VITAL ENERGI UTILITIES LIMITED

REPORT & FINANCIAL STATEMENTS

For the year ended 30th June 2024

Company Registration No. 04050190 (England and Wales)

CONTENTS

COMPANY INFORMATION

VITAL ENERGI UTILITIES LIMITED

DIRECTORS

Mr G J Fielding
Mr I M Whitelock
Mrs D M Whitelock
Mr M I Cooke
Mr P A Smith
Mr A J Whitelock
Ms C Parker
Mr A J Walsh

SECRETARY

Mr S McKechnie

COMPANY NUMBER

04050190

REGISTERED OFFICE

Century House, Roman Road, Blackburn, Lancashire BB1 2LD

AUDITOR

RSM UK Audit LLP,
Chartered Accountants, Bluebell House,
Brian Johnson Way, Preston, Lancashire PR2 5PE

VITAL ENERGI UTILITIES LIMITED

A BRIGHTER FUTURE: INVESTING IN SUSTAINABLE ENERGY OPPORTUNITIES

Vital Energi's annual report, is a testament to our **unwavering commitment** to a sustainable future. We are passionate about protecting our planet for future generations, and this purpose drives everything we do.

A key focus for the year has been accelerating our strategic shift towards asset ownership. This strategic move positions us as a long-term player in the UK energy landscape, enabling us to secure stable long-term revenue streams, enhance financial performance and contribute to the UK's energy transition. Our recent acquisition of the Gloucestershire Science and Technology Park exemplifies this commitment, creating a hub for innovation and sustainable development.

We have a current £1bn+ investment pipeline, consisting of prospective projects, which will allow us to significantly expand our portfolio of land, property, energy from waste and heat and storage assets. We have recently commenced the operational phase of our first energy from waste plant at Drakelow, Derbyshire.

Environmental sustainability remains at the core of our business. We have made significant strides in reducing our carbon footprint and we were recognised for this by EcoVadis, a leading provider of business sustainability ratings. We are proud to have achieved a Silver rating in their assessment, placing us in the top 15% of companies globally assessed in 2024 recognising our strong environmental and social performance across various criteria, including environmental impact, labour and human rights, ethics and sustainable procurement.

We are committed to creating a positive impact in the communities we work in. Our Climate Education programme has seen our employees engage with over 20,000 students across the UK, sharing with our future generations the small differences they can make and the career opportunities the renewable energy sector can hold for them. We are expanding this reach by collaborating with local partners too.

We have become a Gold Patron of Blackburn Youth Zone, a pivotal organisation located near our head office that supports young people in the Blackburn area. We are really looking forward to working with them to make Climate Education accessible to all and share the career pathways available to them.

As we look ahead, we are confident in our ability to navigate the evolving energy landscape and deliver long-term value. By embracing innovation, fostering strong partnerships and maintaining our unwavering commitment to sustainability, we will continue to shape a more sustainable future.

I would like to express my sincere gratitude to our talented team, dedicated partners and supportive stakeholders for their invaluable contributions. Together, we are shaping our future energy landscape, one project at a time.

GARY FIELDING | CHAIRMAN
4 February 2025

A YEAR OF IMPACT AND OPPORTUNITY

As we reflect on 2024, I am proud to report on the significant contribution Vital Energi has made to the UK energy transition whilst delivering sustainable, long-term value to our stakeholders. Despite the challenges of a rapidly evolving energy landscape, we have achieved critical milestones that underscore our commitment to innovation, collaboration, and operational excellence.

Over the past year, we have secured major projects that will drive our growth and enhance our ability to meet the UK's decarbonisation goals. These include our successful handover of our energy from waste facility, our appointment on the Solihull District Heating Network, and the extension of the Leeds PIPES heat network. We are also actively supporting the decarbonisation of the transport sector through key projects, positioning us as a trusted partner in delivering low-carbon infrastructure.

Our strategy has focused on forging new partnerships, expanding into new geographies, and strengthening our capabilities. This includes our participation in the South Westminster Area Network (SWAN), the UK's first advanced pilot heat network zone, and the opening of new offices in Newcastle and Swansea reflecting increasing project delivery in Wales and the North East. Despite challenging market conditions, we have continued to see the impressive organic growth of recent years in our rapidly growing headcount, exemplified by the doubling in size of our Scotland office, ensuring we remain resilient and well-positioned for the future.

With our partners and stakeholders, we're **protecting our planet** for future generations

Innovation remains at the heart of everything we do. This year, we have made significant investments in developing new technologies, including advanced heat pump systems and thermal storage solutions, which will play a pivotal role in decarbonising the UK's heat network infrastructure.

To underpin continued growth and operational efficiency, we have appointed a Head of Digital Transformation and are making significant investments in system upgrades. These initiatives demonstrate our commitment to leveraging technology to enhance our business operations. Alongside this, we have deepened our use of data-driven platforms, such as Greenly and OneClickLCA, to refine our carbon reduction strategies. These tools enable us to better understand our impact, engage our supply chain, and align our actions with science-based targets, ensuring that we lead by example in addressing the climate crisis.

At Vital Energi, we recognise that our people are our greatest asset. This year, we launched initiatives to foster innovation and creativity across all levels of the organisation. Our Training Academy continues to upskill our workforce, while our new Learning Management System, Kallidus, will empower employees with dynamic, sustainability-focused training modules.

Looking ahead, our strong culture of collaboration with industry and government will continue to shape policies that unlock investment in heat network infrastructure and drive meaningful decarbonisation. With our experience and diverse portfolio of innovative projects, we are well-placed to meet the challenges of the energy transition and deliver enduring value to all our stakeholders.

With our partners and stakeholders, we are protecting our planet for future generations.

IAN WHITELOCK | CEO

4 February 2025

Principal activity

Operating within the dynamic energy sector, we offer an extensive array of energy-related services, systems and solutions; as both an Asset Owner and Operator and on behalf of others.

Our core services encompass the design, installation and operation of low-carbon and renewable energy products and solutions, many of which are delivered under long-term energy performance contracts. This includes energy generation, heat recovery and storage, employing an increasingly diverse range of technologies to meet our customers' needs while reducing environmental impact. We also specialise in energy distribution networks for heat, power and other utilities, as well as the integration of new energy networks with national energy grids.

Our purpose is to **protect our planet for future generations.** This guiding principle shapes every aspect of our operations, and is deeply ingrained in our culture.

Our purpose is to protect our planet for future generations. This guiding principle shapes every aspect of our operations and is deeply ingrained in our culture. From our grassroots Climate Education programme to our pioneering sustainable solutions across the UK, we are driven by this purpose, which all of our people strive to achieve.

WE DELIVER VALUE

We work with clients, partners and community stakeholders to ensure we deliver value:

- **Offering the lowest possible carbon solution**
- **Ensuring energy security & reliability**
- **Maximising energy bill savings**
- **Maximising community energy benefits**

This purpose extends to our growing role in asset management, ensuring the efficient and sustainable operation of systems through a full suite of services, including repairs, replacements, performance analysis and financial management.

We have also **expanded our presence this year, opening two additional offices in Newcastle and Swansea, enhancing our ability to serve communities and develop strong local partnerships.** Our expertise in energy distribution networks for heat, power and other utilities continues to evolve, integrating new energy networks with the National Grid through advanced mechanical and electrical systems, building controls and optimised smart energy solutions.

Our broad range of energy conservation measures such as building fabric improvements and energy efficiency solutions remain central to reducing energy consumption in buildings, both new and retrofit. Whether delivering full or part funding for these solutions, our focus is on long-term sustainability, supported by guaranteed financial and carbon savings, as well as rigorous performance monitoring and reporting.

We operate across a diverse range of markets, including healthcare, education, industrial, commercial, transport, residential, energy from waste and local authority sectors, remaining at the forefront of innovation as we continue to expand and meet the demands of a changing world.

Fair review of the business

The Company's overall sales turnover marginally increased by £0.8m to £221.0m (FY23: £220.2m). However, this reflects a significant increase in core business sales turnover, which rose by £13.1m (+6.7%) to £210.2m (FY23: £197.1m) as detailed in the income statement on page 25 (Financial performance is categorised into two segments: **core business activities** and the **development and operation of owned assets** for the Group's own use). This growth demonstrates the resilience of our core business despite a challenging economic climate.

There has been a significant decline in asset build sales (internal sales) to £10.7m (FY23: £20.7m), a decrease of 53.6%. This reflects the completion of construction on our first energy from waste plant, Drakelow, which has now commenced operations.

Gross profit margin significantly improved to 12.0% (FY23: 10.7%), an increase of 1.3%. The core business drove this improvement, with its gross profit margin increasing to 12.6% (FY23: 11.4%). While the asset build project has slightly impacted the overall gross profit margin due to its lower internal margin, it is crucial to note that this project is a long-term investment with significant future revenue potential and long-term recurring cashflow.

Operating profit decreased by £0.5m to £6.4m (FY23: £6.9m), mainly due to the impact of the increased administrative expenses. Administrative expenses rose to £20.6m (FY23: £17.6m), primarily driven by increased staff costs to support business expansion and overall infrastructure growth. The Company continues to invest in new people to support its present and future planned growth and there were an average of 626 employees vs 535 employees in FY23, which represents a 17.0% increase. The aggregate remuneration of employees increased from £36.4m to £43.0m which is an 18.1% increase.

The Company's financial position remains strong. Net assets increased to £65.1m (FY23: £55.6m), and net current assets rose to £81.2m (FY23: £67.2m). Despite the significant investment in the Drakelow energy from waste plant, the Company maintained a healthy cash balance of £36.5m (FY23: £37.4m), demonstrating strong cash generation. The increase in debtors of 3.8m primarily reflects the increase in other debtors driven by the additional loans extended during the period (see note 19).

The liquidity of the business is above the levels needed to support the planned growth this year.

The Company already has a strong sales and secured order book for FY25, and the forecast for FY25 shows a continuation of the significant historical growth levels.

The Company remains committed to making a significant positive environmental impact by providing low-carbon, energy-efficient solutions to its customers, supporting their decarbonisation journeys towards Net Zero.

The company is an integral part of the Vital Energi Group and the activities of the Board are aligned to those of the wider Group.

KEY FACTS

6.7%
INCREASE IN CORE TURNOVER

12.6%
CORE GROSS PROFIT MARGIN

17%
INCREASE IN AVERAGE HEADCOUNT

£9.5m
INCREASE IN NET ASSETS

Environmental

Built the Foundations Towards our 2035 Net Zero Target

Over the past year, we made substantial progress towards achieving net zero carbon emissions by 2035, laying a strong foundation for a sustainable future while continuing to innovate in delivering energy solutions that help communities and businesses decarbonise.

In 2023/24, we focused on measurable outcomes, improving our operational efficiency and enhancing our tools for reducing carbon emissions:

OPERATIONAL EXCELLENCE

- We **reduced total energy consumption by an impressive 112,300 kWh,** equating to a 220 tCO2e drop in emissions. This achievement is particularly significant given an 18% growth in our workforce, resulting in a nearly one-third reduction in our carbon intensity ratio.

ECOVADIS RECOGNITION

- In our first submission to **EcoVadis,** we earned a **Silver rating,** placing us in the top 15% of companies globally assessed in 2024. This milestone underscores our commitment to environmental, social and ethical excellence.

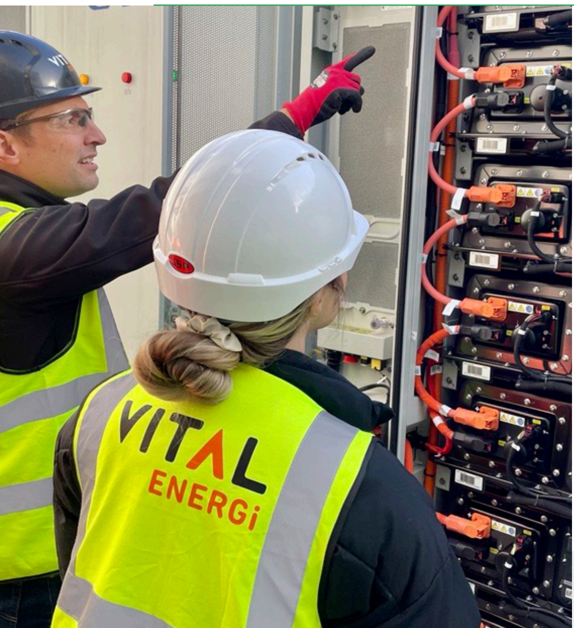
FLEET ELECTRIFICATION

- While our fleet size grew by 7.3%, our ongoing transition to electric vehicles led to a **4.31% reduction in fleet carbon intensity,** reflecting tangible progress toward greener transportation.

CONSTRUCTION INNOVATION

- We achieved a **remarkable 57.5% reduction in diesel consumption on** project sites during the reporting year, cutting 343tCO2e. This is in part due to the transitioning of our energy from waste plant from construction to commissioning but is also due to actively reducing emissions on our project sites by improving tracking and monitoring carbon, plus introducing hybrid generators.

ACHIEVING OUR NET ZERO TARGETS



Driving Decarbonisation Through New Systems and Data

Our partnership with Greenly has been instrumental in refining our carbon reduction strategies. With their platform, we have enhanced our ability to visualise emissions data, identify impactful reduction opportunities and engage suppliers through supply chain questionnaires. This collaboration enables us to align with science-based targets and build robust decarbonisation pathways.

In parallel, we are leveraging OneClickLCA to perform lifecycle assessments, identifying opportunities to reduce embodied and operational carbon in our infrastructure projects. These tools empower us to address emissions across our entire value chain, where 99% of our footprint arises, particularly in hard-to-abate sectors like steel and concrete manufacturing.

Consumption Reduction and Renewable Tariffs

This year saw significant developments in our energy use. A 12% reduction in gas consumption was achieved, which although partially attributable to a mild winter was also positively impacted by more efficient building controls.

While electricity consumption rose due to office expansion, our commitment to renewable energy remains steadfast, with our three largest locations: Blackburn, Holborn and Glasgow, now powered by 100% renewable tariffs.

Achieving Net Zero Requires Collaboration

This year, we introduced a Supplier Code of Conduct, encouraging partners to align with our sustainability goals by setting net zero targets and providing Scope 1 and 2 data. We also strengthened ties with industry bodies like HeatNIC and Scottish Renewables to champion lower-carbon technologies.

Our annual **"Get Green Week"** and Greenly's interactive training modules have inspired employees to take an active role in sustainability, fostering a culture of shared responsibility.

LOOKING AHEAD IN 2025

The coming year will be pivotal as we deepen our sustainability efforts:

- **Decarbonisation:** We aim to install a heat pump at our Head Office in Blackburn to eliminate fossil fuel reliance at our largest location.
- **ESG Framework Development:** We are creating an ESG Framework aligned with GRI Standards to fully integrate environmental and energy KPIs into our core business strategy.
- **Project Site Innovations:** Plans include scaling renewable energy solutions like solar-powered cabins and hybrid generators whilst exploring cleaner fuels for our sites.
- **Supply Chain Transformation:** We will continue to engage suppliers on decarbonisation strategies and measure progress using the Greenly platform and OneClickLCA.
- **Employee Engagement:** With the launch of our new learning management system, Kallidus, employees will gain access to dynamic training modules, empowering them to contribute to our sustainability journey.

Every step we have taken this year brings us closer to a low-carbon future. By focusing on innovation, collaboration and accountability, we are not only reducing our footprint but also helping others achieve their net zero ambitions. Together, we are building a sustainable legacy for generations to come.

Social

MAKING A POSITIVE IMPACT ON COMMUNITIES

Our commitment to social value extends far beyond the delivery of energy solutions. We believe in making a tangible, positive impact on communities by investing in partnerships, employability, skills development, diversity and well-being. Our approach is driven by the understanding that creating a more sustainable, equitable future requires both economic growth and a genuine commitment to social and environmental responsibility.

Investing In Our Future

We are passionate about nurturing the next generation of talent and ensuring that we equip them with the skills required for a low-carbon future.

This year, we expanded our apprenticeship programme and actively engaged with students across multiple educational levels. Our partnerships with schools, colleges and universities continued to help us promote careers in green technologies and energy solutions, developing our workforce of the future.

Our 2023/24 investment in education included:

- Employing **57 apprentices** across the business, covering technical and craft disciplines.
- Hosting **50 careers events** at schools, colleges and universities, focusing on green skills and career pathways, engaging with over 10,000 students.
- Providing meaningful **work placements** to local students, helping them gain practical experience in the energy sector.
- Engaging and inspiring primary schools as part of our **Climate Education programme**.

We continued our profound commitment to equality, diversity & inclusion. Our team regularly participated in initiatives and training to ensure we create a more inclusive environment, collaborating with sector groups such as the Diverse Heat Network and District Heating Divas.

Our internal Training Academy continued to develop employee skills through professional qualifications, mentoring and technical upskilling, with a focus on practical, hands-on learning. This investment demonstrates our dedication to the continuous growth and improvement of our workforce.

Giving back to worthy causes

We understand the importance of being a good neighbour. Our dedication to enhancing green spaces, supporting local communities and engaging with local organisations reflects our commitment to improving the quality of life and environment for the people we work alongside.

This year, we have:

- Launched our volunteering programme encouraging employees to support community, skills, environmental and educational based projects.
- Supported local priorities by collaborating with foodbanks, schools, NHS Trusts and other community groups, ensuring our contributions address specific regional needs.
- Supported economic growth through job creation and procuring through local SME supply chain.

Sharing Best Practice and Influential Partnerships

Through events like the District Heating Divas conference and site tours at Leeds PIPES, Queens Quay, Paddington Village and Duffryn Heat Network, we have provided key market insights into renewable energy integration and heat networks. At conferences such as UKREiiF and Net Zero Projects Scotland, we have presented on the challenges and significant benefits of heat network zoning and decarbonisation. Additionally, our partnerships with organisations like The Christie NHS Foundation Trust and educational institutions demonstrate our commitment to creating long-lasting social value whilst driving sustainable energy solutions forward.

Charitable Work

Vital Energi has been proud to contribute to various charitable causes. During the last year, we have:

- **Donated over £100k** to partner charities and community organisations, including The Christie, Macmillan Cancer Support and Alzheimer's Society.
- **Sponsored** and participated in charitable events, such as Northern Lights Community Football and International Men's & Women's Day celebrations, promoting awareness and fundraising for various important causes.

LOOKING AHEAD IN 2025

In line with our **ESG strategy**, we are introducing a Social Value Framework which aims to embed social value into our service delivery. Our focus is on capturing and reporting data to ensure we meet our targets and continue to improve year on year. Throughout the 2024/25 financial year we aim to:

- Fully embed our social value strategy throughout our projects.
- Implement toolkits, metrics, and KPIs to measure our impact.
- Increase awareness and training for staff on social value.
- Double our STEM Ambassador network from the current 16.
- Increase the breadth of our community engagement programmes.

Health & Wellbeing

We placed a strong emphasis on the health and wellbeing of our employees, recognising that a healthy workforce is essential for a supportive and successful environment. We have developed our fair work practices, offering a comprehensive benefits package, including above Living Wage salaries, flexible working practices and family-friendly policies. These initiatives are designed to support our employees both in and out of the workplace.

Governance

Our skilled Board of Directors are focused on guiding our **continued strategic growth** and overseeing operations. Throughout 2023/24 we are proud to have:

INTRODUCED PROGRAMMES

- Introduced an Emerging Leaders Programme and Future Leaders Board for junior members of our organisation to support in nurturing talent and drive innovation, demonstrating our commitment to developing leaders of the future for this industry.

ENHANCED RISK MANAGEMENT

- Enhanced our robust risk management framework to identify, assess, and mitigate risks across our operations. This proactive approach ensures we are well prepared to navigate potential challenges and safeguard our business.

We also continued our work in other key areas, as detailed below:

ETHICAL PRACTICES

We are committed to ethical business practices and social responsibility. We adhere to international standards and regulations, including the UN Global Compact and the Modern Slavery Act. Our supply chain is managed responsibly, ensuring ethical sourcing and fair labour practices.

MONITORING OUR IMPACT

To measure and improve our social and environmental impact, we employ rigorous impact measurement methodologies. We are aligned with UN Sustainable Development Goals and are committed to reducing our carbon footprint and contributing to a sustainable future.

INDUSTRY INNOVATION

We actively engage with key industry associations and bodies, such as Heat Trust, Department of Energy Security and Net Zero (DESNZ), ADE, Heat Network Industry Council (HeatNIC) and Remedy, to shape industry standards and policies. Our strategic partnerships with leading institutions and investors enable us to deliver innovative and sustainable energy solutions, details of which can be found in section 8 – Future Developments and Innovations.

Our **strategic partnerships** with leading institutions and investors enable us to deliver innovative and sustainable energy solutions

Through our engagement and collaboration in these forums we are helping to steer new government policies expected to come into place in 2025/2026 to create the right environment for growth in the heat decarbonisation market. Our input into these forums is so critical to ensure we share our 30 years + experience with the policy makers, so we have the right investable framework for the future.

Key risks and uncertainties

The energy market remains subject to significant volatility and uncertainty, influenced by a range of factors including geopolitical events, economic conditions and evolving regulatory frameworks.

Government policy, particularly in relation to energy and climate change, can significantly impact our group's business model and investment plans. However, we are actively engaged with policymakers to shape a supportive regulatory environment. Fluctuations in energy prices, interest rates and exchange rates can affect our group's financial performance and cash flows.

We mitigate risks through a comprehensive risk management framework, including regular risk assessments, contingency planning and financial discipline. We prioritise supplier and subcontractor relationships, cybersecurity and talent development to ensure business continuity. Additionally, we actively monitor geopolitical, economic and regulatory factors that may impact our operations.

We maintain a strong financial position, employ prudent financial management practices and diversify our revenue streams to mitigate financial risks. By proactively addressing these risks, we aim to safeguard our business and deliver long-term value to our shareholders.

Operational challenges, such as supply chain disruptions, project delays, or operational failures, can hinder our group's ability to deliver projects and meet customer expectations. To address these challenges, we have implemented robust project management processes, risk mitigation strategies and contingency plans.

Our group is also exposed to financial risks, including changes in credit ratings, increased borrowing costs and adverse economic conditions. However, our strong financial position and prudent financial management practices help mitigate these risks. Reputational risk, stemming from negative publicity, product recalls, or environmental incidents, is minimised through our strong focus on corporate social responsibility and ethical business practices.

Supply chain disruptions, particularly in relation to critical materials and components, could impact project delivery and increase costs. To mitigate this risk, we are actively diversifying our supply chain and building strong relationships with suppliers. Cybersecurity threats are addressed through robust cybersecurity measures and regular security audits.

Attracting and retaining skilled talent is essential to our Group's success. We are committed to investing in employee development, offering competitive compensation packages and fostering a positive work environment to attract and retain top talent.

While the energy sector is inherently complex and subject to various risks, we are well-positioned to navigate these challenges through our experienced management team, robust risk management framework and strong financial position.

Attracting and retaining skilled talent is essential to our Group's success

Future developments and innovations

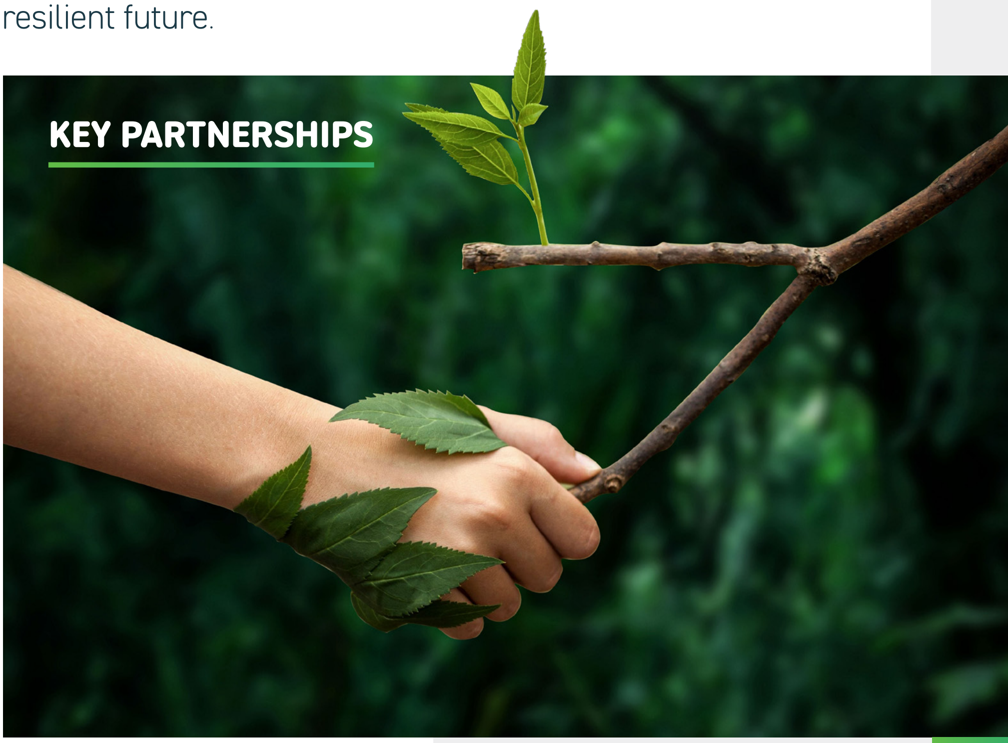
We continue to invest in the future by advancing our asset management strategies and further integrating Energy and Asset Management (EAM) across our operations. Through **targeted investment**, we are not only owning but also effectively managing our assets, ensuring long-term sustainability and operational excellence. This has been made possible through the adoption of innovative technologies and processes that optimise our energy solutions and secure a resilient future.

Our commitment to innovation is evident in our growing pipeline, which spans across key sectors such as transport, healthcare, industrial and education and covers both public and private sector clients. We have a forecast full year position of £285m based on current pipeline with over 80% secured for 2024/2025 in projects. Our ability to foster strong relationships with both new and existing clients, as well as Tier 1 building contractors, has strengthened our work pipeline.

Our focus on collaboration with stakeholders in major cities and institutions continues to support the development of heat networks and decarbonisation projects, aligning with growing market trends in solar, heat pumps and district heating technologies.

Key projects within our portfolio include the Solihull District Heating Network, which will deliver low-carbon heating to the town centre and major decarbonisation plans for institutions like Lancaster University and Royal Shrewsbury Hospital. Our long-term partnerships, such as those with PeelNRE and Ener-Vate on the Mersey Heat Network, are setting benchmarks in carbon reduction and infrastructure development, contributing to the net zero ambitions of cities and institutions alike.

KEY PARTNERSHIPS



As part of our strategic partnerships, we continue to strengthen our asset ownership model. This includes investment in key projects like the Hull MAGIC scheme and our partnership in the Yorkshire Energy Park, which are critical components of the UK's transition to net zero. These partnerships not only enhance our market position but also drive forward our long-term growth strategy by expanding our capabilities in owning and managing large-scale energy infrastructure.

KEY STATS

£285m
2024/25 GROUP FORECAST

80%
PROJECTS SECURED

Key collaborations have seen us be successful on the **UK's first Advanced** Zoning Pilot scheme, the SWAN heat network, a £1bn low carbon heating infrastructure project in Westminster

Key collaborations have seen us become successful on the UK's first Advanced Zoning Pilot scheme, the South Westminster Area Network (SWAN) heat network, a £1bn low carbon heating infrastructure project in Westminster, which will be one of the UK's first advanced heat network zones.

Through collaborating with CVC/DIF's UK investment vehicle, Cypress District Energy, we'll deliver this cutting-edge heat network to provide heat to iconic London buildings right in the heart of the capital – part of a growing effort to decarbonise urban heating and transform our energy infrastructure and support the creation of one of the UK's first 'heat network zones'.

Through our growing Independent Connection Provider (ICP) works, we are taking steps to diversify our offering further and become an Independent Distribution Network Operator (IDNO) so we can provide fully integrated decarbonisation solutions that can maximise efficiency whilst creating new and robust infrastructure in our journey to net zero.

Innovation remains a central pillar of our future growth. We are actively involved in pioneering projects that push the boundaries of energy storage, renewable technology, ensuring we remain at the forefront of the energy transition.

We are currently working with Lancaster University to deliver the Lancaster University Net Zero Infrastructure Project (LUNZIP) and associated solar farm. LUNZIP is a sector-leading project, pioneering the use of a two-stage air and water heat pump system, a novel technology that has not been previously deployed in the UK. This has been developed with our in-house specialist heat pump team.

The electrification of the University's campus, alongside the new photovoltaic array and existing wind turbine is an innovative mix of technologies that will set an example across the UK for others to follow in their journey towards net zero. The energy centre will also function as a "living lab", providing a unique environment where students, researchers and industry professionals can collaborate on cutting-edge projects, test innovative technologies and monitor performance in real time.

In other areas, our work on thermal storage solutions, developed in partnership with leading research institutions, exemplifies our commitment to intellectual property development and fostering a culture of innovation within our organisation.

An example of this is our collaboration with University of Birmingham to develop and commercialise a range of innovative thermal storage solutions, which will help accelerate decarbonisation within the heating and cooling sector.

We are installing a low carbon heat pump at our head office in Blackburn. This will be based on a first of a kind unit developed in house which integrates a heat pump with advanced high temperature thermal storage. This project is part funded by DESNZ's Heat Pump Ready programme and will be operational in Q2 next year after which we will be including similar units in suitable projects.

Through these initiatives, we continue to set the pace for the decarbonisation of heat and energy in the UK.

Section 172(1) statement

"Protecting our planet for future generations" underpins every action, interaction, or business decision we take. We are committed to acting in a way that promotes the long-term success of the company for the benefit of all stakeholders, while upholding our core purpose. This statement outlines how we consider the factors set out in Section 172 of the Companies Act 2006 when making decisions.

STAKEHOLDER CONSIDERATIONS

EMPLOYEES:
Our culture is extremely important to us, so we work hard to ensure that all employees feel equally valued as part of a company that embraces diversity and inclusion, which genuinely wants them to thrive. We always value their opinions, inviting frequent employee engagement, whilst offering various benefits to promote well-being.

We also offer extensive training and development opportunities to enhance our inhouse skills, enabling employees to fulfil their career ambitions, progressing within our group, equipping them with the skills needed to succeed in a sustainable energy future.

CUSTOMERS:
We strive to deliver exceptional service, value for money and innovative solutions that meet evolving customer needs and contribute to their sustainability goals. We aim to become a sustainability partner to our customers, acting as their go-to company for end-to-end energy solutions, from generation to consumption.

SUPPLIERS:
We maintain and nurture strong relationships with all suppliers, recognising that our environmental responsibilities start with our supply chain. We therefore actively seek to work with those who share our commitment to sustainable practices and ethical sourcing. We also commit to ensuring fair and timely payment, demonstrated in our Payment Practice Report.

COMMUNITY:
We frequently actively engage with local and wider communities through various initiatives. Our well-established and comprehensive Climate Education programme seeks to enhance both primary and secondary curriculums, educating young people about climate change, carbon reduction strategies and the difference they can make. We also discuss renewable energy careers, growing future talent. Employee volunteering days and other community investments ensure that we 'give back' to communities wherever possible.

INVESTORS:
We provide clear and timely information to ensure alignment with shareholder interests. We are committed to fostering a culture of transparency and open communication, providing regular updates on our performance, strategy and sustainability initiatives. We believe that informed shareholders are empowered shareholders and we are dedicated to building strong, long-term relationships with our investors.

LONG-TERM CONSEQUENCES

As a developer and asset owner of renewable energy generation, storage and infrastructure, all decisions are carefully evaluated against their long-term impact as we aim to establish new ways to achieve the UK's net zero pathway. Long-term consequences are considered in the context of:

SUSTAINABILITY:
We inherently prioritise investments and operations that promote energy efficiency, renewable energy sources, and a reduced carbon footprint.

FINANCIAL STABILITY:
We consistently manage and mitigate against risk effectively to ensure long-term financial viability and liquidity, enabling investment in sustainability initiatives.

INNOVATION:
We continually invest in technology and intellectual property development to offer pioneering solutions that contribute towards a low-carbon future.

MARKET TRENDS:
We stay ahead of the curve by anticipating and adapting to changing market dynamics in the energy sector.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Our commitment to Corporate Social Responsibility is deeply ingrained in our practices. We actively engage with our communities, employees, supply chain, to create lasting benefits.

EDUCATION AND SKILLS DEVELOPMENT:
We inspire future generations through our Climate Education programme, which has reached over 20,000 since its inception and offer apprenticeship schemes and training opportunities at various levels, with a view to recruiting, retaining and nurturing talent.

COMMUNITY INVESTMENT:
We support local and wider communities through initiatives such as sponsoring children's sports teams, supporting a community centre and donating solar panels. For example, a recent project with Islington Council involved over £15,000 in investments.

EMPLOYEE ENGAGEMENT:
We encourage employee-led charitable efforts, such as raising over £45,000 for our various charities and supporting other causes year-round. Employees are given two days per year for volunteering, alongside project-related social value initiatives.

SUSTAINABLE PRACTICES:
We prioritise working with local suppliers and invest in renewable energy solutions to reduce our environmental impact.

CONCLUSION

By integrating responsible business practices with our core business activities, we are well-positioned for **long-term success** while contributing to a more sustainable and equitable future. We believe this approach aligns with the objectives of Section 172(1) and creates lasting value for all stakeholders.

ON BEHALF OF THE BOARD

Mr G J Fielding, Chairman

4 February 2025

The directors present their annual report and financial statements for the year ended 30 June 2024.

Principal activities
The principal activity of the Company is disclosed in the strategic report.

Results and dividends
The results for the year are set out on page 25.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr G J Fielding	
Mr I M Whitelock	
Mrs D M Whitelock	
Mr M I Cooke	
Mr P A Smith	
Mr A J Whitelock	
Ms C Parker	
Mr R T Callaghan	(Resigned 4 August 2023)
Mr A J Walsh	

Qualifying third party indemnity provisions
The Company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Research and development
The Company is a leading innovator in efficient energy provision and a catalyst for the development of new and sustainable ways of supplying the heat and power the UK needs while at the same time contributing towards the government's published emission reduction targets and net zero strategy. The Company incurred research and development expenditure of £487,000 (2023: £393,000).

As such the Company is engaged in continuous research and development activities across numerous projects including the design and development of a technologically advanced energy from waste power plant.

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

Employee involvement
The Company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance.

Post reporting date events

Subsequent to the year end, on 23 October 2024, the company sold 100% of the share capital of Biomass Power Kochi Limited to a director of that company.

After the balance sheet date Vital Energi Utilities Limited committed to providing a loan facility up to the value of £7m to a connected company Chiltern Vital Berkeley Holdings Ltd. Total advances up to the date of the approval of the financial statements are £4.9m.

Auditor

The auditor, RSM UK Audit LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon reporting

The Company's ultimate parent undertaking is Vital Holdings Limited and the Company's greenhouse gas emissions, energy consumption and energy efficiency activities are reported in the Group accounts of Vital Holdings Limited.

Strategic report

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. This applies to future developments.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

Financial risk management objectives and policies

The Company finances its operations through a mixture of retained profits and where necessary to fund expansion or capital expenditure programmes through bank borrowings or leasing arrangements.

The management objectives are to:

- Retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds;
- Minimise the Company's exposure to fluctuating interest rates when seeking borrowing; and
- Match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the Company's cash flows.

Where appropriate, funds are invested in sterling bank deposit accounts and borrowings are all obtained from standard bank loan accounts. As such, there is little price risk exposure.

Where appropriate, funds are held primarily in short-term variable rate deposit accounts. The directors believe that this gives them flexibility to release cash resources at short notice and also allows them to take advantage of changing conditions in the finance markets as they arise. All deposits are with reputable UK banks and the directors believe their choice of bank minimises any credit risk associated with not placing funds on deposit with a UK clearing bank.

On behalf of the board

....
Mr G J Fielding
Director

Date: 04/02/25

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2024

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 financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITAL ENERGI UTILITIES LIMITED

Opinion

We have audited the financial statements of Vital Energi Utilities Limited (the 'Company') for the year ended 30 June 2024 which comprise the income statement, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 21, 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 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 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 audit engagement team:

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management and those charged with governance whether the Company is in compliance with these laws and regulations and performed procedures including a review of board minutes and performed a search for notices published by the Health and Safety Executive.

The audit engagement team identified the risk of management override of controls and judgments and estimates made in the valuation, existence and cut off of amounts recoverable on contracts, work in progress and amounts recognised in revenue as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to:

- testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business; and
- challenging judgments and estimates applied in the valuation of amounts recoverable on contracts and amounts recognised in revenue by reviewing contract meeting minutes; reviewing post year end performance; and comparing outturn of projects with estimates made in preparing the previous year's financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Michael Oates

Michael Oates CA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
Lancashire, PR2 5PE
05/02/25............

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	Asset build £'000	Core £'000	30 June 2024 £'000	Asset build £'000	Core £'000	30 June 2023 £'000
Turnover	**4**	10,733	210,228	220,961	23,123	197,087	220,210
Cost of sales		(10,733)	(183,656)	(194,389)	(22,147)	(174,562)	(196,709)
Gross profit		-	26,572	26,572	976	22,525	23,501
Analysis of administrative expenses:							
Administrative expenses - non-exceptional				(19,536)			(16,663)
Administrative expenses - exceptional	**5**			(439)			(301)
Share-based payment charge	**6**			(642)			(648)
Total administrative expenses				(20,617)			(17,612)
Other operating income				442			1,015
Operating profit	**8**			6,397			6,904
Interest receivable and similar income	**10**			6,640			5,025
Interest payable and similar expenses	**11**			(1,147)			(558)
Profit before taxation				11,890			11,371
Tax on profit	**12**			(3,086)			(889)
Profit for the financial year				8,804			10,480

Company Registration No. 04050190

VITAL ENERGI UTILITIES LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

		2024		2023 as restated	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Goodwill	**13**		251		273
Other intangible assets	**13**		1,096		699
Total intangible assets			1,347		972
Tangible assets	**14**		4,007		3,793
Investments	**15**		3		3
			5,357		4,768
Current assets					
Stocks	**18**	17,789		5,990	
Debtors falling due after more than one year	**19**	58,568		49,345	
Debtors falling due within one year	**19**	84,644		91,485	
Cash at bank and in hand	**20**	36,491		37,384	
		197,492		184,204	
Creditors: amounts falling due within one year	**21**	(116,338)		(117,046)	
Net current assets			81,154		67,158
Total assets less current liabilities			86,511		71,926
Creditors: amounts falling due after more than one year	**22**		(20,551)		(15,942)
Provisions for liabilities	**25**		(886)		(356)
Net assets			65,074		55,628
Capital and reserves					
Called up share capital	**28**		-		-
Other reserve	**29**		1,621		979
Own shares	**29**		-		(4)
Profit and loss reserves	**29**		63,453		54,653
Total equity			65,074		55,628

Company Registration No. 04050190

VITAL ENERGI UTILITIES LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2024

The financial statements were approved by the board of directors and authorised for issue on 04/02/25 and are signed on its behalf by:

....
Mr G J Fielding
Director

VITAL ENERGI UTILITIES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	Share capital £'000	Other reserve £'000	Own shares £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 July 2022		-	331	(4)	44,173	44,500
Year ended 30 June 2023:						
Profit and total comprehensive income for the year		-	-	-	10,480	10,480
Capital contribution	**29**	-	648	-	-	648
Balance at 30 June 2023		-	979	(4)	54,653	55,628
Year ended 30 June 2024:						
Profit and total comprehensive income for the year		-	-	-	8,804	8,804
Capital contribution	**29**	-	642	-	-	642
Other movements		-	-	4	(4)	-
Balance at 30 June 2024		-	1,621	-	63,453	65,074

1 Accounting policies

Company information

Vital Energi Utilities Limited is a private Company limited by shares and is registered and incorporated in England and Wales. The registered office is Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

The Company's principal activities and nature of its operations are disclosed in the Strategic Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006, including the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This Company is a qualifying entity for the purposes of FRS 102, being a member of a Group where the parent of that Group prepares publicly available consolidated financial statements, including this Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The Company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 ‘Statement of Cash Flows’: Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 ‘Basic Financial Instruments’ – Carrying amounts, interest income/expense and net gains/ losses for each category of financial instrument; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 ‘Share based Payment’: Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 ‘Related Party Disclosures’ – Compensation for key management personnel.

The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the Company as an individual entity and not about its Group.

Vital Energi Utilities Limited is a wholly owned subsidiary of Vital Holdings Limited and the results of Vital Energi Utilities Limited are included in the consolidated financial statements of Vital Holdings Limited which are available from Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

1 Accounting policies (Continued)

Going concern

In assessing the Company's ongoing viability, the directors have considered financial projections for the years ending June 2025 and June 2026. These forecasts project positive sales, profitability, and cash flow, supported by a detailed order backlog and sales pipeline. The substantial portion of secured orders for the year ending June 2025 provides a high degree of confidence in the accuracy of this forecast. Business unit leadership has employed the sales pipeline to predict sales through to June 2029.

The global economy has experienced a pronounced slowdown, accompanied by elevated inflation. This environment has introduced uncertainties and delayed some new project approvals. However, the current financial year has benefited from a robust order intake driven by the Public Sector Decarbonisation Scheme and the broader industry focus on decarbonisation.

Considering these factors, the directors are confident in the Company's ability to continue as a going concern. The Company possesses a strong order book, a proven track record of project delivery, and operates within a sector underpinned by sustained government support for decarbonisation.

A comprehensive liquidity analysis, including a review of borrowing facilities, has confirmed sufficient forecast liquidity to manage anticipated challenges through June 2025. The directors are satisfied with the adequacy and commitment of existing financing arrangements.

The Company generated a pre-tax profit of £11.9m during the year and maintained net current assets of £81.2m at year-end. Based on this assessment, the directors believe it appropriate to prepare the financial statements on a going concern basis, as the business is expected to meet its obligations as they fall due for at least the next twelve months following approval of these financial statements.

Turnover

The turnover shown in the profit and loss account represents the value of all goods and services provided during the year, at selling price exclusive of Value Added Tax. Turnover is recognised to the extent that the Company obtains the right to consideration in exchange for its performance.

Turnover from ongoing maintenance and project management services is recognised as the service is provided.

For construction contracts, turnover represents the value of work done in the year and is determined by reference to the stage of completion of each contract.

Construction contracts

Profit on construction contracts is taken as the work is carried out, if the final outcome can be assessed with reasonable certainty. The profit is calculated on a stage of completion basis to reflect the proportion of the work carried out by the year end by recording turnover and related costs as contract activity progresses.

Turnover is calculated as that proportion of total contract revenue which costs incurred to date bear to total expected costs for that contract. Revenue derived from the variations on contracts is only recognised when they have been accepted by the customer.

Full provision is made for losses on all contracts in the year in which they are foreseen.

Amounts recoverable on contracts are amounts not yet invoiced for which work has been completed but not yet certified. Payments received on account are payments received in advance of the work being undertaken.

1 Accounting policies (Continued)

Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised if all the following criteria are met:

- The technical feasibility;
- Intention to complete the development of the intangible asset;
- Ability to use or sell the intangible asset;
- Demonstrate that the intangible asset will generate probable future economic benefits;
- The availability of resources to complete the development; and
- Ability to measure reliably the expenditure attributable to the intangible asset during its development.

Intangible fixed assets - goodwill

Goodwill arising on the acquisition of a business represents the excess of the cost of acquisition (being the cash paid and the fair value of other consideration given) over the fair value of the separable assets acquired. The fair value of the acquired assets and liabilities are assessed in the year of acquisition and the subsequent year, which may impact on the goodwill recognised. Goodwill is capitalised and written off on a straight line basis over its useful economic life of 15 years.

Provision is made for any impairment in its value. The useful economic life is the expected period over which the Company expects to derive an economic benefit, and is reviewed on annual basis.

In addition, an impairment review is also performed where there are indicators that goodwill has been impaired, such as income or profits deriving from the acquired business which gave rise to goodwill being below original expectations.

Where goodwill is found to be impaired, its carrying value is written down to an amount not greater than the future accumulated cash flows from the acquired business which gave rise to the goodwill, discounted at an interest rate equivalent to a high quality corporate bond.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	20% straight line
Development costs	5% - 33% straight line

Tangible fixed assets

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Cost represent purchase price together with any incidental costs of acquisition.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Plant and machinery	5% - 25% straight line
Equipment	10% - 33% straight line

Assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1 Accounting policies (Continued)

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the Company reviews the carrying amounts of its 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 in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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.

Stocks

Work in progress is stated at the lower of cost and realisable value less costs to complete. Cost comprises direct materials and, where applicable, those overheads that have been incurred in bringing the work in progress to its present condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Captive cell arrangement

The Company self-insures potential insurance claims through a captive insurance scheme. It has invested in 100,000 redeemable preference shares of £1 each in its own cell of a protected cell Company and has de facto control of the assets and liabilities of the cell. The Company accounts for the cell as an intermediate payment arrangement, recording the assets and liabilities, expenses and any investment income of its cell as its own, and payments made into the scheme are eliminated.

Financial instruments

The company has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include trade and other debtors, gross amounts owed by contract customers, amounts owed by group undertakings, and cash and bank balances, are initially measured at transaction price.

1 Accounting policies (Continued)

Impairment of financial assets
Financial assets, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including trade and other creditors, amounts owed to group undertakings, are initially recognised at transaction price.

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

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the Company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments
Equity instruments issued by the Company are recorded at the fair value of proceeds received, net of transaction costs.

Taxation
The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

1 Accounting policies (Continued)

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, or a right to receive repayments of tax.

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

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

Share-based payments

The Group grants share options ("equity-settled share based payments") over the shares of the Company to certain employees.

The Company recognises and measures its share based payment expense on the basis of a reasonable allocation of the expense recognised for the Group. The allocation is based on the number of employees benefiting from the share based payment plans employed by each Group entity.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1 Accounting policies (Continued)

Government grants
Government grants are recognised on the accruals basis.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

The government grant income received during the current and prior year relates to the government's Heat Networks Investment Project (HNIP). This is included in other income in the financial statements.

The grant specifies performance conditions and is recognised in income when the performance conditions are met. The grant income is recognised in the income statement as costs are incurred. A grant received before the recognition criteria are satisfied is recognised as a liability and is held within accruals and deferred income.

Employee benefit trusts
The Company has established trusts for the benefit of employees and certain of their dependants. Monies held in these trusts are held by independent trustees and managed at their discretion.

Where the Company retains future economic benefit from, and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the Company until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest in identified individuals.

Where monies held in a trust are determined by the Company on the basis of employees' past services to the business and the Company can obtain no future economic benefit from those monies, such monies, whether in the trust of accrued for by the Company are charged to the profit and loss account in the period to which they relate.

Exceptional costs
Exceptional costs are items which derive from events or transactions that fall within the ordinary activities of the group and which individually, or, if of a similar type, in aggregate, the directors' believe should be disclosed separately due to being one-off in nature.

2 Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, 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. The 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements
The following judgements, estimates and assumptions have had the most significant effect on amounts recognised in the financial statements.

Share options
The Black Scholes option pricing model is used to determine the fair value of options granted by Vital Holdings Limited. A number of estimates and assumptions are used in the model including a risk free interest rate, a dividend yield and volatility in order to determine the weighted average value of the options and therefore the share-based payment expense allocated to the company.

Investments and other debtors
The directors have evaluated the carrying value of investments and other debtors at the end of the period for potential impairment indicators, as mandated by FRS102. Based on this assessment, they have determined that an impairment test is not necessary as at 30 June 2024. Vital Energi Group's strategic shift from a predominantly "Design and Build" approach to an "Energy Asset Owner" model involves securing long-term energy supply contracts (typically 25-40 years). While initially capital-intensive, this strategy enhances profitability predictability, mitigates market volatility, and increases overall group value.

The Company's investments, whether in equity or loans, support this strategic direction. The ultimate goal is to become the long-term energy supplier for each project involved. While there may be additional benefits from equity stakes, the primary focus remains on energy supply.

Despite the longer-term nature of some projects, current progress is deemed sufficient to justify the carrying value on the balance sheet. The directors conduct monthly reviews of all investments and loans, actively participating in the projects and often serving on relevant subsidiary boards.

Based on these ongoing assessments, the directors believe that the investments and loans do not require any impairment provisions at this time.

Construction contracts
In producing the financial statements, the directors have taken judgements and made estimates relating the profit to be taken on construction contracts. Profit is taken as the work is carried out where the final outcome can be assessed with reasonable certainty. The profit is calculated on a stage of completion basis by the year end which can sometimes differ to the assessments of external Quantity Surveyors. Full provision is made for losses on all contracts in the year in which they are foreseen.

Other borrowings
A loan of £7,155,0000 was received during the year ended 30 June 2022. The loan attracts an interest rate of 0.01%. Having considered Section 11 of FRS 102, the Directors have assessed this as a financing transaction and as such have measured the liability at the present value of the future payments discounted at a market rate of interest which was determined to be 5%, taking into account the rates on the funding currently utilised by the Company and the rates available on Government bonds.

3 Prior period adjustment

During the preparation of the financial statements, the Directors identified £8,184,229 of debit balances in the prior period, representing recoverable contract costs which had historically been presented within Accruals & Deferred Income. In the current year, recoverable contract assets have been presented within Prepayments & Accrued Income in accordance with the requirements of Section 23 of FRS 102. Consequently, the prior period financial statements have been restated to gross up assets and liabilities by £8,184,229. The restatement has no impact on the previously reported result for the year ended 30 June 2023 or on net assets and net current assets as at 30 June 2023. A reconciliation of line items impacted by the restatement is set out below:

Changes to the statement of financial position

	As previously reported	Adjustment	As restated at 30 Jun 2023
	£'000	£'000	£'000
Current assets			
Prepayments and accrued income	2,091	8,184	10,275
Creditors due within one year			
Accruals and deferred income	(78,686)	(8,184)	(86,870)
Net assets	55,628	-	55,628
Capital and reserves			
Total equity	55,628	-	55,628

4 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2024	2023
	£'000	£'000
Turnover analysed by class of business		
Energy generation and distribution schemes	220,961	220,210

	2024	2023
	£'000	£'000
Other operating income and interest income		
Interest income	6,640	5,025
Grants received	169	771
RDEC	273	244

	2024	2023
	£'000	£'000
Turnover analysed by geographical market		
United Kingdom	220,961	220,210

Turnover and related cost of sales have been presented to separately reflect the core operations and asset build operations with Vital Energi (Drakelow) Limited as the directors consider this presentation is required to facilitate an understanding of the composition of the gross margin.

5 Exceptional item

	2024	2023
	£'000	£'000
Expenditure		
Exceptional costs	439	301

Included within exceptional costs in the current year is £322,000 in respect of redundancy costs for staff and £112,000 in respect of certain senior individuals who ceased employment and £5,000 in respect of Company Share Option Plans (CSOP) accounting costs. The directors consider these costs to be non-recurring due to the fact that they are one off in nature. As such, the costs of the overlap period have been classified as exceptional.

Included within exceptional costs in the prior year is £160,000 in respect of redundancy costs, £126,000 in respect of the retired Chief Financial Officer, £12,000 in respect of CSOP accounting costs and £3,000 in respect of Santander rebanking costs. The directors consider these costs to be non-recurring due to the fact that they are one off in nature. As such, the costs of the overlap period have been classified as exceptional.

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2024	2023
	Number	Number
Number of direct staff	450	379
Number of indirect staff	176	156
Total	626	535

Their aggregate remuneration comprised:

	2024	2023
	£'000	£'000
Wages and salaries	36,492	30,588
Social security costs	4,081	3,692
Pension costs	1,752	1,482
Equity settled share based payments	642	648
	42,967	36,410

7 Directors' remuneration

	2024	2023
	£'000	£'000
Remuneration for qualifying services	1,807	1,606
Company pension contributions to defined contribution schemes	112	139
	1,919	1,745

7 Directors' remuneration (Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 7 (2023 - 9).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2024 £'000	2023 £'000
Remuneration for qualifying services	318	245
Company pension contributions to defined contribution schemes	24	21

8 Operating profit

Operating profit for the year is stated after charging/(crediting):	2024 £'000	2023 £'000
Exchange differences	(103)	(51)
Research and development costs	487	393
Government grants	(169)	(771)
Depreciation of owned tangible fixed assets	554	606
Depreciation of tangible fixed assets held under finance leases	151	63
Amortisation of intangible assets	218	125
Operating lease charges	3,066	2,533
RDEC	(273)	(244)

9 Auditor's remuneration

Fees payable to the company's auditor and its associates:	2024 £'000	2023 £'000
For audit services		
Audit of the financial statements of the company	35	31
For other services		
Taxation compliance services	3	3
All other non-audit services	6	4
	9	7

10 Interest receivable and similar income

	2024	2023
	£'000	£'000
Interest income		
Interest on bank deposits	1,129	131
Other interest income	5,511	4,894
Total income	6,640	5,025

Included in other interest income is £5,151,000 (2023: £4,451,000) of interest from group undertakings. Interest is charged at 3.25% and 12% per annum on the outstanding amounts.

11 Interest payable and similar expenses

	2024	2023
	£'000	£'000
Interest on bank loans	169	201
Interest on finance leases and hire purchase contracts	123	125
Other interest	855	232
	1,147	558

Included in other interest expense is £228,000 (2023: £232,000) of interest to group undertakings. Interest is charged at 3.25% per annum on the outstanding amounts.

Included in other interest expense is £627,000 is the write off of forfeited interest to mitigate the financial risk of the termination of a project. See note 19 for further details.

12 Taxation

	2024	2023
	£'000	£'000
Current tax		
UK corporation tax on profits for the current period	849	451
Adjustments in respect of prior periods	(440)	(1,614)
Group tax relief	2,147	1,881
Total current tax	2,556	718
Deferred tax		
Origination and reversal of timing differences	76	118
Adjustment in respect of prior periods	454	53
Total deferred tax	530	171
Total tax charge	3,086	889

12 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2024 £'000	2023 £'000
Profit before taxation	11,890	11,369
Expected tax charge based on the standard rate of corporation tax in the UK of 25.00% (2023: 20.50%)	2,973	2,331
Tax effect of expenses that are not deductible in determining taxable profit	163	152
Adjustments in respect of prior years	(440)	(1,614)
Group relief	(2,147)	(1,881)
Research and development tax credit	(68)	(50)
Other permanent differences	4	(21)
Deferred tax adjustments in respect of prior years	454	53
Payment for group relief	2,147	1,881
Adjust deferred tax to average rate	-	21
Adjustment to brought forward values	-	17
Taxation charge for the year	3,086	889

The standard rate of tax applied to reported profit on ordinary activities is 25% (2023: 25%). The effective tax rate in the period is 25% as a result of the timing of the application of The Finance Act 2021. The Finance Act 2021, which was substantively enacted on 24 May 2021, created a 25% main rate, 19% small profits rate and a marginal rate which is effective from 1 April 2023.

The deferred tax adjustment in respect of prior years within the 2023 figures reflect the change in tax treatment for interest payable on the debenture loan within another group entity as a non-trade loan relationship rather than reflected as pre-trading revenue expenditure. Non-trade loan relationship deficits were group relieved from another group entity at the filling of the tax return which was subsequent to the issuance of the 2022 financial statements. This is therefore shown as an adjustment is respect of prior years above.

13 Intangible fixed assets

	Goodwill	Software	Development costs	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 July 2023	414	57	925	1,396
Additions - internally developed	-	-	593	593
At 30 June 2024	414	57	1,518	1,989
Amortisation				
At 1 July 2023	141	47	236	424
Amortisation charged for the year	22	10	186	218
At 30 June 2024	163	57	422	642
Carrying amount				
At 30 June 2024	251	-	1,096	1,347
At 30 June 2023	273	10	689	972

The amortisation charge is recognised in administrative expenses.

14 Tangible fixed assets

	Plant and machinery	Equipment	Total
	£'000	£'000	£'000
Cost			
At 1 July 2023	4,235	3,184	7,419
Additions	380	539	919
At 30 June 2024	4,615	3,723	8,338
Depreciation			
At 1 July 2023	1,284	2,342	3,626
Depreciation charged in the year	276	429	705
At 30 June 2024	1,560	2,771	4,331
Carrying amount			
At 30 June 2024	3,055	952	4,007
At 30 June 2023	2,951	842	3,793

14 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	2024 £'000	2023 £'000
Plant and machinery	2,403	2,554

15 Fixed asset investments

	Notes	2024 £'000	2023 £'000
Investments in subsidiaries	**16**	3	3

Movements in fixed asset investments

	Shares in group undertakings £'000
Cost	
At 1 July 2023 & 30 June 2024	3
Carrying amount	
At 30 June 2024	3
At 30 June 2023	3

16 Subsidiaries

Details of the Company's subsidiaries at 30 June 2024 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct
Biomass Power Kochi Limited	(i)	Developer of a waste to energy plant	Ordinary	100.00

Registered office addresses (all UK unless otherwise indicated):

(i) Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

17 Associates

Details of the Company's associates at 30 June 2024 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	% Held Indirect
G.J. Eco Power Private Limited	3rd Floor, Sarayu Complex, Seaport Airport Road, Kakkanad, Kerala	Dormant	Ordinary	26	-

18 Stocks

	2024 £'000	2023 £'000
Work in progress	17,789	5,990

During the year, an impairment loss was recognised in respect of the write off of stock of £280,000 (2023: £106,000) within cost of sales. No earlier stock write downs have been reversed during the current, or preceding year.

19 Debtors

Amounts falling due within one year:	2024 £'000	2023 as restated £'000
Trade debtors	12,012	15,868
Gross amounts owed by contract customers	26,628	32,152
Corporation tax recoverable	1,283	391
Amounts owed by group undertakings	28,929	32,551
Other debtors	5,812	248
Prepayments and accrued income	9,980	10,275
	84,644	91,485

Amounts falling due after more than one year:	2024 £'000	2023 £'000
Amounts owed by group undertakings	53,959	43,331
Other debtors	4,609	6,014
	58,568	49,345
Total debtors	143,212	140,830

19 Debtors (Continued)

Included in gross amounts owed by contract customers are retentions of £13,257,000 (2023: £12,800,000) which are due from customers over a period of 1 to 4 years. The amounts falling due in more than 1 year are £3,054,000 (2023: £4,100,000).

Included within trade debtors falling due within one year, the Company is owed £22,398,000 (2023: £16,824,000) from Companies with common directors, shareholders and close family members. See note 33 for further detail.

Included within amounts owed by group undertakings falling due after more than one year are the following balances:

Amount outstanding 2024	Amount outstanding 2023	Interest terms	Repayment dates	Terms and conditions
£41,500,000	£36,800,000	12% per annum, charged monthly	27 January 2053 or any other date agreed between by both parties.	No further terms.
£4,800,000	£4,400,000	12% per annum, charged monthly	31 December 2026 or such date as may be determined by a resolution of the directors.	No further terms.
£7,700,000	£2,200,000	3.25% per annum	31 December 2026 or such date as may be determined by a resolution of the directors.	No further terms.

The remainder of amounts owed by group undertakings are interest free and repayable on demand.

19 Debtors (Continued)

Included within other debtors are the following loans falling due within one year:

Amount outstanding 2024	Amount outstanding 2023	Interest terms	Repayment dates	Terms and conditions
£1,000,000	£1,438,000	12% per annum	31 May 2025	During the prior year, the responsibility for payment was transferred to a shareholder. During the current year, the recipient of the loan entered into a company voluntary arrangement, as such the company wrote off forfeited interest of £438,000 to mitigate the financial risk of the termination of the project. The principal amount of the loan remained outstanding at 30 June 2023 and was repaid on 18 November 2024.
£1,278,000	-	8.19% per annum	29 May 2024	No further terms.
£1,474,000	-	20% per annum	31 August 2024	No further terms.

Included within other debtors are the following loans falling due after more than one year:

Amount outstanding 2024	Amount outstanding 2023	Interest terms	Repayment dates	Terms and conditions
£430,000	£410,000	10% (2023: 4%) per annum from the first anniversary of the agreement, being 30 September 2022	31 May 2025	On 30 June 2023 the original loan agreement was amended to extend the repayment date and the interest rate applied and as such the interest is now charged is 10% per annum. The loan is due for repayment by 31 March 2026. See note 33 for further detail.
£1,000,000	£1,180,000	12% per annum, charged monthly	15 September 2025	During the prior year, the responsibility for payment was transferred to a shareholder. During the current year, the recipient of the loan entered into a company voluntary arrangement, as such the company wrote off forfeited interest of £180,000 to mitigate the financial risk of the termination of the project. The principal amount of the loan remained outstanding at 30 June 2023 and was repaid on 18 November 2024.

19 Debtors (Continued)

£2,450,000	£2,250,000	10% per annum, charged quarterly	The loan is due for repayment no less than 1 month after which the repayment notice is given	The Directors do not intend to issue a repayment notice within the next 12 months, therefore the amount has been classified as due more than one year. See note 33 for further detail.
£172,000	£166,000	10% (2023: 4%) per annum, charged monthly	31 March 2026	On 30 June 2023 the original loan agreement was amended to extend the repayment date and the interest rate applied and as such the interest was charged is 10% per annum. The loan is due for repayment by 31 March 2026. Management determined the changes to the terms were not substantial and this was treated as a modification to the original loan in the prior year.
£nil	£440,000	No interest being charged	Whilst there is no formal agreement in place, and the amounts are legally repayable on demand, the directors do not expect these amounts to be fully repaid within 12 months.	During the current year, the amount was transferred during the year to a fellow group undertaking, Vital Chiltern Investments Limited, to be converted to additional equity stakes and additional shareholder funding in related companies. See note 33 for further details.
£140,000	£130,000	10% per annum	1 April 2026	See note 33 for further details.
£417,000	-	10% per annum	The loan is due for repayment on the earlier of, the date on which the project closes, the date of sale or disposal of twenty five or more percent of the equity share capital, or on demand by 10 September 2029.	See note 33 for further details.

20 Cash at bank and in hand

Cash at bank and in hand includes an amount of £316,000 (2023: £198,000) in respect of the captive cell arrangement referred to in the accounting policies section of the financial statements.

21 Creditors: amounts falling due within one year

	Notes	2024 £'000	2023 as restated £'000
Obligations under finance leases	**24**	374	352
Trade creditors		24,167	20,286
Gross amounts owed to contract customers		1,564	-
Amounts owed to group undertakings		-	1,881
Taxation and social security		1,514	3,349
Other creditors		934	4,308
Accruals and deferred income		87,785	86,870
		116,338	117,046

Amounts owed to group undertakings are interest free and repayable on demand.

Included in other creditors is an amount of £179,000 (2023: £161,000) in respect of the deferred benefit of a loan received at what is considered to be a below market rate of interest (see note 23). The total grant balance is being amortised over a period of 30 years, being the life of the loan, which the directors do not consider to be materially different to the life of the asset operated by the business, to which the loan relates.

Included within accruals and deferred income is £8,840,000 (2023: £9,100,000) in respect of government grant income for the government's Heat Networks Investment Project. £169,000 (2023: £571,000) of grant income was recognised in the year in respect of this project.

At 30 June 2024, included within trade creditors falling due within one year, the Company owes £3,577,000 (2023: £334,000) owed to Companies with common directors, shareholders and close family members. See note 33 for further detail.

22 Creditors: amounts falling due after more than one year

	Notes	2024 £'000	2023 £'000
Obligations under finance leases	**24**	1,575	1,949
Other borrowings	**23**	3,576	3,490
Amounts owed to group undertakings		12,000	7,000
Other creditors		3,400	3,503
		20,551	15,942

Included in other creditors is an amount of £3,400,000 (2023: £3,503,000) in respect of the deferred benefit of a loan received at what is considered to be a below market rate of interest (see note 23). The total grant balance is being amortised over a period of 30 years, being the life of the loan, which the directors do not consider to be materially different to the life of the asset operated by the business, to which the loan relates.

Amounts owed to group undertakings includes £12,000,000 (2023: £7,000,000) with interest charged at 3.25% per annum, charged monthly. The loans are repayable on 31 December 2026 or such date as may be determined by a resolution of the directors.

Amounts included above which fall due after five years are as follows:

	2024	2023
Payable by instalments	6,314	4,435

23 Borrowings

	2024 £'000	2023 £'000
Other borrowings	3,576	3,490
Payable after one year	3,576	3,490

Included in other borrowings is a balance of £3,576,000 (2023: £3,490,000) which relates to a loan, received from Department for Energy Security and Net Zero (DESNZ). The loan is repayable in 51 six monthly instalments commencing June 2027 and carries interest of 0.01%. As noted in the accounting policies, the directors have assessed the balance as representing a financing transaction and have discounted the liability to present value using a 5% discount rate. As at 30 June 2024, the gross liability has been discounted by £3,579,000 (2023: £3,664,000). The final repayment will be made in June 2052. No security is held in respect of this loan.

24 Finance lease obligations

Future minimum lease payments due under finance leases:	2024 £'000	2023 £'000
Less than one year	374	352
Between one and five years	1,575	1,585
After five years	-	364
	1,949	2,301

24 Finance lease obligations (Continued)

Finance lease payments represent rentals payable by the Company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Company has a charge dated 29 June 2022, in favour of Paragon Commercial Finance Limited, in respect of the finance leases. The charge contains a fixed charge and a negative pledge.

25 Provisions for liabilities

	Notes	2024 £'000	2023 £'000
Deferred tax liabilities	**26**	886	356

26 Deferred taxation

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Balances:	(Assets)/ liabilities 2024 £'000	(Assets)/ liabilities 2023 £'000
Fixed asset timing differences	930	415
Short term timing differences	(48)	(63)
Losses and other deductions	4	4
	886	356

Movements in the year:	2024 £'000
Liability at 1 July 2023	356
Charge to profit or loss	530
Liability at 30 June 2024	886

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period and the utilisation of tax losses against future expected profits of the same period.

27 Retirement benefit schemes

Defined contribution schemes	2024 £'000	2023 £'000
Charge to profit or loss in respect of defined contribution schemes	1,752	1,482

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

At 30 June 2024 the Company had outstanding pension contributions of £291,000 (2023: £276,000) held within other creditors.

28 Share capital

Ordinary share capital	2024 Number	2023 Number	2024 £'000	2023 £'000
Issued and fully paid				
A Ordinary shares of £1 each	2	2	-	-

The shares rank pari passu and have full voting rights attached to them.

29 Reserves

Own shares
The other reserve comprises the investment in own shares of 9,374 (2023: 9,374) Ordinary shares of 50p each in Vital Holdings Limited that are held by The Vital Energi Utilities Employee Benefit Trust. In accordance with section 9 of FRS 102 the investment has been shown as a deduction in shareholders' funds. During the year, the other reserve was corrected to be recognised in the parent Company, Vital Holdings Limited.

Other reserve
The other reserve relates to a capital contribution of £642,000 (2023: £648,000) in respect of the Company's participation in Group share based payment plans.

Profit and loss reserves
Cumulative profit and loss net of distributions to owners.

30 Financial commitments, guarantees and contingent liabilities

There is a fixed and floating charge dated 14 March 2023 over all of the property or undertaking of the entity held by Santander UK PLC. The charge also contains a negative pledge. This charge was satisfied in full during the year on 18 April 2024.

31 Operating lease commitments

Lessee

At the reporting end date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2024 £'000	2023 £'000
Within one year	3,012	2,601
Between one and five years	4,427	4,847
In over five years	2,012	3,177
	9,451	10,625

32 Events after the reporting date

Subsequent to the year end, on 23 October 2024, the company sold 100% of the share capital of Biomass Power Kochi Limited to a director of that company.

After the balance sheet date Vital Energi Utilities Limited committed to providing a loan facility up to the value of £7m to a connected company Chiltern Vital Berkeley Holdings Ltd. Total advances up to the date of the approval of the financial statements are £4.9m.

33 Related party transactions

At 30 June 2024, included within trade creditors falling due within one year, the Company owed £3,592,000 (2023: £334,000) owed to Companies with common directors, shareholders and close family members.

Included within trade debtors falling due within one year, the Company is owed £20,249,000 (2023: £16,824,000) from Companies with common directors, shareholders and close family members. During the year the Company made sales of £3,023,000 (2023: £23,349,000) to these entities and made purchases of £960,000 (2023: £1,087,000) from these entities. The remaining movement relates to payments and receipts.

Included in other creditors falling due within one year are amounts due to a director of £12,000 (2023: £3,636,000). An amount of £5,618,000 (2023: £8,631,000) was repaid and an amount of £1,994,000 (2022: £7,770,000) was advanced during the year. Interest charged on the loan during the year was £nil (2023: £nil).

Included within other debtors due after one year is an amount of £2,450,000 (2023: £2,251,000) due from a Company in which Vital Chiltern Investments Limited, a fellow group undertaking, has a participating interest. Interest is charged at 10% per annum, charged quarterly. The Directors do not expect these amounts to be fully repaid within 12 months.

Included within other debtors due after one year is an amount of £430,000 (2023: £410,000) due from a Company in which Vital Chiltern Investments Limited, a fellow group undertaking, has a participating interest. Interest is charged at 10% (2023: 4%) from the first anniversary of the agreement, being 30 September 2022. The loan is due for repayment by 31 March 2026.

Included within other debtors due after one year is an amount of £nil (2023: £440,000) due from a Company in which Vital Chiltern Investments Limited, a fellow group undertaking, has a participating interest. No interest is charged on the loan. Whilst there is no formal agreement in place, and the amounts are legally repayable on demand, the directors do not expect these amounts to be fully repaid within 12 months. During the current year, the amount was transferred during the year to a fellow group undertaking, Vital Chiltern Investments Limited, to be converted to additional equity stakes and additional shareholder funding in related companies.

Included within other debtors due after one year is an amount of £140,000 (2023: £130,000) due from a Company in which Vital Chiltern Investments Limited, a fellow group undertaking, has a participating interest. Interest is charged at 10% per annum, charged quarterly. The loan is due for repayment by 1 April 2026.

Included within other debtors due after one year is an amount of £417,000 (2023: £nil) with interest being charged at 10% per annum. The loan is due for repayment on the earlier of, the date on which the project closes, the date of sale or disposal of twenty five or more percent of the equity share capital, or on demand by 10 September 2029.

34 Ultimate controlling party

The directors consider the immediate and ultimate parent Company to be Vital Holdings Limited, a Company incorporated in the United Kingdom. Vital Holdings Limited is the only undertaking preparing Group accounts including the results of this Company. The registered office of Vital Holdings Limited is Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

Vital Holdings Limited is ultimately controlled by Mr G J Fielding and close family who controlled the majority of the issued share capital during this and the prior year.