VITAL HOLDINGS LIMITED

REPORT & FINANCIAL STATEMENTS

For the year ended 30th June 2024

Company Registration No. 06395526 (England and Wales)

CONTENTS

COMPANY INFORMATION

VITAL HOLDINGS LIMITED

DIRECTORS

Mr G J Fielding
Mr I M Whitelock
Mr N Gosling
Mr G Le Sueur
Mrs S A Fielding
Ms C Parker

SECRETARY

Mr S McKechnie

COMPANY NUMBER

06395526

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'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

V

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

We are pleased to report another year of **stable growth** and **profitability**. This is of particular significance, given the context of a challenging economic climate, showing that our credible experience of over 30 years of delivering complex projects, combined with our well-established supply chain relationships, continues to successfully underpin our robust performance.

The growing demand for decarbonisation solutions, driven by imminent government policies and client Net Zero targets, has presented significant opportunities for our group.

We have responded to this demand by expanding our service offerings, increasing our team, expanding our footprint through two new regional offices and strengthening our partnerships, whilst also continuing our strong commitment to innovation. We are actively involved in research and development, collaborating with leading institutions to develop cutting-edge technologies and solutions.

Our group **turnover demonstrated a strong increase of £23.9m to £248.3m** (FY23 £224.4m), which **equates to 10.6% growth** during the year. **Operating profit** was also strong at **£13.5m** (FY23 £10.7m); **an increase of £2.8m, which equates to 26.2% up** on the previous year.

Gross profit percentage also improved to 15.5% (FY23 13.9%) due to better cost control overall and a favourable project margin mix.

Our group's continued growth has required a healthy increase in employee numbers, which is the main contributory factor in our overheads increasing to £25.6m (FY23 £21.7m), remaining relatively consistent as a percentage of sales at 10.3% compared to 9.7% in FY23. Average headcount increased to 690 employees in total compared with 583 employees in FY23. Employee costs subsequently increased from £40.7m (FY23) to £48.7m (FY24). Group net assets increased to £47.6m (FY23 £40.9m).

During the year our group continued to develop, through Vital Energi (Drakelow) Limited; an energy from waste facility and has incurred capital expenditure of £11.2m, the majority of which relates to the Drakelow asset. The directors are confident that our strong liquidity position, finishing the year with cash balances of £61.8m (FY23 £63.4m), is more than adequate to support our group's future growth plans.

During the year, we made further investments, as well as providing financing to allow further development of business opportunities in view of our strategic move into investing in Chiltern Group Companies.

Our Group already has a strong sales and secured order book for FY25 and the forecast for FY25 shows a continuation of the significant growth levels experienced in previous years.

KEY FACTS

10.6%
INCREASE IN TURNOVER

15.5%
GROSS PROFIT MARGIN

26.2%
INCREASE IN OPERATING PROFIT

£6.7m
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.

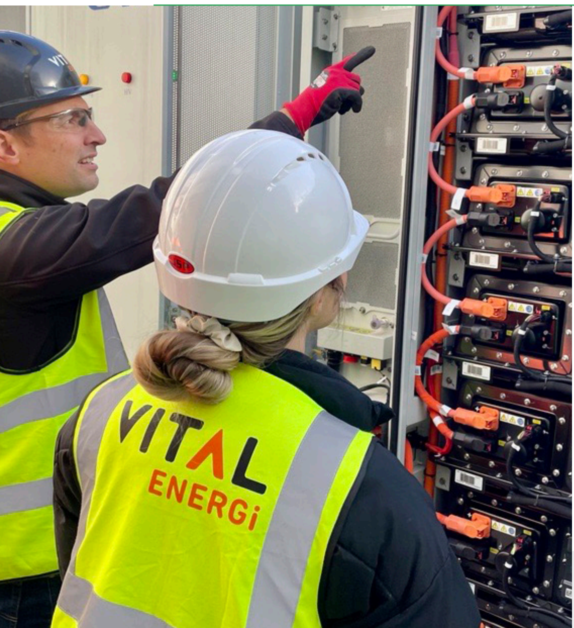
FLEET ELECTRIFICATION

- 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.

MACMILLAN CANCER SUPPORT

Alzheimer's Society

The Christie
TOWARDS A FUTURE WITHOUT CANCER

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

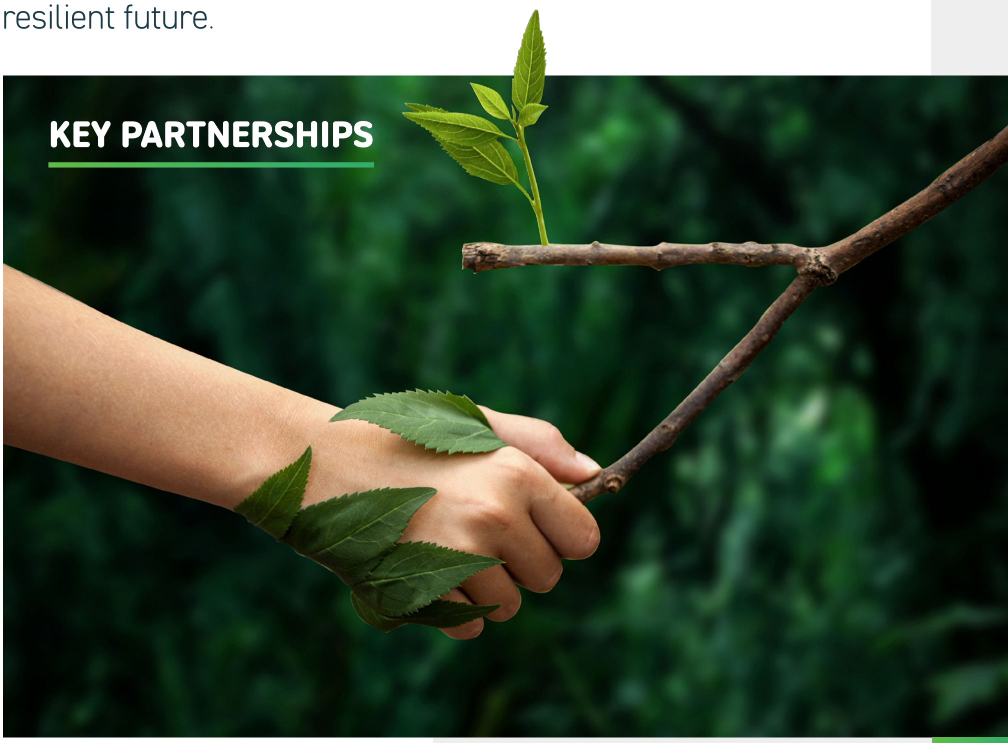
We continue to invest in the future by advancing our asset management strategies and further integrating Energy and Asset Management (EAM) across our operations. Through **targeted investment**, we are not only owning but also effectively managing our assets, ensuring long-term sustainability and operational 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 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.

Streamlined Energy Carbon Report (SECR)

Introduction and Purpose of Report

This report fulfils the requirements of the Streamlined Energy and Carbon Reporting (SECR) regulations by summarising Vital Holdings Limited's energy consumption, carbon emissions, energy efficiency initiatives, and overall performance.

Prepared for inclusion in the annual Directors' Report under Section 145A of the Companies Act 2006, it also includes data from Vital Energi's certified Energy Management System (EnMS), demonstrating our commitment to continuous energy management improvement. The primary purpose of this report is to provide a comprehensive overview of our energy usage and carbon emissions, highlight energy efficiency actions undertaken, and showcase our energy performance.

Company Information

Vital Holdings Limited ("Vital Energi"), the parent company of Vital Energi Utilities Ltd ("VEUL") and Vital Energi Solutions Ltd ("VESL"), operates in the energy sector, providing low-carbon and renewable energy solutions across various markets, including healthcare, education, public sector and industrial, commercial and residential sectors.

The report focuses on the energy usage and associated carbon emissions of these two entities. Other entities within Vital Energi are not included in the scope of this report, either because their energy consumption is not directly controlled by Vital Energi or because they do not meet the SECR requirements independently and have therefore been excluded.

VEUL's core activities involve the design, installation and maintenance of energy centres, district heating networks (through VEUL's District Heating division), and associated infrastructure. VESL complements these services by designing decarbonisation strategies for clients and implementing energy-efficient upgrades. Together, these entities contribute to reducing carbon emissions through renewable energy projects and sustainable infrastructure.

The company is headquartered in Blackburn, with regional offices located in London, Glasgow, Hereford and Drakelow, an energy from waste (EfW) plant being delivered by VEUL on behalf of Vital Energi Generation Ltd, which is now in the operational phase.

As of 30 June 2024, the combined headcount for these entities stood at 741 employees. Staff members are based across office locations and project sites, where they work on various energy projects, including district heating networks, energy centre installations, and system upgrades. The geographical spread allows Vital Energi to deliver projects efficiently across the UK.

Methodology for Reporting

This report covers the financial year from July 2023 to June 2024, using data on electricity, gas, fleet vehicles, and construction site fuel consumption for VEUL and VESL. Emissions are calculated according to the Greenhouse Gas Protocol and classified as follows:

- **Scope 1:** Direct emissions from gas and fuel used in company buildings, vehicles and on construction sites.
- **Scope 2:** Indirect emissions from purchased electricity for company offices and operational facilities.
- **Scope 3:** Indirect emissions from grey fleet business mileage.

Emissions are presented using an intensity ratio of tonnes of carbon dioxide equivalent (tCO2e) per employee, with conversion factors sourced from the UK government's 2024 DEFRA guidelines1.

Reporting Boundary

For this report our reporting boundary currently includes:

- Gas consumption by VEUL and VESL in their head office facility, Century House, Blackburn (Scope 1).
- Electricity consumption by VEUL and VESL in their combined office facilities based in their head office facility, Century House, Blackburn, and in the regional offices located in London, Glasgow and Hereford and Drakelow (Scope 2).
- Fuel used in company vehicles (Scope 1) and business mileage incurred by

grey fleet vehicles (Scope 3).

- Fuel used on project sites to run generators when mains electricity is unavailable (Scope 1).

A full energy breakdown and analysis is provided in Appendix 1.

Analysis of Findings

During the 2023/24 financial year, Vital Energi achieved a reduction in total energy consumption of 112,300 kWh, which led to a corresponding decrease in carbon emissions of 220 tCO2e. Additionally, headcount increased by 111 direct employees by the end of the financial year, resulting in a 27.36% reduction in our intensity ratio.

Vital Energi remains committed to continuous improvements in reducing our carbon footprint. Whilst these efforts are detailed throughout this report, it is important to note that the impact may not always be linear on a year-by-year basis. Factors such as headcount growth, as seen in recent years, may cause fluctuations, including periods of stability or temporary increases in emissions. In addition to year-on-year comparisons, we are focused on tracking our longer-term trajectory to ensure a sustained downward trend, keeping us on target for net zero by 2035.

FACILITIES MANAGEMENT

Gas Consumption

During the period we saw a reduction in gas consumption in our offices of 12%. Whilst this can partially be explained by the relatively mild winter season in 2023/24, it is also attributable to the introduction of building controls. This fall is also against a backdrop of an increase in headcount, leading to a 25.41% decrease in the intensity ratio, which for 2023/24 stands at 0.117 t CO2e / employee.

Electricity Consumption

During the period electricity consumption increased by 28.5%, primarily due to new office spaces at Hereford and Drakelow.

Electricity supplies to our Head office, London and Glasgow offices are on 100% renewable tariffs.

FLEET MANAGEMENT

During FY23/24, the size of Vital's fleet increased by 7.3% on FY22/23. Fleet emissions increased by 12.5% or 98.90 tCO2e.

However, when considering the increase in headcount and the increase in the number of vehicles added to the fleet, the overall intensity ratio for the fleet decreased by 4.31%. This is due to the continued efforts to electrify the company car fleet.

CONSTRUCTION SITE FUEL CONSUMPTION

Vital Energi's final area of reportable energy usage relates to VEUL and VESL project sites use of diesel to power onsite generators. The 2023/24 consumption of diesel on sites has decreased significantly when compared to the 2022/23 figures, falling by -57.5% in terms of consumption, which is equivalent to a decrease of 343 tCO2e in carbon emissions. This is primarily due to the Drakelow EfW moving from construction through commissioning and now to the operational phase, and the corresponding demobilisation of mobile plant from the site.

Energy Efficiency Actions

We recognise that climate change is one of the most serious environmental challenges currently threatening the global community and we understand we have a role to play in reducing greenhouse gas emissions.

Vital Energi has committed to Net Zero by 2035 and we publish an annual Carbon Reduction Plan on our website. In addition to our long-term net zero target, Vital Energi has also committed to reducing its Scope 1 & 2 emissions by 50% from 2020 levels by 2030 without using offsets.

ENERGY EFFICIENCY MEASURES TAKEN IN 2023/24

Throughout the 2023/24 financial year, Vital Energi implemented the following initiatives to enhance energy efficiency and reduce carbon emissions:

- **Energy Management Procedures:** established Energy Monitoring and Review Procedures to track and optimise energy usage across operations.
- **Environmental and Energy Audits:** conducted an audit programme to identify and address efficiency opportunities.
- **Employee Resources and Training:** provided site teams with Environmental & Energy Toolbox Talks (TBTs) and additional resources to promote energy-saving practices.
- **Renewable Energy Tariff:** confirmed that our two largest offices outside our Blackburn HQ (Glasgow and London) were on zero-carbon energy tariffs.
- **ESOS Phase 3 Assessment:** completed an ESOS assessment to identify recommendations for reducing office and site energy consumption, forming the basis for future improvements.
- **Building Fabric Upgrades:** carried out upgrades to the building fabric at our headquarters, including window repairs to enhance energy efficiency.

PROPOSED ACTIONS FOR 2024/25

Vital Energi plans to prioritise the following measures to enhance sustainability and reduce carbon emissions in this financial year:

- **ESG Framework and KPIs:** we will continue to develop a comprehensive ESG Framework aligned with the GRI Standards, incorporating Environmental and Energy KPIs that directly support SECR and Carbon Reduction Plan (CRP) targets.
- **Site Set-up Standards:** we will develop a business case to explore the use of cleaner fuels on site, such as biofuels and renewable energy sources (e.g. solar-powered generators or hybrid generators with battery storage), alongside deploying eco-cabins on project sites.
- **Employee Engagement and Awareness:** we will increase our focus on Environmental and Energy campaigns, including our annual Get Green Week, to engage employees in reducing their environmental impact. We will also step up supplier engagement on carbon reduction.
- **Heat Pump Installation:** we intend to install a heat pump solution at our headquarters to eliminate our reliance on fossil fuels and further reduce our Scope 1 emissions.
- **Whole-Life Carbon Assessments:** we will utilise OneClickLCA to conduct whole-life carbon assessments on projects, helping to quantify and reduce the total carbon impact (including embodied carbon) of our infrastructure.
- **ESOS Phase 3 Action Plan:** based on the Phase 3 assessment, we will create an action plan to implement recommended energy efficiency improvements.

Breakdown of Vital Holdings Energy Use

Summary of Total Energy Consumption for Financial Year 2023/2024

JULY 2023 TO JUNE 2024	FIGURE	UNIT
Total emissions covering gas, electricity, and transport	1,038.18	tCO_2e
Combustion of gas emissions	86.49	tCO_2e
Purchased electricity emissions	64.65	tCO_2e
Vehicle fleet emissions	887.04	tCO_2e
Site fuel emissions	243.46	tCO_2e
Intensity ratio (total consumption)	1.743	tCO_2e per employee

BUSINESS USE	Electricity (kWh)	Gas (kWh)	Transport (kWh)	Total (kWh)
Vital Energi Utilities Limited	1,059,917.40	472,779.75	0.00	1,532,697.15
Transport Fleet	0.00	0.00	3,521,056.07	3,521,056.07
Site Fuel	0.00	0.00	990,300.64	990,300.64
TOTAL	**1,059,917.40**	**472,779.75**	**4,511.356.70**	**6,044,053.86**

Year-on-Year Comparison Data

ENERGY USE	Current reporting period July 22-June 23 (Financial year-end employee headcount = 630)			Current reporting period July 23-June 24 (Financial year-end employee headcount = 741)			IR Change (%)
	kWh	tCO_2e	tCO_2e/ employee	kWh	tCO_2e	tCO_2e/ employee	
Total emissions from gas	537,567.76	98.57	0.156	472,779.75	86.49	0.117	- 25.46% ↓
Total emissions from electricity	824,387.86	27.74	0.044	1,059,917.40	64.65	0.087	98.16% ↑
Total emissions from fleet vehicles	2,459,366.72	788.14	1.251	3,521,056.07	887.04*	1.197	- 4.31% ↓
Total emissions from site fuels	2,335,031.24	597.02	0.948	990,300.64	253.20	0.342	- 63.94% ↓
TOTAL ENERGY USE	**6,156,353.58**	**1,511.47**	**2.39**	**6,044,053.86**	**1,291.38**	**1.743**	**- 27.36%** ↓

* Fleet Vehicles split out for 23-24 are as follows

21%
Car Fleet 183.65 tCO_2e

54%
Van Fleet 477.17 tCO_2e

25%
Grey Fleet 226.22 tCO_2e

ON BEHALF OF THE BOARD

4 February 2025

Mr G J Fielding, Chairman

Date

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

Principal activities
The principal activity of the Company and Group is disclosed in the Group's strategic report.

Results and dividends
The results for the year are set out on page 28.

No ordinary dividends were paid (2023: £nil). The directors do not recommend payment of a further dividend.

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	
Mr N Gosling	(Resigned 13 January 2025)
Mr G Le Sueur	
Mrs S A Fielding	
Ms C Parker	

Qualifying third party indemnity provisions
The Group and Company have 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 Group and Company are 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 Group incurred research and development expenditure of £837,000 (2023: £526,000).

As such the Group and Company are 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 Group continues and that the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement
The Group and Company's policy is to consult and discuss with employees at meetings matters likely to affect employees' interests.

Information of 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 Group's performance.

Post reporting date events

Subsequent to the year end, on 23 October 2024, Vital Energi Utilities Limited 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.

On 17 December 2024 Vital Holdings Limited allotted 707,928 B Ordinary share capital each with a nominal value of £0.01. On 19 December 2024 Vital Holdings Limited allotted 10,000,000 of preferred share capital each with a nominal value of £1.

Auditor

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

Matters of strategic importance

The Group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Group'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 S172 statement, carbon reporting and 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 Group and Company finance 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 Group's and 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 Group and Company's trading activities.

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.

Acquisition of certain trade and assets

On 16 May 2024, a group company, Vital Energi (Bilsthorpe) Limited, acquired certain trade and business assets of RDF Energy No.1 Limited for a consideration of £1,067,000. Details of the acquired trade and assets are disclosed in note 18 of the financial statements.

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 Group and Company, and of the profit or loss of the Group 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 Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group’s and Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and 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 HOLDINGS LIMITED

Opinion

We have audited the financial statements of Vital Holdings Limited (the ‘parent Company’) and its subsidiaries (the ‘Group’) for the year ended 30 June 2024 which comprise the consolidated income statement, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows 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 Group's and of the parent Company's affairs as at 30 June 2024 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Group and parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 Group and the parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors’ responsibilities statement set out on page 24, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the Group and parent Company operates in and how the Group and parent Company are 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 group 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: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Use of our report

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

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.............

VITAL HOLDINGS LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 £'000	2023 £'000
Turnover	**4**	248,261	224,444
Cost of sales		(209,794)	(193,212)
Gross profit		38,467	31,232
Analysis of administrative expenses:			
Administrative expenses - non-exceptional		(24,506)	(20,610)
Administrative expenses - exceptional items	**5**	(460)	(427)
Share-based payment charge	**8**	(642)	(648)
Administrative expenses		(25,608)	(21,685)
Other operating income		665	1,164
Operating profit	**9**	13,524	10,711
Interest receivable and similar income	**11**	2,481	623
Interest payable and similar expenses	**12**	(7,775)	(6,498)
Profit before taxation		8,230	4,836
Tax on profit	**13**	(2,214)	(1,654)
Profit for the financial year		6,016	3,182
Profit for the financial year is attributable to:			
- Owners of the parent Company		7,784	5,861
- Non-controlling interests		(1,768)	(2,679)
		6,016	3,182
Total comprehensive income for the year is attributable to:			
- Owners of the parent Company		7,784	5,861
- Non-controlling interests		(1,768)	(2,679)
		6,016	3,182

VITAL HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

		2024		2023 as restated	
	Notes	**£'000**	**£'000**	**£'000**	**£'000**
Fixed assets					
Goodwill	**14**		255		277
Other intangible assets	**14**		5,992		5,354
Total intangible assets			6,247		5,631
Tangible assets	**15**		110,654		99,219
Investments	**16**		5,445		4,545
			122,346		109,395
Current assets					
Stocks	**20**	10,882		8,961	
Debtors falling due after more than one year	**21**	4,945		6,014	
Debtors falling due within one year	**21**	78,270		75,076	
Cash at bank and in hand	**22**	61,841		63,386	
		155,938		153,437	
Creditors: amounts falling due within one year	**23**	(148,019)		(139,813)	
Net current assets			7,919		13,624
Total assets less current liabilities			130,265		123,019
Creditors: amounts falling due after more than one year	**24**		(81,791)		(81,715)
Provisions for liabilities	**27**		(890)		(378)
Net assets			47,584		40,926
Capital and reserves					
Called up share capital	**29**		233		233
Merger reserve	**31**		(233)		(233)
Share-based payment reserve	**31**		1,621		979
Own shares	**31**		(2,664)		(2,664)
Profit and loss reserves	**31**		54,432		46,648
Equity attributable to owners of the parent Company			53,389		44,963
Non-controlling interests			(5,805)		(4,037)
			47,584		40,926

VITAL HOLDINGS LIMITED

CONSOLIDATED 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

Company Registration No. 06395526

VITAL HOLDINGS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

		2024		2023	
	Notes	**£'000**	**£'000**	**£'000**	**£'000**
Fixed assets					
Intangible assets	**14**		20		26
Investments	**16**		12,101		11,459
			12,121		11,485
Current assets					
Debtors falling due after more than one year	**21**	42,819		38,113	
Debtors falling due within one year	**21**	63		58	
Cash at bank and in hand		176		302	
		43,058		38,473	
Creditors: amounts falling due within one year	**23**	(57)		(55)	
Net current assets			43,001		38,418
Total assets less current liabilities			55,122		49,903
Creditors: amounts falling due after more than one year	**24**		(46,027)		(41,286)
Net assets			9,095		8,617
Capital and reserves					
Called up share capital	**29**		233		233
Merger reserve	**31**		10,247		10,247
Share-based payment reserve	**31**		1,621		979
Own shares	**31**		(2,664)		(2,660)
Profit and loss reserves	**31**		(342)		(182)
Total equity			9,095		8,617

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's loss for the year was £164,000 (2023: £27,000 loss).

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 HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

		Share capital	Merger reserve	Share-based payment reserve	Own shares	Profit and loss reserves	Total controlling interest	Non-controlling interest	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2022		233	(233)	331	(1,055)	40,787	40,063	(1,358)	38,705
Year ended 30 June 2023:									
Profit and total comprehensive income for the year		-	-	-	-	5,861	5,861	(2,679)	3,182
Own shares acquired		-	-	-	(1,609)	-	(1,609)	-	(1,609)
Share-based payment reserve	**31**	-	-	648	-	-	648	-	648
Other movements		-	-	-	-	-	-	-	-
Balance at 30 June 2023		233	(233)	979	(2,664)	46,648	44,963	(4,037)	40,926
Year ended 30 June 2024:									
Profit and total comprehensive income for the year		-	-	-	-	7,784	7,784	(1,768)	6,016
Share-based payment reserve	**31**	-	-	642	-	-	642	-	642
Balance at 30 June 2024		233	(233)	1,621	(2,664)	54,432	53,389	(5,805)	47,584

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

		Share capital	Merger reserve	Share-based payment reserve	Own shares	Profit and loss reserves	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2022		233	10,247	331	(1,051)	(155)	9,605
Year ended 30 June 2023:							
Loss and total comprehensive income for the year		-	-	-	-	(27)	(27)
Own shares acquired		-	-	-	(1,609)	-	(1,609)
Share-based payment reserve	**31**	-	-	648	-	-	648
Other movements		-	-	-	-	-	-
Balance at 30 June 2023		233	10,247	979	(2,660)	(182)	8,617
Year ended 30 June 2024:							
Loss and total comprehensive income for the year		-	-	-	-	(164)	(164)
Share-based payment reserve	**31**	-	-	642	-	-	642
Other movements		-	-	-	(4)	4	-
Balance at 30 June 2024		233	10,247	1,621	(2,664)	(342)	9,095

VITAL HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 £'000	2024 £'000	2023 £'000	2023 £'000
Cash flows from operating activities					
Cash generated from operations	**32**		22,481		34,017
Interest paid			(132)		(133)
Income taxes paid			(2,941)		(1,200)
Net cash inflow from operating activities			19,408		32,684
Investing activities					
Purchase of intangible fixed assets		(293)		(240)	
Other movement on intangible assets		-		6	
Purchase of tangible fixed assets		(12,297)		(22,036)	
Proceeds on disposal of tangible fixed assets		-		2	
Issue of loans		(3,545)		(1,240)	
Repayment of loans		40		-	
Other movements on unlisted investments		(500)		4	
Interest received		2,122		644	
Net cash used in investing activities			(14,473)		(22,860)
Financing activities					
Purchase of own shares		-		(1,609)	
Net proceeds from debentures		-		4,508	
Repayment of debentures		(6,128)		-	
Repayment of hire purchase		(352)		(300)	
Repayment of bank loans		-		3,239	
Proceeds from government grants		-		8,840	
Net cash (used in)/generated from financing activities			(6,480)		14,678
Net (decrease)/increase in cash and cash equivalents			(1,545)		24,502
Cash and cash equivalents at beginning of year			63,386		38,884
Cash and cash equivalents at end of year			61,841		63,386

1 Accounting policies

Company information

Vital Holdings Limited (“the Company”) 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 Group consists of Vital Holdings Limited and all of its subsidiaries.

The Company's and the Group'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 provisions 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 Group. 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.

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements in respect of its individual financial statements. These disclosures are given on a consolidated basis;

- 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 33 'Related Party Disclosures' - Compensation for key management personnel

Basis of consolidation

The consolidated financial statements incorporate those of Vital Holdings Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 30 June 2024. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances and unrealised gains on transactions between Group Companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Total comprehensive income and other movements on reserves are split between owners of the parent Company and non-controlling interests according to the interest held. Non-controlling interests are recorded separately from equity attributable to owners of the parent Company on the consolidated balance sheet.

1 Accounting policies (Continued)

Going concern

The directors have assessed the Group's and Company's ability to continue as a going concern, taking into account the financial forecasts for the years ending June 2025 and June 2026. These forecasts indicate positive sales, profitability, and cash flow, supported by a robust order book and a pipeline of potential projects.

While the global economic environment continues to present challenges, including inflationary pressures and project delays, the Group has benefited from the Public Sector Decarbonisation Scheme and a broader industry focus on decarbonisation.

The directors have carefully considered the Group's liquidity position, borrowing facilities, and the future trading of the main trading subsidiary, Vital Energi Utilities Limited. Based on this assessment, the directors believe that the Group and Company have sufficient resources to meet their obligations as they fall due for at least the next twelve months.

The Company incurred a loss for the year of £164,000, however this is mitigated by the ongoing financial support from Vital Energi Utilities Limited, as evidenced by a letter of support. Further details regarding Vital Energi Utilities Limited's going concern assessment can be found in its financial statements, available at Century House, Roman Road, Blackburn, Lancashire, BB12LD.

In conclusion, the directors consider it appropriate to prepare the Group and Company financial statements on a going concern basis.

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.

In the case of other revenue, turnover is recognised at the point at which the Company has fulfilled its contractual obligations and the risks and rewards attaching to the product, such as obsolescence, have been transferred to the customer, which is usually on dispatch of the goods.

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.

Waste Acceptance Fees: Revenue from waste acceptance fees is recognised upon receipt of the waste at the plant, provided the terms of the contract are met and the customer has an unconditional right to receive the services.

Energy Production: Revenue from energy production is recognised as the electricity is generated and sold to the grid. The fair value of the electricity sold is determined based on market prices and contractual terms.

1 Accounting policies (Continued)

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.

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 which is the period that it is expected to provide economic benefit to the group, in this case of 20 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 an 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.

Intangible fixed assets other than goodwill
Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangibles consist of accreditation costs which are stated at cost less amortisation. Cost represents purchase price together with any incidental costs of acquisition.

Internally generated intangibles are stated at cost less amortisation. Cost represents the cost incurred by the group to develop the asset.

1 Accounting policies (Continued)

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
Other intangibles	40% straight line
Lease premium	30 years straight line once in operation

No amortisation has been charged in the year on the lease premium as the associated asset remains under construction as set out in the financial statements of the Company's subsidiary, Vital Energi (Drakelow) Limited.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently 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:

Land	not depreciated
Plant and machinery	5% - 25% straight line
Fixtures, fittings and equipment	10% - 33% straight line
Computer equipment	25% - 33% straight line

Assets under the course of construction are depreciated when completed and ready for use.

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.

Fixed asset investments

In the separate accounts of the Company, interests in subsidiaries and associates 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 Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1 Accounting policies (Continued)

Undertakings in which the Group has significant influence (i.e. the power to participate in the financial and operating policy decisions but not control or joint control over those policies) are classified as associates. The Group's share of the results, other comprehensive income and equity of associates are accounted for using the equity method based on the associate's financial statements to 30 June. For certain undertakings the Group has shareholding above 20% and whilst this ordinarily would presume the Group has significant influence, it can be clearly demonstrated that this is not the case due to limited board representation and de facto minimal control over day-to-day operations. Such undertaking are recognised as unlisted investments and are recognised at cost less impairment.

Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill.

All unrealised profit or losses on transactions with the associate are eliminated to the extent of the Group's interest, except where unrealised losses provide evidence of an impairment. Where necessary, adjustments are made to bring the accounting policies of the associate into line with those used by the Group.

Dividends received from the associate reduce the carrying amount of the investment.

Losses in an associate that reduce the carrying amount of the investment in the associate to below zero are not recognised, but a provision is recognised to the extent that the Group has an obligation or has made payments on behalf of the associate.

Impairment of fixed assets

At each reporting period end date, the Group 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

Stocks

Work in progress and finished goods and goods for resale are 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.

1 Accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Captive insurance scheme

The Group 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 Group 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 Group 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 Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, gross amounts owed by contract customers, amounts due from group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Unlisted investments

Unlisted investments over which the Company has no significant influence, joint control or control are initially measured at transaction price. Transaction price includes transaction costs, except where investments are measured at fair value through profit or loss when transaction costs are expensed to profit or loss as incurred.

Unlisted investments are subsequently measured at fair value through profit or loss, or cost less impairment if fair value cannot be measured reliably.

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.

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 Group after deducting all of its liabilities.

1 Accounting policies (Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, amounts owed to contract customers, debenture loans, other borrowings, and amounts owed to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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 Group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the Group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

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 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.

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.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year. The assets of the scheme are held separately from those of the Group in an independently administered fund.

1 Accounting policies (Continued)

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.

Equity-settled share based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity in the form of a capital contribution.

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payments. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

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 leased asset are consumed.

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 specified performance conditions and was recognised in income when the performance conditions were met, which is the month in which the employees were paid or in respect of HNIP, the grant income was recognised in the income statement as costs were incurred. A grant received before the recognition criteria was satisfied was recognised as a liability and was held within accruals and deferred income.

1 Accounting policies (Continued)

Employee benefit trusts

The Group 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 Group 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 Group 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 Group on the basis of employees' past services to the business and the Group can obtain no future economic benefit from those monies, such monies, whether in the trust or accrued for by the Group 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, that 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 Group’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.

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. 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 included. Details of the share options are given in note 8.

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 over 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 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.

Revenue recognition
The Group reviews the nature of its contracts to assess whether they are acting as a Principal or an Agent in the transaction. Where the Group concludes that they do not bear any price, inventory or credit risk in the transaction, the agreed fixed fees are recognised as Revenue (rather than the gross amounts transacted).

Fixed asset impairment
In producing the financial statements the directors have estimated the recoverable amount of a material item of plant and machinery and have satisfied themselves that no impairment of the asset exists.

2 Judgements and key sources of estimation uncertainty (Continued)

Fair value of unlisted investments
The directors believe that the fair value of unlisted investments cannot be measured reliably. All unlisted investments are therefore measured at cost less impairment.

Other borrowings
A loan of £7,155,000 was received during the period 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 - group

	As previously reported	Adjustment	As restated at 30 Jun 2023
	£'000	£'000	£'000
Current assets			
Prepayments and accrued income	2,380	8,184	10,564
Creditors due within one year			
Accruals and deferred income	(92,119)	(8,184)	(100,303)
Net assets	40,926	-	40,926
Capital and reserves			
Total equity	40,926	-	40,926

4 Turnover and other income

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

	2024	2023
	£'000	£'000
Turnover analysed by class of business		
Energy generation and distribution schemes	248,261	224,444

	2024	2023
	£'000	£'000
Other operating income and interest income		
Interest income	2,481	623
Grants received	169	771
RDEC	496	393

4 Turnover and other income (Continued)

	2024 £'000	2023 £'000
Turnover analysed by geographical market		
United Kingdom	248,261	224,444

5 Exceptional item

	2024 £'000	2023 £'000
Expenditure		
Exceptional costs	460	427
	460	427

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, and £21,000 in respect of legal costs for an employee dispute. 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 £129,000 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 during the year was:

	Group 2024 Number	2023 Number	Company 2024 Number	2023 Number
Number of direct staff	481	401	-	-
Number of indirect staff	209	182	1	1
Total	690	583	1	1

6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2024 £'000	2023 £'000	Company 2024 £'000	2023 £'000
Wages and salaries	41,387	34,267	36	36
Social security costs	4,677	4,152	4	4
Pension costs	2,007	1,676	-	-
Equity settled share based payments	642	648	-	-
	48,713	40,743	40	40

7 Directors' remuneration

	2024 £'000	2023 £'000
Remuneration for qualifying services	1,157	931
Company pension contributions to defined contribution schemes	75	91
	1,232	1,021

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2023 - 4).

Remuneration disclosed above includes 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 Share-based payment transactions

During the year ended 30 June 2024, the following share based payment remuneration plans were in place.

8 Share-based payment transactions (Continued)

Group	Number of share options		Weighted average exercise price	
	2024	2023	2024	2023
	Number	Number	£	£
Outstanding at 1 July	8,842	5,411	0.07	0.07
Granted	-	3,431	0.07	0.07
Outstanding at 30 June	8,842	8,842	-	-
Exercisable at 30 June	-	-	-	-

The Vital Energi Utilities Enterprise Management Incentive Plan between The Vital Energi Utilities Employee Benefit Trust and certain officials of the Company:
The options were exercised during the prior year and had an exercise price of £1.00. No charge has previously been recognised for these options as the amount involved was not considered to be material.

The Company Share Option Plans between Vital Holdings Limited and certain officials of the Group:
The share based payment expenses relate to employees in one of the company's trading subsidiaries.

The options outstanding for the CSOP at 30 June 2024 had an exercise price of £0.07 (2023: £0.07), and a remaining contractual life of 3 years (2023: 4 years).

The options outstanding for the Joint Share Option Plan (JSOP) at 30 June 2024 had an exercise price of £0.07 (2023: £0.07), and a remaining contractual life of 5 years (2023: 5 years).

The weighted average fair value of options granted in the year was determined using the Black-Scholes option pricing model. The Black-Scholes model is considered to apply the most appropriate valuation method due to the relatively short contractual lives of the options and the requirement to exercise within a short period after the employee becomes entitled to the shares (the “vesting date”).

The expected life used in the model has been adjusted, based on management’s best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-vesting conditions and market conditions are taken into account when estimating the fair value of the option at grant date. Service conditions and non-market performance conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

9 Operating profit

	2024 £'000	2023 £'000
Operating profit for the year is stated after charging/(crediting):		
Exchange differences	(103)	(51)
Research and development costs	837	526
Government grants	(169)	(771)
Depreciation of owned tangible fixed assets	711	758
Depreciation of tangible fixed assets held under finance leases	151	63
Amortisation of intangible assets	270	175
Operating lease charges	3,288	2,687
RDEC	(496)	(393)

10 Auditor's remuneration

	2024	2023
Fees payable to the Company's auditor and associates:	£'000	£'000
For audit services		
Audit of the financial statements of the Group and Company	25	18
Audit of the financial statements of the Company's subsidiaries	74	72
	99	90
For other services		
Taxation compliance services	28	22
All other non-audit services	42	52
	70	74

11 Interest receivable and similar income

	2024 £'000	2023 £'000
Interest income		
Interest on bank deposits	2,121	131
Other interest income	360	492
Total income	2,481	623

12 Interest payable and similar expenses

	2024 £'000	2023 £'000
Interest on bank loans	169	201
Interest on finance leases and hire purchase contracts	123	125
Other interest	7,483	6,172
Total finance costs	7,775	6,498

12 Interest payable and similar expenses (Continued)

Included within other interest is interest of £6,856,000 (2023: £6,172,000) charged in respect of a debenture, the terms of which are disclosed in note 25.

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 21 for further details.

13 Taxation

	2024 £'000	2023 £'000
Current tax		
UK corporation tax on profits for the current period	2,035	896
Adjustments in respect of prior periods	(333)	(1,497)
Total current tax	1,702	(601)
Deferred tax		
Origination and reversal of timing differences	69	437
Adjustment in respect of prior periods	443	1,818
Total deferred tax	512	2,255
Total tax charge	2,214	1,654

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	8,230	4,836
Expected tax charge based on the standard rate of corporation tax in the UK of 25.00% (2023: 20.50%)	2,058	991
Tax effect of expenses that are not deductible in determining taxable profit	167	357
Adjustments in respect of prior years	(333)	(1,497)
Permanent capital allowances in excess of depreciation	-	(9)
Research and development tax credit	(124)	(81)
Other permanent differences	4	(21)
Deferred tax adjustments in respect of prior years	442	1,818
Adjust deferred tax to average rate	-	79
Adjustments to brought forward values	-	17
Taxation charge	2,214	1,654

13 Taxation (Continued)

The standard rate of tax applied to reported profit on ordinary activities is 25% (2023 – 25%). The effective tax rate in the period is 20.5% 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 prior year current tax adjustment in respect of prior years reflected the change in tax treatment for interest payable on a debenture loan within another group entity as a non-trade loan relationship rather than as pre-trading revenue expenditure. Non-trade loan relationship deficits were group relieved to another group entity at the filling of the tax return which was subsequent to the issuance of the prior year financial statements. This is therefore shown as an adjustment is respect of prior years above within 2023.

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

14 Intangible fixed assets

Group	Goodwill	Software	Development costs	Other intangibles	Lease premium	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 July 2023	528	116	1,098	1,139	3,728	6,609
Additions - internally developed	-	-	593	-	-	593
Additions - separately acquired	-	75	-	218	-	293
At 30 June 2024	528	191	1,691	1,357	3,728	7,495
Amortisation and impairment						
At 1 July 2023	251	51	368	308	-	978
Amortisation charged for the year	22	16	186	46	-	270
At 30 June 2024	273	67	554	354	-	1,248
Carrying amount						
At 30 June 2024	255	124	1,137	1,003	3,728	6,247
At 30 June 2023	277	65	730	831	3,728	5,631

The amortisation charge is recognised in administrative expenses.

14 Intangible fixed assets (Continued)

Company	Software
	£'000
Cost	
At 1 July 2023 and 30 June 2024	30
Amortisation and impairment	
At 1 July 2023	4
Amortisation charged for the year	6
At 30 June 2024	10
Carrying amount	
At 30 June 2024	20
At 30 June 2023	26

15 Tangible fixed assets

Group	Land	Assets under construction	Plant and machinery	Fixtures, fittings and equipment	Computer equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 July 2023	-	94,768	5,664	3,251	-	103,683
Additions	129	11,240	388	539	1	12,297
At 30 June 2024	129	106,008	6,052	3,790	1	115,980
Depreciation and impairment						
At 1 July 2023	-	-	2,066	2,398	-	4,464
Depreciation charged in the year	-	-	426	436	-	862
At 30 June 2024	-	-	2,492	2,834	-	5,326
Carrying amount						
At 30 June 2024	129	106,008	3,560	956	1	110,654
At 30 June 2023	-	94,768	3,598	853	-	99,219

The Company had no tangible fixed assets at 30 June 2024 or 30 June 2023.

15 Tangible fixed assets (Continued)

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

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

16 Fixed asset investments

	Notes	Group 2024 £'000	2023 £'000	Company 2024 £'000	2023 £'000
Investments in subsidiaries	17	-	-	12,101	11,459
Unlisted investments		5,445	4,545	-	-
		5,445	4,545	12,101	11,459

Movements in fixed asset investments

Group	Unlisted investments £'000
Cost	
At 1 July 2023	4,545
Additions	900
At 30 June 2024	5,445
Carrying amount	
At 30 June 2024	5,445
At 30 June 2023	4,545

Included within the additions in the year is £0.5m which relate to the increases in ownership of the investment in New Technology Developments Ltd. The percentage ownership increased from 17.5% to 32.27% however in line with the group accounting policy this is not recognised as an associate.

Included within the additions in the year is £0.4m which relates to the expected conversion of loans in a fellow group company for additional equity stakes and additional shareholder funding in Eco Parks Developments Ltd and New Technology Developments Ltd.

The Group has a 27.31% share (2023: 21.83%) in Hull Eco Park Limited. This has been treated as an investment non consolidation, as, despite the shareholding exceeding 20%, the directors do not consider the Group to have significant influence.

In the opinion of the Directors, the fair value of unlisted investments cannot be measured reliably. All unlisted investments are therefore measured at cost less impairment.

16 Fixed asset investments (Continued)

Movements in fixed asset investments

Company	**Shares in group undertakings £'000**
Cost or valuation	
At 1 July 2023	11,459
Additions	642
At 30 June 2024	12,101
Carrying amount	
At 30 June 2024	12,101
At 30 June 2023	11,459

During the year there was a capital contribution of £642,000 to Vital Energi Limited which represents the value of share options granted in Vital Holdings Limited to employees employed by the subsidiary Vital Energi Utilities Limited.

On 11 April 2024, Vital Low Carbon Solutions Limited incorporated, and on incorporation, £1 of share capital was issued.

17 Subsidiaries

These financial statements are separate Company financial statements for Vital Holdings Limited. Details of the Company's subsidiaries at 30 June 2024 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	Indirect
CEF and NHM ESCo Limited (2)	Note 1	Non-trading	Ordinary	-	100.00
H2010 ESCo Limited (1)	Note 1	Provision of an ESCo heating network	Ordinary	-	100.00
Hepworth Place ESCo Limited (1)	Note 1	Provision of an ESCo heating network	Ordinary	-	100.00
The Movement ESCo Limited (1)	Note 1	Provision of an ESCo heating network	Ordinary	-	100.00
The Paintworks ESCo Limited (1)	Note 1	Provision of an ESCo heating network	Ordinary	-	100.00
Vital Energi Generation Limited	Note 1	Non-trading	Ordinary	75.00	-
Vital Energi Solutions Limited	Note 1	Design, build and operation/maintenance of NHS Hospital Energy Centre and performance contracts	Ordinary	100.00	-
Vital Energi Trustee Limited	Note 1	Non-trading	Ordinary	100.00	-
Vital Energi Utilities Limited	Note 1	Supply and installation of decentralised energy generation and distribution schemes	Ordinary	100.00	-
Vital Community Energi Limited	Note 1	Dormant holding company	Ordinary	100.00	-
Vital Energi (Drakelow) Limited (3)	Note 1	Design, build and operation of energy plant	Ordinary	-	75.00
Biomass Power Kochi Limited (6)	Note 1	Developer of a waste to energy plant	Ordinary	-	100.00
Eco Park Developments Limited (4)	Note 2	Investor in the Yorkshire Energy Park	Ordinary	-	50.50
Vital Holdings Investments Limited	Note 1	Non-trading	Ordinary	100.00	-
Vital SGN Investments Limited (5)	Note 1	Non-trading	Ordinary	-	100.00
Vital Chiltern Investments Limited (5)	Note 1	Non-trading	ordinary	-	100.00
Vital Energi (Bilsthorpe) Limited (2)	Note 1	Non-trading	Ordinary	-	100.00
Monier Road ESCo Limited (formerly known as Kidbrooke Esco Limited) (1)	Note 1	Provision of an ESCo heating network	Ordinary	-	100.00
Plumstead West Thamesmead ESCo Limited (1)	Note 1	Provision of an ESCo heating network	Ordinary	-	100.00
Lewisham ESCo Limited (1)	Note 1	Non-trading	Ordinary	-	100.00
Seaham Gaden Village ESCo Limited (1)	Note 1	Non-trading	Ordinary	-	100.00

17 Subsidiaries (Continued)

Vital Energi Power Networks Limited	Note 1	Non-trading	Ordinary	100.00	-
Vital Low Carbon Solutions Limited	Note 1	Non-trading	Ordinary	100.00	-
Vital Future Software Limited (7)	Note 1	Non-trading	Ordinary	-	100.00
Vital Thermotech Limited (7)	Note 1	Non-trading	Ordinary	-	90.00

Note 1: Century House, Roman Road, Blackburn, Lancashire, BB1 2LD
Note 2: Owen House, Priory Park, Hessle, East Yorkshire, HU13 9PD

(1) held as an investment in Vital Community Energi Limited
(2) held as an investment in Vital Energi Solutions Limited
(3) held as an investment in Vital Energi Generation Limited
(4) held as an investment in Vital Chiltern Investments Limited
(5) held as an investment in Vital Holdings Investments Limited
(6) held as an investment in Vital Energi Utilities Limited
(7) held as an investment in Vital Low Carbon Solutions Limited

The Company's voting rights in respect of each subsidiary are held in the same proportion as the company's share of the ordinary share capital of each subsidiary. All of the above companies are incorporated in England & Wales. Vital Community Energi Limited, Biomass Power Kochi Limited, Hepworth Place Esco Limited, Vital Holdings Investments Limited, Vital Chiltern Investments Limited, H2010 ESCo Limited, The Movement ESCo Limited, The Paintworks ESCo Limited, Seaham Garden VIllage ESCo Limited, and Vital Energi (Bilsthorpe) Limited, subsidiary undertakings, have applied the exemption from audit under section 479A of the Companies Act 2006. Further details in relation to this can be found in note 34.

18 Associates

Details of associates at 30 June 2024 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	Indirect
G.J. Eco Power Private Limited*	Note 1	Waste Management	Ordinary	-	26

Note 1: 3rd Floor, Sarayu Complex, Seaport Airport Road, Kakkanad, Kochi, Kerala 682030, India.

*held as an investment in Vital Energi Utilities Limited

The results of the associates have not been included within the consolidated figures as the impact is not considered material.

19 Acquisition

On 16 May 2024, a group company, Vital Energi (Bilsthorpe) Limited, acquired certain trade and business assets of RDF Energy No.1 Limited for a consideration of £1,067,000.

Net assets acquired	Book Value £'000	Adjustments £'000	Fair Value £'000
Land and buildings	129	-	129
Stock	200	-	200
Trade and other receivables	738	-	738
Total identifiable net assets	1,067	-	1,067
Goodwill			-
Total consideration			1,067

The consideration was satisfied by:	£'000
Legal fees	83
Cash paid	984
	1,067

20 Stocks

	Group 2024 £'000	2023 £'000	Company 2024 £'000	2023 £'000
Work in progress	10,682	8,961	-	-
Finished goods and goods for resale	200	-	-	-
	10,882	8,961	-	-

During the year, an impairment loss was recognised in a Group Company 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.

21 Debtors

	Group		Company	
	2024	2023 as restated	2024	2023
Amounts falling due within one year:	£'000	£'000	£'000	£'000
Trade debtors	22,573	29,817	1	-
Gross amounts owed by contract customers	34,266	32,152	-	-
Corporation tax recoverable	1,865	626	-	-
Amounts owed by group undertakings	-	-	58	55
Other debtors	9,319	1,917	4	3
Prepayments and accrued income	10,247	10,564	-	-
	78,270	75,076	63	58
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	42,819	38,113
Other debtors	4,945	6,014	-	-
	4,945	6,014	42,819	38,113
Total debtors	83,215	81,090	42,882	38,171

Group
Included in gross amounts owed by contract customers are retentions of £13,300,000 (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 £3,100,000 (2023: £4,100,000).

Included within trade debtors falling due within one year, the Group was is owed £nil (2023: £92,000) from Companies with common directors, shareholders and close family members. See note 38 for further details.

Included within other debtors due in less than one year is an amount of £672,000 (2023: £nil) and after more than one year is an amount of £336,000 (2023: £nil) in relation to a payment on contract.

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 principal amount of the loan remained outstanding at 30 June 2023 and was repaid on 18 November 2024. During the current year, the recipient of the loan entered into a Group voluntary arrangement, as such the Group wrote off forfeited interest of £438,000 to mitigate the financial risk of the termination of the project.
£1,278,000	-	8.19% per annum	29 May 2024	No further terms.

21 Debtors (Continued)

£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 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 is now charged is 10% per annum. The loan is due for repayment by 31 March 2026. See note 38 for further detail.
£1,000,000	£1,180,000	12% per annum, charged monthly	15 September 2025	During the current year, the recipient of the loan entered into a company voluntary arrangement, as such the Group 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.
£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 38 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.

21 Debtors (Continued)

£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 38 for further details.
£140,000	£130,000	10% per annum	1 April 2026	See note 38 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 38 for further details.

Company

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
£41,455,000	£36,791,000	12% per annum, charged monthly	27 January 2053 or any other date agreed between by both parties.	No further terms.
£1,364,000	£1,322,000	3.25% per annum	31 December 2026 or such date as may be determined by a resolution of the directors.	No further terms.

22 Cash at bank and in hand

Cash at bank and in hand includes an amount of £416,000 (2023: £298,000) in relation to the Group’s captive insurance scheme.

At 30 June 2024, £434,000 (2023: £417,000) of the Group's cash balances are not available for use by the Group due to restrictions on their use as sinking fund accounts.

23 Creditors: amounts falling due within one year

		Group		Company	
		2024	2023 as restated	2024	2023
	Notes	£'000	£'000	£'000	£'000
Debenture loans	25	2,999	3,239	-	-
Obligations under finance leases	26	374	352	-	-
Trade creditors		27,709	23,189	-	16
Gross amounts owed to contract customers		6,319	1,989	-	-
Amounts owed to group undertakings		-	-	8	16
Other taxation and social security		3,498	6,012	-	-
Other creditors		1,869	4,727	-	-
Accruals and deferred income		105,251	100,305	49	23
		148,019	139,813	57	55

Group
Included in other creditors is an amount of £179,000 (2023: £161,000) in respect of a loan below market rate of interest (see note 25). The 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: £9,000,000) in respect of government grant income for the government's Heat Networks Investment Project. Grant income of £169,000 (2023: £571,000) was recognised in the year in respect of this project.

Included within trade creditors falling due within one year, the Group is owed £nil (2023: £99,000) owed to Companies with common directors, shareholders and close family members. See note 38 for further detail.

Company
Amounts owed to group undertakings falling due after more than one year includes £41,455,000 (2023: £36,791,000) with interest charged at 12% per annum, charged monthly. The loan is due for repayment by 27 January 2053 or any other date agreed between by both parties.

24 Creditors: amounts falling due after more than one year

		Group		Company	
		2024	2023	2024	2023
	Notes	£'000	£'000	£'000	£'000
Debenture loans	25	73,240	72,273	-	-
Obligations under finance leases	26	1,575	1,949	-	-
Other borrowings	25	3,576	3,490	-	-
Amounts owed to group undertakings		-	-	46,027	41,286
Other creditors		3,400	4,003	-	-
		81,791	81,715	46,027	41,286

Group
Included in other borrowings is an amount of £3,576,000 (2023: £3,490,000) in respect of a loan below market rate of interest (see note 25). The loan is being amortised over 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.

Company
Amounts owed to group undertakings includes £4,572,000 (2023: £4,495,000) with interest charged at 3.25% per annum, charged monthly. The loan is 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:

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Payable by instalments	64,049	33,213	-	-
Payable other than by instalments	-	36,791	41,456	36,791
	64,049	70,004	41,456	36,791

25 Borrowings

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Debenture loans	76,239	75,512	-	-
Other borrowings	3,576	3,490	-	-
	79,815	79,002	-	-
Payable within one year	2,999	3,239	-	-
Payable after one year	76,816	75,763	-	-

25 Borrowings (Continued)

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. As at 30 June 2024, the gross liability at 30 June 2024 has been discounted to £3,490,000 (2023: £3,665,000). The final repayment will be made in June 2052. No security is held in respect of this loan.

The bank overdrafts are secured by a third party on the assets of the Group by means of fixed and floating charges including negative pledges.

The debenture of £76,200,000 (2023: £75,511,000) has a total term of 33 years, of which 31 years are remaining. Interest is charged at an effective rate of 9.18% per annum. The debenture is secured by fixed and floating charges over all property and undertakings of Vital Energi Drakelow Limited, a subsidiary undertaking, including a negative pledge.

26 Finance lease obligations

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

Finance lease payments represent rentals payable by the Group 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 Group 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 over the leased assets of Vital Energi Utilities Limited, a subsidiary undertaking, including a negative pledge.

27 Deferred taxation

Deferred tax assets and liabilities are offset where the Group or 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:

	Liabilities 2024	Liabilities 2023
Group	**£'000**	**£'000**
Short term timing differences	(49)	(63)
Fixed asset timing differences	935	510
Losses and other deductions	4	(69)
	890	378

27 Deferred taxation (Continued)

The company has no deferred tax assets or liabilities.

Movements in the year:	Group 2024 £'000	Company 2024 £'000
Liability at 1 July 2023	378	-
Charge to profit or loss	512	-
Liability at 30 June 2024	890	-

The deferred tax liability set out above relates to the tax losses which will reverse when utilised against future expected profits. The short term timing differences relate to disallowable provisions and pension contributions and are expected to reverse within the next 12 month period.

The deferred tax asset set out above is expected to reverse within 12 months and relates to fixed asset timing differences that are expected to mature within the same period.

28 Retirement benefit schemes

Defined contribution schemes	2024 £'000	2023 £'000
Charge to profit or loss in respect of defined contribution schemes	2,007	1,676

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

At 30 June 2023 the Group had outstanding pension contributions of £291,000 (2023: £276,000).

29 Share capital

	Group and Company			
Ordinary share capital	2024 Number	2023 Number	2024 £'000	2023 £'000
Issued and fully paid				
Ordinary shares 1 of 0.099p each	100,000,000	100,000,000	99	99
Ordinary shares 2 of 0.1p each	83,002,000	83,002,000	83	83
Ordinary shares 3 of 0.10928962p each	45,750,000	45,750,000	50	50
Preferred shares of 1p each	100,000	100,000	1	1
	228,852,000	228,852,000	233	233

The holders of Preferred shares have the right to a preferential payment of £45 per share upon a capital distribution or in the case of winding up the Company. The shares do not confer any rights of redemption, any rights to a dividend, nor any rights to vote at a general meeting of the Company.

The holders of the Ordinary shares have the right to vote and receive income. All Ordinary shares rank below Preferred shares in the case of winding up the Company.

30 Employee Benefit Trust

The Group has established an Employee Benefit Trust with the object of promoting employee loyalty and goodwill.

In accordance with Section 9 of FRS 102 the trust net deficit of £23,000 (2023: £23,000) has been incorporated into the Company and Group balance sheet.

31 Reserves

Merger reserve
Representing the difference in consideration paid and net assets consolidated as a result of a Group reorganisation.

Share-based payment reserve
The cumulative share-based payment expense.

Own shares
The own share reserve comprises the investment in own shares of 8,692,520 (2023: 8,692,520) Ordinary shares of £0.001 (2023: £0.001) 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.

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

32 Cash generated from group operations

	2024	2023 as restated
	£'000	£'000
Profit for the year after tax	6,016	3,182
Adjustments for:		
Taxation charged	2,214	1,654
Finance costs	7,606	6,298
Investment income	(2,481)	(623)
Amortisation and impairment of intangible assets	270	175
Depreciation and impairment of tangible fixed assets	862	821
Equity settled share based payment expense	642	648
Cost of intangible assets developed	(593)	-
Movements in working capital:		
Increase in stocks	(1,921)	(3,197)
Decrease/(increase) in debtors	1,956	(18,390)
Increase in creditors	7,910	43,449
Cash generated from operations	22,481	34,017

33 Analysis of changes in net debt - group

	1 July 2023	Cash flows	Non-cash	30 June 2024
	£'000	£'000	£'000	£'000
Cash at bank and in hand	63,386	(1,545)	-	61,841
Borrowings excluding overdrafts	(79,002)	6,129	(6,942)	(79,815)
Obligations under finance leases	(2,301)	352	-	(1,949)
	(17,917)	4,936	(6,942)	(19,923)

Included within cash at bank and in hand is £416,000 (2023: £298,000) in relation to the Group's captive insurance scheme.

At 30 June 2024, £434,000 (2023: £417,000) of the Group's cash balances are not available for use by the Group due to restrictions on their use as sinking fund accounts.

34 Financial commitments, guarantees and contingent liabilities

A Group undertaking has numerous charges in favour of Aviva Investors Energy Centres No. 1 Limited Partnership. The charges contain fixed charges, floating charges and negative pledges over the property or undertaking of the Company.

A Group undertaking has three charges dated 3 December 2015, 6 December 2018 and 15 December 2021, in favour of De Lage Landen Leasing Limited. The charges contain a fixed charge, a floating charge and a negative pledge over property or undertaking of the Company.

A Group undertaking 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 over the leased assets of Vital Energi Utilities Limited, a subsidiary undertaking, including a negative pledge.

A number of Group undertakings have a fixed and floating charge dated 14 March 2023, in favour of Santander UK PLC, in respect of the property or undertaking of the entities. This charge contains a fixed and floating charge over all the property or undertaking of the entity, and the subsidiary undertakings, including a negative pledge. The charge was satisfied in full during the year.

Vital Community Energi Limited, H2010 ESCo Limited, Hepworth Place ESCo Limited, The Movement ESCo Limited, The Paintworks ESCo Limited, Vital Energi (Bilsthorpe) Limited, Biomass Power Kochi Limited, Vital Holdings Investments Limited, Vital Chiltern Investments Limited, and Seaham Garden Village ESCo Limited, subsidiary undertakings, have applied the exemption from audit under section 479A of the Companies Act 2006. As such Vital Holdings Limited, the parent undertaking, guarantees all outstanding liabilities to which the Companies are subject at the end of the financial year, until they are satisfied in full, and the guarantee is enforceable against the parent undertaking by any person to whom the subsidiary Companies are liable in respect of those liabilities.

35 Operating lease commitments

Lessee

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

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Within one year	3,189	2,745	-	-
Between one and five years	4,613	5,020	-	-
In over five years	2,012	3,177	-	-
	9,814	10,942	-	-

36 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Acquisition of tangible fixed assets	17,159	-	-	-

37 Events after the reporting date

Subsequent to the year end, on 23 October 2024, Vital Energi Utilities Limited 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.

On 17 December 2024 Vital Holdings Limited allotted 707,928 B Ordinary share capital each with a nominal value of £0.01. On 19 December 2024 Vital Holdings Limited allotted 10,000,000 of preferred share capital each with a nominal value of £1.

38 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group is as follows:

	2024 £'000	2023 £'000
Aggregate compensation	5,149	5,445

Key management personnel includes £366,000 (2023: £344,000) relating to equity-settled shared-based payments.

Other information

At 30 June 2024, included within trade creditors falling due within one year, the Group owed £nil (2023: £99,000) to Companies with common directors, shareholders and close family members.

Included within trade debtors falling due within one year, the Group is owed £nil (2023: £92,000) from Companies with common directors, shareholders and close family members. During the year the Group made sales of £430,000 (2023: £226,000) to these Companies and made purchases of £960,000 (2023: £1,087,000) from these Companies. The remaining movement relates to payments and receipts.

Included in other creditors falling due within one year is an amount due to a director of £12,000 (2023: £3,636,000 included in other creditors falling due within one year). An amount of £5,618,000 (2023: £8,631,000) was repaid and an amount of £1,994,000 (2023: £7,770,000) was advanced during the year. The maximum overdrawn amount 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.

39 Controlling party

The Company is ultimately controlled by Mr G J Fielding and close family who controlled the majority of the issued share capital of the Company during the year.