ANNEX A

Audited Annual Accounts

Company Registration No. SC202412

SPL Powerlines UK Limited

Annual report and financial statements

for the year ended 31 December 2021

SPL Powerlines UK Limited

Annual report and financial statements for the period ended 31 December 2021

Contents	Page

SPL Powerlines UK Limited

Annual report and financial statements for the period ended 31 December 2021

Officers and professional advisers

Directors

Martin William Hawley
Guenter Kielmayer

Company Secretary

Guenter Kielmayer

Registered Office

7 Kirkshaws Road
Coatbridge
North Lanarkshire
ML5 5EY

Bankers

Bank of Scotland
167-201 Argyle Street
Glasgow
G2 8BU

Legal Advisers

Pinsent Masons LLP
1 Park Row
Leeds
LS1 5AB

Statutory auditor

Deloitte LLP
110 Queen Street
Glasgow
United Kingdom
G1 3BX

Strategic report

Review of the business

Principal activities

The principal activity and core business of the company continues to deliver services for OLE (Overhead Electrification) and P&D (Power and Distribution) in rail. These services include design, survey, planning, installation, testing and commissioning, project management and the provision of plant and relevant labour.

SPL Powerlines UK Limited is a wholly owned subsidiary of SPL Powerlines UK Holding Limited, the ultimate parent is Engie SA – a French based multinational company, which operates in energy and electricity.

There was a change of the accounting reference date during the previous period and the accounts are being prepared now for the year from 1 January 2021 to 31 December 2021. The prior period accounts relate to the 9 months period from 1 April 2020 to 31 December 2020.

Results, business review and future prospects

Profit and turnover represent the two KPIs for the business. The company reported a profit for the year of £1,574,099 (9 months to December 2020: £886,080) and net assets of £4,610,640 as at December 2021 (2020: £3,036,541) and also reported turnover for the year of £97,449,700 (9 months to December 2020: £77,685,425). Turnover remains at a similar level to the prior period (9 months to 31.12.20, compared to 12 months to 31.12.21), with and increased profit margin as the final stages of the L2C project were converted to a fixed price contract and an increased margin was achieved. Significant fixed asset additions in the year relating to the purchase of large items of plant for anticipated increased volume have resulted in a large increase in net assets in the year

SPL Powerlines UK Limited continued to provide services (maintenance and isolation services) and smaller projects for some construction companies (BCM, Story, etc.). The main income stream, as in previous years, related to delivery of projects under the NEP Framework agreement (NEP) for Network Rail. Throughout 2021, SPL Powerlines UK Limited has continued to deliver projects across Scotland and England on time and on budget under the framework by obtaining a high safety standard.

The sales figure is very much influenced by the delivery of the Midland Mainline Electrification projects; L2C (London to Corby) and the continuation project KO1A (Key Output 1A) plus some new projects in Scotland like Carstairs and the Rolling Programme for Power and Distribution. Whilst the L2C project is in its closing stage and K01A gathering momentum the overall revenue declined in 2021 slightly in relation to 2020. As the KO1A project will move into the implementation phase in 2022 and new schemes in Scotland have been awarded, an increase in revenue is expected over the next few years.

After hiving across the activities from CPL during the year ended 31 March 2020, SPL Powerlines UK Limited became a major supplier of services to the UK Overhead Line Electrification Market and has continued in this position throughout 2021. This will define and support the prosperity of SPL Powerlines UK Limited going forward and provide the base for a very positive development in the years to come.

In the last year the company continued with the strategic aim to establish an organisation capable of delivering large projects for Network Rail and also for multidisciplinary construction partners in the railway industry. The directors believe that, based on the established relationships with leading partners in the industry and the growth of works on the NEP (National Electrification Programme) in the Midlands and Scotland over the coming years, the company has a solid platform for future growth and will further extend their activities in the railway industry by offering new services (design and surveying services).

Whilst delivering works directly to Network Rail as a Tier 1 contractor, the company will continue to deliver subcontract work throughout the UK for multidisciplinary construction companies as a Second Tier contractor.

Financial risk management objectives and policies

The company's principal risks and uncertainties relate to securing contracts and recruiting highly qualified staff to deliver projects within the agreed timeframe and to specification at the agreed cost especially now as the rail market is heating up after a slight decline in 2021. However, the directors feel the portfolio of long term and short term contracts currently in place, together with known opportunities in the coming year, minimises this risk whilst the company's key competence is project management and the passion for delivery.

Brexit had so far almost no impact on the whole business. Further developments are monitored and managed closely. The situation and development are monitored regularly, but based on the risk assessment carried out together with their advisors, the directors feel confident to manage any challenges arising out of this issue.

The Covid-19 pandemic has been managed proactively and will do so going forward and there has been almost no impact in the current or prior year. The pandemic has not affected Network Rail's decision to continue with its electrification plans and management do not consider that this will change in the short to medium term. This is being reviewed on an ongoing basis. Again, a risk assessment has been conducted and the directors are confident that this issue can be managed. During this financial period, SPL Powerlines UK Limited received payments of £222,339 under the UK Government furlough scheme.

The current situation in Ukraine may have some future impact on steel supplies, however materials have already been secured for any ongoing significant projects. Further developments are closely monitored and assessed accordingly on a project to project basis.

The company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk.

Cash flow risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The company monitors fluctuations and reflects relevant changes in its forecast and minimises the risk by paying foreign trade invoices 30-60 days after receipt. Services purchased from Europe were managed closely and exchange rate difference amounted to a loss of £114,928 which was not a material amount.

Credit risk

The company's principal financial assets are bank balances, trade debtors and amounts due from customers for contract work. The company's credit risk is primarily attributable to its trade debtors and due from customers for contract work. The amounts presented in the balance sheet are net of provisions for doubtful debtors. A provision for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company is funded by an affiliate, Powerlines Group GmbH.

Section 172 (1) statement

The board of directors of SPL Powerlines UK Limited consider that they have acted in good faith to promote the success of the company for the benefit of its members as a whole, having regard for the interests of the Company's employees and other stakeholders. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions.

SPL Powerlines UK Limited is a wholly owned subsidiary of SPL Powerlines UK Holding Limited, the ultimate parent is Engie SA – a French based multinational company, which operates in energy and electricity. The Group structure gives delegated authority to the directors of SPL Powerlines UK Limited up to defined levels of cost and impact which allows for the needs of local stakeholders to be considered in any decision making. The business culture, including the stated vision and values, underpin this delegation to ensure the wider impact is considered in all decisions. The elements of the vision are detailed below:

- To be the Contractor of choice for Network Rail as we deliver our projects safely, on time and on budget
- To be the employer of choice – to attract and retain key personnel from the whole industry across the UK
- To be the Flagship of Powerlines Group

Section 172 (1) statement (contd.)
The company values are hugely important at all levels of the businesses in terms of creating a sound culture and the correct behaviours which will help us grow the businesses and sustain the futures of all employees:

- Health & Safety – Home Safe Every Day
- A Passion for Delivery – On Time, On Budget, Every time
- Respect – Mutual respect for Everyone
- Integrity – An Honest, Fair and Open culture
- Accountability – We keep our Promises and are a Reliable partner
- To Positively embrace Diversity & inclusion
- A Triangle of Trust between our Customers / Employees & Investors

Details of the Company's key stakeholders and how the Company engages with them are set out below.

Shareholders
As a wholly owned subsidiary of Engie SA, the sole shareholder is consulted and involved in all key decisions based on relevant governance and policies. The main communication and engagement is held via the head office, Powerlines Group GmbH based in Austria. SPL Powerlines UK Limited is a part of the Powerlines Group which is part of the Engie Group.

Customers and suppliers
On an ongoing basis, the directors foster business relationships with suppliers and customers and consider this key to the future success of the business. To understand their needs and requirements, the directors maintain a close communication and relationship with the key customer Network Rail. Rail Electrification is an integral and main instrument in the strategy of the governments for England and Scotland to reduce carbon emissions within the UK. The Company holds frameworks for the National Electrification Program for East Midlands and Scotland. Through the works carried out via these frameworks the Company is instrumental for Network Rail to achieve the relevant targets in the decarbonisation program for the UK.

Suppliers are carefully selected to protect the Company's reputation and integrity. A fair and objective supplier evaluation process is carried out before any business relationship is entered into with them. They need to meet compliance and ethical standards. The key areas of this evaluation process are:

- Compliance with all applicable laws, regulations and ethical standards
- Safety is paramount. Unsafe working practice are not tolerated.
- Environmental standards
- Highest product and service quality is a basic requirement as the Company works in safety critical areas.

Government and regulators
As the Company is operating in the railway electrification industry, Health & Safety and the welfare of employees is a key priority for SPL Powerlines UK Limited. The Board of Directors are regularly updated on legal and regulatory developments and takes these into account when considering future actions.

Employees
Highly trained and motivated employees are the key to the Company's prosperity and success. The Directors communicate on a regular basis with members of staff about safety, economics and relevant news within the company or Group. Consultation is carried out with our employees on different levels as and when required and appropriate. During the last year management forums were held that advised the top 40 managers of the strategy and the development of the company. A part of these forums was to update on performance, business outlook and relevant incidents. A question and answer section gave the team the opportunity to feed-back and addressing areas of concern. The top 40 managers in turn cascaded this information to their respective team.

The Safety of staff is the Company's top target. "Home Safe Every Day" is the credo of SPL Powerlines UK Limited.

Strategic report

Section 172 (1) statement (contd.)
Environment

The company takes pride in supporting the ambitions of England and Scotland governments to reduce carbonisation as soon as possible to reduce the greenhouse effect. SPL Powerlines UK Limited works closely with Network Rail to progress the different schemes to ensure that the targets of decarbonisation are met as intended. Any impact on the environment and local community is considered as part of any key decision-making process. Compliance with relevant laws, rules and regulation goes without saying. Furthermore the company has invested in solar powered lightning towers and will increase the share of electric and hybrid vehicles amongst its fleet. Deploying more hybrid basket machines will contribute positively to the reduction of the carbon footprint.

Future developments

The directors expect a considerable increase of the activity levels in the forthcoming year due to the ongoing delivery of the Midland Mainline projects but also from developing new electrification projects together with Network Rail in Scotland and the whole of UK. This is a result of the continuation of the National Electrification Programme in Scotland and Midland Mainline, as well as from maintaining strong relationships in the rail industry. The company also seeks to take advantage of the increasing railway electrification market in the UK supported by the ambitions of UK and Scotland governments to reduce carbonisation as soon as possible to reduce the greenhouse effect. SPL Powerlines UK Limited. works closely with Network Rail to progress the different schemes to ensure that the targets of decarbonisation are met as intended. The company has proven records in delivering big electrification schemes on time and on budget and is key player in the UK's railway electrification business. The key will be to provide professional and efficient overhead line electrification packages and to continue to enlarge the scale of services. The directors do not foresee any effect of the Covid-19 pandemic as contracts and processes are already in place and these processes have been proven over the last years.

Approved by the Board of Directors and signed on its behalf by:

Guenter Kielmayer
Director

28 April 2022

Directors' report

The directors present their annual report on the affairs of SPL Powerlines UK Limited, together with the audited financial statements, for the year ended 31 December 2021.

Dividends

No dividend (distribution of earnings to affiliated company) was paid in the period, (2020: £3.5m).

Going concern

The directors have prepared forecasts covering a period of at least 12 months from the date of this report which have taken account of possible changes in trading performance and determined that the company would be able to operate within its existing cash resources and cash flows from future trading activities.

The impact and risk from COVID 19 have been assessed separately based on the experience over the past year. The management has considered the current and potential future impact of the pandemic on the company's customers, supply chain and staff. As SPL Powerlines UK Limited is operating in the transport sector, all activities fall under the criteria of essential work and a significant number of staff are designated as keyworkers, this has meant that disruption due to the pandemic was minimal.

Since the start of the pandemic the company has continued to operate and trade just with a minimal impact. Relevant policies have been put in place to protect and support the business and the safety of its employees. Appropriate PPE (Protective Personal Equipment) has been sourced before the outbreak of the pandemic and is held in stock in sufficient quantities.

The current situation in Ukraine may have some future impact on steel supplies, however materials have already been secured for any ongoing significant projects. Further developments are closely monitored and assessed accordingly on a project to project basis.

Based on this, and after making enquiries, the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the 12 months from the date of signing of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Future developments

SPL Powerlines UK Limited continues to deliver projects and services as described in the Strategic Report on pages 2 - 5 and will proceed with managing the risk around COVID 19 as described in the going concern closely. Further details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on pages 2 - 5 and form part of this report by cross-reference.

Financial risk management objectives and policies

Details of financial risk management objectives and policies can be found in the Strategic Report on pages 2 - 5 and form part of this report by cross-reference.

Company Policy

Disabled persons

The company are aware of and committed to the Equality Act 2010 in relation to the employment of disabled persons. Where disabled persons are employed, they are treated in the same manner as all other employees and subject to the same training, career development and promotion opportunities as and where appropriate to their individual disability and the company scope of operations.

Employee Updates

SPL Powerlines UK Limited have arrangements in place to communicate and consult with employees as and when required. During the last year management forums were held that advised the top 40 managers of the direction of the company, areas of both good and improvement required performance and sought to address concerns. The top 40 managers in turn cascaded this information to their respective teams. In addition to this there is a communications process for various functions within the business, such as Safety and Human Resources. The company also issue an SPL Powerlines UK Limited Newsletter "Trending" to all employees on a quarterly basis.

Directors' report

The directors who served throughout the year and to the date of this report are as follows:

Martin William Hawley
Guenter Kielmayer

Subsequent Events

At the date of signing the accounts, there remains some uncertainty over the effect of the current conflict in Ukraine. There has been a minimal effect on the results for the period ended 31 December 2021 and management do not foresee this will materially affect results going forward.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by:

Guenter Kielmayer
Director
28 April 22

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

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

Independent auditor's report to the members of SPL Powerlines UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of SPL Powerlines UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 21

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Independent auditor's report to the members of SPL Powerlines UK Limited

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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

Independent auditor's report to the members of SPL Powerlines UK Limited

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Companies Act 2006, FRS 102; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address it are described below:

- There is significant judgement involved with the valuation of contract WIP, particularly around recoverability of the amount held on the balance sheet. To address this risk we performed a review of key contracts and traced a sample of contracts included within WIP to post year-end certification and payment.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006.

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

Independent auditor's report to the members of SPL Powerlines UK Limited

We have nothing to report in respect of these matters.

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.

P Hazelton

Paul Hazelton CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom 28 April 2022

SPL Powerlines UK Limited

Profit and loss account

For the period ended 31 December 2021

	Note	12 months to 31 December 2021 £	9 months to 31 December 2020 £
Turnover	3	97,449,700	77,685,425
Cost of sales		(73,054,622)	(58,855,731)
Gross profit		24,395,078	18,829,694
Administrative expenses		(23,025,196)	(18,250,716)
Other operating income	4	222,339	319,088
Operating profit		1,592,221	898,066
Gain on disposal of fixed assets	6	-	167
Interest payable and similar charges	5	(1,835)	8,337
Profit before taxation	6	1,590,386	906,570
Tax on profit	9	(16,287)	(20,510)
Profit for the period		1,574,099	886,060

The results for the current year and prior period relate wholly to continuing activities.

The notes on pages 16 to 27 form an integral part of these financial statements.

There have been no items of other comprehensive income attributable to the shareholders other than the profit for the current year and prior period as presented in the profit and loss account above and therefore no separate statement of comprehensive income has been presented.

SPL Powerlines UK Limited

Balance sheet
As at 31 December 2021

	Notes	31 December 2021 £	31 December 2020 £
Fixed assets			
Intangible assets	10	19,999	106,436
Tangible assets	11	1,936,925	855,538
		1,956,924	961,974
Current assets			
Stocks	12	7,575,794	5,812,827
Debtors	13	5,490,722	4,044,088
Cash at bank and in hand		25,960,556	12,345,176
		39,027,072	22,202,091
Creditors: amounts falling due within one year	14	(35,442,256)	(20,065,157)
Net current assets		3,584,816	2,136,934
Total assets less current liabilities		5,541,740	3,098,908
Provision for liabilities	15	(931,100)	(62,367)
Net assets		4,610,640	3,036,541
Capital and reserves			
Called-up share capital	17	60,000	60,000
Capital reserve		1,233,108	1,233,108
Profit and loss account		3,317,532	1,743,433
Shareholder's funds		4,610,640	3,036,541

The notes on pages 16 to 27 form an integral part of these financial statements.

The financial statements of SPL Powerlines UK Limited (registered number SC202412) were approved by the board of directors and authorised for issue on 28 April 2022. They were signed on its behalf by:

Guenter Kielmayer
Director

SPL Powerlines UK Limited

Statement of changes in equity
For the period ended 31 December 2021

	Called-up share capital £	Capital reserve £	Profit and loss account £	Total £
At 1 April 2020	60,000	1,233,108	4,357,373	5,650,481
Profit for the financial year and other comprehensive income	-	-	886,060	886,060
Dividend (note 18)	-	-	(3,500,000)	(3,500,000)
At 31 December 2020	60,000	1,233,108	1,743,433	3,036,541
At 1 January 2021	60,000	1,233,108	1,743,433	3,036,541
Profit for the financial period and other comprehensive income	-	-	1,574,099	1,574,099
At 31 December 2021	60,000	1,233,108	3,317,532	4,610,640

Notes to the financial statements
For the period ended 31 December 2021

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and in the preceding year.

a. General information and basis of accounting

SPL Powerlines UK Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The company is a private Company limited by shares and is registered in Scotland. The address of the registered office is given on page 1.

The financial statements have been prepared under the historical cost convention and in accordance with FRS102 (Financial Reporting Standard 102) issued by the Financial Reporting Council.

The functional currency of SPL Powerlines UK Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

SPL Powerlines UK Limited is a wholly owned subsidiary of another company, SPL Powerlines UK Holding Limited which in turn is a wholly owned subsidiary of Powerlines Group GmbH. Powerlines Group GmbH prepares group financial statements. SPL Powerlines UK Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements as a standalone entity. Exemptions have been taken in relation to the presentation of a cash flow statement, financial instruments, intra-group transactions and remuneration of key management personnel.

b. Going concern

The directors have prepared forecasts covering a period of at least 12 months from the date of this report which have taken account of possible changes in trading performance and determined that the company would be able to operate within its existing cash resources and cash flows from future trading activities.

The impact and risk from COVID 19 have been assessed separately based on the experience over the past year. The management has considered the current and potential future impact of the pandemic on the company's customers, supply chain and staff. As SPL Powerlines UK Limited is operating in the transport sector, all activities fall under the criteria of essential work and a significant number of staff are designated as keyworkers, this has meant that disruption due to the pandemic was minimal.

Since the start of the pandemic the company has continued to operate and trade just with a minimal impact. Relevant policies have been put in place to protect and support the business and the safety of its employees. Appropriate PPE (Protective Personal Equipment) has been sourced before the outbreak of the pandemic and is held in stock at sufficient quantities.

The current situation in Ukraine may have some future impact on steel supplies, however materials have already been secured for any ongoing significant projects. Further developments are closely monitored and assessed accordingly on a project to project basis.

Based on this, and after making enquiries, the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the 12 months from the date of signing of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

c. Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Amortisation is provided at rates calculated to write off the cost of the asset over its expected useful life, as follows:

Data processing programmes	1 - 3 years straight-line

1. **Accounting policies (continued)**

d. **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold land and buildings	3 – 5 years straight-line
Plant and machinery	2 – 5 years straight-line
Fixtures and fittings	1 – 7 years straight-line
Motor vehicles	3 years straight-line

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated cost of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

e. **Investments**

Fixed asset and current asset investments are stated at cost, net any provision for impairment.

f. **Stocks**

Stocks and work in progress are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost is calculated using the latest known value. Provisions are made for obsolete, slow-moving or defective items where appropriate.

There is no material difference between the balance sheet value of stocks and their replacement cost.

g. **Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

h. **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet 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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Where the amount attributed for tax purposes to assets (other than goodwill) and liabilities that are acquired in a business combination differs from their fair value, deferred tax is recognised to reflect the future tax consequences with a corresponding adjustment to goodwill.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

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

SPL Powerlines UK Limited forms part of a corporation tax loss relief group with other subsidiaries of Engie SA in the UK.

1. **Accounting policies (continued)**

i. **Turnover**

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

j. **Construction contracts**

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. Amounts recoverable on contracts, which are included within debtors, represent the value of work done to date on certain contracts less amounts received as progress payments on account. Provision is made for anticipated future losses on existing contracts as soon as the loss is determined.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

k. **Employee benefits – pension costs**

The company operates a money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the profit and loss in the period to which they relate. These contributions are invested separately from the company's assets.

l. **Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

m. **Leases**

The Company as lessee

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

n. **Government grants**

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

In making its judgement, management consider the detailed criteria for the recognition of revenue. The revenue shown in the financial statements is based on: (1) construction contracts, where certifications are agreed between both contract parties; and, (2) rendering of labour and plant services, for which revenue is based upon agreed rates and countersigned applications.

Key sources of estimation uncertainty

In the view of the directors, there are no key sources of estimation uncertainty which affect the company's financial statements.

3. Turnover

An analysis of the Company's turnover by class of business is set out below:

	12 months to 31 December 2021 £	9 months to 31 December 2020 £
Turnover:		
Business class: Construction contracts	93,154,304	71,903,546
Business class: Rendering labour and plant services	4,295,396	5,781,879
	97,449,700	77,685,425

An analysis of the Company's turnover by geographical market is set out below:

	12 months to 31 December 2021 £	9 months to 31 December 2020 £
Turnover:		
Geographical market: UK	97,449,700	77,685,425
	97,449,700	77,685,425

4. Other Operating Income

	12 months to 31 December 2021 £	9 months to 31 December 2020 £
UK Government furlough payments received	222,339	319,088

5. Interest payable and similar charges

	12 months to 31 December 2021 £	9 months to 31 December 2020 £
Intercompany interest expenses / income	2,598	(8,337)
Other	(4,433)	-

6. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	12 months to 31 December 2021 £	9 months to 31 December 2020 £
Depreciation of intangible assets (note 10)	107,537	141,807
Depreciation of tangible fixed assets (note 11)	535,622	251,394
Operating lease rentals	938,853	660,189
Foreign exchange loss/(gain)	114,928	(10,068)
Gain on disposal of fixed assets	-	(167)

The analysis of the auditor's remuneration is as follows:

Fees payable to the company's auditor for the audit of the company's annual financial statements	65,000	64,000

7. Staff numbers and costs

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

	12 months to 31 December 2021 Number	9 months to 31 December 2020 Number
Operations	76	104
Administration	164	153
	240	257

Their aggregate remuneration comprised:

	£	£
Wages and salaries	13,069,764	9,663,208
Social security costs	1,506,818	1,127,331
Other pension costs	535,296	385,737
	15,111,878	11,176,276

8. Directors' remuneration and transactions

	12 months to 31 December 2021 £	9 months to 31 December 2020 £
Directors' remuneration		
Emoluments	345,700	297,425
Company contributions to money purchase pension schemes	11,818	8,863
	357,518	306,288

	Number	Number
The number of directors who:		
Are members of a money purchase pension scheme	1	1

	£	£
Remuneration of the highest paid director:		
Emoluments	205,700	177,425

9. Tax on profit

The tax charge comprises:

	12 months to 31 December 2021 £	9 months to 31 December 2020 £
Current tax on profit		
UK corporation tax	124,973	195,229
Adjustments in respect of prior years		
UK corporation tax	(108,686)	(174,719)
Total current tax	16,287	20,510
Total tax on profit	16,287	20,510

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	£	£
Profit before tax	1,590,386	906,570
Tax on profit at standard UK corporation tax rate of 19 % (31 December 2020: 19%)	302,173	172,248
Effects of:		
-Fixed asset differences	(34,409)	-
-Expenses not deductible for tax purposes	6,207	1,801
-R&D expenditure credits	19,007	-
-Adjustments to tax charge in respect of previous years	(276,691)	(135,036)
-Other	-	(18,503)
Total tax charge for period/year	16,287	20,510

For the year ended 31 December 2021 the UK rate of 19% is applied.

The UK government announced in the on 24 May 2021 in the Finance Bill 2021, an increase in the standard rate of corporation tax from 19% to 25% effective from 1 April 2023. There is no deferred tax re-measurement as the balance sheet date is before the substantive enactment of the budget in March 2022 and is not expected to have a material effect.

10. Intangible fixed assets

	Software £
Cost	
At 1 January 2021	578,330
Additions	21,100
Disposals	-
At 31 December 2021	599,430
Amortisation	
At 1 January 2021	471,894
Charge for the period	107,537
Disposals	-
At 31 December 2021	579,431
Net book value	
At 31 December 2021	19,999
At 31 December 2020	106,436

11. Tangible fixed assets

	Leasehold buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Assets in Construction £	Total £
Cost						
At 1 January 2021	147,919	1,236,850	448,663	-	-	1,833,432
Additions	20,677	1,481,023	12,842	62,000	40,468	1,617,010
Disposals	-	-	-	-	-	
At 31 December 2021	168,597	2,717,873	461,503	62,000	40,468	3,450,440
Depreciation						
At 1 January 2021	147,919	524,504	305,471	-	-	977,894
Charge for the period	1,149	435,943	96,806	1,722	-	535,622
Disposals	-	-	-	-	-	-
At 31 December 2021	149,068	960,446	402,277	1,722	-	1,513,515
Net book value						
At 31 December 2021	19,529	1,757,427	59,226	60,278	40,468	1,936,925
At 31 December 2020	-	712,346	143,192	-	-	855,538

All leasehold buildings are short term.

Notes to the financial statements (continued)
For the period ended 31 December 2021

12. Stocks

	31 December 2021 £	31 December 2020 £
Raw materials and consumables	100,363	185,843
Work in progress	7,475,431	5,626,984
	7,575,794	5,812,827

13. Debtors

	31 December 2021 £	31 December 2020 £
Amounts falling due within one year:		
Trade debtors	3,137,618	659,577
Amounts owed by parent company	-	1,628,666
Amounts owed by affiliated companies	34,845	149,923
Other debtors	298,683	321,920
Corporation tax receivable	1,615,654	804,490
Prepayments and accrued income	403,922	479,512
	5,490,722	4,044,088

Amounts due to group undertakings are unsecured, repayable on demand and interest bearing attracting a commercial rate of interest of 0.311%.

14. Creditors – amounts falling due within one year

	31 December 2021 £	31 December 2020 £
Trade Creditors	3,075,306	3,755,185
Amounts owed to affiliated companies	1,274,761	30,303
Other taxation and social security	1,131,608	913,742
Other creditors	3,861,484	1,413,716
Accruals and deferred income	26,099,097	13,952,211
	35,442,256	20,065,157

Amounts due to group undertakings are unsecured, repayable on demand and interest bearing attracting a commercial rate of interest of 0.311%.

15. Provision for liabilities

	31 December 2021 £	31 December 2020 £
Opening balance at 1 January	62,367	62,367
Provision for warranty	868,733	-
Closing balance at 31 December	931,100	62,367

Provision for possible warranty costs in conjunction with installation of overhead line works and resolution within 10 months.

16. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	31 December 2021		31 December 2020	
	Land and buildings £	Other £	Land and buildings £	Other £
within one year	408,423	351,816	409,866	455,126
between one and five years	582,655	197,789	551,183	348,224
	991,078	549,605	961,049	803,350

17. Called-up share capital and reserves

	31 December 2021 £	31 December 2020 £
Allotted, called-up and fully-paid		
60,000 (2020: 60,000) ordinary shares of £1 each	60,000	60,000

Capital reserve relates to funding previously received from Border Rail Training Limited and Rail Access Platforms Limited which is now a permanent capital contribution.

The Company's other reserves are as follows:

Retained earnings represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

18. Dividend

	31 December 2021 £	31 December 2020 £
Final dividend for the period ended 31 December 2021 of nil (31 December 2020: 5,833p) per ordinary share	-	3,500,000

No resolution was made to distribute earnings to the relevant holding company SPL Powerlines UK Holding Ltd for the year (9 months to 31 December 2020: £3,500,000)

19. Subsequent Events

The current situation in Ukraine may have some future impact on steel supplies, however materials have already been secured for any ongoing significant projects. Further developments are closely monitored and assessed accordingly on a project to project basis. There has been a minimal effect on the results for the period ended 31st December 2021 and management do not foresee this will materially affect results going forward.

20. Transactions with related parties

Transactions with entities in which the Powerlines Group GmbH of companies has 100% of the voting rights are not disclosed as permitted by Section 33.1A of FRS 102.

In addition, advantage has been taken under Section 1.12 of FRS 102 from disclosing total remuneration of key management personnel, as the Company is a wholly owned subsidiary.

During the year, the company purchased goods in the ordinary course of business from Black Diamond Security Limited at a cost of £83,964 (9 months to 31.12.2020: £15,332). At year end £2,976 was owed to Black Diamond Security Limited (31.12.20: £5,856). Martin Hawley is a director of both SPL Powerlines UK Limited and Black Diamond Security Limited.

During the year, the company purchased goods in the ordinary course of business from MKH Marketing Limited at a cost of £113,372 (9 months to 31.12.2020: £84,006). At year end £12,401 was owed to MKH Marketing Limited (31.12.20: £11,201). Martin Hawley is a director of both SPL Powerlines UK Limited and MKH Marketing Limited.

Notes to the financial statements (continued)

For the period ended 31 December 2021

21. Ultimate controlling party

The immediate parent undertaking of the company is SPL Powerlines UK Holding Limited, which is a company registered in Scotland.

The ultimate parent company is Engie SA, a company incorporated in France which is the parent company of the smallest and largest group into which these financial statements are consolidated. Copies of the financial statements of Engie SA can be obtained from its registered office at Tour T1, 1 place Samuel de Champlain, Faubourg de l'Arche, 92930 Paris La Defense cedex, France.

Company Registration No. SC202412

SPL Powerlines UK Limited

Annual report and financial statements

for the 9 month period ended 31 December 2020

SPL Powerlines UK Limited

Annual report and financial statements for the period ended 31 December 2020

Contents

SPL Powerlines UK Limited

Annual report and financial statements for the period ended 31 December 2020

Officers and professional advisers

Directors

Martin William Hawley
Guenter Kielmayer

Company Secretary

Guenter Kielmayer

Registered Office

7 Kirkshaws Road
Coatbridge
North Lanarkshire
ML5 5EY

Bankers

Bank of Scotland
167-201 Argyle Street
Glasgow
G2 8BU

Legal Advisers

Footanstey LLP
Senate Court
Southernhay Gardens
Exeter
EX1 1NT

Statutory auditor

Deloitte LLP
110 Queen Street
Glasgow
United Kingdom
G1 3BX

SPL Powerlines UK Limited

Strategic report

Review of the business

Principal activities

The principal activity and core business of the company continues to be rail and tramway electrification.

SPL Powerlines UK Ltd is a wholly owned subsidiary of SPL Powerlines UK Holding Limited, the ultimate parent is Engie SA – a French based multinational company, which operates in energy and electricity.

There has been a change of accounting reference date during the period, as Powerlines Group has been acquired by Engie France. The previous year end was 31 March 2020 and the most recent accounts were prepared for the year from 1 April 2019 to 31 March 2020. The accounting reference date has now been changed to 31 December, therefore this year the accounts are being prepared for the 9 month period from 1 April 2020 to 31 December 2020.

Results, business review and future prospects

Profit and turnover represent the two key KPIs for the business. The company reported a profit for the 9 month period of £886,080 (full year 2019/20: £3,200,232) and net assets of £3,036,541 as at December 2020 (2019/20: £5,650,481) and also reported turnover for the 9 month reporting period of £77,685,425 (full year 2019/20: £157,276,201).

The operating profit for the reporting period is lower than the previous year, due to a lower level of turnover. The sales figure is very much influenced by the delivery of the Midland Mainline Electrification projects; L2C (London to Corby) and KO1A (Key Output 1A) – these projects have been a major factor of the significant growth of the business in recent years. The L2C project is approaching completion, whilst the KO1A project is in the early stages, this has resulted in lower turnover than recent years in the 9 month period to 31 December 2020.

SPL Powerlines UK Ltd continued to provide services (maintenance and isolation services) and smaller projects for some construction companies (AMCO, Story, etc.). The main income stream, as in previous years, related to delivery of projects under the NEP Framework agreement (NEP) for Network Rail (NWR). The target costs project in the Midlands (L2C – London to Corby) was successfully delivered and final accounted with NWR. This is the biggest success of the company and the biggest scale project for the whole Powerlines Group (ca. £300m) and it was delivered on time, on budget and with good safety records. The next stage project of the Midland Mainline Electrification programme (KO1A) develops gradually and progressed according to the programme for NWR and is also well on track in relation to budget and timing.

After hiving across the activities from CPL during the year ended 31 March 2020, SPL Powerlines UK Ltd became a major supplier of services to the UK Overhead Line Electrification Market and proved this position also for the rest of 2020. This will define and support the prosperity of SPL Powerlines UK Ltd going forward and provide the base for a very positive development in the forthcoming business years.

In the last year the company continued to make progress in our strategic aim to establish an organisation capable of delivering large projects for Network Rail and also for multidisciplinary construction partners in the railway industry. The directors believe that, based on the established relationships with leading partners in the industry and the growth of works on the NEP (National Electrification Programme) in the Midlands and Scotland over the coming years, the company has a solid platform for future growth and will further extend their activities in the railway industry by offering new services (design and consulting services).

Whilst delivering works directly to Network Rail as a Tier 1 contractor, the company will continue to deliver subcontract work throughout the UK for multidisciplinary construction companies as a Second Tier contractor.

Financial risk management objectives and policies

The company's principal risks and uncertainties relate to securing contracts and recruiting highly qualified staff to deliver projects within the agreed timeframe and to specification at the agreed costs. However, the directors feel the portfolio of long term and short term contracts currently in place, together with known opportunities in the coming year, minimises this risk whilst the company's key competence is project management and the passion for delivery.

Strategic report (continued)

Financial risk management objectives and policies (contd.)

Brexit had so far just minimal impact on the whole business. Further developments are monitored and managed closely. The full extent of the impact is unknown at this time, but based on the risk assessment carried out together with our advisors the directors feel confident to manage any challenges arising out of this issue.

The Covid-19 pandemic had no significant impact in the current or prior year and management continue to pro-actively monitor the situation. The pandemic has not affected Network Rail's decision to continue with its electrification plans and management do not consider that this will change in the short to medium term. . This is being reviewed on an ongoing basis. Again, a risk assessment has been conducted and the directors are confident that this issue can be managed. During this financial period, SPL Powerlines UK Limited received payments of £319,088 under the UK Government furlough scheme.

The company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk.

Cash flow risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The company monitors fluctuations and reflects relevant changes in its forecast and minimizes the risk by paying foreign trade invoices 30-60 days after receipt. Services purchased from Europe were managed closely and exchange rate difference amounted to a loss of £66,529 which was not a material amount.

Credit risk

The company's principal financial assets are bank balances, trade debtors and amounts due from customers for contract work. The company's credit risk is primarily attributable to its trade debtors and due from customers for contract work. The amounts presented in the balance sheet are net of provisions for doubtful debtors. A provision for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company is funded by an affiliate, Powerlines Group GmbH who use a mixture of long-term and short-term debt finance.

Section 172 (1) statement

The board of directors of SPL Powerlines UK Limited consider that they have acted in good faith to promote the success of the company for the benefit of its members as a whole, having regard for the interests of the Company's employees and other stakeholders. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions.

SPL Powerlines UK Ltd is a wholly owned subsidiary of SPL Powerlines UK Holding Limited, the ultimate parent is Engie SA – a French based multinational company, which operates in energy and electricity. The Group structure gives delegated authority to the directors of SPL Powerlines UK Limited up to defined levels of cost and impact which allows for the needs of local stakeholders to be considered in any decision making. The business culture, including our stated vision and values, underpin this delegation to ensure the wider impact is considered in all decisions. The elements of the vision are detailed below:

- To be the Contractor of choice for Network Rail as we deliver our projects safely, on time and on budget
- To be the employer of choice – to attract and retain key personnel from the whole industry across the UK
- To be the Flagship of Powerlines Group

Section 172 (1) statement (contd.)
The company values are hugely important at all levels of the businesses in terms of creating a sound culture and the correct behaviours which will help us grow the businesses and sustain the futures of all our employees:

- Health & Safety – Home Safe Every Day
- A Passion for Delivery – On Time, On Budget, Every time
- Respect – Mutual respect for Everyone
- Integrity – An Honest, Fair and Open culture
- Accountability – We keep our Promises and are a Reliable partner
- To Positively embrace Diversity & inclusion
- A Triangle of Trust between our Customers / Employees & Investors

Details of the Company's key stakeholders and how we engage with them are set out below.

Shareholders
As a wholly owned subsidiary of Engie SA, the sole shareholder is consulted and involved in all key decisions based on relevant governance and policies. The main communication and engagement is held via the head office Powerlines GmbH based in Austria. SPL Powerlines UK Limited is a part of the Powerlines Group which is part of the Transport Segment within the Engie Group.

Customers and suppliers
On an ongoing basis, the directors foster business relationships with suppliers and customers and consider this key to the future success of the business. To understand their needs and requirements we maintain a close communication and relationship with our key customer Network Rail. Rail Electrification is an integral and main instrument in the strategy of the governments for England and Scotland to reduce carbon emissions within the UK. We hold frameworks for the National Electrification Program for East Midlands and Scotland. Through the works we carry out via these frameworks we are instrumental for Network Rail to achieve the relevant targets in the decarbonisation program for the UK.

Suppliers are carefully selected to protect our reputation and integrity. A fair and objective supplier evaluation process is carried out before we enter into a business relation with them. They need to meet our compliance and ethical standards. The key areas of this evaluation process are:

- Compliance with all applicable laws, regulations and ethical standards
- Safety is paramount. We do not tolerate unsafe working practice.
- Environmental standards
- Highest product and service quality is a basic requirement as we work in in safety critical areas.

Government and regulators
As we are working in the railway electrification industry, Health & Safety and the welfare of our employees is a key priority for SPL Powerlines UK Limited. The Board of Directors are regularly updated on legal and regulatory developments and takes these into account when considering future actions.

Employees
Highly trained and motivated employees are the key to our companies' prosperity and success. We communicate on a regular basis with our members of staff about safety, economics and relevant news within the company or Group. We consult with our employees on different levels as and when required and appropriate. During the last year we held management forums that advised our top 40 managers of the strategy and the development of the company. A part of these forums was to update on performance, business outlook and relevant incidents. A question and answer section gave the team the opportunity to feed-back and addressing areas of concern. The top 40 managers in turn cascaded this information to their respective team.

The Safety of our staff is our top target. "Home Safe Every Day" is the credo of SPL Powerlines UK Limited.

SPL Powerlines UK Limited

Strategic report (continued)

Section 172 (1) statement (contd.)
Environment

The company takes pride in supporting the ambitions of England and Scotland governments to reduce carbonisation as soon as possible to reduce the greenhouse effect. SPL Powerlines UK Limited works closely with Network Rail to progress the different schemes to ensure that the targets of decarbonisation are met as intended. Any impact on the environment and local community is considered as part of any key decision making process. Compliance with relevant laws, rules and regulation goes without saying.

Future developments

The directors expect continuation on a similar level in the forthcoming year due to the ongoing delivery of the Midland Mainline projects but also from developing new electrification projects together with NWR in Scotland and the whole of UK. This is a result of the continuation of the National Electrification Programme in Scotland and Midland Mainline, as well as from maintaining strong relationships in the rail industry. The company also seeks to take advantage of the increasing railway electrification market in the UK supported by the ambitions of UK and Scotland governments to reduce carbonisation as soon as possible to reduce the greenhouse effect. SPL Powerlines UK Ltd. works closely with NWR to progress the different schemes to ensure that the targets of decarbonisation are met as intended. The company has proven records in delivering big electrification schemes on time and on budget and is key player in the UK's railway electrification business. The key will be to provide professional and efficient overhead line electrification packages and to continue to enlarge the scale of services. The directors do not foresee that the effect of the current Covid-19 pandemic and any possible resultant recession will materially affect these future developments as contracts and processes are already in place.

Approved by the Board of Directors and signed on its behalf by:

Guenter Kielmayer
Director

25th May 2021

Directors' report

The directors present their annual report on the affairs of SPL Powerlines UK Limited, together with the audited financial statements, for the year ended 31 December 2020.

Dividends

Dividend (distribution of earnings to affiliated company) paid in the period £3.5m, (2019/20: £4.7m). All declared dividends have been paid as at 31 December 2020.

Going concern

The directors have prepared forecasts covering a period of at least 12 months from the date of this report which have taken account of possible changes in trading performance and determined that the company should be able to operate within its existing cash resources and cash flows from future trading activities.

The impact and risk from COVID 19 have been assessed separately based on the experience over the past year. The management has considered the current and potential future impact of the pandemic on the company's customers, supply chain and staff. As SPL Powerlines UK Ltd is operating in the transport sector, all activities fall under the criteria of essential work and a significant number of staff are designated as keyworkers, this has meant that disruption due to the pandemic has been minimised.

Since the start of the pandemic the company has continued to operate and trade just with a minimal impact. Relevant policies have been put in place to protect and support the business and the safety of its employees. Appropriate PPE (Protective Personal Equipment) has been sourced before the outbreak of the pandemic and is held in stock in sufficient quantities.

Based on this, and after making enquiries, the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In addition, Powerlines Group GmbH, the parent company, has confirmed that it will continue to provide financial support to the company to enable it to meet its liabilities as they fall due for a period extending to at least twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Future developments

SPL Powerlines UK Ltd. continues to deliver projects and services as described in the Strategic Report on pages 2 - 4 and will proceed with managing the risk around COVID 19 as described in the going concern closely. Further details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on pages 2 - 4 and form part of this report by cross-reference.

Financial risk management objectives and policies

Details of financial risk management objectives and policies can be found in the Strategic Report on pages 2 - 4 and form part of this report by cross-reference.

Company Policy

Disabled persons

The company are aware of and committed to the Equality Act 2010 in relation to the employment of disabled persons. Where we employ disabled persons, they are treated in the same manner as all other employees and subject to the same training, career development and promotion opportunities as and where appropriate to their individual disability and the company scope of operations.

Employee Updates

SPL Powerlines UK Ltd. have arrangements in place to communicate and consult with employees as and when required. During the last year we held management forums that advised our top 40 managers of the direction of the company, areas of both good and improvement required performance and sought to address concerns. The top 40 managers in turn cascaded this information to their respective teams. In addition to this we have a communications

Directors' report

process for various functions within the business, such as Safety and Human Resources. The company also issue an SPL Newsletter to all employees on a quarterly basis.

The directors who served throughout the year and to the date of this report are as follows:

Martin William Hawley
Guenter Kielmayer

Subsequent Events

At the date of signing the accounts, there remains some uncertainty over the effect of the Covid-19 pandemic on the wider economy and the rail industry. There has been a minimal effect on the results for the period ended 31 December 2020 and management do not foresee this will materially affect results going forward.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by:

Guenter Kielmayer
Director
25th May 21

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of SPL Powerlines UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of SPL Powerlines UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 22

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Independent auditor's report to the members of SPL Powerlines UK Limited

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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

Independent auditor's report to the members of SPL Powerlines UK Limited

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Companies Act 2006, FRS 102; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Independent auditor's report to the members of SPL Powerlines UK Limited

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.

Paul Hazelton CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom 25th May 2021

SPL Powerlines UK Limited

Profit and loss account

For the period ended 31 December 2020

	Note	9 month to 31 December 2020 £	12 month to 31 March 2020 £
Turnover	3	77,685,425	157,276,201
Cost of sales		(58,855,731)	(120,548,835)
Gross profit		18,829,694	36,727,366
Administrative expenses		(18,250,716)	(31,012,958)
Other operating income	4	319,088	-
Operating profit		898,066	5,714,408
Gain on disposal of fixed assets	6	167	25,099
Write-off of financial assets	12	-	(1,481,075)
Interest payable and similar charges	5	8,337	42,252
Profit before taxation	6	906,570	4,300,684
Tax on profit	9	(20,510)	(1,100,452)
Profit for the period		886,060	3,200,232

The results for the current period and prior year relate wholly to continuing activities.

The notes on pages 16 to 28 form an integral part of these financial statements.

There have been no items of other comprehensive income attributable to the shareholders other than the profit for the current and prior year as presented in the profit and loss account above and therefore no separate statement of comprehensive income has been presented.

SPL Powerlines UK Limited

Balance sheet
As at 31 December 2020

	Notes	31 December 2020 £	31 March 2020 £
Fixed assets			
Investments	12	-	-
Intangible assets	10	106,436	237,143
Tangible assets	11	855,538	749,893
		961,974	987,036
Current assets			
Stocks	13	5,812,827	12,259,694
Debtors	14	4,044,088	4,845,584
Cash at bank and in hand		12,345,176	12,204,653
		22,202,091	29,309,931
Creditors: amounts falling due within one year	15	(20,065,157)	(24,584,119)
Provision for liabilities – claims and warranties	16	(62,367)	(62,367)
Net current assets		2,074,567	4,663,445
Total assets less current liabilities		3,036,541	5,650,481
Net assets		3,036,541	5,650,481
Capital and reserves			
Called-up share capital	18	60,000	60,000
Capital reserve		1,233,108	1,233,108
Profit and loss account		1,743,433	4,357,373
Shareholder's funds		3,036,541	5,650,481

The notes on pages 16 to 28 form an integral part of these financial statements.

The financial statements of SPL Powerlines UK Limited (registered number SC202412) were approved by the board of directors and authorised for issue on 25th May 2021. They were signed on its behalf by:

Guenter Kielmayer
Director

Statement of changes in equity
For the period ended 31 December 2020

	Called-up share capital £	Capital reserve £	Profit and loss account £	Total £
At 1 April 2019	60,000	1,233,108	5,816,095	7,109,203
Profit for the financial year and other comprehensive income	-	-	3,200,232	3,200,232
Dividend (note 19)	-	-	(4,658,954)	(4,658,954)
At 31 March 2020	60,000	1,233,108	4,357,373	5,650,481
At 1 April 2020	60,000	1,233,108	4,357,373	5,650,481
Profit for the financial period and other comprehensive income	-	-	886,060	886,060
Dividend (note 19)	-	-	(3,500,000)	(3,500,000)
At 31 December 2020	60,000	1,233,108	1,743,433	3,036,541

Notes to the financial statements
For the period ended 31 December 2020

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and in the preceding year.

a. General information and basis of accounting

SPL Powerlines UK Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The company is a private Company limited by shares and is registered in Scotland. The address of the registered office is given on page 1. .

The financial statements have been prepared under the historical cost convention and in accordance with FRS102 (Financial Reporting Standard 102) issued by the Financial Reporting Council.

The functional currency of SPL Powerlines UK Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

SPL Powerlines UK Ltd is a wholly owned subsidiary of another company, Powerlines Group GmbH which prepares group financial statements. SPL Powerlines UK Ltd meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements as a standalone entity. Exemptions have been taken in relation to the presentation of a cash flow statement, financial instruments, intra-group transactions and remuneration of key management personnel.

b. Going concern

The directors have prepared forecasts covering a period of at least 12 months from the date of this report which have taken account of possible changes in trading performance and determined that the company should be able to operate within its existing cash resources and cash flows from future trading activities.

The impact and risk from COVID 19 have been assessed separately based on the experience from the last months. The management has considered the current and potential future impact of the pandemic on the company's customers, supply chain and staff. As SPL is operating in the transport sector, all activities fall under the criteria of essential work and a large number of staff are designated as keyworkers, this has meant that disruption due to the pandemic has been minimised.

Since the start of the pandemic the company has continued to operate and trade just with a minimal impact. Relevant policies have been put in place to protect and support the business and the safety of its employees. Appropriate PPE (Protective Personal Equipment) has been sourced before the outbreak of the pandemic and is held in stock at sufficient quantities.

Based on this, and after making enquiries, the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In addition, Powerlines Group GmbH, the parent company, has confirmed that it will continue to provide financial support to the company to enable it to meet its liabilities as they fall due for a period extending to at least twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

c. Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Amortisation is provided at rates calculated to write off the cost of the asset over its expected useful life, as follows:

Data processing programmes	3 years straight-line

Notes to the financial statements (continued)
For the period ended 31 December 2020

1. Accounting policies (continued)

d. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold land and buildings	4 – 5 years straight-line
Plant and machinery	2 – 5 years straight-line
Fixtures and fittings	3 – 6 years straight-line
Motor vehicles	1 – 2 years straight-line

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated cost of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

e. Investments

Fixed asset and current asset investments are stated at cost, net any provision for impairment.

f. Financial assets and liabilities

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

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

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

1. Accounting policies (continued)

f. Financial assets and liabilities

Equity instruments

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Stocks

Stocks and work in progress are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost is calculated using the latest known value. Provisions are made for obsolete, slow-moving or defective items where appropriate.

There is no material difference between the balance sheet value of stocks and their replacement cost.

g. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

h. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet 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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Where the amount attributed for tax purposes to assets (other than goodwill) and liabilities that are acquired in a business combination differs from their fair value, deferred tax is recognised to reflect the future tax consequences with a corresponding adjustment to goodwill.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

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

Notes to the financial statements (continued)

For the period ended 31 December 2020

1. **Accounting policies (continued)**

i. **Turnover**

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

j. **Construction contracts**

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. Amounts recoverable on contracts, which are included within debtors, represent the value of work done to date on certain contracts less amounts received as progress payments on account. Provision is made for anticipated future losses on existing contracts as soon as the loss is determined.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

k. **Employee benefits – pension costs**

The company operates a money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the profit and loss in the period to which they relate. These contributions are invested separately from the company's assets.

l. **Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

m. **Leases**

The Company as lessee

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

n. **Government grants**

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Notes to the financial statements (continued)
For the period ended 31 December 2020

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

In making its judgement, management consider the detailed criteria for the recognition of revenue. The revenue shown in the financial statements is based on: (1) construction contracts, where certifications are agreed between both contract parties; and, (2) rendering of labour and plant services, for which revenue is based upon agreed rates and countersigned applications.

Key sources of estimation uncertainty

In the view of the directors, there are no key sources of estimation uncertainty which affect the company's financial statements.

3. Turnover

An analysis of the Company's turnover by class of business is set out below.

	9 months to 31 December 2020 £	12 months to 31 March 2020 £
Turnover:		
Business class: Construction contracts	71,903,546	149,058,762
Business class: Rendering labour and plant services	5,781,879	8,217,439
	77,685,425	157,276,201

An analysis of the Company's turnover by geographical market is set out below.

	9 months to 31 December 2020 £	12 months to 31 March 2020 £
Turnover:		
Geographical market: UK	77,685,425	157,080,702
Geographical market: EU	-	195,499
	77,685,425	157,276,201

Notes to the financial statements (continued)
For the period ended 31 December 2020

4. Other Operating Income

	9 months to 31 December 2020 £	12 months to 31 March 2020 £
UK Government furlough payments received	319,088	-

5. Interest payable and similar charges

	9 months to 31 December 2020 £	12 months to 31 March 2020 £
Intercompany Liabilities	(8,337)	(42,252)

6. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	9 months to 31 December 2020 £	12 months to 31 March 2020 £
Depreciation of intangible assets (note 9)	141,807	189,077
Depreciation of tangible fixed assets (note 10)	251,394	339,292
Operating lease rentals	660,189	804,910
Foreign exchange loss/gain	(10,068)	107,566
Gain on disposal of fixed assets	(167)	(24,999)

The analysis of the auditor's remuneration is as follows:

Fees payable to the company's auditor for the audit of the company's annual financial statements	64,000	64,000
Non-audit fees	-	-

Notes to the financial statements (continued)
For the period ended 31 December 2020

7. Staff numbers and costs

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

	9 months to 31 December 2020 Number	12 months to 31 March 2020 Number
Operations	104	128
Administration	153	152
	257	280

Their aggregate remuneration comprised:

	£	£
Wages and salaries	9,663,208	14,667,316
Social security costs	1,127,331	1,881,627
Other pension costs	385,737	545,485
	11,176,276	17,094,428

8. Directors' remuneration and transactions

	9 months to 31 December 2020 £	12 months to 31 March 2020 £
Directors' remuneration		
Emoluments	297,425	364,263
Company contributions to money purchase pension schemes	8,863	11,818
	306,288	376,081
	Number	**Number**
The number of directors who:		
Are members of a money purchase pension scheme	1	1
	£	**£**
Remuneration of the highest paid director:		
Emoluments	177,425	215,794

9. Tax on profit

The tax charge comprises:

	9 months to 31 December 2020 £	12 months to 31 March 2020 £
Current tax on profit		
UK corporation tax	195,229	1,100,481
Adjustments in respect of prior years		
UK corporation tax	(174,719)	(29)
Total current tax	20,510	1,100,452
Deferred tax		
Origination and reversal of timing differences	-	-
Effect of tax rate change on opening	-	-
Total tax on profit	20,510	1,100,452

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	£	£
Profit before tax	906,570	4,300,684
Tax on profit at standard UK corporation tax rate of 19 % (31 March 2020: 19%)	172,248	817,130
Effects of:		
- Expenses not deductible for tax purposes	1,801	304,379
-Adjustments to tax charge in respect of previous years	(135,036)	(1,501)
- Other	(18,503)	(19,556)
Total tax charge for period/year	20,510	1,100,452

For the year ended 31 March 2020 the UK rate of 19% is applied.

Further reductions to the UK Corporation tax rates were substantively enacted as part of the Finance No. 2 Bill 2015 on 26 October 2015. These reduce the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. In the Budget 2016, it was announced that the UK Corporation tax rate will reduce further, to 17% from 1 April 2020 and this was substantively enacted in September 2016. This further reduction was then cancelled in the budget March 2020, meaning the rate will remain at 19%.

The UK government announced in the 2021 March budget, an increase in the standard rate of corporation tax from 19% to 25% effective from 1 April 2023. There is no deferred tax re-measurement as the balance sheet date is before the substantive enactment of the budget in March 2021 and is not expected to have a material effect.

10. Intangible fixed assets

	Software £
Cost	
At 1 April 2020	567,230
Additions	11,100
Disposals	-
At 31 December 2020	578,330
Amortisation	
At 1 April 2020	330,087
Charge for the period	141,807
Disposals	-
At 31 December 2020	471,894
Net book value	
At 31 December 2020	106,436
At 31 March 2020	237,143

11. Tangible fixed assets

	Leasehold buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 April 2020	147,919	924,391	408,780	6,505	1,487,595
Additions	-	312,459	44,579	-	357,038
Disposals	-	-	(4,696)	(6,505)	(11,201)
At 31 December 2020	147,919	1,236,850	448,663	-	1,833,432
Depreciation					
At 1 April 2020	139,477	369,501	222,226	6,498	737,702
Charge for the period	8,442	155,003	87,942	7	251,394
Disposals	-	-	(4,697)	(6,505)	(11,202)
At 31 December 2020	147,919	524,504	305,471	-	977,894
Net book value					
At 31 December 2020	-	712,346	143,192	-	855,538
At 31 March 2020	8,442	554,890	186,554	7	749,893

All leasehold buildings are short term.

Notes to the financial statements (continued)
For the period ended 31 December 2020

12. Investments

	£
Cost	
At 1 April 2020 & 31 December 2020	-

The 100% owned subsidiary Carillion Powerlines Ltd was put into Members Voluntary Liquidation during the financial year ended 31 March 2020. This investment was written off by the company within that reporting period.

13. Stocks

	31 December 2020 £	31 March 2020 £
Raw materials and consumables	185,843	177,235
Work in progress	5,626,984	12,082,459
	5,812,827	12,259,694

14. Debtors

	31 December 2020 £	31 March 2020 £
Amounts falling due within one year:		
Trade debtors	659,577	182,251
Gross amount due from customers for contract work	-	168,750
Amounts owed by parent company	1,628,666	1,170,005
Amounts owed by affiliated companies	149,923	2,208,365
Other debtors	321,920	293,387
Corporation tax receivable	804,490	-
Prepayments and accrued income	479,512	822,826
	4,044,088	4,845,584

Amounts due to group undertakings are unsecured, repayable on demand and interest bearing attracting a commercial rate of interest of 0.5050%.

15. Creditors – amounts falling due within one year

	31 December 2020 £	31 March 2020 £
Trade Creditors	3,755,185	4,500,211
Amounts owed to affiliated companies	30,303	20,546
Corporation tax	-	456,481
Other taxation and social security	913,742	1,338,984
Other creditors	1,413,716	1,851,371
Accruals and deferred income	13,952,211	16,416,526
	20,065,157	24,584,119

Amounts due to group undertakings are unsecured, repayable on demand and interest bearing attracting a commercial rate of interest of 0.5050%.

16. Provision for liabilities

	31 December 2020 £	31 March 2020 £
Opening balance at 1 April	62,367	67,500
Provision for warranty	-	-
Warranty costs	-	(5,133)
Closing balance at 31 March	62,367	62,367

Provision for possible warranty costs in conjunction with installation of overhead line works and resolution within 10 months.

17. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	31 December 2020		31 March 2020	
	Land and buildings £	Other £	Land and buildings £	Other £
within one year	409,866	455,126	275,375	340,696
between one and five years	551,183	348,224	952,771	716,118
due after five years	-	-	-	-
	961,049	803,350	1,228,146	1,056,814

Notes to the financial statements (continued)
For the period ended 31 December 2020

18. Called-up share capital and reserves

	31 December 2020 £	31 March 2020 £
Allotted, called-up and fully-paid		
60,000 (2019: 60,000) ordinary shares of £1 each	60,000	60,000

Capital reserve relates to funding previously received from Border Rail Training Limited and Rail Access Platforms Limited which is now a permanent capital contribution.

The Company's other reserves are as follows:

Retained earnings represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

19. Dividend

	31 December 2020 £	31 March 2020 £
Final dividend for the period ended 31 December 2020 of 5,833p (31 March 2020: 7,765p) per ordinary share	3,500,000	4,658,954

A resolution was made to distribute earnings to the relevant holding company SPL Powerlines UK Holding Ltd for the year £4,658,954 (2019: £5m)

20. Subsequent Events

At the date of signing the accounts, there remains some uncertainty over the effect of the Covid-19 pandemic on the wider economy and the rail industry. There has been a minimal effect on the results for the period ended 31st December 2020 and management do not foresee this will materially affect results going forward.

21. Transactions with related parties

Transactions with entities in which the Powerlines Group GmbH of companies has 100% of the voting rights are not disclosed as permitted by Section 33.1A of FRS 102.

In addition, advantage has been taken under Section 1.12 of FRS 102 from disclosing total remuneration of key management personnel, as the Company is a wholly owned subsidiary.

During the 9 month reporting period, the company purchased goods in the ordinary course of business from Black Diamond Security Limited at a cost of £14,942 (year to 31.03.2020: £90,861). At year end £5,856 was owed to Black Diamond Security Limited (31.03.20: £20,856). Martin Hawley is a director of both SPL Powerlines UK Ltd and Black Diamond Security Limited.

During the 9 month reporting period, the company purchased goods in the ordinary course of business from MKH Marketing Limited at a cost of £100,807 (year to 31.03.2020: £155,291). At year end £11,201 was owed to MKH Marketing Limited (31.03.20: £12,237). Martin Hawley is a director of both SPL Powerlines UK Ltd and MKH Marketing Limited.

Notes to the financial statements (continued)
For the period ended 31 December 2020

22. Ultimate controlling party

The immediate parent undertaking of the company is SPL Powerlines UK Holding Limited, which is a company registered in Scotland.

The ultimate parent company is Engie SA, a company incorporated in France which is the parent company of the smallest and largest group into which these financial statements are consolidated. Copies of the financial statements of Engie SA can be obtained from its registered office at Tour T1, 1 place Samuel de Champlain, Faubourg de l'Arche, 92930 Paris La Defense cedex, France.

Company Registration No. SC202412

SPL Powerlines UK Limited

Annual report and financial statements

for the year ended 31 December 2022

SPL Powerlines UK Limited

Annual report and financial statements for the year ended 31 December 2022

Contents

SPL Powerlines UK Limited

Annual report and financial statements for the year ended 31 December 2022

Officers and professional advisers

Directors

Martin William Hawley
Guenter Kielmayer

Company Secretary

Guenter Kielmayer

Registered Office

7 Kirkshaws Road
Coatbridge
North Lanarkshire
ML5 5EY

Bankers

Bank of Scotland
167-201 Argyle Street
Glasgow
G2 8BU

Legal Advisers

Pinsent Masons LLP
1 Park Row
Leeds
LS1 5AB

Statutory auditor

Deloitte LLP
110 Queen Street
Glasgow
United Kingdom
G1 3BX

SPL Powerlines UK Limited

Strategic report

Review of the business

Principal activities

The principal activity and core business of the company continues to deliver services for OLE (Overhead Line Electrification) and P&D (Power and Distribution) in rail. These services include design, survey, planning, installation, testing and commissioning, project management and the provision of plant and relevant labour.

SPL Powerlines UK Limited is a wholly owned subsidiary of SPL Powerlines UK Holding Limited, the ultimate parent is Bouygues SA – a French based multinational company, which operates in the construction industry. Bouygues completed the acquisition of Equans group from Engie SA on 4th October 2022 – SPL Powerlines UK Holding Limited is a part of Powerlines Group and in turn Powerlines Group is part of Equans (Transport Group).

Results, business review and future prospects

Profit and turnover represent the two KPIs for the business. After a moderately profitable 2021 the company had a very successful year and reported a profit of £4,032,482 (2021: £1,574,099) and net assets of £8,643,122 as at December 2022 (2021: £4,610,640). Reported turnover for the year of £134,724,913 (2021: £97,449,700) showed an increase of £37.3m or 38% due to increased volume, as the Midland Mainline Electrification project moved into the next significant period of construction during 2022 and there was a similar increase in construction activity on significant electrification projects in Scotland. The increased volume produced an additional £8.1m gross profit compared to prior year, with an increase in administrative expenses in the year of £4.7m, resulting in a overall increase in profit before tax year on year of £3,251,430. Net assets have increased in line with profitability and there has been significant investment in large items of plant for the increased volume.

SPL Powerlines UK Limited continued to provide services (maintenance and isolation services) and smaller projects. The main income stream, as in previous years, related to delivery of projects under the NEP Framework agreement (NEP) for Network Rail. Throughout 2022, SPL Powerlines UK Limited has continued to deliver projects across Scotland and England on time and on budget under the framework by obtaining a high safety standard.

The sales figure is very much influenced by the delivery of the Midland Mainline Electrification project KO1A (Key Output 1A) plus some major rail electrification projects in Scotland such as the Rolling Programme for Power and Distribution. The KO1A project moved into the implementation phase during 2022 and significant new schemes in Scotland have been awarded.

SPL Powerlines UK Limited continues to hold the position as a major supplier of services to the UK Overhead Line Electrification Market. This will define and support the prosperity of SPL Powerlines UK Limited going forward and provides the base for a very positive development in the years to come.

In the last year the company continued with the strategic aim to establish an organisation capable of delivering large projects for Network Rail and also for multidisciplinary construction partners in the railway industry. The directors believe that, based on the established relationships with leading partners in the industry and the growth of works on the NEP (National Electrification Programme) in the Midlands and Scotland over the coming years, the company has a solid platform for future growth and will further extend their activities in the railway industry by offering new services (design and surveying services).

Whilst delivering works directly to Network Rail as a Tier 1 contractor, the company will continue to deliver subcontract work throughout the UK for multidisciplinary construction companies as a Second-Tier contractor.

Financial risk management objectives and policies

The company's principal risks and uncertainties relate to securing contracts and recruiting highly qualified staff to deliver projects within the agreed timeframe and to specification at the agreed cost. However, the directors feel the portfolio of long term and short term contracts currently in place, together with known opportunities in the coming year, minimises this risk whilst the company's key competence is project management and the passion for delivery.

The company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk.

Strategic report

Cash flow risk

The company has substantial cash reserves and has generated a significant positive cash flow in the year. The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The company monitors fluctuations and reflects relevant changes in its forecast and minimises the risk by paying foreign trade invoices 30-60 days after receipt. Services purchased from Europe were managed closely and exchange rate difference amounted to a gain of £120,436 which was not a material amount.

Credit risk

The company's principal financial assets are bank balances, trade debtors and amounts due from customers for contract work. The company's credit risk is primarily attributable to its trade debtors and due from customers for contract work. The amounts presented in the balance sheet are net of provisions for doubtful debtors. A provision for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Liquidity risk

The company is in a standalone net asset position (including amounts owed by the parent) and has been profitable for a number of years.

Section 172 (1) statement

The board of directors of SPL Powerlines UK Limited consider that they have acted in good faith to promote the success of the company for the benefit of its members as a whole, having regard for the interests of the Company's employees and other stakeholders. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions.

SPL Powerlines UK Limited is a wholly owned subsidiary of SPL Powerlines UK Holding Limited, the ultimate parent is Bouygues SA – a French based multinational company, which operates in the construction industry. The Group structure gives delegated authority to the directors of SPL Powerlines UK Limited up to defined levels of cost and impact which allows for the needs of local stakeholders to be considered in any decision making. The business culture, including the stated vision and values, underpin this delegation to ensure the wider impact is considered in all decisions. The elements of the vision are detailed below:

- To be the Contractor of choice for Network Rail as we deliver our projects safely, on time and on budget
- To be the employer of choice – to attract and retain key personnel from the whole industry across the UK
- To be the Flagship trading company of Powerlines Group

The company values are hugely important at all levels within the organisation in terms of creating a sound culture and the correct behaviours which will help us grow the business and sustain the futures of all employees:

- Health & Safety – Home Safe Every Day
- A Passion for Delivery – On Time, On Budget, Every time
- Respect – Mutual respect for Everyone
- Integrity – An Honest, Fair and Open culture
- Accountability – We keep our Promises and are a Reliable partner
- To Positively embrace Diversity & inclusion
- A Triangle of Trust between our Customers / Employees & Investors

Details of the Company's key stakeholders and how the Company engages with them are set out below.

Strategic report

Section 172 (1) statement (contd.)

Shareholders
As a wholly owned subsidiary of Bouygues SA, the sole shareholder is consulted and involved in all key decisions based on relevant governance and policies. The main communication and engagement is held via the head office, Powerlines Group GmbH based in Austria. SPL Powerlines UK Limited is a part of the Powerlines Group which is part of the Bouygues Group.

Customers and suppliers
On an ongoing basis, the directors foster business relationships with suppliers and customers and consider this key to the future success of the business. To understand their needs and requirements, the directors maintain a close communication and relationship with the key customer Network Rail. Rail Electrification is an integral and main instrument in the strategy of the governments for England and Scotland to reduce carbon emissions within the UK. The Company holds frameworks for the National Electrification Program for East Midlands and Scotland. Through the works carried out via these frameworks, the Company is instrumental for Network Rail to achieve the relevant targets in the decarbonisation program for the UK.

Suppliers are carefully selected to protect the Company's reputation and integrity. A fair and objective supplier evaluation process is carried out before any business relationship is entered into with them. They need to meet compliance and ethical standards. The key areas of this evaluation process are:

- Compliance with all applicable laws, regulations and ethical standards
- Safety is paramount. Unsafe working practice are not tolerated.
- Environmental standards
- Highest product and service quality is a basic requirement as the Company works in safety critical areas.

Government and regulators
As the Company is operating in the railway electrification industry, Health & Safety and the welfare of employees is a key priority for SPL Powerlines UK Limited. The Board of Directors are regularly updated on legal and regulatory developments and takes these into account when considering future actions.

Employees
Highly trained and motivated employees are the key to the Company's prosperity and success. The Directors communicate on a regular basis with members of staff about safety, economics and relevant news within the company or Group. Consultation is carried out with our employees on different levels as and when required and appropriate. During the last year management forums were held that advised the top 40 managers of the strategy and the development of the company. A part of these forums was to update on performance, business outlook and relevant incidents. A question and answer section gave the team the opportunity to feed-back and addressing areas of concern. The top 40 managers in turn cascaded this information to their respective team. The Safety of staff is the Company's top target. "Home Safe Every Day" is the credo of SPL Powerlines UK Limited.

Environment

The company takes pride in supporting the ambitions of England and Scotland governments to reduce carbonisation as soon as possible to reduce the greenhouse effect. SPL Powerlines UK Limited works closely with Network Rail to progress the different schemes to ensure that the targets of decarbonisation are met as intended. Any impact on the environment and local community is considered as part of any key decision-making process. Compliance with relevant laws, rules and regulation goes without saying. Furthermore, the company has invested in solar powered lightning towers and has and will continue to increase the share of electric and hybrid vehicles amongst its fleet. Deploying more hybrid basket machines will contribute positively to the reduction of the carbon footprint.

Strategic report

The annual quantity of emissions of carbon dioxide (Co2) equivalent resulting from the companies activities are:

	2022 Tonnes	*2022 kWh*	*2021 Tonnes*	*2021 kWh*
Co2 emissions from combustion of gas	**45.2**	**247,374**	**46.0**	**251,187**
Co2 emissions from combustion of fuel for transport purposes	**960**	**4,117,515**	**1,421**	**6,200,908**
Co2 emissions from electricity purchased for own use	**89.8**	**464,163**	**81.4**	**383,343**
Emissions from business travel in rental cars or employee - owned vehicles where company is responsible for purchasing the fuel	**10.7**	**41,106**	**2.3**	**8,712**
Total gross CO_2e based on above	**1,106**	**4,870,158**	**1,551**	**6,844,150**
Intensity Ratio (total kWh to sales)		**0.04**		**0.09**

Methodology for determining emission values

The carbon accounting and reporting approach used follows the Energy Saving Opportunities Scheme (ESOS) framework. All emission sources have been calculated using the emission factors recommended by DEFRA: https://www.gov.uk/guidance/measuring-and-reporting-environmental-impacts-guidance-for-businesses

The intensity ratio has been calculated as kgCo2emissions/revenue

Steps take to increase the company's energy efficiency

In the period covered by the report the Company has installed vehicle charging points across a number of sites, replaced diesel and petrol vehicles with hybrid vehicles, which is expected to result in an 200,000 kWh saving in energy consumption over the next 3 years. Furthermore, the Company has changed diesel generated lighting towers with solar powered lighting towers on site, aiming to reduce the carbon footprint even further. The aim is to reduce the Co2 emissions in tonnes by 50% by 2030.

Future developments

The directors expect to maintain the high activity levels experienced during 2022 to continue for the next few years, due to the ongoing delivery of the Midland Mainline projects but also from developing new electrification projects together with Network Rail in Scotland and the whole of UK.

This is a result of the continuation of the National Electrification Programme in Scotland and Midland Mainline, as well as from maintaining strong relationships in the rail industry. The company also seeks to take advantage of the increasing railway electrification market in the UK supported by the ambitions of UK and Scotland governments to reduce carbonisation as soon as possible to reduce the greenhouse effect.

SPL Powerlines UK Limited works closely with Network Rail to progress the different schemes to ensure that the targets of decarbonisation are met as intended even the government faces increasingly pressure on their budget expenditures.

The company has a proven record in delivering large scale railway electrification schemes on time and on budget and is a key player in the UK's railway electrification business. The key will be to provide professional and efficient overhead line electrification packages and to continue to enlarge the scale of services.

SPL Powerlines UK Limited

Strategic report

Approved by the Board of Directors and signed on its behalf by:

Guenter Kielmayer
Director

19 April 2023

SPL Powerlines UK Limited

Directors' report

The directors present their annual report on the affairs of SPL Powerlines UK Limited, together with the audited financial statements, for the year ended 31 December 2022.

Dividends

No dividend (distribution of earnings to affiliated company) was paid in the period, (2021: nil).

Going concern

The directors have prepared forecasts covering a period of at least 12 months from the date of this report which have taken account of possible changes in trading performance and determined that the company would be able to operate within its existing cash resources and cash flows from future trading activities.

Based on this, and after making enquiries, the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the 12 months from the date of signing of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Future developments

SPL Powerlines UK Limited continues to deliver projects and services as described in the Strategic Report on pages 2 - 6. Further details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on pages 2 - 6 and form part of this report by cross-reference.

Financial risk management objectives and policies

Details of financial risk management objectives and policies can be found in the Strategic Report on pages 2 - 6 and form part of this report by cross-reference.

Company Policy

Disabled persons

The company are aware of and committed to the Equality Act 2010 in relation to the employment of disabled persons. Where disabled persons are employed, they are treated in the same manner as all other employees and subject to the same training, career development and promotion opportunities as and where appropriate to their individual disability and the company scope of operations.

Employee Updates

SPL Powerlines UK Limited have arrangements in place to communicate and consult with employees as and when required. During the last year management forums were held that advised the top 40 managers of the direction of the company, areas of both good and improvement required performance and sought to address concerns. The top 40 managers in turn cascaded this information to their respective teams. In addition to this there is a communications process for various functions within the business, such as Safety and Human Resources. The company also issue an SPL Powerlines UK Limited Newsletter "Trending" to all employees on a quarterly basis.

The directors who served throughout the year and to the date of this report are as follows:

Martin William Hawley
Guenter Kielmayer

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

Directors' report

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by:

Guenter Kielmayer

Director

19 April 2023

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

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

Independent auditor's report to the members of SPL Powerlines UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of SPL Powerlines UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 19

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Independent auditor's report to the members of SPL Powerlines UK Limited

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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those which are specific to the business sector.

Independent auditor's report to the members of SPL Powerlines UK Limited

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Companies Act 2006, tax legislation, FRS 102; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address it are described below:

- There is significant judgement involved with the valuation of contract WIP, particularly around recoverability of the amount held on the balance sheet. To address this risk we performed a review of key contracts and traced a sample of contracts included within WIP to post year-end certification and payment.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Independent auditor's report to the members of SPL Powerlines UK Limited

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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.

P Hazelton

Paul Hazelton CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom 19 April 2023

SPL Powerlines UK Limited

Profit and loss account
For the year ended 31 December 2022

	Note	2022 £	2021 £
Turnover	3	134,724,913	97,449,700
Cost of sales		(102,263,613)	(73,054,622)
Gross profit		32,461,300	24,395,078
Administrative expenses		(27,765,082)	(23,025,196)
Other operating income	4	1,227	222,339
Operating profit		4,697,445	1,592,221
Other interest and similar income	5	144,371	2,598
Interest payable and similar charges	5	-	(4,433)
Other income (expense)		144,371	(1,835)
Profit before taxation	6	4,841,816	1,590,386
Tax on profit	9	(809,334)	(16,287)
Profit for the year		4,032,482	1,574,099

The results for the current year and prior year relate wholly to continuing activities.

The notes on pages 17 to 28 form an integral part of these financial statements.

There have been no items of other comprehensive income attributable to the shareholders other than the profit for the current year and prior period as presented in the profit and loss account above and therefore no separate statement of comprehensive income has been presented.

SPL Powerlines UK Limited

Balance sheet
As at 31 December 2022

	Notes	31 December 2022 £	31 December 2021 £
Fixed assets			
Intangible assets	10	6	19,999
Tangible assets	11	3,836,919	1,936,925
		3,836,925	1,956,924
Current assets			
Stocks	12	6,286,746	7,575,794
Debtors	13	13,517,653	5,490,722
Cash at bank and in hand		27,996,388	25,960,556
		47,800,787	39,027,072
Creditors: amounts falling due within one year	14	(35,516,598)	(35,442,256)
Net current assets		12,284,189	3,584,816
Total assets less current liabilities		16,121,114	5,541,740
Provision for liabilities	15	(7,477,992)	(931,100)
Net assets		8,643,122	4,610,640
Capital and reserves			
Called-up share capital	17	60,000	60,000
Capital reserve		1,233,108	1,233,108
Profit and loss account		7,350,014	3,317,532
Shareholder's funds		8,643,122	4,610,640

The notes on pages 17 to 28 form an integral part of these financial statements.

The financial statements of SPL Powerlines UK Limited (registered number SC202412) were approved by the board of directors and authorised for issue on 19 April 2023. They were signed on its behalf by:

Guenter Kielmayer
Director

Statement of changes in equity
For the year ended 31 December 2022

	Called-up share capital £	Capital reserve £	Profit and loss account £	Total £
At 1 January 2021	60,000	1,233,108	1,743,433	3,036,541
Profit for the financial year and other comprehensive income	-	-	1,574,099	1,574,099
At 31 December 2021	60,000	1,233,108	3,317,532	4,610,640
At 1 January 2022	60,000	1,233,108	3,317,532	4,610,640
Profit for the financial period and other comprehensive income	-	-	4,032,482	4,032,482
At 31 December 2022	60,000	1,233,108	7,350,014	8,643,122

Notes to the financial statements
For the year ended 31 December 2022

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and in the preceding year.

a. General information and basis of accounting

SPL Powerlines UK Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The company is a private Company limited by shares and is registered in Scotland. The address of the registered office is given on page 1.

The financial statements have been prepared under the historical cost convention and in accordance with FRS102 (Financial Reporting Standard 102) issued by the Financial Reporting Council.

The functional currency of SPL Powerlines UK Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The presentation currency for these financial statements is pounds sterling.

SPL Powerlines UK Limited is a wholly owned subsidiary of another company, SPL Powerlines UK Holding Limited which in turn is a wholly owned subsidiary of Powerlines Group GmbH. Powerlines Group GmbH prepares group financial statements. SPL Powerlines UK Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements as a standalone entity. Exemptions have been taken in relation to the presentation of a cash flow statement, financial instruments, intra-group transactions and remuneration of key management personnel.

b. Going concern

The directors have prepared forecasts covering a period of at least 12 months from the date of this report which have taken account of possible changes in trading performance and determined that the company would be able to operate within its existing cash resources and cash flows from future trading activities.

Based on this, and after making enquiries, the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the 12 months from the date of signing of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

c. Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Amortisation is provided at rates calculated to write off the cost of the asset over its expected useful life, as follows:

Data processing programmes	1 - 3 years straight-line

Notes to the financial statements (continued)
For the year ended 31 December 2022

1. Accounting policies (continued)

d. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold land and buildings	3 – 5 years straight-line
Plant and machinery	2 – 5 years straight-line
Fixtures and fittings	1 – 7 years straight-line
Motor vehicles	3 years straight-line

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated cost of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

e. Investments

Fixed asset and current asset investments are stated at cost, net any provision for impairment.

f. Stocks

Stocks and work in progress are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost is calculated using the latest known value. Provisions are made for obsolete, slow-moving or defective items where appropriate.

There is no material difference between the balance sheet value of stocks and their replacement cost.

g. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

h. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet 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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Where the amount attributed for tax purposes to assets (other than goodwill) and liabilities that are acquired in a business combination differs from their fair value, deferred tax is recognised to reflect the future tax consequences with a corresponding adjustment to goodwill.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

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

SPL Powerlines UK Limited forms part of a corporation tax loss relief group with other subsidiaries of EQUANS SAS in the UK.

1. Accounting policies (continued)

i. Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

j. Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. Amounts recoverable on contracts, which are included within debtors, represent the value of work done to date on certain contracts less amounts received as progress payments on account. Provision is made for anticipated future losses on existing contracts as soon as the loss is determined.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

k. Employee benefits – pension costs

The company operates a money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the profit and loss in the period to which they relate. These contributions are invested separately from the company's assets.

l. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

m. Leases

The Company as lessee

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Notes to the financial statements (continued)
For the year ended 31 December 2022

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

In making its judgement, management consider the detailed criteria for the recognition of revenue. The revenue shown in the financial statements is based on: (1) construction contracts, where certifications are agreed between both contract parties; and, (2) rendering of labour and plant services, for which revenue is based upon agreed rates and countersigned applications. Margin is recognised based on project specific calculations, this includes the cost forecast and relevant risk provisions.

Key sources of estimation uncertainty

In the view of the directors, the key source of estimation uncertainty which affects the company's financial statements relates to the provision for defect liabilities. Although the likelihood of a significant claim under contractual defect liability is low, due to the size of the projects delivered this is a significant risk to the business. The directors have assessed the risk on a project-by-project basis and have made a reasonable provision in the accounts.

3. Turnover

An analysis of the Company's turnover by class of business is set out below:

	2022 £	2021 £
Turnover:		
Business class: Construction contracts	132,370,272	93,154,304
Business class: Rendering labour and plant services	2,354,641	4,295,396
	134,724,913	97,449,700

An analysis of the Company's turnover by geographical market is set out below:

	2022 £	2021 £
Turnover:		
Geographical market: UK	134,724,913	97,449,700
	134,724,913	97,449,700

Notes to the financial statements (continued)
For the year ended 31 December 2022

4. Other Operating Income

	2022 £	2021 £
UK Government furlough payments received	-	222,339
Gain on disposal of fixed assets	1,227	-

5. Interest Income / Expense

	2022 £	2021 £
Intercompany interest expenses / income	113,128	2,598
Other interest income	31,243	-
Other interest payable and similar charges	-	(4,433)

6. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	2022 £	2021 £
Depreciation of intangible assets (note 10)	19,993	107,537
Depreciation of tangible fixed assets (note 11)	845,936	535,622
Operating lease rentals	903,772	938,853
Foreign exchange loss/(gain)	120,436	114,928
Gain on disposal of fixed assets	1,227	-

The analysis of the auditor's remuneration is as follows:

	2022	2021
Fees payable to the company's auditor for the audit of the company's annual financial statements	73,000	65,000

There were no non-audit services provided by the company's auditor during the current or prior financial year.

Notes to the financial statements (continued)
For the year ended 31 December 2022

7. Staff numbers and costs

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

	2022 Number	2021 Number
Operations	94	76
Administration	195	164
	289	240

Their aggregate remuneration comprised:

	£	£
Wages and salaries	16,786,958	13,069,764
Social security costs	2,109,307	1,506,818
Other pension costs	671,400	535,296
	19,567,665	15,111,878

8. Directors' remuneration and transactions

	2022 £	2021 £
Directors' remuneration		
Emoluments	352,326	345,700
Company contributions to money purchase pension schemes	12,163	11,818
	364,489	357,518

	Number	Number
The number of directors who:		
Are members of a money purchase pension scheme	1	1

	£	£
Remuneration of the highest paid director:		
Emoluments	207,976	205,700

Notes to the financial statements (continued)
For the year ended 31 December 2022

9. Tax on profit

The tax charge comprises:

	2022 £	2021 £
Current tax on profit		
UK corporation tax	661,653	124,973
R&D expenditure credit	(162,148)	-
	499,505	124,973
Adjustments in respect of prior years		
UK corporation tax	(37,937)	(108,686)
Total current tax	461,568	16,287
Deferred tax		
Origination and reversal of timing differences	264,303	-
Effect of changes in tax rates	83,463	-
Total deferred tax	347,766	-
Total tax on profit	809,334	16,287

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	£	£
Profit before tax	4,841,816	1,590,386
Tax on profit at standard UK corporation tax rate of 19 % (31 December 2021: 19%)	919,945	302,173
Less: R&D expenditure credit	(162,148)	-
Effects of:		
-Fixed asset differences	(108,811)	(34,409)
-Expenses not deductible for tax purposes	10,149	6,207
-R&D expenditure credits	30,808	19,007
-Adjustments to tax charge in respect of previous years	(37,937)	(276,691)
-Remeasurement of deferred tax for changes in tax rates	83,463	-
-Movement in deferred tax not recognised	73,669	
-Other	196	-
Total tax charge for period/year	809,334	16,287

For the year ended 31 December 2022 the UK rate of 19% is applied. The UK government announced in the on 24 May 2021 in the Finance Bill 2021, an increase in the standard rate of corporation tax from 19% to 25% effective from 1 April 2023. There is no deferred tax re-measurement as the balance sheet date is before the substantive enactment of the budget in March 2023 and is not expected to have a material effect

Notes to the financial statements (continued)
For the year ended 31 December 2022

10. Intangible fixed assets

	Software
	£
Cost	
At 1 January 2022	599,430
Additions	-
Disposals	-
At 31 December 2021	599,430
Amortisation	
At 1 January 2022	579,431
Charge for the period	19,993
Disposals	-
At 31 December 2022	599,424
Net book value	
At 31 December 2022	6
At 31 December 2021	19,999

Notes to the financial statements (continued)
For the year ended 31 December 2022

11. Tangible fixed assets

	Leasehold buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Assets in Construction £	Total £
Cost						
At 1 January 2022	168,597	2,717,873	461,503	62,000	40,468	3,450,441
Additions	126,100	2,205,107	69,684	17,000	341,812	2,759,703
Disposals	-	-	-	(15,500)	-	(15,500)
At 31 December 2022	294,697	4,922,980	531,187	63,500	382,280	6,194,644
Depreciation						
At 1 January 2022	149,068	960,446	402,279	1,722	-	1,513,515
Charge for the period	19,502	740,093	64,822	21,519	-	845,936
Disposals	-	-	-	(1,726)	-	(1,726)
At 31 December 2022	168,570	1,700,539	467,101	21,515	-	2,357,725
Net book value						
At 31 December 2022	126,127	3,222,441	64,086	41,985	382,280	3,836,919
At 31 December 2021	19,529	1,757,427	59,224	60,278	40,468	1,936,925

All leasehold buildings are short term.

Notes to the financial statements (continued)
For the year ended 31 December 2022

12. Stocks

	2022 £	2021 £
Raw materials and consumables	10,121	100,363
Work in progress	6,276,625	7,475,431
	6,286,746	7,575,794

13. Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	1,772,185	3,137,618
Amounts owed by parent company	10,021,896	-
Amounts owed by affiliated companies	246,076	34,845
Other debtors	54,105	298,683
Corporation tax receivable	594,169	1,615,654
Prepayments and accrued income	829,222	403,922
	13,517,653	5,490,722

Amounts due from group undertakings are unsecured and repayable on demand. Amounts owed by parent company include a cash pool balance which earns interest at a rate of Sonia (floored to 0%) + 150bp. The balance in the cash pool as at 31st December 2022 is £10,000,000.

14. Creditors – amounts falling due within one year

	2022 £	2021 £
Trade Creditors	1,914,721	3,075,306
Amounts owed to affiliated companies	1,188,406	1,274,761
Other taxation and social security	1,420,174	1,131,608
Other creditors	6,320,236	3,861,484
Accruals and deferred income	24,325,295	26,099,097
Deferred taxation provision	347,766	-
	35,516,598	35,442,256

Amounts due to group undertakings are unsecured, repayable on demand and non-interest bearing until 30 days overdue when a rate of 0.237% applies.

Notes to the financial statements (continued)
For the year ended 31 December 2022

15. Provision for liabilities

Legal provision

	2022 £	2021 £
Opening balance at 1 January	831,571	62,367
Provided in year	7,259	769,204
Closing balance at 31 December	838,830	831,571

The above represents an amount provided for in relation to a specific legal claim ongoing at the balance sheet date.

Provision for defect liabilities

	2022 £	2021 £
Opening balance at 1 January	99,529	-
Provision for defect liabilities	6,539,633	99,529
Closing balance at 31 December	6,639,162	99,529

Provision for possible contractual defect liability costs in conjunction with installation of overhead line works over a period of up to 12 years.

	2022 £	2021 £
Total provision for liabilities	7,477,992	931,100

16. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2022		2021	
	Land and buildings £	Other £	Land and buildings £	Other £
within one year	309,692	246,426	408,423	351,816
between one and five years	749,375	473,683	582,655	197,789
over five years	132,624	-	221,040	-
	1,191,691	720,109	1,212,118	549,605

Notes to the financial statements (continued)
For the year ended 31 December 2022

17. Called-up share capital and reserves

	2022	2021
	£	£
Allotted, called-up and fully-paid		
60,000 (2021: 60,000) ordinary shares of £1 each	60,000	60,000

Capital reserve relates to funding previously received from Border Rail Training Limited and Rail Access Platforms Limited which is now a permanent capital contribution.

The Company's other reserves are as follows:

Retained earnings represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

18. Transactions with related parties

Transactions with entities in which the Powerlines Group GmbH of companies has 100% of the voting rights are not disclosed as permitted by Section 33.1A of FRS 102.

In addition, advantage has been taken under Section 1.12 of FRS 102 from disclosing total remuneration of key management personnel, as the Company is a wholly owned subsidiary.

During the year, the company purchased goods in the ordinary course of business from Black Diamond Security Limited at a cost of £50,480 (2021: £83,964). At year end £7,505 was owed to Black Diamond Security Limited (2021: £2,976). Martin Hawley is a director of both SPL Powerlines UK Limited and Black Diamond Security Limited.

During the year, the company purchased goods in the ordinary course of business from MKH Marketing Limited at a cost of £117,262 (2021: £113,372). At year end £12,344 was owed to MKH Marketing Limited (2021: £12,401). Martin Hawley is a director of both SPL Powerlines UK Limited and MKH Marketing Limited.

19. Ultimate controlling party

The immediate parent undertaking of the company is SPL Powerlines UK Holding Limited, which is a company registered in Scotland.

SPL Powerlines UK Holding Limited is 100% owned by Powerlines Group GmbH. The results of the company are consolidated in the financial statements of Powerlines Group GmbH which is the smallest entity consolidating the results of the company. Copies of the consolidated financial statements may be obtained from its registered office at Johann Galler Strasse 39, A-Wolkersdorf im Weinviertel, Austria.

The ultimate parent company is Bouygues SA, a company incorporated in France which is the parent company of the group into which these financial statements are consolidated. Copies of the financial statements of Bouygues SA can be obtained from its registered office at 32 Avenue Hoche Paris Cedex 08, Paris, Ile-de-France, 75378, France.

Company Registration No. SC202412

SPL Powerlines UK Limited

Annual report and financial statements

for the year ended 31 December 2023

SPL Powerlines UK Limited

Annual report and financial statements for the year ended 31 December 2023

Contents

SPL Powerlines UK Limited

Annual report and financial statements for the year ended 31 December 2023

Officers and professional advisers

Directors

Martin William Hawley
Guenter Kielmayer

Company Secretary

Guenter Kielmayer

Registered Office

7 Kirkshaws Road
Coatbridge
North Lanarkshire
ML5 5EY

Bankers

Bank of Scotland
167-201 Argyle Street
Glasgow
G2 8BU

Legal Advisers

Pinsent Masons LLP
1 Park Row
Leeds
LS1 5AB

Statutory auditor

Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle Upon Tyne
NE1 4JD

SPL Powerlines UK Limited

Strategic report

Principal activities

The principal activity and core business of the company continues to be delivery services for OLE (Overhead Line Electrification) and P&D (Power and Distribution) in rail. These services include design, survey, planning, installation, testing and commissioning, project management and the provision of plant and relevant labour.

SPL Powerlines UK Limited is a wholly owned subsidiary of SPL Powerlines UK Holding Limited, the ultimate parent is Bouygues SA – a French based multinational company, which operates in the construction industry. Bouygues completed the acquisition of Equans group from Engie SA on 4th October 2022 – SPL Powerlines UK Holding Limited is a part of Powerlines Group and in turn Powerlines Group is part of Equans (Transport Group).

Results, business review and future prospects

Profit and turnover represent the two KPIs for the business. SPL Powerlines UK Limited has had another very successful year and reported a profit of £5,800,895 (2022: £4,032,482) and net assets of £14,444,017 as at December 2023 (2022: £8,643,122). Reported turnover for the year of £168,542,516 (2022: £134,724,913) showed an increase of £33.8m or 25% due to increased volume across the whole of UK.

SPL Powerlines UK is looking back at one of its best financial years in its existence. Whilst the construction work at the Midland Mainline Electrification project continued successfully, SPL Powerlines UK delivered and successfully energised with the Glasgow to Barrhead Electrification Project the first new electrified line in Scotland since 5 years. Furthermore the company modernised Carstairs Junction, the main artery between Scotland and England, and continued to work on the Rolling Programme of Electrification, this includes the installation and commissioning of 5 new feeder stations in the central belt of Scotland.

The increased volume produced an additional £8.1m gross profit compared to prior year, with an increase in administrative expenses in the year of £6.4m, resulting in an overall increase in profit before tax year on year of £2.6m. Net assets have increased in line with profitability and there has been ongoing significant investment in large items of plant to support the increased volume of work.

The company continued to provide services (maintenance, design, surveys and isolation services) and smaller projects. The main income stream, as in previous years, related to delivery of projects under the NEP Framework agreement (NEP) for Network Rail. Throughout 2023, SPL Powerlines UK Limited has continued to deliver projects across Scotland and England on time and on budget under the framework, whilst obtaining a high safety standard.

SPL Powerlines UK Limited continues to hold the position as a major supplier of services to the UK Overhead Line Electrification Market. This will define and support the prosperity of SPL Powerlines UK Limited going forward and provides the base for very positive developments in the years to come.

In the last year the company continued with the strategic aim to establish an organisation capable of delivering large projects for Network Rail and also for multidisciplinary construction partners in the railway industry. The directors believe that, based on the established relationships with leading partners in the industry and the growth of works on the NEP (National Electrification Programme) in the Midlands and Scotland over the coming years, the company has a solid platform for future growth and will further extend their activities in the railway industry by offering new services (design and surveying services).

Whilst delivering works directly to Network Rail as a Tier 1 contractor, the company will continue to deliver subcontract work throughout the UK for multidisciplinary construction companies as a Tier 2 contractor.

Principal risks and uncertainties

The company's principal risks and uncertainties relate to the reliance on one customer, Network Rail for c. 97% of annual revenue; compliance with extensive procurement processes for the new Network Rail control period; and securing contracts and recruiting highly qualified staff to deliver projects within the agreed timeframe and to specification at the agreed cost. However, the directors feel the portfolio of long term and short term contracts currently in place, together with known opportunities in the coming year, minimises this risk whilst the company's key competence is project management and the passion for delivery.

SPL Powerlines UK Limited

Strategic report

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk.

Foreign Exchange Risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The company monitors fluctuations and reflects relevant changes in its forecast and minimises the risk by paying foreign trade invoices 30-60 days after receipt. Services purchased from Europe were managed closely and exchange rate difference amounted to a loss of £31,340 which was not a material amount.

Credit risk

The company's principal financial assets are bank balances, trade debtors and amounts due from customers for contract work. The company's credit risk is primarily attributable to its trade debtors and due from customers for contract work. The amounts presented in the balance sheet are net of provisions for doubtful debtors. A provision for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Liquidity risk

The company is exposed to liquidity risk on its financial liabilities, including trade and other creditors and lease liabilities. The main customer Network Rail pays very promptly in line with agreed terms and conditions and therefore the company can comfortably pay all debts as they fall due. For several years, there have been positive cash inflows and the company holds a cash balance of £36.8m as at 31st December 2023.

Section 172 (1) statement

The Board of directors of SPL Powerlines UK Limited consider that they have acted in good faith to promote the success of the company for the benefit of its members as a whole, having regard for the interests of the Company's employees and other stakeholders. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions.

SPL Powerlines UK Limited is a wholly owned subsidiary of SPL Powerlines UK Holding Limited, the ultimate parent is Bouygues SA – a French based multinational company, which operates in the construction industry. The Group structure gives delegated authority to the directors of SPL Powerlines UK Limited up to defined levels of cost and impact which allows for the needs of local stakeholders to be considered in any decision making. The business culture, including the stated vision and values, underpin this delegation to ensure the wider impact is considered in all decisions. The elements of the vision are detailed below:

- To be the Contractor of choice for Network Rail as we deliver our projects safely, on time and on budget
- To be the employer of choice – to attract and retain key personnel from the whole industry across the UK
- To be the Flagship trading company of Powerlines Group

SPL Powerlines UK Limited

Strategic report

Section 172 (1) statement (contd.)

The company values are the foundation of all activities and are applied across the business and across the whole of UK. We as SPL Powerlines UK are living our values on a daily basis to create the right culture and behaviours within the company but also acting as a front runner in the industry. Furthermore we are taking our social and environment mandate very serious and the values are manifested in the team values known as SHARP:

- S Safety – Everyone home safe every day
- H Honesty – Trusted and reliable
- A Agility – Efficiency and effective for best results
- R Respect – Mutual respect is paramount
- P People - One Team One Vision One Goal

Details of the Company's key stakeholders and how the Company engages with them are set out below.

Shareholders
As a wholly owned subsidiary of Bouygues SA, the sole shareholder is consulted and involved in all key decisions based on relevant governance and policies. The main communication and engagement is held via the head office, Powerlines Group GmbH based in Austria. SPL Powerlines UK Limited is a part of the Powerlines Group which is part of the Bouygues Group.

Customers
To understand their needs and requirements, the directors maintain a close communication and relationship with the key customer Network Rail. Rail Electrification is an integral and main instrument in the strategy of the governments for England and Scotland to reduce carbon emissions within the UK. The Company holds frameworks for the National Electrification Program for East Midlands and Scotland. Through the works carried out via these frameworks, the Company is instrumental for Network Rail to achieve the relevant targets in the decarbonisation program for the UK.

Suppliers
On an ongoing basis, the directors foster business relationships with suppliers and consider this key to the future success of the business. Suppliers are carefully selected to protect the Company's reputation and integrity. A fair and objective supplier evaluation process is carried out before any business relationship is entered into with them. They need to meet compliance and ethical standards. The key areas of this evaluation process are:

- Compliance with all applicable laws, regulations and ethical standards
- Safety is paramount. Unsafe working practice are not tolerated.
- Environmental standards and a carbon reduction plan
- Highest product and service quality is a basic requirement as the Company works in safety critical areas.

Government and regulators
As the Company is operating in the railway electrification industry, Health & Safety and the welfare of employees is a key priority for SPL Powerlines UK Limited. The Board of Directors are regularly updated on legal and regulatory developments and takes these into account when considering future actions.

Strategic report

Section 172 (1) statement (contd.)

Employees

Highly trained and motivated employees are the key to the Company's prosperity and success. The Directors communicate on a regular basis with members of staff about safety, economics and relevant news within the Company or Group. Consultation is carried out with our employees on different levels as and when required and appropriate. During the last year management forums were held that advised the top 70 managers of the strategy and the development of the company. A part of these forums was to update on performance, business outlook and relevant incidents. A question and answer section gave the team the opportunity to feed-back and addressing areas of concern. The top 70 managers in turn cascaded this information to their respective team. The Safety of staff is the Company's top target. "Home Safe Every Day" is the credo of SPL Powerlines UK. The successfully implemented reporting system "Note" gives every employee the opportunity to report unsafe practices, concerns, etc. via an App within seconds. "See it, note it, plant" is the well-known strap line, as SPL Powerlines UK has entered into a partnership with "Scottish Wildlife Trust" and plants one tree for every Note raised.

Environment

The company takes pride in supporting the ambitions of England and Scotland governments to reduce carbonisation as soon as possible to reduce the greenhouse effect. SPL Powerlines UK Limited works closely with Network Rail to progress the different schemes to ensure that the targets of decarbonisation are met as intended. Any impact on the environment and local community is considered as part of any key decision-making process. Compliance with relevant laws, rules and regulation goes without saying.

Furthermore, the company has invested in solar powered lightning towers to reduce emission on site and compounds. The company has decided that going forward all companies cars are solely electric cars and has implemented a "Salary sacrifice scheme for electric cars" and will continue to analyse how to reduce the carbon footprint of the existing plant and vehicle fleet.

The annual quantity of emissions of carbon dioxide (CO_2) equivalent resulting from the companies activities are:

	2023 Tonnes	*2023 kWh*	*2022 Tonnes*	*2022 kWh*
CO_2 emissions from combustion of gas	**20.4**	**106,691**	**45.2**	**247,374**
CO_2 emissions from combustion of fuel for transport purposes	**1,075**	**4,770,026**	**960**	**4,117,515**
CO_2 emissions from electricity purchased for own use	**84.0**	**411,030**	**89.8**	**464,163**
Emissions from business travel in rental cars or employee - owned vehicles where company is responsible for purchasing the fuel	**3.3**	**12,559**	**10.7**	**41,106**
Total gross CO_2e based on above	**1,182**	**5,300,306**	**1,106**	**4,870,158**
Intensity Ratio (for example total kWh to sales)		**0.03**		**0.04**

Methodology for determining emission values

The carbon accounting and reporting approach used follows the Energy Saving Opportunities Scheme (ESOS) framework. All emission sources have been calculated using the emission factors recommended by DEFRA: https://www.gov.uk/guidance/measuring-and-reporting-environmental-impacts-guidance-for-businesses

The intensity ratio has been calculated as kgCo2emissions/revenue

Strategic report

Section 172 (1) statement (contd.)

Steps taken to increase the company's energy efficiency

In the period covered by the report the Company has continued to use its installed vehicle charging points across a number of sites, replaced diesel and petrol vehicles with hybrid vehicles, which is expected to result in an 150,000 kWh saving in energy consumption over the next 3 years.

Future developments

The directors expect to maintain the high activity levels experienced during 2023 to continue for the next few years, due to the ongoing delivery of the Midland Mainline projects but also from developing new electrification projects together with Network Rail in Scotland and the whole of UK.

This is a result of the continuation of the National Electrification Programme in Scotland and Midland Mainline, as well as from maintaining strong relationships in the rail industry. The company also seeks to take advantage of the increasing railway electrification market in the UK supported by the ambitions of UK and Scotland governments to reduce carbonisation as soon as possible to reduce the greenhouse effect.

SPL Powerlines UK Limited works closely with Network Rail to progress the different schemes to ensure that the targets of decarbonisation are met as intended even the government faces increasingly pressure on their budget expenditures.

The company has a proven record in delivering large scale railway electrification schemes on time and on budget and is a key player in the UK's railway electrification business. The key will be to provide professional and efficient overhead line electrification packages and to continue to enlarge the scale of services.

Approved by the Board of Directors and signed on its behalf by:

Guenter Kielmayer
Director

24 April 2024

SPL Powerlines UK Limited

Directors' report

The directors present their annual report on the affairs of SPL Powerlines UK Limited, together with the audited financial statements, for the year ended 31 December 2023.

Dividends

No dividend (distribution of earnings to affiliated company) was paid in the year, (2022: nil).

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the period to 30 April 2025. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

The budgeted cash flows for the company, which show sufficient headroom even after considering a reasonably plausible downside, positive post year-end results and available liquidity through positive cash balances all allow the directors to have a reasonable expectation that the company has adequate resources to continue in operational existence for the period to 30 April 2025 and therefore apply the going concern basis of preparation for the statutory accounts for the year ended 31 December 2023.

Future developments

SPL Powerlines UK Limited continues to deliver projects and services as described in the Strategic Report on pages 2 - 6. Further details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on pages 2 - 6 and form part of this report by cross-reference.

Financial risk management objectives and policies

Details of financial risk management objectives and policies can be found in the Strategic Report on pages 2 - 6 and form part of this report by cross-reference.

Company Policy

Disabled persons

The company are aware of and committed to the Equality Act 2010 in relation to the employment of disabled persons. Where disabled persons are employed, they are treated in the same manner as all other employees and subject to the same training, career development and promotion opportunities as and where appropriate to their individual disability and the company scope of operations.

Employee Updates

SPL Powerlines UK Limited have arrangements in place to communicate and consult with employees as and when required. During the last year management forums were held that advised the top 70 managers of the direction of the company, areas of both good and improvement required performance and sought to address concerns. The top 70 managers in turn cascaded this information to their respective teams. In addition to this there is a communications process for various functions within the business, such as Safety and Human Resources. The company also issue an SPL Powerlines UK Limited Newsletter "Trending" to all employees on a regular basis.

The directors who served throughout the year and to the date of this report are as follows:

Martin William Hawley
Guenter Kielmayer

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

SPL Powerlines UK Limited

Directors' report

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors and signed on its behalf by:

Guenter Kielmayer

Director

24 April 2024

SPL Powerlines UK Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPL POWERLINES UK LIMITED

Opinion

We have audited the financial statements of SPL Powerlines UK Limited for the year ended 31 December 2023 which comprise the Profit and Loss Account, the Balance Sheet, and the Statement of Changes in Equity and the related notes 1 to 20, including a summary of 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 company's affairs as at 31 December 2023 and of its 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 30 April 2025.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPL POWERLINES UK LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are:
  - Companies Act 2006 and FRS102
  - Tax legislation (governed by HM Revenue & Customs)
  - Health and Safety legislation

- We understood how the Company is complying with those frameworks by reading internal policies and codes of conduct and assessing the entity level control environment. We made enquiries of the Company's legal counsel and senior management of known instances of non-compliance or suspected non-compliance with laws and regulations, including any matters raised in whistleblowing.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by making enquiries of senior management, including the Chief Financial Officer. We planned our audit to identify risks of management override or bias by agreeing journal entries in the areas involving significant estimation and judgement, recognition of revenue and profits on contracts, to supporting documentation.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved a review of board meeting minutes to identify any non-compliance with laws and regulations. Our procedures also involved journal entry testing and data analytics, as set out above. Our testing also included consideration of compliance of employees with policies and codes of conduct at a contract level, for a sample of contracts, based on their size and complexity.

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

Use of our report

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

Ernst + Young LLP.

Caroline Mulley (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne
24 April 2024

SPL Powerlines UK Limited

Profit and loss account
For the year ended 31 December 2023

	Note	2023 £	2022 £
Turnover	3	168,542,516	134,724,913
Cost of sales		(128,008,761)	(102,263,613)
Gross profit		40,533,755	32,461,300
Administrative expenses		(34,195,377)	(27,765,082)
Other operating income	4	114,144	1,227
Operating profit		6,452,522	4,697,445
Other interest and similar income	5	1,023,259	144,371
Profit before taxation	6	7,475,781	4,841,816
Tax on profit	9	(1,674,886)	(809,334)
Profit for the year		5,800,895	4,032,482

The results for the current year and prior year relate wholly to continuing activities.

The notes on pages 16 to 28 form an integral part of these financial statements.

There have been no items of other comprehensive income attributable to the shareholders other than the profit for the current year and prior period as presented in the profit and loss account above and therefore no separate statement of comprehensive income has been presented.

SPL Powerlines UK Limited

Balance sheet
As at 31 December 2023

	Notes	31 December 2023 £	31 December 2022 £
Fixed assets			
Intangible assets	10	82,839	6
Tangible assets	11	6,025,767	3,836,919
		6,108,606	3,836,925
Current assets			
Stocks	12	8,554,263	6,286,746
Debtors	13	3,344,492	13,517,653
Cash at bank and in hand	14	36,814,873	27,996,388
		48,713,628	47,800,787
Creditors: amounts falling due within one year	15	(27,881,687)	(35,516,598)
Net current assets		20,831,941	12,284,189
Total assets less current liabilities		26,940,547	16,121,114
Provision for liabilities	16	(12,496,530)	(7,477,992)
Net assets		14,444,017	8,643,122
Capital and reserves			
Called-up share capital	18	60,000	60,000
Capital reserve		1,233,108	1,233,108
Profit and loss account		13,150,909	7,350,014
Shareholder's funds		14,444,017	8,643,122

The notes on pages 16 to 28 form an integral part of these financial statements.

The financial statements of SPL Powerlines UK Limited (registered number SC202412) were approved by the Board of directors and authorised for issue on 24 April 2024. They were signed on its behalf by:

Guenter Kielmayer
Director

SPL Powerlines UK Limited

Statement of changes in equity
For the year ended 31 December 2023

	Called-up share capital £	Capital reserve £	Profit and loss account £	Total £
At 1 January 2022	60,000	1,233,108	3,317,532	4,610,640
Profit for the financial year and other comprehensive income	-	-	4,032,482	4,032,482
At 31 December 2022	60,000	1,233,108	7,350,014	8,643,122
At 1 January 2023	60,000	1,233,108	7,350,014	8,643,122
Profit for the financial year and other comprehensive income	-	-	5,800,895	5,800,895
At 31 December 2023	60,000	1,233,108	13,150,909	14,444,017

Notes to the financial statements
For the year ended 31 December 2023

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and in the preceding year.

a. General information and basis of accounting

SPL Powerlines UK Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The company is a private Company limited by shares and is registered in Scotland. The address of the registered office is given on page 1.

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102 (Financial Reporting Standard 102) issued by the Financial Reporting Council.

The functional currency of SPL Powerlines UK Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The presentation currency for these financial statements is pounds sterling.

SPL Powerlines UK Limited is a wholly owned subsidiary of another company, SPL Powerlines UK Holding Limited which in turn is a wholly owned subsidiary of Powerlines Group GmbH. Powerlines Group GmbH prepares group financial statements. SPL Powerlines UK Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements as a standalone entity. Exemptions have been taken in relation to the presentation of a cash flow statement, financial instruments, intra-group transactions and remuneration of key management personnel.

b. Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the period to 30 April 2025. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

The budgeted cash flows for the company, which show sufficient headroom even after considering a reasonably plausible downside, positive post year-end results and available liquidity through positive cash balances all allow the directors to have a reasonable expectation that the company has adequate resources to continue in operational existence for the period to 30 April 2025 and therefore apply the going concern basis of preparation for the statutory accounts for the year ended 31 December 2023.

c. Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Amortisation is provided at rates calculated to write off the cost of the asset over its expected useful life, as follows:

Data processing programmes	1 - 3 years straight-line

1. **Accounting policies (continued)**

d. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold land and buildings	3 – 5 years straight-line
Plant and machinery	2 – 5 years straight-line
Fixtures and fittings	1 – 7 years straight-line
Motor vehicles	3 years straight-line

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated cost of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

e. Stocks and work in progress

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost is calculated using the latest known value. Provisions are made for obsolete, slow-moving or defective items where appropriate.

There is no material difference between the balance sheet value of stocks and their replacement cost.

Work in progress includes materials, labour, attributable overheads and accrued margin on the project.

f. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

g. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet 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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Where the amount attributed for tax purposes to assets (other than goodwill) and liabilities that are acquired in a business combination differs from their fair value, deferred tax is recognised to reflect the future tax consequences with a corresponding adjustment to goodwill.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

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

SPL Powerlines UK Limited forms part of a corporation tax loss relief group with other subsidiaries of EQUANS SAS in the UK, another subsidiary of Bouygues SA.

1. Accounting policies (continued)

h. Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

i. Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. Amounts recoverable on contracts, which are included within debtors, represent the value of work done to date on certain contracts less amounts received as progress payments on account. Provision is made for anticipated future losses on existing contracts as soon as the loss is determined.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

j. Employee benefits – pension costs

The company operates a money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the profit and loss in the period to which they relate. These contributions are invested separately from the company's assets.

k. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

l. Leases

The Company as lessee

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

m. Cash and cash equivalents

Cash is represented by cash in hand and deposits repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than 3 months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. Cash and cash equivalents are placed with either financial institutions or Equans S.A.S. as the centralising entity for the Equans group cash pool.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

In making its judgement, management consider the detailed criteria for the recognition of revenue. The revenue shown in the financial statements is based on: (1) construction contracts, where certifications are agreed between both contract parties; and, (2) rendering of labour and plant services, for which revenue is based upon agreed rates and countersigned applications. Margin is recognised based on project specific calculations, this includes the cost forecast and relevant risk provisions.

Provisions

In the view of the directors, the key source of estimation uncertainty which affects the company's financial statements relates to the provision for defect liabilities. Although the likelihood of a significant claim under contractual defect liability is low, due to the size of the projects delivered this is a significant risk to the business. The directors have assessed the risk on a project-by-project basis and have made a reasonable provision in the accounts based on historical experience and other relevant factors.

3. Turnover

An analysis of the Company's turnover by class of business is set out below:

	2023 £	2022 £
Turnover:		
Business class: Construction contracts	164,360,563	132,370,272
Business class: Rendering labour and plant services	4,181,953	2,354,641
	168,542,516	134,724,913

An analysis of the Company's turnover by geographical market is set out below:

	2023 £	2022 £
Turnover:		
Geographical market: UK	168,542,516	134,724,913

4. Other Operating Income

	2023 £	2022 £
Gain on disposal of fixed assets	114,144	1,227

5. Interest Income / Expense

	2023 £	2022 £
Intercompany interest income	1,019,233	113,128
Other interest income	4,026	31,243
	1,023,259	144,371

6. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	2023 £	2022 £
Depreciation of intangible assets (note 10)	1,167	19,993
Depreciation of tangible fixed assets (note 11)	1,558,604	845,936
Operating lease rentals	631,428	903,772
Foreign exchange loss/(gain)	31,340	120,436

The analysis of the auditor's remuneration is as follows:

Fees payable to the company's auditor for the audit of the company's annual financial statements	79,000	73,000

There were no non-audit services provided by the company's auditor during the current or prior financial year.

7. Staff numbers and costs

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

	2023 Number	2022 Number
Operations	97	94
Administration	205	195
	302	289

Their aggregate remuneration comprised:

	£	£
Wages and salaries	18,761,960	16,786,958
Social security costs	2,238,714	2,109,307
Other pension costs	741,917	671,400
	21,742,591	19,567,665

The balance owed to the pension scheme at 31 December 2023 was £118,819 (2022: £105,813).

8. Directors' remuneration and transactions

	2023 £	2022 £
Directors' remuneration		
Emoluments	373,922	352,326
Company contributions to money purchase pension schemes	12,687	12,163
	386,609	364,489

	Number	Number
The number of directors who:		
Are members of a money purchase pension scheme	1	1

	£	£
Remuneration of the highest paid director:		
Emoluments	207,751	195,813
Company contributions to money purchase pension schemes	12,687	12,163
	220,438	207,976

9. Tax on profit

The tax charge comprises:

	2023 £	2022 £
Current tax on profit		
UK corporation tax	1,395,546	661,653
R&D expenditure credit	(188,683)	(162,148)
	1,206,863	499,505
Adjustments in respect of prior years		
UK corporation tax	(59,940)	(37,937)
Total current tax	1,146,923	461,568
Deferred tax		
Origination and reversal of timing differences	500,876	264,303
Effect of changes in tax rates	27,087	83,463
Total deferred tax	527,963	347,766
Total tax on profit	1,674,886	809,334

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	£	£
Profit before tax	7,475,781	4,841,816
Tax on profit at the average standard UK corporation tax rate of 23.52% (31 December 2022: 19%)	1,758,304	919,945
Less: R&D expenditure credit	(188,683)	(162,148)
Effects of:		
-Fixed asset differences	(6,983)	(108,811)
-Expenses not deductible for tax purposes	33,772	10,149
-Income not taxable for tax purposes	(2,390)	-
-R&D expenditure credits	44,379	30,808
-Adjustments to tax charge in respect of previous years	(59,940)	(37,937)
-Remeasurement of deferred tax for changes in tax rates	27,087	83,463
-Movement in deferred tax not recognised	70,248	73,669
-Other	(908)	196
Total tax charge for year	1,674,886	809,334

For the year ended 31 December 2022 the UK rate of 19% is applied. The UK government announced in the on 24 May 2021 in the Finance Bill 2021, an increase in the standard rate of corporation tax from 19% to 25% effective from 1 April 2023. There is no deferred tax re-measurement as the balance sheet date is before the substantive enactment of the budget in March 2024 and is not expected to have a material effect

Notes to the financial statements (continued)
For the year ended 31 December 2023

10. Intangible fixed assets

	Software
	£
Cost	
At 1 January 2023	599,430
Additions	84,000
At 31 December 2023	683,430
Amortisation	
At 1 January 2023	599,424
Charge for the period	1,167
At 31 December 2023	600,591
Net book value	
At 31 December 2023	82,839
At 31 December 2022	6

Notes to the financial statements (continued)
For the year ended 31 December 2023

11. Tangible fixed assets

	Leasehold buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Assets in Construction £	Total £
Cost						
At 1 January 2023	294,697	4,922,980	531,187	63,500	382,280	6,194,644
Additions	61,631	2,840,083	337,115	379,496	161,170	3,779,495
Disposals	-	(66,048)	(377,128)	-	-	(443,176)
Transfers	-	143,025	-	-	(143,025)	-
At 31 December 2023	356,328	7,840,040	491,174	442,996	400,425	9,530,963
Depreciation						
At 1 January 2023	168,570	1,700,539	467,101	21,515	-	2,357,725
Charge for the period	35,194	1,354,589	101,994	66,827	-	1,558,604
Disposals	-	(34,265)	(376,868)	-	-	(411,133)
At 31 December 2023	203,764	3,020,863	192,227	88,342	-	3,505,196
Net book value						
At 31 December 2023	152,564	4,819,177	298,947	354,654	400,425	6,025,767
At 31 December 2022	126,127	3,222,441	64,086	41,985	382,280	3,836,919

All leasehold buildings are short term.

Notes to the financial statements (continued)
For the year ended 31 December 2023

12. Stocks

	2023 £	2022 £
Raw materials and consumables	4,453	10,121
Work in progress	8,549,810	6,276,625
	8,554,263	6,286,746

13. Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	2,356,586	1,772,185
Amounts owed by parent company	31,086	10,021,896
Amounts owed by group companies	38,995	246,076
Other debtors	16,254	54,105
Corporation tax receivable	391,210	594,169
Prepayments and accrued income	510,361	829,222
	3,344,492	13,517,653

Amounts due from group undertakings are unsecured and repayable on demand.

14. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	26,814,873	27,996,388
Cash held in the group cash pool	10,000,000	-
	36,814,873	27,996,388

The company is a participant in the Equans group cash pool arrangements in which Equans S.A.S., a parent of the Company, acts as the centralising entity. Cash of the Company, as well as other subsidiaries of Equans Holding UK Limited in the UK, is pooled on an ad hoc basis by transferring balances directly to Equans S.A.S.

The cash pool arrangements between Equans S.A.S. as the centralising entity and each member as a participating company are set out in a legally binding Current Account Agreement. Ant cash required by a participating company can be withdrawn without notice and without penalty, subject to intra-day and negative balance limits.

SPL Powerlines UK Limited

Notes to the financial statements (continued)
For the year ended 31 December 2023

15. Creditors – amounts falling due within one year

	2023 £	2022 £
Trade creditors	6,378,507	1,914,721
Amounts owed to group companies	1,592,945	1,188,406
Other taxation and social security	860,953	1,420,174
Other creditors	4,088,950	6,320,236
Accruals and deferred income	14,960,332	24,325,295
Deferred taxation provision	-	347,766
	27,881,687	35,516,598

Amounts due to group undertakings are unsecured, repayable on demand and non-interest bearing until 30 days overdue when a rate of 5.189% applies.

16. Provision for liabilities

Legal provision

	2023 £	2022 £
Opening balance at 1 January	838,830	831,571
Provided in year	-	7,259
Closing balance at 31 December	838,830	838,830

The above represents an amount provided for in relation to a specific legal claim ongoing at the balance sheet date, which is expected to be settled in full by 31 December 2027 at the latest.

Provision for defect liabilities

	2023 £	2022 £
Opening balance at 1 January	6,639,162	99,529
Additional provision for defect liabilities	4,142,809	6,539,633
Closing balance at 31 December	10,781,971	6,639,162

Provision for possible contractual defect liability costs in conjunction with installation of overhead line works over a period of up to 12 years.

Notes to the financial statements (continued)
For the year ended 31 December 2023

16. Provision for liabilities (continued)

Deferred taxation

	2023 £	2022 £
Opening balance at 1 January	-	-
Transferred from other creditors	347,766	-
Charged to the profit and loss account	527,963	-
Closing balance at 31 December	875,729	-

The deferred tax provision is made up as follows:

	2023 £	2022 £
Fixed asset timing differences	892,940	-
Short term timing differences	(15,713)	-
Losses and other deductions	(1,498)	-
Closing balance at 31 December	875,729	-

	2023 £	2022 £
Total provision for liabilities	12,496,530	7,477,992

17. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2023		2022	
	Land and buildings £	Other £	Land and buildings £	Other £
Within one year	377,108	169,916	309,692	246,426
Between one and five years	1,032,160	264,959	749,375	473,683
Over five years	-	-	132,624	-
	1,409,268	434,875	1,191,691	720,109

Notes to the financial statements (continued)
For the year ended 31 December 2023

18. Called-up share capital and reserves

	2023	2022
	£	£
Allotted, called-up and fully-paid		
60,000 (2022: 60,000) ordinary shares of £1 each	60,000	60,000

Capital reserve relates to funding previously received from Border Rail Training Limited and Rail Access Platforms Limited which is now a permanent capital contribution.

The Company's other reserves are as follows:

Profit and loss account represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

19. Transactions with related parties

Transactions with entities in which the Powerlines Group GmbH of companies has 100% of the voting rights are not disclosed as permitted by Section 33.1A of FRS 102.

In addition, advantage has been taken under Section 1.12 of FRS 102 from disclosing total remuneration of key management personnel, as the Company is a wholly owned subsidiary.

During the year, the company purchased goods in the ordinary course of business from Black Diamond Security Limited at a cost of £75,195 (2022: £50,480). At year end £3,105 was owed to Black Diamond Security Limited (2022: £7,505). Martin Hawley is a director of both SPL Powerlines UK Limited and Black Diamond Security Limited.

During the year, the company purchased goods in the ordinary course of business from MKH Marketing Limited at a cost of £127,584 (2022: £117,262). At year end £13,172 was owed to MKH Marketing Limited (2022: £12,344). Martin Hawley is a director of both SPL Powerlines UK Limited and MKH Marketing Limited.

20. Ultimate controlling party

The immediate parent undertaking of the company is SPL Powerlines UK Holding Limited, which is a company registered in Scotland.

SPL Powerlines UK Holding Limited is 100% owned by Powerlines Group GmbH. The results of the company are consolidated in the financial statements of Powerlines Group GmbH which is the smallest entity consolidating the results of the company. Copies of the consolidated financial statements may be obtained from its registered office at Johann Galler Strasse 39, A-Wolkersdorf im Weinviertel, Austria.

The ultimate parent company is Bouygues SA, a company incorporated in France which is the parent company of the group into which these financial statements are consolidated. Copies of the financial statements of Bouygues SA can be obtained from its registered office at 32 Avenue Hoche Paris Cedex 08, Paris, Ile-de-France, 75378, France.

ANNEX B

ISO 9001 :2015 Certificate

British Assessment Bureau

Certification is conditional on maintaining the required performance standards throughout the certified period of registration
The British Assessment Bureau, 30 Tower View, Kings Hill, Kent, ME19 4UY

The management system of Certificate Number **237766**

SPL Powerlines UK Ltd & Power and Infrastructure Resourcing UK Ltd

7 Kirkshaws Road, Coatbridge, ML5 5EY

has been assessed and certified as meeting the requirements of

ISO 9001:2015

for the following activities

Design, construction and maintenance of overhead electrical line equipment. Supply of safety critical staff, plant and supply of road rail access equipment, across the United Kingdom .

Further clarifications regarding the scope of this certificate and the applicability of requirements may be obtained by consulting the certifier.

UKAS MANAGEMENT SYSTEMS
8289

Valid from

Initial Certification: 12 March 2005
Latest Issue: 31 March 2023
Expiry Date: 12 March 2026
subject to annual assessments

Authorised by

Mike Tims
Chief Executive Officer

www.british-assessment.co.uk

Certificate issued by Amtivo Group Limited, trading as British Assessment Bureau

The validity and status of this certificate can be verified by using the UKAS CertCheck website at certcheck.ukas.com

British Assessment Bureau

Expiry Date: **12 March 2026**

Certificate Number **237766**

Locations Covered

- **SPL Powerlines UK Ltd & Power and Infrastructure Resourcing UK Ltd**
  7 Kirkshaws Road, Coatbridge, ML5 5EY
- **SPL Powerlines UK Ltd & Power and Infrastructure Resourcing UK Ltd**
  111 Cannock St, Leicester, LE4 9HR
- **SPL Powerlines UK Ltd & Power and Infrastructure Resourcing UK Ltd**
  RTC Business Park, Trent House, London Road, Derby, DE24 8UP
- **SPL Powerlines UK Ltd & Power and Infrastructure Resourcing UK Ltd**
  Unit 3, Decoy Bank North, Doncaster, DN4 5JR
- **SPL Powerlines UK Ltd & Power and Infrastructure Resourcing UK Ltd**
  Unit 4, Potteric Carr Industrial Estate, Potteric Carr Road, Doncaster, DN4 5NP

Certification is conditional on maintaining the required performance standards throughout the certified period of registration
The British Assessment Bureau, 30 Tower View, Kings Hill, Kent, ME19 4UY

ANNEX C

Safety Statement and Safety Policy

HEALTH & SAFETY POLICY STATEMENT

SPL Powerlines UK Ltd. (SPL) and Power & Infrastructure Resourcing Ltd. (P&I) recognises that the protection of the safety and health of its employees, its sub-contractors and of any others affected by its operations are integral parts of the Company's business performance and are a management priority.

The Managing Directors are responsible for the overall Health & Safety arrangements and for ensuring that the company's operations are executed at all times with regard to the laws and regulations in such a manner as to ensure:

- the business is operated in accordance with the Health and Safety at Work Act 1974, all applicable laws and regulations made under the Act, as well as those in countries within which we operate and are comparable to our operations and other applicable requirements, 'so far as reasonably practicable'.
- that management will maintain, so far as reasonably practicable, healthy and safe working conditions e.g. access, egress, safe plant, equipment and systems of work, use, handling, transport and handling of articles and substances.
- that all employees act responsibly, and to do everything they can to prevent injury to themselves and fellow workers. Although the implementation of policy is a management responsibility, it will rely heavily on the co-operation of those who carry out the work and take the risks.
- the principal hazards to employees and others affected by your work are identified and suitable and sufficient risk controls measures are in place to eliminate or manage risk to a level as low as is reasonably practicable.
- that SPL/PIR meet the additional requirements of the Management of Health & Safety at Work Regulations (MHSWR) 1999 and other secondary legislation in force: risk assessments, emergency procedures and health surveillance.
- that employees are competent to do their tasks and are provided with appropriate and adequate training.
- consultation with employees on Health & Safety issues through safety action groups and other forums and give and provide necessary resource to enable the necessary information, training and supervision.
- our Worksafe Policy is maintained and promoted so that the company's activities are undertaken in the safest manner with due regard to minimising any associated risks.
- that a periodic review of this policy takes place and revised if necessary.
- The provision of resources to achieve the objectives outlined in the policy statement.

This policy is underpinned by SPL/PIR's integrated management systems which have been developed to ensure that all activities are undertaken in the safest way so far as is reasonably practicable. The company is committed to continual improvement of these systems.

……………………………….	…………………………….
Martin Hawley	**Guenter Kielmayer**
Managing Director	**Managing Director**

Health & Safety Policy & General Arrangements

SAFETY-PRO-0010
Issue 1

Published: **01/02/2025**

	Position	Name	Signature	Date
Prepared by:	Compliance & Assurance Manager	Hannah Pilley		01/02/2025
Approved by:	Regional HSQE Manager - Scotland	Fiona McMahon		01/02/2025
Authorised by:	Safety Director	Victoria Kieran		01/02/2025

Amendment Record

Date	Purpose and details of amendments	Issue	Reviewed by:
01/02/2025	First Issue.	1	Hannah Pilley

Contents

1 Purpose

The purpose of this document is to define the roles and responsibilities associated with SPL Powerlines UK & Power & Infrastructure Resourcing (SPL) as well as outline integrated management system-controlled documentation that supports the organisations Health and Safety Policy.

2 Roles & Responsibilities.

Roles and Responsibilities are detailed in Job Descriptions. They are accepted by the postholder, and performance is reviewed at least annually as part of the Personal Development Review.

2.1 Managing Directors

The two Managing Directors have joint responsibility for the delivery of Health and Safety Management in SPL Powerlines. The Managing Directors are supported by operational Directors responsible for specific disciplines.

Organisation charts are attached as appendices to illustrate this structure

- Appendix A SPL UK Executive Team
- Appendix B SPL HSQE Team

2.2 Directors

The Directors are responsible for ensuring that appropriate health and safety arrangements are in place to manage the safe delivery of their activities along with provision of suitable resources. They are responsible to the Board of Directors for legal duties including promoting of the interests of the company and the exercise of reasonable care in the discharge of their duties.

2.3 Managers

Managers deliver planned arrangements and monitor and report on performance to the business.
Managers provide appropriate information, training and supervision to ensure that tasks are conducted in line with planned arrangements.
Risk Assessment details the hazards associated with tasks and worksites and the measures necessary to control them. Managers may carry out these Risk Assessments with the support of specialists such as engineers, plant operators or Health and Safety Advisors.
Performance reviews inform managers of training needs and the level of supervision necessary to discharge duties safely.
Managers also ensure that a suitable workplace is provided along with adequate welfare provision.

2.4 Nominated Persons

For certain activities such as those requiring a permit, Nominated Person are appointed to key roles with defined responsibilities in that context.
Those nominated to carry out duties under the Construction (Design Management) Regulations 2015 are proposed to the client for formal acceptance.
Examples are Contractors Engineering Manager (CEM) and the Contractors Responsible Manager (CRE).

2.5 Employees

Employees are appointed based on qualifications and experience as part of a formal process ensuring that they have the skills to perform their duties. They also are required to act responsibly and do everything they can to prevent injury to themselves and fellow workers. Employees must always comply with the safety requirements of their post and whilst at work take reasonable care of their own health and safety and that of any other person affected by their acts or omissions. Employees are encouraged to feel confident to raise concerns with their line manager. In the unlikely event that they feel they cannot, they can report safety concerns via an independent confidential system.

2.6 Contractors

Contractors are appointed based on a formal process. Processes, certification, qualifications and experience are reviewed to ensure that risks are controlled to SPL Powerlines' satisfaction. Contractors are required to demonstrate, through the procurement process that they have in place suitable arrangements to comply with industry standards.
Managers review contractor performance on a regular basis and provide feedback. This may be a two-way

process. This allows for the development of a contractor, especially for a Small and Medium Enterprise (SME)

2.7 Health & Safety Advisors

Health and Safety Advisors are appointed to support the business in the delivery of safe work. The Health and Safety Advisors report directly to the Health and Safety Director and carry out various checking and monitoring tasks. This provides independent assurance to the business that activities are carried out in line with planned arrangements.
The Health and Safety Advisors act as competent persons to put effective controls in place to manage risk. Accidents, incidents and close calls are investigated at a level appropriate to the potential or actual severity of the event. This information is reviewed and any trend or opportunity for learning identified.
Health and Safety Advisors monitor the performance of others to identify any available learning. This may also be a result of attending industry forums or action groups

3 Health & Safety Policy Statement

SPL POWERLINES
AN EQUANS COMPANY
Power & Infrastructure Resourcing

HEALTH & SAFETY POLICY STATEMENT

SPL Powerlines UK Ltd. (SPL) and Power & Infrastructure Resourcing Ltd. (P&I) recognises that the protection of the safety and health of its employees, its sub-contractors and of any others affected by its operations are integral parts of the Company's business performance and are a management priority.

The Managing Directors are responsible for the overall Health & Safety arrangements and for ensuring that the company's operations are executed at all times with regard to the laws and regulations in such a manner as to ensure:

- the business is operated in accordance with the Health and Safety at Work Act 1974, all applicable laws and regulations made under the Act, as well as those in countries within which we operate and are comparable to our operations and other applicable requirements, 'so far as reasonably practicable'.
- that management will maintain, so far as reasonably practicable, healthy and safe working conditions e.g. access, egress, safe plant, equipment and systems of work, use, handling, transport and handling of articles and substances.
- that all employees act responsibly, and to do everything they can to prevent injury to themselves and fellow workers. Although the implementation of policy is a management responsibility, it will rely heavily on the co-operation of those who carry out the work and take the risks.
- the principal hazards to employees and others affected by your work are identified and suitable and sufficient risk controls measures are in place to eliminate or manage risk to a level as low as is reasonably practicable.
- that SPL/PIR meet the additional requirements of the Management of Health & Safety at Work Regulations (MHSWR) 1999 and other secondary legislation in force: risk assessments, emergency procedures and health surveillance.
- that employees are competent to do their tasks and are provided with appropriate and adequate training.
- consultation with employees on Health & Safety issues through safety action groups and other forums and give and provide necessary resource to enable the necessary information, training and supervision.
- our Worksafe Policy is maintained and promoted so that the company's activities are undertaken in the safest manner with due regard to minimising any associated risks.
- that a periodic review of this policy takes place and revised if necessary.
- The provision of resources to achieve the objectives outlined in the policy statement.

This policy is underpinned by SPL/PIR's integrated management systems which have been developed to ensure that all activities are undertaken in the safest way so far as is reasonably practicable. The company is committed to continual improvement of these systems.

....
Martin Hawley
Managing Director

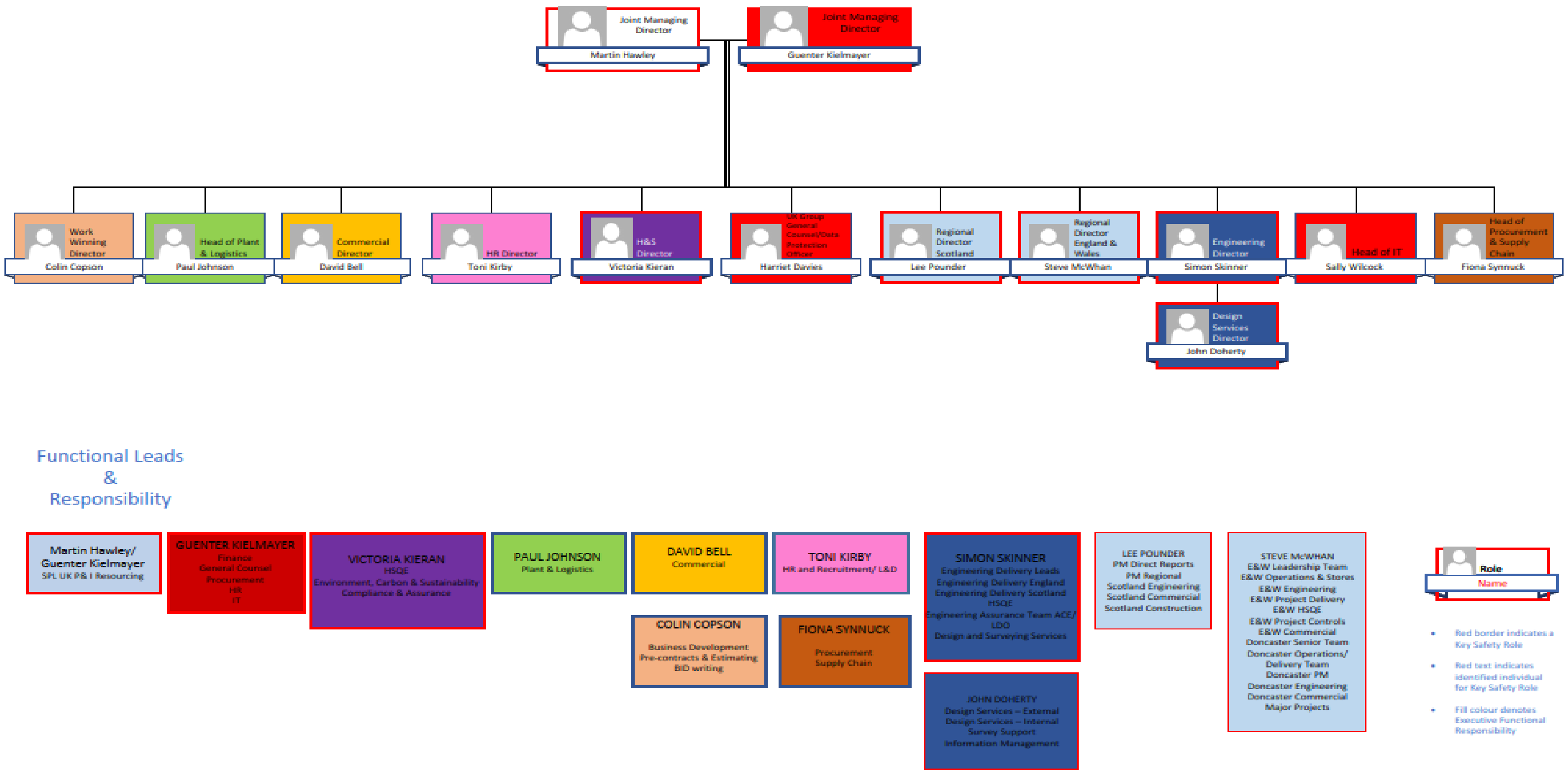
....
Guenter Kielmayer
Managing Director

Document Reference:	SAFETY-POL-0001	Issue No:	02	Issue date:	01/02/2025	Expiry date:	01/02/2026

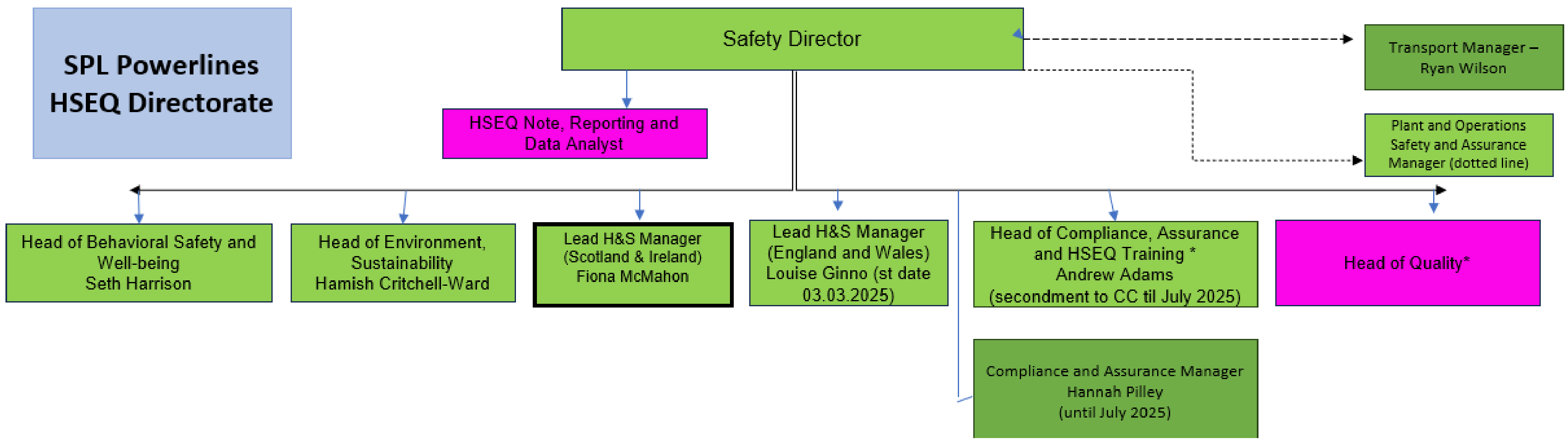
4 Health & Safety Controlled Documentation

Section	SPL Documentation
Risk Management	SAFETY-PRO-0010 Risk Assessment
First Aid	SAFETY-PRO-0028 First Aid at Work Procedure
Accident Reporting	CORESP-PRO-0004 Reporting & Investigating of HSQE Events
Fire and Emergency Procedure	SAFETY-PRO-0012 Fire Management Procedure
Plant & Equipment	POS Manual
Personal Protective Equipment	SAFETY-PRO-0011 Personal Protective Equipment & Workwear
Fatigue	SAFETY-PRO-0044 Fatigue Management
Consultation and communication	SAFETY-PRO-0031 HSQE Consultation and Communications Procedure
On Call	SAFETY-PRO-0056 Directors On Call Arrangements
Waste Management	ENV-PRO-0001 Waste Management Procedure
Noise at Work	ENV -PRO- 012 Environmental Noise & Other Nuisance Management
Worksafe	SAFETY-PRO-0026 Worksafe Procedure
Drugs & Alcohol	SAFETY-PRO-0043 Drugs & Alcohol Policy & General Arrangements
Hazardous substances	SAFETY-PRO-0019 COSHH Procedure
Risk Assessment	SAFETY-PRO-0010 Risk Assessment
Display screen equipment (DSE)	SAFETY-PRO-0020 DSE Procedure
Security	SAFETY-PRO-0029 Security Procedure
Manual Handling	SAFETY-PRO-0023 Manual Handling Procedure
Confined spaces	SAFETY-PRO-0015 Confined Space Procedure
Work at Height	SAFETY-PRO-0001 Work at Height Procedure
Management of Change	SAFETY-PRO-0055 Management of Change
Lifting Operations	SAFETY-PRO-0003 Lifting Operations Procedure

Appendix A SPL UK Executive Team



Appendix B SPL HSQE Team



ANNEX D

Drugs and Alcohol Statement and Policy

SPL POWERLINES
AN EQUANS COMPANY

Power & Infrastructure Resourcing

ALCOHOL & DRUGS POLICY STATEMENT

The Board of Directors is committed to ensuring that all employees, contractor's personnel and others working on behalf of SPL Powerlines UK Ltd. (SPL) and Power & Infrastructure Resourcing Ltd. (PIR) undertake their duties free from the effects of drugs (including prescribed medication) & alcohol. This applies to all staff, safety critical and non-safety critical.

Staff and sub-contractors shall not:

- report for duty under the influence of alcohol, or non-prescribed or undeclared medication.
- be in possession of alcohol or drugs in the workplace.
- consume alcohol or non-prescribed drugs while on duty.

Staff and sub-contractors shall:

- declare all medication (prescribed and non-prescribed) to their employer for review by an Occupational Health Specialist.
- tell their line manager if they believe they have, or may have, a drug or alcohol related issue.
- declare all medication (prescribed and non-prescribed) to their employer for review by an Occupational Health Specialist.
- tell their line manager if they believe they have, or may have, a drug or alcohol related issue.
- undergo drug and/or alcohol testing when requested to do so (which includes indicative D&A testing).

SPL/PIR undertake drug and alcohol testing under the following circumstances:

- Pre-employment (refusal may result in the withdrawal of any offer of employment made).
- Promotion or transfer to Safety Critical activities.
- Following an incident where the use of alcohol and/or drugs may have been a factor.
- When there is cause to suspect that an employee is using or is under the influence of drugs or alcohol such as conduct, behaviour or appearance.
- As part of an unannounced testing process, a minimum 20% of all employees will be drugs and alcohol screened per annum.

Personnel tested for drugs and alcohol will be regarded as testing positive if it shows:

a) The presence of drugs for which there is no legitimate medical need, or where legitimate medical need is affecting conduct and or ability to work safely, for either their use or the quantity of their use.
b) More than 29 milligrams of alcohol in 100 millilitres of blood, or
c) More than 13 micrograms of alcohol in 100 millilitres of breath, or
d) More than 39 milligrams of alcohol in 100 millilitres of urine.

Any employee or worker who exceeds the alcohol limit or tests positive for drugs will be prevented from continuing work and:

- will be suspended from duty immediately and be subject to disciplinary proceedings which may result in dismissal.
- in the case of a contractor, will be subject to similar action as if directly employed, with their employer being notified.

……………………………….
Martin Hawley
Managing Director

……………………………
Guenter Kielmayer
Managing Director

Management of Drugs & Alcohol Policy and General Arrangements

SAFETY-PRO-0043

Issue: 6

Published: **27/10/2023**

	Position	Name	Signature	Date
Prepared by:	Audit & Assurance Co-Ordinator	Hannah Pilley		27/10/2023
Approved by:	Human Resources Director	Toni Kirby		27/10/2023
Authorised by:	UK Group Safety & Services Director	Chris Hext		27/10/2023

SPL POWERLINES
AN EQUANS COMPANY

Power & Infrastructure Resourcing

Amendment Record

Date	Purpose and details of amendments	Issue	Reviewed by:
20/11/2019	First Issue	1	Danielle Melvin
08/07/2020	General Review	2	Matt Peckover
15/03/2021	Review to include P&I	3	Matt Peckover
25/02/2022	General Review	4	Chris Hext
02/05/2023	Update from annual review and alignment with revised NR Standard	5	Andrew Adams
25/10/2023	Section 5.1.5 Post Incident or Accident Testing updated to reflect the mandatory “For Cause” screening after any accident or incident.	6	Hannah Pilley

Contents

1 Purpose

The purpose of this document is to specify the policy and general arrangements for the control of the associated risks relating to fitness for work and the prevention of the misuse/abuse of drugs and alcohol in the workplace.

This document outlines the arrangements for compliance with all relevant legislation, specifically the Transport & Works Act 1992, and industry standards, specifically Network Rail Standard NR/L2/OHS/00120, associated with the health and safety risks of drugs and alcohol in the workplace.

The UK Group Safety & Services Director is responsible as the custodian of the arrangements contained within this document.

2 Scope

The scope of this document applies across Powerlines UK Group and to approved suppliers carrying out subcontract works and labour supply.

3 Policy

The Board of Directors are committed to ensuring that all employees, contractor's personnel and others carrying out their safety critical and general non safety critical duties on behalf of SPL Powerlines UK Ltd. (SPL) and Power & Infrastructure Resourcing Ltd. (PIR) undertake their duties free from the effects of drugs (including prescribed drugs) & alcohol.

All persons undertaking such work shall:

- not report or attempt to report for duty having just consumed alcohol or being under the influence of drugs.
- not report for duty in an unfit state due to the use of alcohol or drugs.
- not be in possession of alcohol or drugs in the workplace or supply or attempt to supply them in the workplace.
- not consume alcohol or drugs while on duty.
- not use prescribed or over the counter medicine while working on Network Rail Managed Infrastructure or elsewhere without advising the person in charge who will determine fitness for work.
- tell their line manager if they believe they have, or may have, a drug or alcohol related issue.
- undergo drug and/or alcohol testing when requested to do so.

SPL/PIR will undertake regular drug and alcohol testing of employees under the following circumstances:

- Pre-employment (If a prospective employee refuses to consent to such an examination/testing SPL/PIR has the right to immediately withdraw any offer of employment made).
- Promotion or transfer to Safety Critical activities.
- Following an incident where the use of alcohol and/or drugs may have been a factor.
- When there is cause to suspect that an employee is using or is under the influence of drugs or alcohol such as conduct, behaviour or appearance.
- As part of an unannounced testing process, a minimum 20% of all employees will be drugs and alcohol screened per annum.

Personnel tested for drugs and alcohol will be regarded as testing positive if it shows:

a) The presence of drugs for which there is no legitimate medical need, or where legitimate medical need is affecting conduct and or ability to work safely, for either their use or the quantity of their use.

b) More than 29 milligrams of alcohol in 100 millilitres of blood, or

c) More than 13 micrograms of alcohol in 100 millilitres of breath, or

d) More than 39 milligrams of alcohol in 100 millilitres of urine.

Any employee or worker who exceeds the alcohol limit or tests positive for drugs will be prevented from continuing work and:

- will be subject to disciplinary proceedings which will normally result in dismissal.
- in the case of a contractor, will be subject to similar action as if directly employed, with their employer being notified.

4 Roles & Responsibilities

Group Safety & Services Director is responsible for the maintenance of the policy and general arrangements contained within this document.

Regional/Functional Directors are responsible for the implementation of the arrangements through their respective management teams.

Human Resources Director is responsible for:

- Managing the pre-employment drugs and alcohol testing for all proposed employees.
- Managing the interface with the occupational health provider where necessary.
- The management of the disciplinary process arising from breaches to the policy and general arrangements.
- Communication and awareness of the D&A policy through a company induction.

Head of Compliance & Assurance is responsible for:

- The ongoing review and update of this procedure.
- The communication of educational information across Powerlines UK group
- The management of Powerlines UK Sentinel arrangements and the assurance that all employees and primary sponsored individuals are maintained in date for drugs and alcohol testing.
- The maintenance of contracts with approved testing organisations for routine, for-cause and unannounced testing.
- The establishment and monitoring of random unannounced testing plans.
- Undertaking audit and assurance activities to ensure business compliance with this procedure.

Regional HSQE Managers and Advisors are responsible for:

- The on-site management and co-ordination of random unannounced testing.
- Carrying out site specific “fitness for duty” checks on sites
- Monitoring conduct, behaviour and appearance of individuals where drugs and alcohol misuse or abuse may be present. This is deemed as “for cause” testing.
- Overseeing implementation of the “for cause” drugs and alcohol testing process post incident in liaison with Duty Managers and BDS Control Centre.
- The communication of educational information across Powerlines UK group.

Duty Managers/BDS Control Centre are responsible for:

- Arranging for “for cause” testing to be carried out on site in liaison with each department to ensure prompt attendance and testing to be carried out.
- Responsible for ensuring the welfare of the personnel undergoing “for cause” testing and their safe return to their home address post testing.
- Ensuring escalation of the event to the On Call Director.

Nominated Testing Providers are responsible for:

- Maintaining the required approvals and accreditations for undertaking Drug & Alcohol testing.
- Undertaking testing in accordance with industry standards.
- Notification of results on the Sentinel database.

Employees and Primary Sponsored Individuals are responsible for:

- Never reporting to work or working in an 'unfit state' due to drugs or alcohol.
- Informing their employer/sponsor of any prescription or over the counter drug/medication that might lead them to be in an 'unfit state', or adversely affect their ability to perform their role safely.
- Complying with all drugs and alcohol tests their employer/sponsor requires them to undertake.
- Informing their employer/sponsor where they have a drug and/or alcohol misuse concern that could endanger themselves and that of any other employee or contractor.

5 Management Arrangements

5.1 Testing Requirements

5.1.1 Use of Approved Testing Agencies

All testing detailed below shall be undertaken by an independent testing agency holding the required RISQS and UKAS accreditations.

5.1.2 Pre employment/Sponsorship testing for prospective employees

Pre employment/sponsorship testing will be undertaken for any prospective employee holding PTS competence or planning to undertake safety critical duties. This includes existing employees transferring into a safety critical role or a role requiring PTS certification.

The process for arranging this and managing the results will be carried out by the HR department. Individuals will not be able to commence employment or gain Sponsorship status with SPL Powerlines until a negative result is obtained from the approved testing supplier and, where applicable, notified on the Sentinel database.

5.1.3 Pre-Sponsorship testing for contractors and self-employed individuals seeking Primary Sponsorship

Pre-sponsorship testing will be undertaken for any contractor or self-employed individual seeking Primary Sponsorship by Power & Infrastructure Resourcing (PIR) unless a negative test result is confirmed on the Sentinel database within 3 months prior to the intended date of Primary Sponsorship.

The process for arranging this and managing the results will be carried out by the Sentinel and Training Co-ordinator in liaison with the PIR resourcing teams. Individuals will not be Primary Sponsored by PIR until a negative result is notified on the Sentinel database.

5.1.4 Random/Unannounced testing

Random/Unannounced testing can be undertaken on all SPL employees and those Primary Sponsored by PIR. The minimum percentage of individuals required to undergo this type of testing is 20% of those holding PTS competence or in a safety critical role.

5.1.5 Post Incident or Accident testing

"For Cause" screening is mandatory after any accident or incident and it is the responsibility of the Duty Manager to arrange this screening.

Where there are operational or other circumstances which require escalation, clarification and authority not to carry out mandatory "for cause" screening the Duty Manager will contact the On Call Director or dependant on time/day of the week the Regional/Functional Director.

The following is a list of considerations where it might not be prudent to implement "for cause" screening:

- Actual event and those potentially or actually involved.
- The time into any shift, the initial "fitness for work " arrangements
- Any medication being taken by those involved (prescribed and over the counter)
- The potential risk to the works where critical individuals will cause work to cease and leave the infrastructure in a unsafe state
- Where the overall competence on the site is compromised and other systems of work need to be developed in line with change management process

Each individual requiring to be screened must be notified of the intent for testing and supervised throughout the process. The process should be carried out at an appropriate location i.e., adequate lighting, hot and cold running water and a separate room for both waiting and the testing process.

Any individual who chooses to leave site without notice after being notified of the intent for testing, shall be notified to the collecting officer on arrival so a test refusal can be recorded as per Section 5.2.

Any individual tested shall be restricted from undertaking PTS or Safety Critical duties until a negative test has been notified on the Sentinel database.

Where an individual is tested who is not Primary Sponsored by SPL or PIR, the Sentinel & Training Co-ordinator shall notify the Primary Sponsor of the test and request notification of the test result when available.

5.1.6 "For Cause" testing

"For Cause" testing will be undertaken for those whose conduct, behaviour, appearance or other factors may be affecting their ability to work safely. The appropriate Director or Senior Manager will arrange through BDS Control for an individual(s) to be screened at an appropriate location i.e., adequate lighting, hot and cold running water and a separate room for both waiting and the testing process. The individual must be notified of the intent for testing and be supervised at all times.

Any individual tested shall be restricted from undertaking PTS or Safety Critical duties until a negative test has been notified on the Sentinel database.

5.1.7 Medical Examinations

Drugs and alcohol testing shall be carried out as part of routine medicals.

5.1.8 Attendance at PTS Initial training Events

Pre-training testing will be undertaken for any individual nominated for a PTS Initial Training event unless a negative test result is confirmed on the Sentinel database within 90 days prior to the start date of the training event. The process for arranging this and managing the results will be carried out by the Sentinel and Training Co-ordinator in liaison with the PIR resourcing teams. Individuals will not be allowed to commence the training event until a negative result is notified on the Sentinel database.

5.2 Refusal to undergo Testing

Any individual refusing to undergo any of the testing described in 5.1 shall be advised that a refusal will result in a positive result being notified. If the individual still refuses, they shall be dealt with in accordance with 5.3.3.

5.3 Test Results

5.3.1 All Test Results

Results of drug and alcohol tests shall be recorded by the medical provider on the Sentinel database where a Sentinel profile exists. Non-Sentinel results shall be notified directly to SPL by the Testing provider. Results shall be classified as:

- negative;
- positive;
- no result – undeclared medication; or
- no result – other reason.

'Willing but unable' results shall not be recorded on Sentinel.

5.3.2 Negative results

The Testing provider shall notify the SPL Sentinel & Training Co-ordinator of the test results. The Sentinel and Training Co-ordinator shall notify the Head of HR of employee results or the relevant resourcing team for PIR individuals.

Where an individual was subjected to Post Incident or "For cause" testing, they shall be permitted to return to normal duties unless an investigation is ongoing and determines that the actions of any individual may require ongoing restrictions.

5.3.3 Positive Drug Test Results

All positive laboratory analysis shall be reviewed by the testing providers Medical Review Officer (MRO) for confirmation of the 'positive' result.

Where the MRO requires further information to determine a pass or fail result, they shall interview the donor and if required seek further medical information from a third party. This could include evidence of prescription or signed letter from GP.

A drug test result shall be treated as 'positive' and recorded as a 'fail' result on the Sentinel database where:

- the laboratory analysis reveals the presence of a drug above accepted cut-off levels and the MRO is satisfied that the findings are not justified by a legitimate medical need and evidence is provided to support this;
- the laboratory analysis reveals the sample to be adulterated;
- there has been a refusal to undergo testing;
- the donor has withdrawn clinical consent for the MRO to complete his/her investigations into a legitimate medical need for a drug.

If a 'positive' result is recorded, the donor is in breach of this standard and the following outcomes will apply:

- For prospective employees, the HR Department shall advise the individual and withdraw the formal offer of employment. Re-application may be considered after a period of 5 years has elapsed but will be required to provide a negative result at a pre-employment test.
- Existing employees shall be immediately suspended from duty and a disciplinary investigation shall commence in accordance with HR-PRO-0008. Primary sponsored individuals who are dismissed as an outcome of the disciplinary process shall be de-sponsored.
- Primary Sponsored Contractors and self-employed individuals shall be de-sponsored.
- Any individual who has a Sentinel profile shall receive a 5-year ban from working on Network Rail Infrastructure.

5.3.4 No result – undeclared medication

The result shall be reported as 'No result – undeclared medication' if the laboratory analysis reveals the presence of prohibited substances consistent with a therapeutic dosage of undeclared medication.

If after interviewing the donor and reviewing any necessary additional evidence requested, the MRO is not satisfied that this is a mistake or omission by the donor, the result shall be reported as positive.

5.3.5 No result – other reason

If the toxicologist and/or MRO is unable to report the test result as positive or negative beyond reasonable doubt, the result shall be recorded as 'No result – other reason'.

This might arise due to:

- a flaw in the chain of custody;
- loss of the sample in transit;
- a sample which does not satisfy the criteria for 'adulterated' but is of doubtful physiological origin;
- a technical failure during the analytical process; or
- a review with an MRO which was not organised by the employer or collection officer.

Such a result shall be supported by a letter from the MRO direct or via a Toxicologist to the company giving the reason for the result. Depending on the circumstances, and on advice from the MRO, these arrangements for retesting shall be carried out:

- for random and periodic testing, the company may allow the donor to continue working on Network Rail managed infrastructure for a defined period. Such a decision shall be supported by a written risk assessment.
- the duration of the defined period shall not exceed one month;
- on expiration of this period, the qualification to work on Network Rail managed infrastructure shall be withdrawn unless the managers of the Sentinel scheme are notified of a 'negative' drug test result performed on a further sample obtained within the defined period;

- for unannounced random testing, the retest shall be carried out without notice to the donor; and
- for post-incident and for-cause testing, an immediate retest of the donor shall be required without notice. The donor shall remain suspended from work on or near the line or in a safety critical work post until a result is obtained.

5.4 Positive Test Result Appeal process

Employees and contractors may appeal against positive results of a drugs and alcohol test via the company. Network Rail reserve the right to reject any appeal.

The positive test result appeals process is separate from any investigation or disciplinary procedure which the employee or contractor is subject to.

Any individual who has tested positive under an SPL arranged test who do not hold SPL or PIR Primary Sponsorship shall only be eligible to appeal via their Primary Sponsor.

Prospective candidates at pre-employment are not eligible to appeal however may have their sample B retested; the cost of which shall be covered by the candidate. Candidates should request their sample B within 12 months of the initial test.

Where an individual expresses a view that their test result is incorrect, a further sample taken at the time of the drug and alcohol test may undergo laboratory tested (sample B). The cost of which shall be covered by the individual. Individuals should request their sample B within 12 months of the initial test. Managers are advised to contact the HR Department to discuss this option and the practicalities associated with arranging for the unopened sample 'B' bottle to be analysed at another accredited laboratory.

The company shall complete an appropriate investigation prior to submitting an appeal.

Appeals should only be made if there is a legitimate evidenced medical explanation for the use of the drug or the quantity of the drug detected within the sample. Evidence can be requested from the MRO.

If a company investigation concludes that there may be sufficient evidence to support an appeal, the company shall decide whether an appeal should be supported against the revocation of the Sentinel Card.

An appeal may be submitted to the Network Rail Health and Wellbeing Team, providing that the appeal is supported and submitted by the company within 30 days of confirmation of the positive result.

The company shall provide:

- the appeal in writing to the Network Rail Health and Wellbeing Team, stating the reasons for the appeal and the conclusions of their internal investigation;
- a copy of the original Drugs and Alcohol certificate;
- a toxicology report from the laboratory;
- the MRO report where applicable; and
- a copy of the sponsor's Drugs and Alcohol policy signed by the donor.

The company shall:

- arrange further drugs and alcohol testing or provide additional documentation as required on request by Network Rail Health and Wellbeing; and
- notify the employee of the results of the appeal.

The employee shall:

- assist the company in compiling the appeal documentation;
- attend any medical appointment or undertake further drug and alcohol testing,
- where required;

The Network Rail Health and Wellbeing Team shall:

- send an acknowledgement to the company on receipt of the appeal within seven days;
- together with the Network Rail Drug and Alcohol Appeal Panel, review the documentation provided.
- arrange for Network Rail's Head of Occupational Health and Wellbeing Strategy to review the appeal;
- where necessary request and gather such further evidence from the company to make an informed decision;
- inform the company in writing the decision that has been reached;
- Where, following the drug and alcohol appeal process, a positive drug and/or alcohol test result is overturned, the Sentinel database will be updated accordingly, and the employee or contractor will not be prevented from working on Network Rail's managed infrastructure.

Network Rail's Head of Occupational Health and Wellbeing Strategy shall:

- act for and on behalf of the Sentinel Scheme managers regarding drugs and alcohol appeals, and in particular with regards to the safe access to Network Rail's managed infrastructure;
- provide the outcome of the appeal in writing within 60 days of receiving that appeal.

There is only one right of appeal against the results of a drugs and alcohol test, and the decision made by Network Rail's Head of Occupational Health and Wellbeing Strategy will be the final outcome of the drugs and alcohol appeal process. No other appeals will be permitted.

Prior to a suspension being lifted at the end of the 5-year period, a new negative drug and alcohol certificate shall be uploaded to Sentinel. It shall not be uploaded in advance of 1 month prior to expiration date of suspension.

5.5 Declaration of Medication

Prospective candidates for employment and those seeking Primary Sponsorship are required to declare any prescribed or "over the counter" medication using HR-FRM-0019 prior to commencing employment or Primary Sponsorship.

Existing employees and Primary Sponsored individuals are required to notify their Line Manager/Resourcing Manager of any prescribed or "over the counter" medication using HR-FRM-0019. This shall be sent to the Head of HR.

The Head of HR, in consultation with the Head of Compliance & Assurance shall review any declarations and shall, if required, refer these to the Occupational Health provider for further advice on possible side effects and recommend any additional restrictions. Any such restrictions shall be notified to the Line Manager/Resourcing Manager and the individual.

Any individual subject to any test described in 5.1 shall declare any prescribed or over the counter medication in use at the time of the testing to the collection officer.

5.6 Support

All employees and contractors are advised to talk to their line manager or a member of the HR team if they have, or believe they might be developing, a drug and/or alcohol misuse issue. Following the initial disclosure, the line manager shall notify the Head of HR. The Head of HR shall seek consent from the individual using HR-FRM-0049 to refer them to the company's Occupational Health Team for counselling and support.

Any employee or contractors making this declaration shall continue to fall under the scope of this Drugs and Alcohol Policy and shall not attend the workplace under the influence of drugs and/or alcohol.

Where an individual who has declared drug and/or alcohol misuse concern is found to be under the influence of drugs and/or alcohol at work, they shall still be subject to SPL Disciplinary Policy and Processes.

Employees and contractors shall report their drug and/ or alcohol misuse concern a minimum of at least one day or shift before any 'for-cause', post-incident, random, or other drug and/or alcohol test.

Where employees and contractors report that they have, or believe they might be developing, a drug and/or alcohol misuse concern in consequence, or in anticipation of, a 'for-cause', post-incident, random, or other drug and/or alcohol test, they will not be eligible to benefit from this programme.

5.7 Confidential Reporting

Employees or contractors who have concerns about fellow colleagues should report these to their line manager or raise a concern via the SPL "Whistleblower" email confidential.reporting@powerlines-group.com

For-cause testing shall be arranged as soon as the Head of Compliance & Assurance is made aware of the report if allegations are received via the "Whistleblower" email.

Where multiple employees at a workplace are under suspicion of drugs or alcohol consumption or misuse, the responsible manager shall contact the Head of Human Resources and Head of Compliance & Assurance to initiate for-cause testing.

Employees and contractors who raise a concern about the behaviour of a colleague (employee or contractor), will not suffer a detriment from SPL, and SPL will take all reasonable steps to prevent victimisation, providing that the worker has acted in good faith.

6 Records

All documentation created in the processes described within this procedure shall be stored in accordance with GDPR.

7 Education & Awareness

Company and Project Inductions shall include the requirements of this procedure. Periodic briefings (newsletters, safety alerts, etc.) shall promote awareness of this procedure.

8 Compliance & Assurance

The implementation and maintenance of the arrangements within this document will be the subject of an annual audit.

9 Tools & Forms

The following Tools & Forms are available to support the application of these arrangements.

- HR- FRM-0019 Medical Declaration Form
- HR-FRM-0049 Consent for Counselling Service via Express Medicals to Wellbeing Solutions
- QUAL-POL-0010 Alcohol & Drugs Policy
- RAIL-FRM-0021 For Cause Testing Request
- SAFETY-GUI-0027 Drug and Alcohol Testing Guidance for Site Staff
- SAFETY-TBT-0044 Drug and Alcohol

ANNEX E

Sustainability Strategy and Policy Statement

ENVIRONMENT & SUSTAINABILITY POLICY STATEMENT

SPL Powerlines UK are dedicated to developing, maintaining and improving electrification infrastructure. Our innovative, efficient solutions drive economic growth, protect and enhance the environment, and support and strengthen communities. We are committed to delivering infrastructure that powers progress for the environment and for everyone.

We are passionate about sustainability and work hand-in-hand with our employees, customers, suppliers, and subcontractors to achieve it. We balance immediate needs with long-term goals, ensuring that economic, environmental, and social factors are at the heart of our decision-making process. By fostering open communication with our partners and those affected by our activities, we create a collaborative and responsible approach to sustainability.

At SPL, we strive to exceed legal compliance, setting industry standards for sustainability and innovation. Our proactive approach and commitment to best practices demonstrate our leadership in environmental stewardship and responsibility, and we provide transparent and regular reporting on all elements of our E&S Strategy. We have identified four strategic opportunities to structure our approach, guaranteeing a thorough and effective implementation of our sustainability initiatives.

Carbon

- Net Zero in Scope 1 and 2 emissions by 2030, and Net Zero in Scope 3 emissions by 2040.
- 100% renewable tariffs for all sites by 2030.
- Implement energy efficiency measures across all facilities and operations to reduce overall energy consumption and carbon footprint.
- Work with suppliers to reduce their carbon emissions and ensure that all materials and services are sourced sustainably.
- Transition of company’s vehicle fleet to electric vehicles (EVs) by 2030.
- Encourage and support employees in reducing their carbon footprint.

Biodiversity

- Preserve and improve natural habitats affected by our sites and operations.
- Enhance local biodiversity by achieving a >20% net gain on all projects.
- Educate and involve employees in biodiversity conservation efforts.
- Form Partnerships with environmental organisations to support biodiversity projects.

Resources

- Optimise the use of resources in all activities to minimise waste and maximise efficiency.
- Sustainable sourcing of all materials.
- Zero waste to landfill and reduce recovery rate by increasing recycling rate.
- Measures to reduce water consumption and promote water recycling.
- Enhance energy efficiency across all operations to reduce resource consumption.
- Educate and involve employees in resource conservation efforts.

Communities

- Invest in and support local community projects and initiatives.
- Encourage and facilitate employee volunteering in community activities.
- Partnerships with local organisations to address community needs.
- Provide educational and training opportunities for community members.
- Maintain open communication channels with community stakeholders.

To effectively implement this policy, we will ensure sustainability is embedded within every discipline, every team and among our supply chain partners. Our senior leadership is fully committed to sustainability, prioritising it as a core business objective.

We will ensure this policy is communicated to all employees, supply chain partners, and relevant stakeholders, and we will review it annually to ensure its continued relevance and effectiveness.

……………………………….	…………………………….
Martin Hawley	**Guenter Kielmayer**
Managing Director	**Managing Director**

Document Reference:	ENV-POL-0001	Issue No:	01	Issue date:	01/02/2025	Expiry date:	01/02/2026

SPL POWERLINES
AN EQUANS COMPANY

SUSTAINABILITY STRATEGY

2025 - 2050

Sustainability Strategy

LEAD. DELIVER. GREENER.

Sustainability is embedded in everything we do. We are protecting the environment, reducing carbon, efficiently using resources and enhancing biodiversity. We have ambitious targets, a robust plan and the people and passion to deliver.

At SPL we have an industry leading approach, embedding all elements of sustainability into the heart of our business.

Decarbonisation is the foundation of everything that we do. Our purpose is to design, build and enhance the electrified infrastructure needed to make the UK Net Zero 2050 target happen. We are committed to achieving Net Zero and we are continuing our pioneering approach to improving biodiversity. We integrate green engineering solutions and circular economy principles into our design and construction processes.

SPL fosters and prioritises teamwork, and we have a dedicated team of specialists that translate this ambition into market-leading results; supporting our client's targets and making exceptional environmental management our business as usual.

We care about our impacts on people and on the planet. How we build is as important as what we build. We have led by driving innovation within the construction industry, but we will go further and deliver the sustainable, resilient infrastructure needed to grow the economy and benefit our communities.

SPL Powerlines, as part of the Powerlines Group, is one of the leading rail electrification companies within the UK making a key contribution to environmentally sustainable economic development.

As a reliable partner to our clients for many years, our objective is to become the leading infrastructure provider in delivering a customer-centric and solution-orientated approach, where insistence on quality, reliability, and punctual service provision, are our central points of focus.

With our, uniquely large and highly qualified employee pool we have vast experience in the construction of overhead and transmission line systems. Due to their macro-economic significance, infrastructural systems must guarantee a large degree of reliability, operational safety, and a long working life. These principles guide our everyday actions. Reliability requires a large degree of customer and solution orientation. Operational safety relies on compliance with the highest safety and quality standards, regardless of how challenging the conditions may be. Durable facilities require a long-term and sustainable business model. We plan our business relations on a long-term basis and see social and environmental responsibility, cultural diversity and ethical principles as essential values guiding our business practices.

Commitment to achieving Net Zero

This document demonstrates SPL Powerlines commitment to achieving Net Zero emissions for Scope 1 and Scope 2 by 2030 and for Scope 3 emissions by 2040. Our carbon reduction action plans detail a series of activities for 2025, 2030 and beyond to move towards net zero.

Martin Hawley

“Our eyes are firmly set on achieving and exceeding our sustainability goals aligned to the industries and regions we work in.”

Guenter Kielmayer

“We will provide the right support to our teams to adopt the right mindset and behaviours to outperform our sustainability objectives.”

Introduction

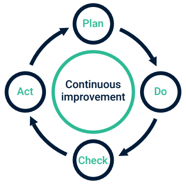
We have seen steady progress in the expansion of electrification of rail services, since the first electrified pleasure railway line along Brighton sea-front in 1883, rail travel is one of the most low-carbon methods of transport within the UK, accounting for only 1.4% of total UK carbon emissions.

SPL Powerlines share our client's commitment through route electrification works to reduce emissions even further and deliver net-zero carbon as a business. Our drive to achieve Carbon Net Zero by 2050 meets United Nations Sustainable Development Goals for Affordable and Clean Energy (SDG 7), Industry, Innovation and Infrastructure (SDG 9), Sustainable Cities and Communities (SDG 11), Responsible Consumption and Produciton (SDG 12) and Climate Action (SDG 13) to support the production and use of more sustainable energy to address climate change.

We continue to work with our clients to deliver a "Low Emission Railway" and provide a safe, reliable, and efficient railway is a key requisite to encouraging use of public transport.

The United Nations Sustainable Development Goals (UN SDGs) are 17 overarching goals encompassing a range of sustainability themes including eradication of poverty, equal opportunities, access to vital resources, sustainable growth and environmental protection.

The UN General Assembly adopted the SDGs in 2015 with the aim of delivering positive change across all 17 themes by 2030.



Continuous Improvement Process

By annually calculating and assessing our carbon emissions by Scope, we have identified areas for improvement, driving continuous progress towards a more sustainable future, including focus areas for decarbonisation to allow us to meet ambitious Net Zero target dates of 2030 for Scope 1 & 2 emissions, and 2040 for Scope 3 emissions. Decarbonisation will be delivered through a series of internal initiatives, focused on our most significant sources of direct emissions; our fleet and the buildings we occupy. In addition, we are working collaboratively with our supply chain to map and reduce the Scope 3 emissions associated with our purchased goods and services.

Our Sustainability Policy aligns to our client's approach for a Circular Economy and the decarbonisation agenda.

Our Net Zero targets for reducing carbon emissions are based on scopes 1, 2 and 3:

Scope 1 direct emissions - Net Zero by 2030

Scope 2 indirect emissions - Net Zero by 2030

Scope 3 indirect emissions in our value chain - Net Zero by 2040

We annually calculate and assess our carbon emissions across the three scopes identified in the Greenhouse Gas Protocol:

Scope 1

Covering the Green House Gas (GHG) emissions we make directly - while running our business and vehicles.

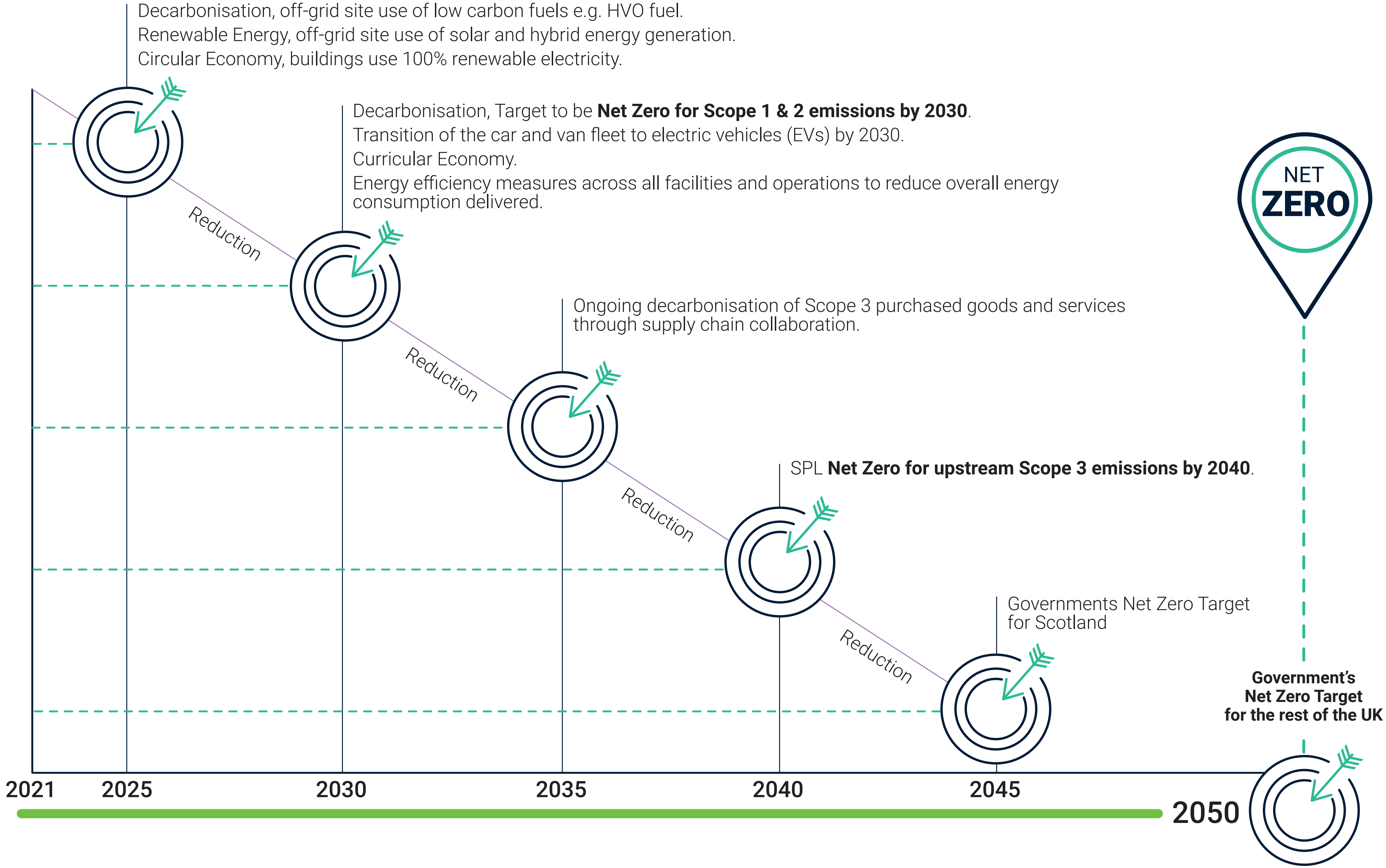
Scope 2

These are our indirect emissions – produced by others for such as the electricity or energy we buy to run our business.

Scope 3

These are all the emissions associated with the products and services we buy from our supply chain to make our products and in the use of our products.

Our Net Zero Roadmap

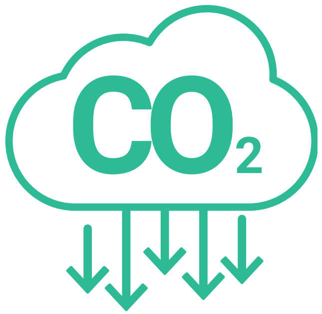


Carbon net zero themes

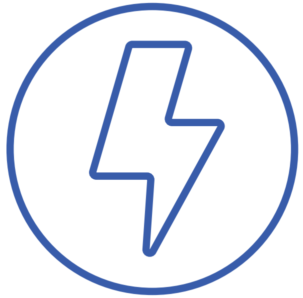
SPL Powerline's carbon reduction strategies and initiatives are evidence-based and grounded in established scientific principles.

Whilst there are a wider range of themes, we have considered the approaches best suited to our business to mitigate climate change and limit global warming to below 1.5 ^{o}C above pre-industrial levels within our business are encompassed in the following five net zero themes.

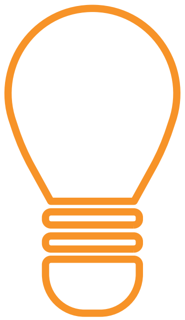
Circular Economy



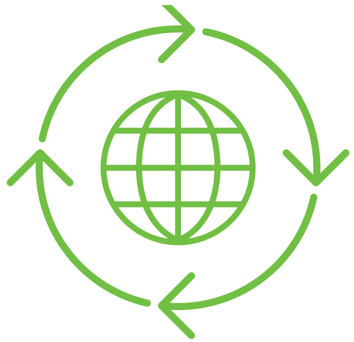
Decarbonisation



Electrification



Energy Efficiency



Renewable Energy

Circular Economy

Our delivery of a circular economy delivers a more sustainable and resource-efficient economic process, minimising waste by encouraging the recycling of surplus materials. We are actively reducing our carbon footprint associated with raw material extraction and the production of new goods, by recovering and reusing as much material as possible.

Lifecycle

Our supply chain process includes a "whole of life" concept. Working with our designers and supply chain to design projects using high-quality materials, in efficient manufacturing processes to extend the life of assets and minimise future interventions whilst also aiding ease of future maintenance and upgradability.

Recycling

Recovering and recycling waste materials is key to a circular economy where we can reuse materials within our organisation or our communities. Extending the useful life of materials reduces the need for new raw material extraction and processing. This is particularly relevant on maintenance/upgrade projects, where instead of discarding products, we explore the possibilities for remanufacture or refurbishment to extend their useful life.

Resource Efficiency

Efficient and extended use of resources is crucial in a circular economy. We optimise construction processes within our projects to reduce waste generation, and to minimise the need to extract fresh raw materials.

SPL's circular economy principles will break away from the traditional "throw away" model and create a more regenerative and sustainable approach with resources used for as long as possible, and waste minimised. We have and will continue to deliver economic, environmental, and social value benefits by reducing resource depletion, decreasing pollution, and creating new business opportunities.

Decarbonisation

Reducing carbon emissions from our construction processes is crucial for achieving carbon net zero. SPL Powerlines work in partnership with our supply chains, to develop and adopt new technologies to reduce emissions in production and use. We consider the entire lifecycle of our projects, and by optimising planning & design, construction, operation & maintenance, and end-of-life stages we can ensure we deliver sustained reduction in carbon emissions.

Planning and Design

By collaborating with architects, engineers, and designers we can optimise the project's design for energy efficiency. Use of Building Information Modelling (BIM) improves construction processes during the build of the asset. Incorporating passive solar design helps to heat and light the asset without use of energy, reducing carbon emissions during its operation.

Construction

We work with our supply chain to develop eco-friendly products made to certified environmental/sustainable specifications, allowing us to lower embodied carbon in our projects. By adopting 'lean construction' methodologies, using prefabricated and modular components, we can lower emissions under controlled manufacturing, whilst improving on-site efficiency, and reduce on site waste.

Operation & Maintenance

We design sustainable operation and maintenance into the project to ensure we deliver the assets ongoing energy efficiency and reduced carbon usage. Self-learning energy management systems and internet enabled devices ensure we can monitor ongoing data to manage the asset and optimise its continued use.

Decommissioning

When the asset is life expired, we implement waste reduction strategies, to ensure we recycle and/or reuse waste arising from the decommissioned asset, salvaging materials, and minimising waste.

It is only by our "whole of life" approach do we truly deliver a Carbon Net Zero strategy that is both tangible and repeatable to achieve our Net Zero commitments.

Electrification

Electrification of transport is a crucial strategy in combating climate change and reducing greenhouse gas emissions. Our planned shift from internal combustion engine to electric vehicles (EVs) will reduce our fleet emissions. Coupled with developing our EV charging infrastructure using clean energy from the grid, we will promote greater EV ownership and substantially lower our carbon footprint.

SPL Powerlines are working with our clients to electrify an increasing number of routes on the network, significantly supporting the development of a "**Low Emission Railway**".

Efficiency

We are working with our fleet suppliers to source more energy-efficient vehicles compared to internal combustion engine vehicles, as they convert a higher percentage of the energy from the grid into vehicle movement. We aim to replace all existing internal combustion engine cars and vans within our fleet with electric vehicle alternatives by 2030.

Innovation

As we and many other organisations shift to electric vehicles, the development of innovation in battery technology, charging infrastructure, and energy storage increases. These advances have ripple effects across the industry leading to more sustainable EV solutions.

Societal benefits

As electric vehicles (EV's) produce no emissions; we help to decrease air / noise pollution and lower the carbon footprint of our operational fleet. This is especially important to our lineside neighbours in built up urban areas where the electrification of transport can lead to improved public health outcomes, fewer cases of respiratory diseases, and decreased health issues.

Electrification of transport is a pivotal strategy in addressing climate change and achieving sustainable mobility. SPL Powerlines together with our clients play a key role in accelerating the transition to electric vehicles and travel ensuring the necessary infrastructure and technologies are in place to support this transformation.

Energy Efficiency

Improving energy efficiency across our buildings, transportation, and construction processes is key to achieving Carbon Net Zero.

Adopting efficient technologies, practices, and design principles, helps us to use less energy to power the same infrastructure. Thereby, reducing our greenhouse gas emissions and lowering energy usage and costs, whilst contributing to countrywide energy security, and promoting sustainable economic growth.

Energy Audits and Assessments

To establish our baseline we conduct detailed energy audits to identify where energy consumption could be reduced or used more efficiently. We can then identify patterns for our offices and sites for, energy-intensive processes, with peaks and troughs in demand to pinpoint 'quick win' opportunities for improvement. Continual monitoring and analysis of our usage ensures we can track our progress and continue to make informed decisions.

Technology and Equipment

Having identified our current usage we will upgrade outdated equipment with energy-efficient technologies like LED lighting, high-efficiency motors, variable frequency drives, and smart control systems. We aim for SPL buildings to be EPC Rated C or above by 2030.

As an equipment intensive contractor, SPL are reviewing all our processes which often have significant energy consumption.

We are working with our plant and equipment hire supply chain to identify more energy efficient alternatives, review different techniques and increase productivity to reduce waste, streamline operations, and minimise energy use.

Our comprehensive and integrated approach, across all our stakeholders using a combination of technological, behavioural, and policies will help us to improving our energy efficiency.

Design & Construct

We are committed to designing future assets with energy-efficient features, like passive solar heating and cooling, maximising insulation properties to minimise operational energy requirements. We are also assessing the opportunities to retrofit insulation, upgrade windows, and introduce passive solar design, to optimise heating, cooling, and lighting systems in our existing buildings.

Our comprehensive and integrated approach, across all our suppliers and stakeholders using a combination of technological, behavioural, and policies will help us to improving our energy efficiency.

Renewable Energy

Transitioning, where possible, to use energy from renewable sources is a crucial part of our strategy to reach Carbon Net Zero. We can expand the generation of our own renewable energy from sources like solar panels, and small wind turbines across our construction site establishments.

Sourcing

By shifting our purchasing of electricity to renewable energy providers, we can help drive the growth of renewables forward and significantly reduce our Scope 2 carbon emissions.

Efficiency

Renewable energy technologies generate energy more efficiently than conventional fossil fuel power plants. Our shift to direct grid connections for our sites helps us to utilise these renewable technologies and coupled with our localised site energy generation we can lower our overall carbon footprint to support our energy efficiency strategy and potentially provide a legacy infrastructure for the benefit of the local community.

Benefits

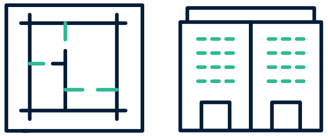
Using direct grid connections and on-site renewable energy generation, like solar and small scale wind turbines have fewer negative impacts on the local communities we work within. Reducing our dependence on diesel power generation reduces air, noise, and the potential for water pollution.

SPL Powerlines are working with our clients to achieve a "Low Emission Railway", by expanding our use of renewable energy to successfully transition to a Carbon Net Zero future.

Managing Carbon on projects - whole life principles (PAS 2080)

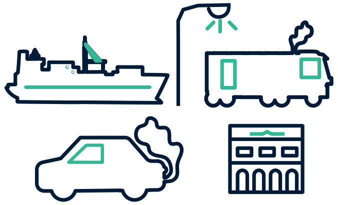
SPL are currently undergoing PAS 2080 accreditation and we expect to have this in place by June 2025.

We adopt a holistic and systematic approach to each project to:



Optimise Design and Construction:

utilising sustainable and low-carbon design and construction practices. We select materials with lower carbon footprints, use energy-efficient technologies, and implement innovative construction methods to reduce emissions

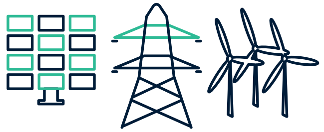


Identify Carbon Sources:

we conduct comprehensive project assessments to identify all carbon sources, including emissions from construction, materials, transportation, and operations

Develop Carbon Reduction Targets:

determining the hotspots, where the most significant emissions occur, allows us to set ambitious yet realistic reduction targets aligned to our Carbon Net Zero goals



Manage Operational Carbon:

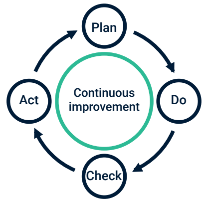
we develop strategies to reduce carbon emissions during the operational phase of the project, using renewable energy sources, implementing energy-efficient systems, with regular monitoring and optimising of our energy consumption

Monitor and Measure:

regular monitoring and measurement systems track carbon emissions throughout the project's lifecycle to ensure we are delivering the carbon reduction targets we have set

Report and Verify:

we prepare regular reports on the project's carbon performance, outlining achievements and challenges, to enhance credibility in meeting our carbon reduction targets



Learn from Experience:

our Plan Do Check Act cycle of continuous learning, enables us to improve our performance on future projects' carbon management practices

Case Study: **Midland Mainline Electrification Overbridge Demolition at Market Harborough for Network Rail**

Project Value: **£250m** **Date:** **2020 to 2025**

Bridge demolition material repurposing

As an integral part of the demolition of Overbridge 35 at Harborough Road, Market Harborough on our Midland Mainline project, we were producing 4500 tonnes of waste arisings from the bridge demolition itself and a further 900 tonnes of Type 1 aggregate required for the establishment of a site compound adjacent to the bridge incorporating a crane lifting pad.

Initiative

To divert this material from landfill we worked in partnership with our subcontractors to identify a suitable alternative use for the arisings. A local landowner, immediately adjacent to the site compound, was identified as requiring similar materials for their project. Samples of the waste arisings were submitted for laboratory testing to ensure it was non-hazardous and appropriate for the Landowners needs.

Benefit

The volume of waste demolition arisings and aggregate was more than SPL would normally produce in an entire year and is a great example of the Circular Economy principles embedded in our projects and business operations. We were able to re-use material destined for landfill, save the landowner the need to purchase and use virgin aggregate materials. Our Circular Economy strategy is firmly embedded into our approach for any site where significant waste arisings are present.

Outcome

On confirmation of the suitability of the material, we assisted the landowner in obtaining a U1 waste exemption licence from the Environment Agency. We were able to deliver the demolition arisings to the landowner with all required legal waste transfer documentation produced and recorded. The materials were the landowner to re-use for building and engineering works, significantly reducing the amount of waste materials from the bridge demolition works going to landfill.

Decarbonisation

Innovative use of alternative low carbon fuel sources.

Hybrid Generators with low carbon fuels

During the onsite phases of our works we always seek to establish direct grid connections for electricity, to enable our use of renewable energy. In circumstances where this is not possible due to the remote nature or duration of the location, we deploy solar hybrid generators and lighting towers using alternative fuels such as Hydrotreated Vegetable Oil (HVO) in place of diesel.

Initiative

Transitioning to HVO in our generators and small plant supports the reduction of our carbon footprint whilst also providing a cleaner environment for our workforce and lineside neighbours. With minimal or zero modifications required to the equipment, we can utilise existing generators to maintain the delivering of the energy we need to effectively manage and deliver our work, whilst significantly reducing our carbon footprint.

Outcome

HVO is a cost-effective renewable replacement for traditional diesel fuels. In conjunction with integrated solar panels, the use of HVO in site generators has been effective in reducing fuel consumption and associated emissions from mobile plant on our sites. This has contributed to our sustainability objectives and reduced our impact on local communities through reduced emissions.

Benefit

Using HVO can deliver up to, 90% reduction in CO_2, 25% less NO_x emissions, 42% less particulate matter, and 24% lower CO emissions, which makes it a perfect replacement for diesel in delivering the plant and equipment performance we need whilst contributing to a Low Emission Zone, improving our sustainability credentials and reducing our impact on local communities.

Solar Hybrid Generators

SUSTAINABILITY STRATEGY

2025 - 2050

SPL Powerlines UK Ltd

7 Kirkshaws Road / Coatbridge /ML5 5EY
Phone: +44-1236-424666
office.uk@powerlines-group.com | www.powerlines-group.com

ANNEX F

Social Value Strategy and Policy Statement

SOCIAL VALUE POLICY STATEMENT

SPL Powerlines UK creates social value through the development, maintenance, and enhancement of electrification infrastructure. We understand, prioritise and appreciate the intrinsic societal benefits our works bring to local communities and businesses, and we are dedicated to realising as much of that potential as possible, delivering solutions that benefit everyone.

We are passionate about people; our clients, our colleagues, our suppliers and our communities. We balance immediate needs with long-term goals, ensuring that economic, environmental, and social factors are at the heart of our decision-making process. By maintaining open communication with our partners and those impacted by our activities, we foster a responsible and collaborative approach to social value.

At SPL, we strive to exceed legal compliance, setting industry standards for engagement, donation and reporting. Our proactive approach and commitment to best practices highlight our leadership in social responsibility. We provide transparent and regular reporting on all aspects of our Social Value Strategy. We have identified four strategic opportunities to structure our approach, ensuring the thorough and effective implementation of our social value initiatives.

Local Economies

- Prioritise progressive procurement, investing in, and supporting the development and growth of the local supply chain.
- A minimum spend of 30% with local SMEs.
- Supporting our supply chain to collaborate on social value opportunities.

Community Engagement

- 1 volunteering day per year for all colleagues.
- Engage with local communities through regular consultations and feedback sessions.
- Annual charity sponsorship programme.
- Grow the Notes for Trees campaign with the Wildlife Trust.

Employment and Skills

- Create apprenticeship, graduate and training opportunities working with relevant institutes and providers to develop local skills, as well as prioritising the digital and STEM skills gap.
- Work collaboratively with educational institutions to offer work placements, support events and provide career guidance.
- Ensure employees have relevant opportunities to develop and gain further skills.

Measuring and Reporting

- Implement externally verified, robust frameworks to measure social value impact.
- Provide transparent and regular reporting on social value outcomes and progress.
- Achieving at least 15% SRoI for all of our projects, helping our clients understand the long-term, real-world effects of their projects.

To effectively implement this policy, we will ensure social value is embedded within every discipline, every team and among our supply chain partners. Our senior leadership is fully committed to delivering positive, measurable social impacts, prioritising it as a core business objective.

We will ensure this policy is communicated to all employees, supply chain partners, and relevant stakeholders, and we will review it annually to ensure its continued relevance and effectiveness.

……………………………….
Martin Hawley
Managing Director

……………………………
Guenter Kielmayer
Managing Director

SOCIAL VALUE STRATEGY

2023 - 2028

Foreword

Our railway has been a crucial part of social inclusion for almost 200 years, facilitating trade and tourism and providing affordable and accessible transport to everyone.

As a railway business, we believe it is our duty to build on this legacy as we continue to connect communities, enhance peoples' lives, develop sustainable solutions, and build a safer and more inclusive society.

This is particularly important in our post-pandemic world as we work to get passengers back on the railway and support the recovery of individuals and communities.

We are proud to present our **Social Value Strategy for 2023 – 2028**. Our strategy aligns with the United Nations Sustainable Development Goals and the UK Government Social Value Framework.

We have focused on **five core themes** to ensure we leave a positive legacy for the communities we work in, the people and organisations we work with, and the industry as a whole.

Our people embody social value at all levels. We have witnessed genuine care and compassion for social value activities within SPL, and resounding support from our leaders.

We have ambitious plans for the future, and know that by working together with customers, suppliers, stakeholders, and communities we can make a truly meaningful difference.

Martin Hawley

"We recognise that achieving all our social value ambitions takes time. However, we have already pinpointed five key action areas that will enhance our social value delivery and drive ongoing improvement."

Guenter Kielmayer

"We take pride in empowering our people and supply chain to improve the society we all live in. Our commitment is reinforced by robust governance and processes that enable us to effectively capture, measure, and evaluate the social value we deliver."

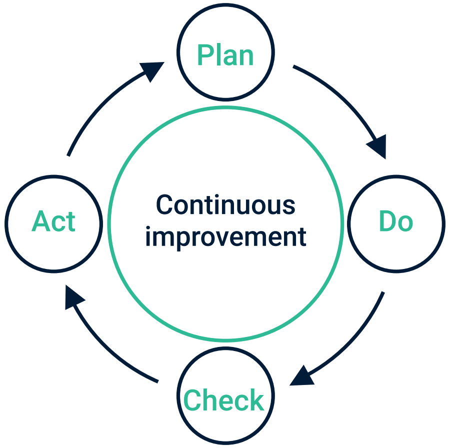
Contents

Managing social value on projects

Social value delivery is embedded in our design, planning and construction operations from the outset. Our regional project management teams ensure that social value is delivered locally. Guided by one of our Regional Social Value Co-ordinators, each project will follow the below process to maximise the amount of targeted value we provide.

1. Identify the communities and stakeholders that are local to the project through a **Stakeholder Mapping exercise**.
2. Understand the needs of the local area by completing an **Initial Stakeholder Analysis**.
3. Assess the potential impacts and opportunities for each stakeholder group via a project **Environmental and Social Risk Assessment**.
4. Consult regional plans and engage with the local stakeholders and Network Rail to agree the social value priorities, themes, goals, and targets for the project.
5. Produce a **Project Social Value Action Plan** that sets out the goals, metrics, indicators, and smart actions that will produce the social value.
6. Communicate the plan to all project staff.
7. Track progress of the actions and goals through regular project meetings, and maintain an open dialogue throughout the design, and build process with our social value co-ordinators and project teams.

Continuous improvement



The Plan-Do-Check-Act (PDCA) cycle, is a fundamental concept in how we strive for continuous improvement.

It enables us to adapt to changing circumstances, optimise performance, and achieve sustainable progress. By continually refining our approach, we can continue to deliver the Strategy and achieve higher-quality outcomes well into the future.

Successful delivery of our Strategy is measured through our SMART and objective metrics, where we can clearly demonstrate our achievements and positive feedback reports from all stakeholders. On completion of each social intervention we undertake a comprehensive review of the methods used to deliver the initiative, quantify the level of success achieved, how we may have delivered it differently and consider the potential for future application of the approach on other projects.

Managing social value on projects

The 2030 Agenda for Sustainable Development was adopted by all UN member nations in 2015. It offers a universal roadmap for creating global well-being and environmental sustainability.

Centered on the 17 Sustainable Development Goals (SDGs), it asks that every country, regardless of their development status, collaborate urgently. These goals demand a co-ordinated approach to eradicating poverty, enhancing healthcare and education, lessening inequality, increasing economic growth, combatting climate change, and safeguarding our oceans and forests.

It represents a collective commitment to securing peace, prosperity, and ecological balance for both present and future generations on Earth. This Social Value Strategy fully aligns with these goals, as well as the UK Central Government Social Value Toolkit and the Procurement Policy Note 06/20.

Introducing our core social value themes

We are committed to delivering meaningful social value across all our projects, recognising our responsibility to society.

By using this framework we can not only align our decisions with local needs, but also maximise the positive impact we have on people. Our approach to social value management emphasises value creation rather than incurring additional costs.

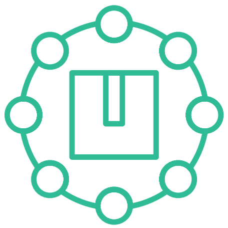
We've outlined five key themes as our primary focus areas, encompassing a total of 42 individual social value performance indicators (SVPIs)

These indicators will steer our policy objective of achieving year-over-year growth in social value. They capture our aspirations to be a sustainable, trusted, and forward-thinking business, underscoring the values and behaviours ingrained in our organisational culture.

Help local communities recover from the impacts of COVID 19

Provide equal opportunity and increase diversity

Provide Effective Environmental Stewardship



Develop a thriving business and diverse supply chain

Improve the health, safety and wellbeing of our staff, our supply chain, and local communities

Help local communities recover from the impacts of COVID 19

Our goals are to spend more with small business, provide more consistency and certainty of workload, making faster payments to our suppliers, increase hybrid working and prioritise community mental health.

We will work in partnership with our supply chain partners and facilitate passenger reintegration into the railway to support local communities to recover from the effects of COVID-19.

SDG's relevant to Our Core Social Value Theme

Help local communities recover from the impacts of COVID 19

SPL Social Value Measure	SPL Metric	How	Who	Results by 2025	Results by 2028 and beyond
Total number of FTEs created for people left unemployed by COVID-19	Number of jobs created per year	Work with our recruitment partners to identify applicants	SPL UK Group HR Director	2 FTE recruited from those left unemployed by COVID 19	5 FTE recruited from those left unemployed by COVID 19
Total spend with small businesses*	Total spend with small businesses*	Actively seek out new suppliers that are small businesses	Head of Procurement	Increase our spend with small businesses by 25% per year	Increase our spend with small businesses by 50% per year
Average number of days taken to make payments per year	Average number of days per year	Review payment processes and technologies to increase the speed of payment	Finance Manager	Reduce the average number of days taken to pay supplier to below 28 days	Reduce the average number of days taken to pay suppliers to below 25 days
Lower impact interventions delivered to the community to improve their mental health	Number of annual community stakeholder participations	Organise local mental health community groups events	Head of Environment and Sustainability	Hold at least 30 community stakeholders events to improve mental health	Hold at least 60 community stakeholders events to improve mental health
Improved employee working conditions	Average staff score for a variety of workplace condition survey questions	Implement procedures. Employee focus groups and employee workplace condition survey	SPL UK Group HR Director	Have a baseline average workplace condition score of 5.0 out of 10.0 and/or an increase over baseline if already over 5.0	Have a baseline average workplace condition score of 6.0 out of 10.0 and/or an increase over baseline if already over 6.0

Help local communities recover from the impacts of COVID 19

Case Study: Providing online school support during COVID 19 **Project Value:** £212m **Date:** 04/21

Adapting to COVID

SPL Powerlines (SPL) team, working on the Midland Mainline Electrification London to Wigston Project, were actively engaging in iRail STEM volunteering event, where staff would visit schools and promote STEM related careers in the rail industry. The sessions were' hands-on' with SPL staff helping the young people to carry out challenges and complete in-class competitions, with the overarching aim of 'inspiring tomorrow's workforce' to pursue a career in the rail industry. COVID-19 related restrictions resulted in all face-to-face STEM events being cancelled from mid-March 2020. Young people who would have previously benefited from the events no longer received the necessary advice and exposure thereby limiting their understanding or and encouragement to pursue careers in the rail industry.

Initiative

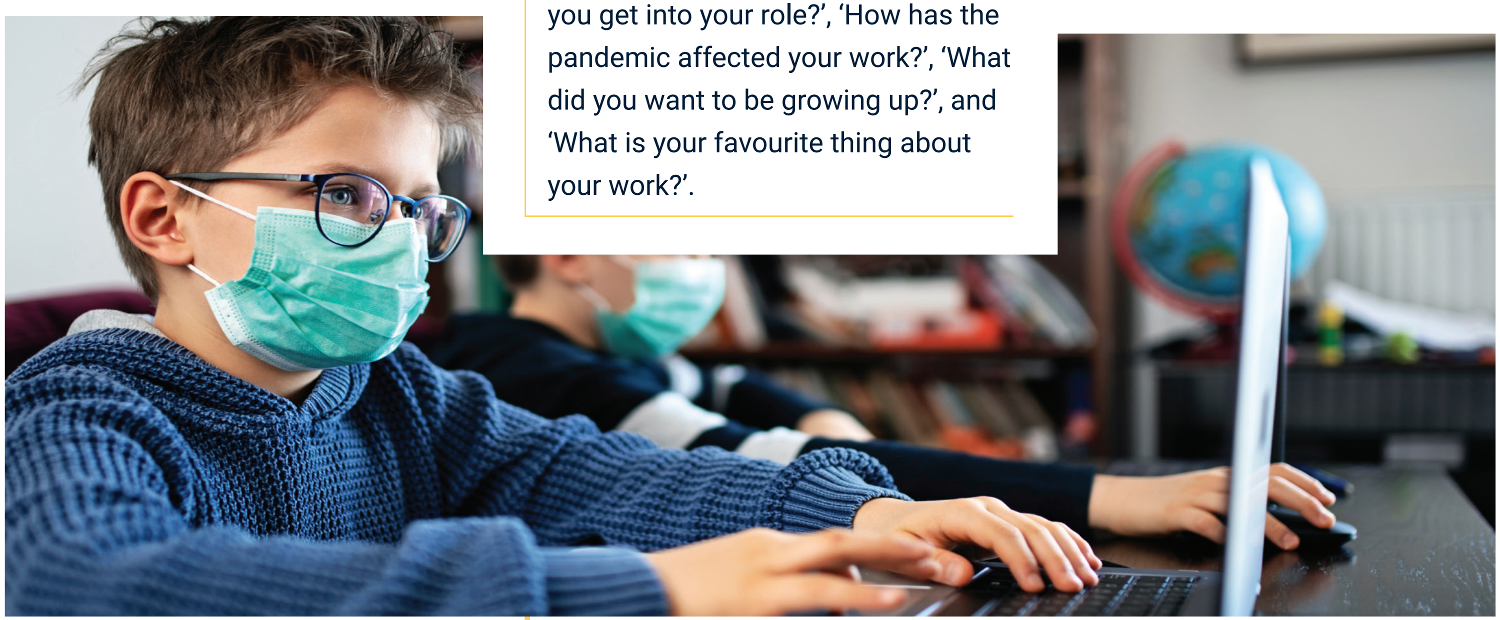
Our drive to continue supporting iRail STEM events led SPL to liaise with 'Learn by Design', an agency which arranges these events, allowing SPL to support events online using remote desk software to hold meetings and discussions, the popularity of which had increased during COVID-19.

Outcome

SPL staff attended 4 virtual STEM events using of Microsoft Teams. Although the structure of the events changed, the use of online video calling still ensured young people were provided with an overview of career opportunities in the rail sector and were allowed to participate asking questions such as 'How did you get into your role?', 'How has the pandemic affected your work?', 'What did you want to be growing up?', and 'What is your favourite thing about your work?'.

Benefit

Through these online events, SPL were able to give students an experience which they may have missed due to the pandemic. As with Schools we were able to adapt our teaching to online methods to deliver a positive for SPL staff and the students who had the opportunity to interact virtually.



Develop a thriving business and diverse supply chain

Our goals are to address local economic inequality by helping to establish new enterprises, generate employment opportunities, and foster skills development.

We will work with our supply chain to adopt innovative and disruptive technologies to strengthen resilience and increase capacity and support educational achievements and improve training prospects for our staff and supply chain.

SDG's relevant to Our Core Social Value Theme

Develop a thriving business and diverse supply chain

SPL Social Value Measure	SPL Metric	How	Who	Results by 2025	Results by 2028 and beyond
Number of staff hours dedicated to events to benefit from development support	Number of staff hours per year	“Idenfity potential SMEs, startups, VCSE or mutuals to benefit from development support	Head of Procurement	20 hours from SPL staff dedicated to seminars, market/supplier engagement events	30 hours from SPL staff dedicated to seminars, market/ supplier engagement events
Number of people (FTE) in the workforce that are ‘local’*	Number of people (FTE) in the workforce living within 25 miles of their workplace	Target recruitment of people within 25 miles of their workplace	SPL UK Group HR Director	15% of all FTEs living within 25 miles of a workplace	30% of all FTEs living within 25 miles of a workplace
Number of hours worked by people who are ‘local’*	Number of hours worked by staff living within 25 miles of their workplace	Work with project teams to target recruitment to people within 25 miles of a workplace	SPL UK Group HR Director	15% of all hours worked by staff to local	30% of all hours worked by staff to local
Create and safeguard apprenticeships (level 2-4) for disadvantaged potential employees	Number of FTE Apprenticeships created per year	Work with our recruitment partners, specialists, community groups, schools and colleges to identify appropriate applicants	SPL UK Group HR Director	15 FTE Apprenticeships created or safeguarded (level 2-4) for the specified individuals	20 FTE Apprenticeships created or safeguarded (level 2-4) for the specified individuals
Number of year-in-industry placements currently employed forming the third year of a four-year degree course	Number of year-in-industry placements currently employed per year	Work with local universities to advertise year in placement opportunities	SPL UK Group HR Director	3 year in placements employed	5 year in placement employed
Number of Graduate jobs created	Number of FTE Graduate jobs created or safeguarded per year	Work to advertise the graduate positions to the students and alumni	SPL UK Group HR Director	5 Graduate jobs created or safeguarded	10 Graduate jobs created or safeguarded

Develop a thriving business and diverse supply chain

SPL Social Value Measure	SPL Metric	How	Who	Results by 2025	Results by 2028 and beyond
Number of beneficiaries of pre-employment work experience to develop essential skills, leading to increased employment opportunity	Number of beneficiaries completing pre-employment work experience per year	Work with education centres and recruitment partners to advertise year in placement opportunities	SPL UK Group HR Director	3 year in placements employed	5 year in placement employed
Create training opportunities for staff to attain non-apprenticeship qualifications at L2 to professional level	Number of training opportunities created per year	SPL staff training and development programme	SPL UK Group HR Director	Create 10 non-apprenticeship opportunities for directly employed staff	Create 20 non-apprenticeship opportunities for directly employed staff
Number of students receiving STEM mentoring with a sustained relationship ambassador volunteer	Number of students receiving STEM mentoring per year	Identify STEM education partners and SPL staff to attend events	Engineering Director	5 Students recieving STEM Mentorship	7 Students recieving STEM Mentorship
STEM careers information advice and guidance, curriculum enrichment talks	Number of hours provided per year	Identify STEM education partners and SPL staff to attend events	Engineering Director	Provide 100 dedicated staff-hours of STEM careers information advice	Provide 150 dedicated staff-hours of STEM careers information advice
The value of contract opportunities awarded to local suppliers under the contract in £	£ spend with local suppliers per year	Seek out new local suppliers to redirect supplier spending	Head of Procurement	Increase local supplier spend by 10%	Increase local supplier spend by 20%

Develop a thriving business and diverse supply chain

SPL Social Value Measure	SPL Metric	How	Who	Results by 2025	Results by 2028 and beyond
Increase the amount we spend with SMEs, Startups, VCSEs and Mutuals*	% of total spend per year	Seek out new SMEs, Startups, VCSEs and Mutuals as our suppliers	Head of Procurement	At least 35% of total supplier spend per year with SMEs, Startups, VCSEs and Mutuals	At least 50% of total supplier spend per year with SMEs, Startups, VCSEs and Mutuals
Promote collaboration to access new technologies and/or approaches	% of contracts using low carbon / renewable technologies or techniques	Identify contracts to include low carbon / renewable technology	Head of Procurement	25% of contracts let to use low carbon and renewable technologies or techniques in design and construction	50% of contracts let to use low carbon and renewable technologies or techniques in design and construction
% of our top 10 products purchased having environmental product declarations	% of products per year	Work with our supply chain to obtain the Environmental Product Declarations	Head of Procurement	100% of the top 10 products purchased from our supply chain to have an Environmental Product declaration	100% of the top 15 products purchased from our supply chain to have an Environmental Product declaration
Increase the number of companies in our supply chain that have committed to the government's Good Work Plan	% of supply chain companies per year	Alter our supplier onboarding process to mandate a commitment to the 5 principles	Head of Procurement	15% of our supply chain to have committed to the 5 foundational principles of good work	25% of our supply chain to have committed to the 5 foundational principles of good work
% of companies in our supply chain to have adopted the National Cyber Security Centre's 10 steps	% of supply chain companies per year	Alter our supplier onboarding process to have adopted the 10 steps	Head of Procurement, Head of IT	25% of our supply chain to have adopted the National Cyber Security Centre's 10 steps	40% of our supply chain to have adopted the National Cyber Security Centre's 10 steps

Develop a thriving business and diverse supply chain

Case Study: Delivering STEM at Carstairs Junction Primary School **Project Value:** £21m **Date:** 06/23

STEM Learning in Carstairs

Following a comprehensive stakeholder analysis within a 25-mile radius of Carstairs Station, on our OHLE Project, we identified Carstairs was in the bottom 10% of the most deprived areas on the Scottish Index of Multiple Deprivation (SIMD) with only 40-50% of pupils achieving stage level for literacy and numeracy.

Initiative

We focused our plan to deliver social value within the 'Economic Prosperity theme, facilitating science, technology, engineering and maths (STEM) skills amongst young people to inspire them to follow careers within the rail industry. Thus, helping to address the key causes of deprivation by increasing education, leading to improved employment opportunity in higher income streams.

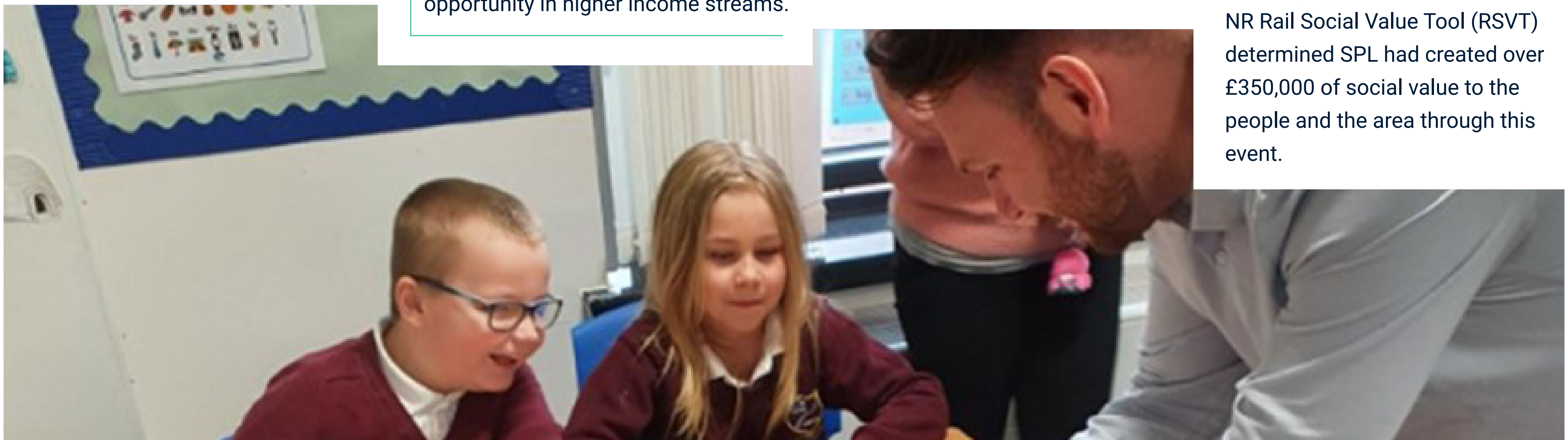
Outcome

We partnered with South Lanarkshire Council and Carstairs Junction Primary School and other contractors on the Carstairs Station and junction remodelling project. The SPL Team participated in the 1-day event with over 100 students attending, our STEM ambassadors had the pleasure of discussing all the possibilities the rail sector could offer.

Benefit

The pupil's enthusiastic engagement and participation led to lots of interest and questions, broadened their awareness of the diversity of skills required in our sector, and helped them to understand the railways' role in governments decarbonisation goals.

Entering the event data into the NR Rail Social Value Tool (RSVT) determined SPL had created over £350,000 of social value to the people and the area through this event.



Provide equal opportunity and increase diversity

Our goals are to increase the representation of disabled people in the workforce and reduce the disability employment gap. We will work towards a more inclusive work place and promote workforce diversity and inclusion.

We will support in-work progression of those from disadvantaged or minority groups, and help them develop new skills and move into higher paid work.

SDG's relevant to Our Core Social Value Theme

Provide equal opportunity and increase diversity

SPL Social Value Measure	SPL Metric	How	Who	Results by 2025	Results by 2028 and beyond
Increase the % of FTE people with a disability* employed, as a proportion of the total FTE workforce	% FTE staff with Disabilities per year	Work with recruitment partners, specialists and community groups to identify applicants	SPL UK Group HR Director	Have at least 5% of all FTE staff with disabilities	Have at least 7% of all FTE staff with disabilities
Increase the number of people with a disability* on apprenticeship schemes (Level 2, 3, and 4+)	% of disabled people in total number of apprenticeships	Work with recruitment partners, specialists and community groups to identify applicants	SPL UK Group HR Director	Have at least 5% of all apprenticeships with disabilities	Have at least 7% of all apprenticeships with disabilities
Increase the number of people with a disability* in the workforce on training schemes (level 2, 3 and 4+)	Number of staff with disabilities on training schemes per year	Identify beneficial training courses and monitor progress of staff on the training courses	SPL UK Group HR Director	Have at least 30% of all employees with disabilities on a training scheme	Have at least 50% of all employees with disabilities on a training scheme
Increase the percentage of employees (FTE) from under-represented groups*, as a proportion of the total FTE workforce	% FTE staff from under-represented groups in the workforce per year	Work with recruitment partners, specialists and community groups to identify applicants	SPL UK Group HR Director	Have at least 20% of all FTE staff from an under-represented group	Have at least 25% of all FTE staff from an under-represented group
Increase the number of people from under-represented groups* in the workforce on apprenticeships schemes (level 2, 3, and 4+)	Number of under-represented people in total number of apprenticeships	Identify beneficial training courses and monitor progress of staff on the training courses	SPL UK Group HR Director	Have at least 10% of all apprenticeships from under-represented groups	Have at least 15% of all apprenticeships from under-represented groups

Provide equal opportunity and increase diversity

SPL Social Value Measure	SPL Metric	How	Who	Results by 2025	Results by 2028 and beyond
Increase the number of people from under-represented groups* in the workforce on other training schemes (level 2, 3, and 4+)	Number of staff from under-represented groups in the workforce per year	Identify beneficial training courses Advertise internally to relevant staff Monitor progress of staff on the training courses	SPL UK Group HR Director	Have at least 40% of all staff from an under-represented group on a training scheme	Have at least 50% of all staff from an under-represented group on a training scheme
Increase the % of the supply chain whose mapping has been completed to reduce the risks of modern slavery	% of companies in the supply chain per year	Conduct modern slavery risks assessment on 50% of our supply chain	Head of Procurement	50% of our supply chain mapped for risks of modern slavery	75% of our supply chain mapped for risks of modern slavery

Provide equal opportunity and increase diversity

Case Study: Helping Rossington Hall Group, Riding for the Disabled Association **Project Value:** £212m **Date:** 03/21

Rossington Hall

During our London to Wigston project on the Midlands Main Line Electrification programme, scrap fencing material from the London to Corby phase of the programme was to be disposed of. SPL and our contractor, Vegetation Management Services Ltd (VMS), identified a Charity with a pressing need for fencing upgrading at their facility. The Rossington Hall Group, Riding for the Disabled Association (RDA) provides disabled children and adults with therapy, fitness, skills development, and opportunities for achievement through horse riding and coach driving activities. Fencing and maintenance at RDA is an ongoing expense which relies solely on donations and volunteering.

Initiative

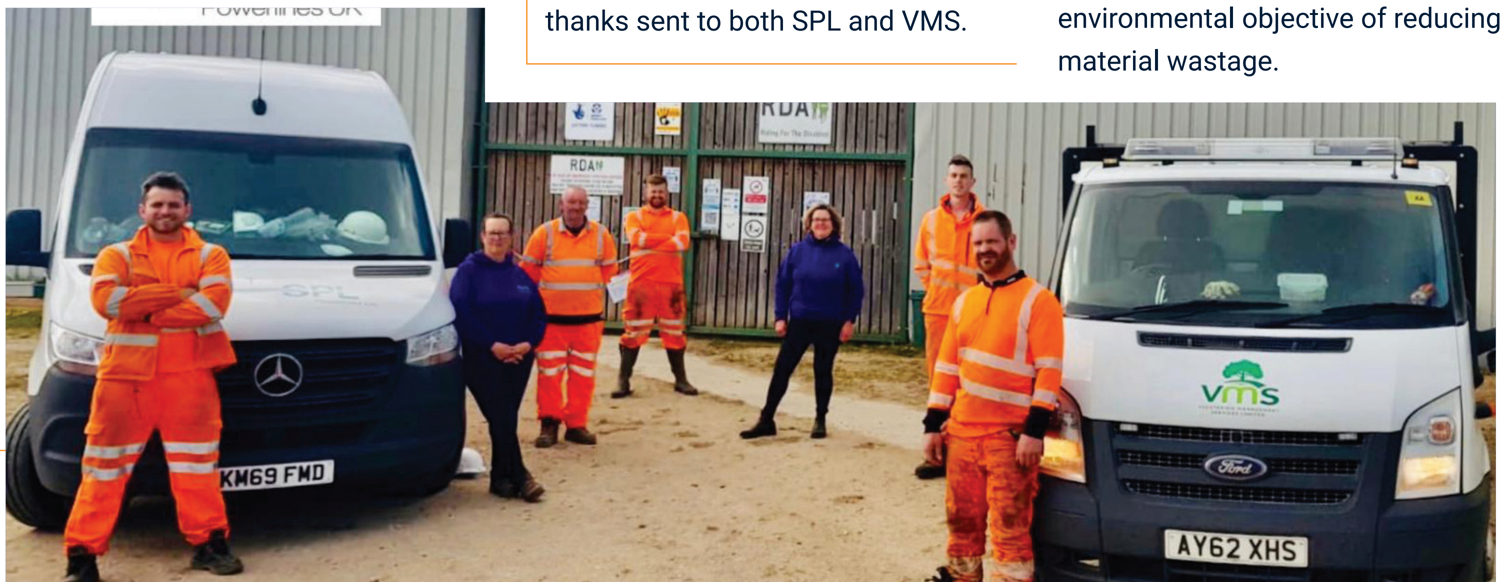
Volunteers from SPL and VMS disassembled the scrap fencing from site to enable its easy transportation to Rossington Hall. Our volunteers spent several days installing the fencing around horse paddocks and along the perimeter fence line, whilst also carrying out other essential maintenance activities.

Outcome

Together the volunteers successfully delivered much needed fencing around horse paddocks and along the boundary fence, allowing the RDA to use their charitable donations to complete other needed works associated with starting back up after the COVID lockdown. Rossington Hall's Easter Newsletter detailed the works undertaken including letters of thanks sent to both SPL and VMS.

Benefit

This volunteering opportunity prevented materials going to waste, gave staff the opportunity to support local causes and give back to the community, whilst allowing scarce funding to be used in other areas. SPL and VMS staff found the activity very rewarding and adds to Network Rails Social objective of creating engaged employees and environmental objective of reducing material wastage.



Improve the health, safety and wellbeing of our staff, our supply chain, and local communities

Our goals are to promote the enhancement of work quality, and the physical and mental well-being of our workforce and supply chain, and to improve the safety and wellbeing of passengers and the public along the rail network.

We will proactively manage and minimise negative impacts such as noise, disruption, and poor air quality. Our efforts will contribute to fostering strong, integrated communities and we will expand and strengthen our partnerships with community rail groups and volunteers, including those involving disused assets.

SDG's relevant to Our Core Social Value Theme

Improve the health, safety and wellbeing of our staff, our supply chain, and local communities

SPL Social Value Measure	SPL Metric	How	Who	Results by 2025	Results by 2028 and beyond
% of our supply chain to have measures to improve the physical, mental health and wellbeing of their workforce	% of supply chain companies per year	Alter the supplier onboarding process to mandate appropriate measures	Head of Procurement	25% of our supply chain to have implemented measures	50% of our supply chain to have to have implemented measures
Provide training to staff to act as Mental Health First Aiders	Number of Mental Health First Aiders per year	Internally advertise Mental Health first aider training	Head of Health and Safety	Have 30 Mental Health First Aiders trained	Have 35 Mental Health First Aiders trained
Deliver Rail Safe Friendly initiative awareness talk sessions	Number of students receiving safety talks per year	Work with Local Schools to organise sessions Project managers will arrange for staff to attend and deliver sessions	Senior Project Managers	100 Students benefitting from presentations offering additional information beyond the scope of the prescribed curriculum Whole number value	150 Students benefitting from presentations offering additional information beyond the scope of the prescribed curriculum Whole number value
Deliver Rail Safe Friendly initiative awareness talk sessions	Numbers of hours spent delivering sessions per year	Arrange for staff to attend and deliver sessions to Local Schools	Senior Project Managers	Deliver 15 hours of Rail Safe Friendly initiative curriculum support sessions	Deliver 20 hours of Rail Safe Friendly initiative curriculum support sessions
Reduction in number of complaints of nuisance as a result of our acitivities	Number of complaints of nuisance received as a result of our activities per year	Senior project managers to plan works to avoid/ minimise noise, dust and nuisance	Senior Project Managers	20% reduction in number of complaints of nuisance received	30% reduction in number of complaints of nuisance received

Improve the health, safety and wellbeing of our staff, our supply chain, and local communities

SPL Social Value Measure	SPL Metric	How	Who	Results by 2025	Results by 2028 and beyond
Deliver stakeholder engagement/ consultation events	Number of stakeholders attending consultation and engagement events per year	Work with Stakeholders to organise and publicise consultation events	Senior Project Managers	300 Stakeholder attending per year	350 Stakeholders attending per year
Deliver stakeholder engagement/ consultation events	Number of hours spent delivering	Work with Stakeholders to organise and publicise consultation events	Senior Project Managers	20 hours of stakeholder engagement/consultation events delivered per year	30 hours of stakeholder engagement/consultation events delivered per year
Increase the hours volunteered by our staff to deliver community benefit	Number of employee working hours spent volunteering	Raise awareness and organise staff volunteering opportunities	Head of Environment and Sustainability	500 hours spent volunteering by our staff per year	750 hours spent volunteering by our staff per year
Increase the hours volunteered by our staff to benefit NR Community Rail Partners	Number of employee working hours spent volunteering	Raise awareness and organise staff volunteering opportunities	Head of Environment and Sustainability	50 hours spent volunteering to benefit the NR Community Rail Partners	75 hours spent volunteering to benefit the NR Community Rail Partners

Improve the health, safety and wellbeing of our staff, our supply chain, and local communities

Case Study: Community engagement event at Wigston, Leicester **Project Value:** £212m **Date:** 06/22

Managing disruption to Lineside Neighbours

Unfortunately, our works can sometimes cause inconvenience and disruption to the lineside neighbours along our project route. To a large extent these disruptions are unavoidable due to their proximity and the nature of our work.

Initiative

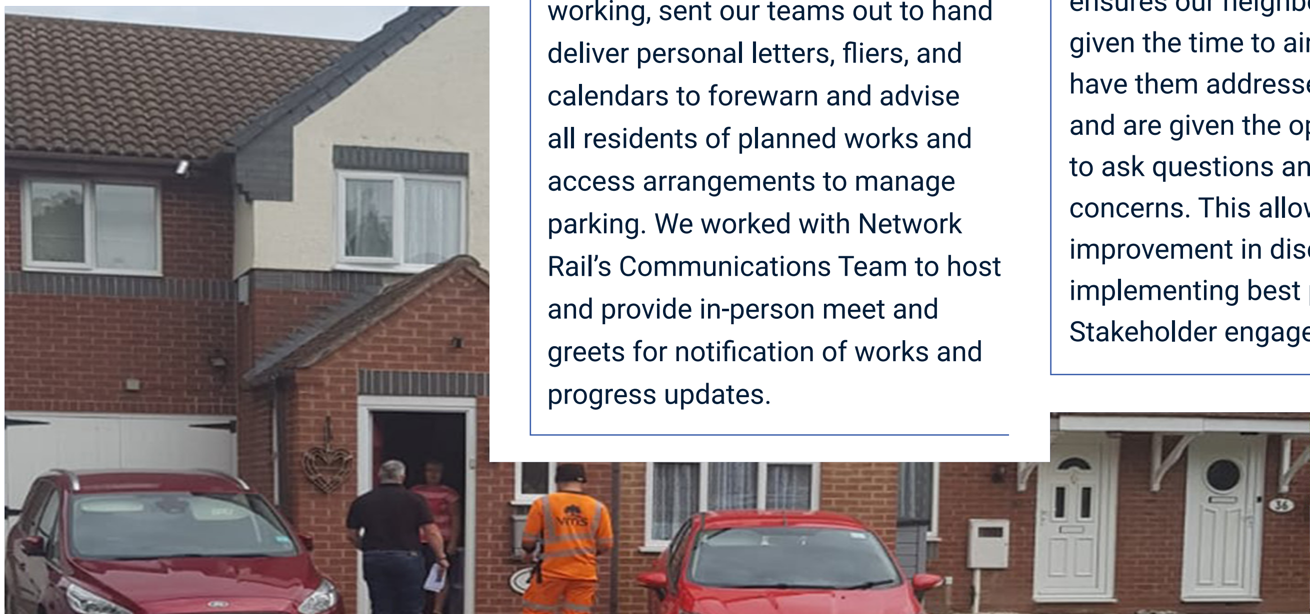
Key to finding effective solutions to manage and mitigate risks of nuisance is communication. Our Project team, on the Midlands Main Line Electrification Programme London to Wigston project, engaged directly with residents to identify risks and flags areas of concern. We explored alternate methods of working, sent our teams out to hand deliver personal letters, fliers, and calendars to forewarn and advise all residents of planned works and access arrangements to manage parking. We worked with Network Rail's Communications Team to host and provide in-person meet and greets for notification of works and progress updates.

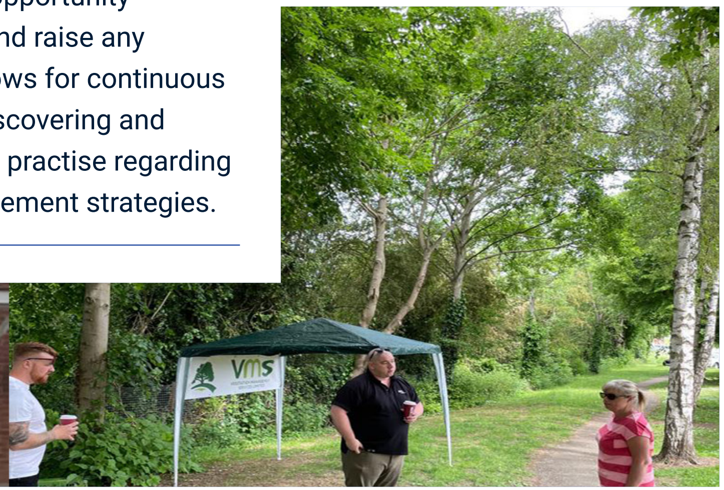
Outcome

Through our proactive initiative and dynamic management of relations we built trust and open communication channels allowing stakeholders to encounter our staff under positive circumstances developing good relations in advance of works.
Taking a face-to-face or personalised approach to notification strategies ensures our neighbours feel heard, are given the time to air their concerns, have them addressed in real time and are given the opportunity to ask questions and raise any concerns. This allows for continuous improvement in discovering and implementing best practise regarding Stakeholder engagement strategies.

Benefit

It is evident from this dynamic and task specific approach to communications our stakeholders felt more valued, informed, and involved in the upgrade of the railway. This drives the building and maintaining of good and collaborative working relationships with the neighbours we encounter on a day-to-day basis, while reducing the number of complaints we receive.





Provide Effective Environmental Stewardship

Our business must prioritise actions to enhance air quality, reduce fossil fuel dependence, and shift towards sustainable, low-carbon energy sources. This is essential in addressing the worldwide climate crisis and fulfilling our environmental responsibilities.

Our goals are to enable a low-emission and reliable railway service that is resilient to climate change. Our staff will get actively involved in reducing carbon emissions, improving local biodiversity, minimising waste and promoting the sustainable use of materials. By working with local groups we can make real difference in improving the environment that we depend on.

SDG's relevant to Our Core Social Value Theme

Provide Effective Environmental Stewardship

SPL Social Value Measure	SPL Metric	How	Who	Results by 2025	Results by 2028 and beyond
Reduce our carbon emissions year-on-year against our 2021 baseline	Tonnes of CO2e reduction per year from 2021 baseline	Implementation of the SPL Carbon Reduction Plan	Head of Environment and Sustainability	10% reduction in Tonnes of CO2e emissions from 2021 baseline	40% reduction in Tonnes of CO2e emissions from 2021 baseline
Increase workforce resilience to the effects of climate change	Number of people hours attending weather resilience and climate change sessions per year	Develop session materials Internally advertise sessions Deliver sessions	Head of Environment and Sustainability	50 staff members attending sessions per year	75 staff members attending sessions per year
Protect and improve the biodiversity in local communities	Number of staff hours spent protecting and improving the environment in local communities	Raise staff awarenes of the benefits of volunteering Ogranise and advertise staff volunteering opportunities	Head of Environment and Sustainability	100 hours volunteering from our staff	150 hours volunteering from our staff
Reduce the total amount of waste we produce against our 2021 baseline	Number of tonnes of waste produced by SPL per year	Implementation of the SPL Circular Economy Action Plan	Head of Environment and Sustainability	10% reduction of the total amount of waste produced per year against the 2021 baseline	20% reduce the total amount of waste produced per year against the 2021 baseline

Provide Effective Environmental Stewardship

Case Study: River Soar Litter Pick, Leicester **Project Value:** £212m **Date:** 08/23

Environmental River Management

As part of our Midland Main Line Electrification London to Wigston project, we identified Leicester County Council (LCC) needed help with an adjacent site to remove vast amounts of litter from the River Soar. The river area had become a dumping ground for all types of waste, and action was required to tackle the problem and restore the river and river banks health.

Initiative

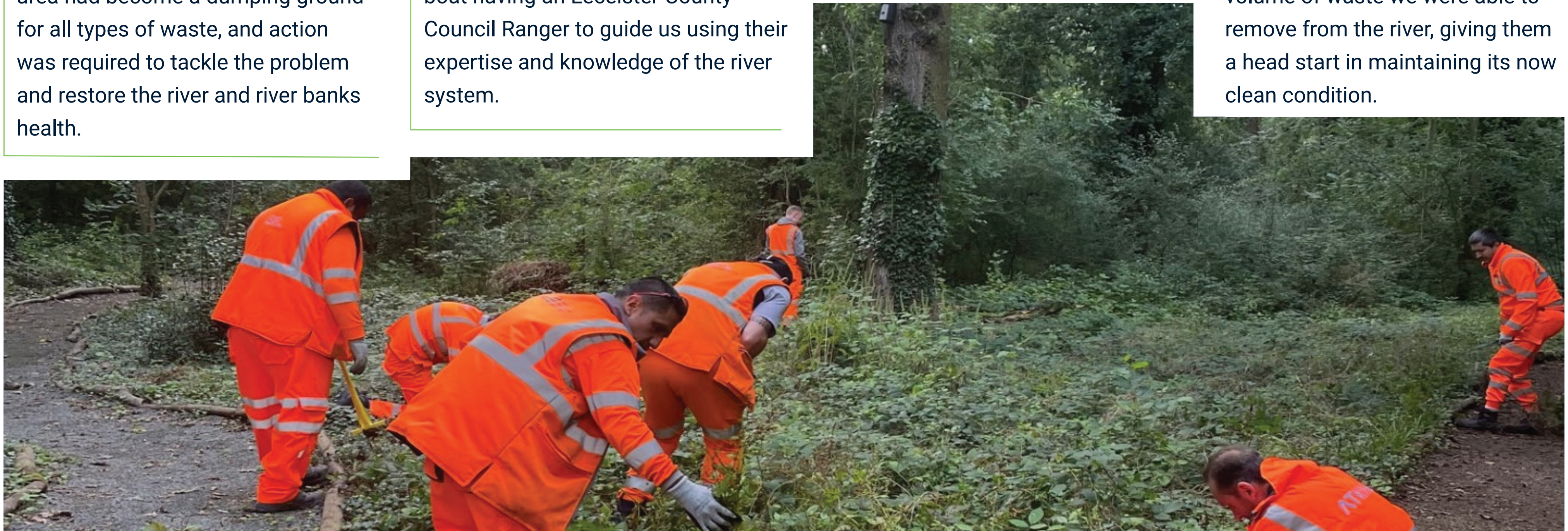
Working in partnership with Leceister County Council, we assembled a group of SPL Power Lines volunteers. Starting in Abbey Park, we split into two teams, each with a boat to travel along the River Soar to remove any waste dumped into the river. Each boat having an Leceister County Council Ranger to guide us using their expertise and knowledge of the river system.

Outcome

Both teams made an extraordinary effort, managing to clear enough material to fill ten bin bags with waste and litter, including a shopping trolley (obviously), a large rug, scaffolding poles and traffic cones.

Benefit

For the Leceister County Council Park Rangers' team, the issue of waste in the River Soar had been a continuous problem. The Rangers were extremely pleased with the additional input and effort of the SPL Power Lines teams and the volume of waste we were able to remove from the river, giving them a head start in maintaining its now clean condition.

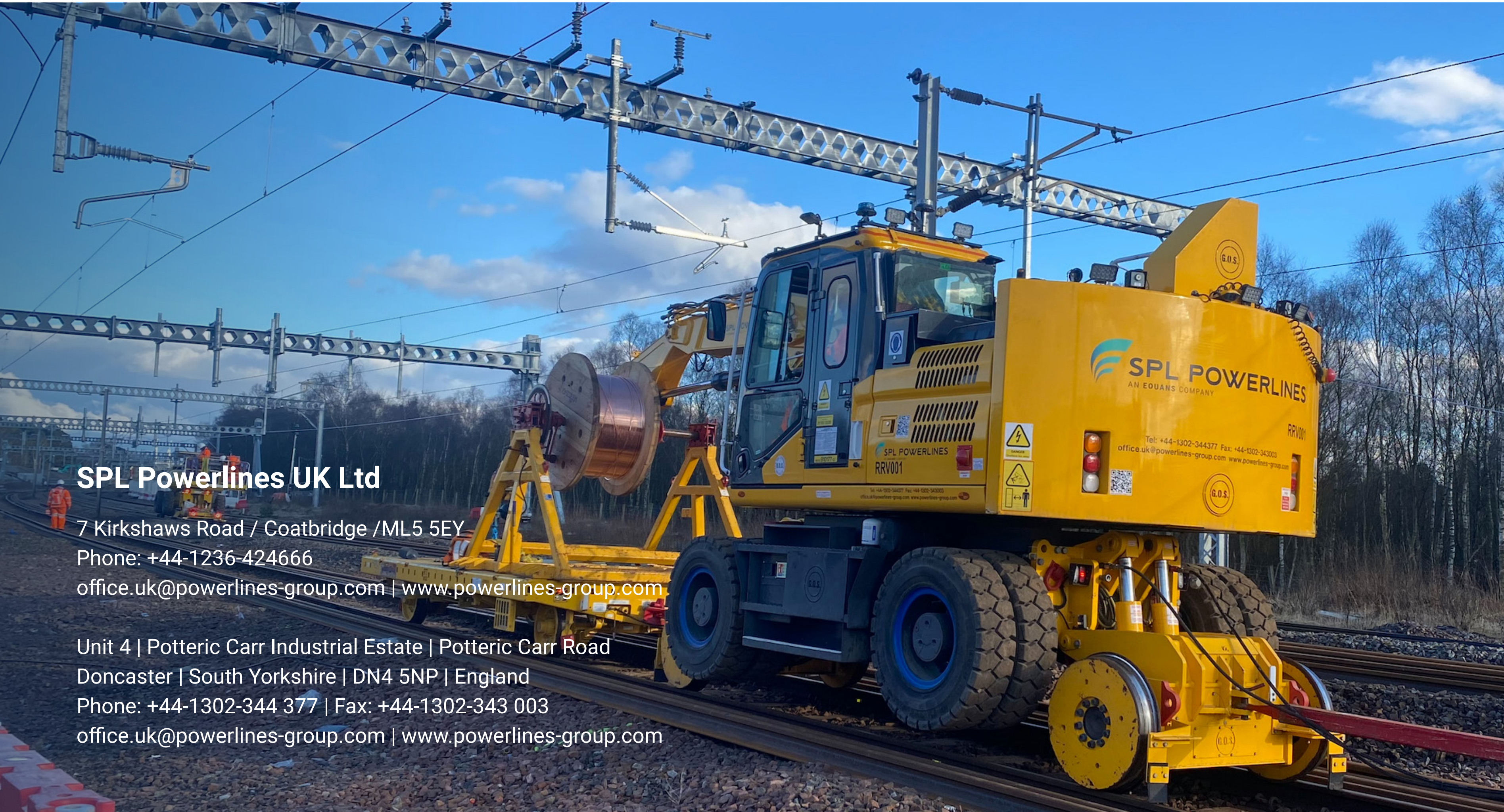


Definitions and Abbreviations

Term	Explanation
Measure	Indication of specific social value theme against which performance is measured. Some measures may relate to change, because change is a better measure of outcomes than - for example - figures or individual percentages alone. This can be change between reporting periods or change against an initial benchmarks;
Metric	A point to collect data against; in order to calculate performance against the measures.
Disability	Disabilities can be either mental or physical in nature.
Under represented Groups	These are groups under-represented in the workforce as a proportion of the total FTE workforce. These include age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.
SME - Small to Medium Sized Enterprise	An SME is any business with fewer than 250 employees and either an annual turnover below £45m or a total balance sheet less than £40m. A start-up is any organisation that has just started, up to trading for up to two years.
SPL Sustainable Land Use Plan	The Sustainable Land Use Plan is the overarching document on the KO1a Project guiding vegetation management, land use and community engagement processes. The plan builds on Network Rail policies and standards following the Varley Review on how Network Rail (NR) manages its lineside environment and ensuring alignment with Network Rail Eastern 'Environmental Sustainability Strategy' goal of "No net loss in biodiversity on lineside estates by 2024".
Unemployment	Unemployment means being without a job and having been actively seeking work in the past four weeks. Available to start work in the next two weeks.An FTE of 1.0 is equivalent to a full-time worker. These jobs are separate from apprenticeships and placements, which have their own metrics.
VCSE - Voluntary, Charity and Social Enterprise Sector	The VCSE sector is the current 'catch all' term that includes any organisation (incorporated or not) working with Social Purposes. It is also sometimes referred to as the Third Sector. This ranges from small community based groups/schemes (e.g. Good Neighbour Schemes), through to larger registered Charities that operate locally, regionally & nationally. Community Wood Recycling Project is an example of a Social Enterprise.
Local	Being within 25 miles of a company office, depot, compound or worksite.
Small Business	An organisation with less than 50 employees and annual turnover under £10 million.

SPL POWERLINES
AN EQUANS COMPANY

DELIVERING SOCIAL VALUE



SPL Powerlines UK Ltd

7 Kirkshaws Road / Coatbridge /ML5 5EY
Phone: +44-1236-424666
office.uk@powerlines-group.com | www.powerlines-group.com

Unit 4 | Potteric Carr Industrial Estate | Potteric Carr Road
Doncaster | South Yorkshire | DN4 5NP | England
Phone: +44-1302-344 377 | Fax: +44-1302-343 003
office.uk@powerlines-group.com | www.powerlines-group.com