had five share based payment arrangements, which are described in Note 28.



## Corporate directory

### Company registration number

09411297

### Directors

Bob Holt OBE (Chairman and Chief Executive)  
(appointed 21 July 2016, resigned 18 March 2021)

Nick Winks (Chairman)  
(appointed 26 May 2021)

Peter Smith (Chief Executive Officer)

Robert Legget (Senior Independent Director)

Derek Zissman (Non-Executive Director)

Christopher Mills (Non-Executive Director)

### Group Company Secretary

John Charlton

### Registered office

Crossways Point 15

Victory Way

Crossways Business Park

Dartford

Kent

DA2 6DT

### Independent auditors

**RSM UK Audit LLP**

25 Farringdon Street

London

EC4A 4AB

### Principal bankers

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250 Bishopsgate

London

EC2M 4AA

### Legal advisers to the Company

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St James House

St James Square

Cheltenham

GL50 3PR

**DLA Piper UK LLP**

1 St Paul's Place

Sheffield

S1 2JX

### Financial adviser and stockbroker

**Shore Capital**

Cassini House

57 St James's Street

London

SW1A 1LD

### Registrars

**Link Asset Services**

The Registry

34 Beckenham Road

Beckenham

Kent

BR3 4TU

### Corporate calendar

**Annual General Meeting**

22 March 2022

**Announcement of Interim Results**

May 2022

**Announcement of Final Results**

January 2023



Sureserve Group's commitment to environmental issues is reflected in this Annual Report, which has been printed on Chorus Silk, an FSC® certified material. This document was printed by Park Communications using its environmental print technology, which minimises the impact of printing on the environment, with 99% of dry waste diverted from landfill. Both the printer and the paper mill are registered to ISO 14001.

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