

Hensall Intelligent
Building Energy
Management Solutions Ltd
1372774.

Hensall Group Limited

Registered number: 07323245

Annual report and consolidated financial statements

For the period ended 31 December 2019

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HENSALL GROUP LIMITED

COMPANY INFORMATION

Directors	C L Bond A H Jamison
Registered number	07323245
Registered office	Roall Hall Roall Lane Eggborough North Yorkshire DN14 0NY
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 5th Floor 3 Wellington Place Leeds LS1 4AP
Bankers	Yorkshire Bank Plc 1-2 The Arcade Hill Top Knottingley WF11 8HZ

HENSALL GROUP LIMITED

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HENSALL GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

Introduction

The Directors present the Group Strategic Report for Hensall Group Limited for the year ended 31 December 2019.

Business review

The Group's principal activity continued to be that of Building Services Design & Installation Contracts.

2019 was another great performance by the Group's main trading subsidiary Hensall Mechanical Services Limited and is further evidence that the changes that we made to the management team in 2016 and the ongoing continuous improvement of systems and procedures that began in 2017 being a great success. Our primary aim since 2017 has been to develop a group of businesses that can maintain an EBITDA valuation of £5,000,000. These excellent results keep us well on track to achieve that aim.

During the financial year ended 31 December 2019, the Group's and parent Company's results have been impacted by costs associated with a long-running legal claim. These costs are recognised in the Consolidated Statement of Comprehensive Income. The Directors are confident that at the time of preparing this report all costs associated with the claim have been incurred and are not expected to be repeated moving forwards. Despite these additional costs incurred in the financial year ended 31 December 2019 the Group has remained profitable, recording a profit before tax of £208,161, which is testament to the growing strength of the overall business and the Hensall brand.

Principal risks and uncertainties

Operational risks - there is a risk that new projects are not secured with existing customers due to the highly competitive nature of the market. The director mitigates this risk by ensuring we provide unrivalled service levels, and cost control to provide competitive pricing - which result in excellent value for money to our customers.

Financial and cash flow risk management - financial risks are managed through strict internal management controls and accurate timely management information. Robust cashflow forecasting is updated on a weekly basis so management are aware of any potential problems before they occur. Individual projects are closely and regularly monitored by management to identify potential issues and ensure that projects are delivered at a margin that is acceptable to the directors.

HENSALL GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019

Financial key performance indicators

Management use a range of performance measures to monitor and manage the business. Some of the key performance measures are set out below.

	12 months ended 31 December 2019	6 months ended 31 December 2018
Turnover	£14,715,258	£6,745,660
Gross profit	£2,804,273	£1,529,645
Gross profit margin	19.1%	22.7%
Operating profit	£236,349	£555,504

The Group acts as the main contractor for services provided to customers, however some of the electrical work is subcontracted to HMS Electrical Systems Limited and this work only attracts a small margin in order for the Group to remain competitive. The total gross margin achieved in any given financial period is impacted by the level of turnover generated from this electrical work as a proportion of total turnover for that period.

The gross margin achieved on non-electrical work was approximately 27.8% (6 months ended 30 December 2018: 29.7%).

HENSALL GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

Business strategy

Strategic objectives

- To operate nationally with satellite offices strategically located throughout the UK;
- To stand out amongst competitors within the UK Construction industry as an organisation that provides consistent value to all Customers, Employees, Suppliers & Lenders beyond what they expect; and
- To achieve the following standards:
 1. We focus in all that we do to ensure that health & wellbeing of all our employees and those we come into contact with is our number one priority;
 2. We cherish our Brand, our identity and use it consistently throughout the Group;
 3. We provide guidance for all employees, new and old, as to what is expected of them and how it is expected to be achieved;
 4. We provide our clients, new and old, a quality of service, technical expertise and installations that each and every one of us is proud of;
 5. We invest in people and ensure that our workforce is highly trained with continuous development within all departments;
 6. We are consistent in everything that we do;
 7. We minimise our impact on the environment;
 8. We are accountable if we get it wrong;
 9. We learn from our mistakes; and
 10. We exceed our clients expectations.

Organisational strategy

We implemented an organisational structure that clearly defined:

- Who does what;
- Who is accountable for what;
- Chains of command;
- Opportunities for progression;
- Shareholders roles outside of the business; and
- Employees roles within the business.

HENSALL GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

Management strategy

We produced a management system that produces a marketing result by:

- Producing an operations manual complete with rules & checklists for every task that we do;
- Management development – the process through which we create our management system, & teach our managers how to use it;
- Always remembering that an effective prototype is a business that finds & keeps its customers, profitably, better than any other; and
- Making sure that we hear our customers without them saying a word.

People strategy

The success of the Group depends on our people. The skills and commitment of our employees and supply chain are fundamental to our business. We are grateful for the hard work and dedication of our employees and the supply chain.

We created an environment for our people where "doing it" is more important to them than "not doing it". Where "doing it well" becomes a way of life.

We achieved this by:

- Always take our people seriously;
- Always communicate to our staff the idea of what this organisation is trying to do;
- Ensure our people understand the idea behind the work that they are being asked to do;
- Communicate to our people that the work that we do is a reflection of who we are; and
- Ensure that all of our people work towards being the best that they can be at the tasks that they are accountable for.

Health and safety

We are proud of our excellent health & safety record & all employees put the health & wellbeing of all those that we come into contact with at the top of our priority list on a daily basis.

We are Safe Contractor accredited and our site team all carry as a minimum the following training certificates:

- CSCS Skill Cards;
- PASMA;
- Manual Handling;
- Abrasive Wheels;
- Asbestos Awareness;
- Face Fit;

HENSALL GROUP LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019**

- F-Gas;
- Health & Safety Awareness; and
- First Aid

Using Sentrysm.co.uk Health and Safety Management we ensure that Job Specific Risk Assessments and Method Statements are produced and issued to clients well in advance of the proposed site visits. All operatives also have the ability using smart phone technology to produce and issue, on the spot dynamic risk assessments for any unforeseen or reactive tasks that they may face.

Client diversity

Our client base consists of blue chip companies spread across a wide range of industries with much of our work coming from negotiated contracts and repeat business from clients that want to continue to work with Hensall due to the level of service and quality of installations that we provide.

Our clients are spread across sectors such as:

Ministry of Justice;

National Probation Service;

Education;

Health & Fitness;

Local Authority;

Retail;

Leisure;

Commercial Office; and

Residential.

This report was approved by the board on Dec 9, 2020 and signed on its behalf.



C L Bond
Director

HENSALL GROUP LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the period ended 31 December 2019.

Director's responsibilities statement

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the period, after taxation, amounted to £191,139 (2018 - £428,987).

Dividends paid during the financial period amounted to £295,000 (6 months ended 31 December 2018 - £nil).

Directors

The directors who served during the period were:

C L Bond
A Barlow (resigned 24 January 2020)
A H Jamison (appointed 01 February 2020)

Future developments

Writing this note in November 2020, this year has been incredibly challenging for all industries. Our swift action in March 2020 to reduce overhead and furlough our people when we needed to has ensured that, whilst we have seen a significant reduction in sales (approx. 50%) we are forecasting a positive result for 2020.

We will end 2020 as we started it, strongly with several Ministry of Justice contracts secured and starting on site in November and December. The secured order book for 2021 is currently over £9 million with a further £9 million of speculative workload. We only class work as secured (since coronavirus) if we are certain that it will start on site and won't be impacted by any future lockdowns. Projects like the new build leisure centre at Dudley which is almost constructed ready to be fitted out in January 2021 and Liverpool Prison refurbishment which we is a live project and is ongoing until 2023.

HENSALL GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

Research and development activities

The principal activity of the Group is the design, development and integration of unique and novel mechanical and electrical services. Through the full project lifecycle, the Group seeks to develop robust and maintainable systems to meet strict client requirements. This work is conducted across several key sectors such as healthcare, education, commercial and leisure applications, ensuring highly reliable and flexible system-level solutions are developed. This is encapsulated through the expert knowledge retained within the Group for application in critical services such as mechanical, electrical BIM modelling and Building Energy Management systems. This retained knowledge allows the Group to undertake non-routine, challenging projects across all sectors thereby progressing the current state of the art through these development activities.

One of our most significant R&D Projects was a renewable, completely off grid house. For this project the Group looked to develop a standalone house with entirely self-supporting renewable energy systems, serving multiple areas of functionality within the structure. Due to the project being constructed within a greenbelt area, the Group was precluded from using standard energy systems linking the structure to the National Grid, therefore requiring the Group to develop a series of unique energy systems to facilitate a cutting edge, self-sufficient structure. This included solar heating, hydrogen power systems, a Ground Source Heat Pump, rainwater collection, anaerobic biomass digester and reverse osmosis plant. Due to the range of systems and the required level of control variance based on system usage and peak demand, the Group sought to develop a technologically novel BMS to regulate these sub-systems, in addition to internal elements such as heating. Due to the disparate nature of all the required subsystems, standard commercially available regulation protocols were unsuitable to integrate together all elements so as to form a cohesive system. Subsequently, the Group undertook the development of a range of unique protocols and regulation systems to manage all elements autonomously to achieve optimal system performance, while preventing infrastructure overlap and clashes. These systems, and the cohesive integration through a unique BMS, present a clear progression for standalone buildings, allowing for effective regulation of all subsystems, and therefore can be considered a progression in the current state of the art. The principal activity of the Group is the design, development and integration of unique and novel mechanical and electrical services. Through the full project lifecycle, the Group seeks to develop robust and maintainable systems to meet strict client requirements. This work is conducted across several key sectors such as healthcare, education, commercial and leisure applications, ensuring highly reliable and flexible system-level solutions are developed. This is encapsulated through the expert knowledge retained within the Group for application in critical services such as mechanical, electrical BIM modelling and Building Energy Management systems. This retained knowledge allows the Group to undertake non-routine, challenging projects across all sectors thereby progressing the current state of the art through these development activities.

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Qualifying third party indemnity provisions

The Group had directors' and officers' indemnity insurance in place throughout the year.

HENSALL GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

Matters covered in the strategic report

Certain information is not shown in the Directors' Report because it is shown in the Group Strategic Report under s414C(11). The mandatory disclosures in relation to financial key performance indicators and the principle risks and uncertainties of the Group are considered by the Directors to be of strategic importance and have therefore been included in the Group Strategic Report.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Directors are aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the Directors have taken all the steps that ought to have been taken as Directors in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Going concern

These financial statements have been prepared on a going concern basis. The Directors, having considered the financial position of the Group and the Company for a period of at least twelve months from the date of signing these financial statements, have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the Group or the Company to continue as a going concern.

As detailed in the Future Developments note, despite the challenges faced during 2020 as a result of the COVID-19 pandemic, the business has a strong secured order book for 2021. The Directors have prepared forecasts that consider a period of more than 12 months from the signing of the financial statements which show that the Group and the Company will be able to continue to operate within its agreed facilities, with banking facilities having been renewed at the time of signing this report.

Accordingly the directors have a reasonable expectation that the Group and the Company will continue in operational existence for the foreseeable future and thus they adopt the going concern basis of accounting in preparing the financial statements.

Post balance sheet events

Dividends - post year end the Company has declared dividends with a total value of £590,000.

COVID-19 - post year end the developments and circumstances around COVID 19 have been identified as a significant but non-adjusting event that would affect the entity. Due to the uncertainties surrounding the potential implications to the entity, no estimate can be made at this time as to the financial effect thereof, however the impact of this on the entities ability to continue as a going concern has been included within note 2.3.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

HENSALL GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019**

This report was approved by the board on Dec 9, 2020 and signed on its behalf.


C Bond Dec 9, 2020 11:31 GMT

C L Bond
Director

HENSALL GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HENSALL GROUP LIMITED

Opinion

We have audited the financial statements of Hensall Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, 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 state of the Group's and of the parent Company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

COVID-19

In forming our opinion on the Company's financial statements, which is not modified, we draw your attention to the Directors' view on the impact of the COVID-19 as disclosed on page 8, consideration in the going concern basis of preparation on page 21 and non-adjusting post balance sheet events on page 42.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The impact of COVID-19 continues to evolve and, based on the information available at this point in time, the directors have assessed the impact of COVID-19 on the business and have concluded that COVID-19 is a non-adjusting post balance sheet event and that adopting the going concern basis for preparation of the financial statements is appropriate.

HENSALL GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HENSALL GROUP LIMITED

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors' have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information in the Annual Report other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

HENSALL GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HENSALL GROUP LIMITED

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit report

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


David Smithson (Senior statutory auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor
5th Floor
3 Wellington Place
Leeds
LS1 4AP

Date: Dec 10, 2020

HENSALL GROUP LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2019**

		31 December 2019 £	6 months ended 31 December 2018 £
	Note		
Turnover	4	14,715,258	6,745,660
Cost of sales		(11,910,985)	(5,216,015)
Gross profit		2,804,273	1,529,645
Administrative expenses		(2,567,924)	(974,141)
Operating profit	5	236,349	555,504
Interest receivable and similar income		-	1
Interest payable and similar expenses	9	(28,188)	(8,072)
Profit before taxation		208,161	547,433
Tax on profit	10	(17,022)	(118,446)
Profit for the financial period		191,139	428,987
Profit for the period attributable to:			
Owners of the parent Company		191,139	428,987

There were no recognised gains and losses for the year ended 31 December 2019 or the 6 months ended 31 December 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for the year ended 31 December 2019 or the 6 months ended 31 December 2018.

The notes on pages 20 to 43 form part of these financial statements.

HENSALL GROUP LIMITED
REGISTERED NUMBER: 07323245

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	13	1,056,753	1,149,996
Tangible assets	14	488,619	515,244
Investments	15	438	438
Investment property	16	300,000	-
		<u>1,845,810</u>	<u>1,665,678</u>
Current assets			
Stocks	17	38,055	15,000
Debtors: amounts falling due after more than one year	18	143,778	216,860
Debtors: amounts falling due within one year	18	3,167,687	4,452,921
Cash at bank and in hand	19	1,784,654	488,243
		<u>5,134,174</u>	<u>5,173,024</u>
Creditors: amounts falling due within one year	20	(5,333,995)	(5,228,239)
Net current liabilities		<u>(199,821)</u>	<u>(55,215)</u>
Total assets less current liabilities		<u>1,645,989</u>	<u>1,610,463</u>
Creditors: amounts falling due after more than one year	21	(634,098)	(503,098)
Provisions for liabilities			
Deferred taxation	25	(10,425)	(2,038)
		<u>(10,425)</u>	<u>(2,038)</u>
Net assets		<u>1,001,466</u>	<u>1,105,327</u>
Capital and reserves			
Called up share capital	26	71,001	71,001
Profit and loss account	27	930,465	1,034,326
		<u>1,001,466</u>	<u>1,105,327</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

C L Bond
Director


C L Bond, Director, 09 Dec 2020

Dec 9, 2020

The notes on pages 20 to 43 form part of these financial statements.

HENSALL GROUP LIMITED
REGISTERED NUMBER: 07323245

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	14	350,000	350,000
Investments	15	4,208,032	4,208,032
Investment property	16	300,000	-
		<u>4,858,032</u>	<u>4,558,032</u>
Current assets			
Debtors: amounts falling due within one year	18	155,614	3,160
Cash at bank and in hand	19	5,313	3,246
		<u>160,927</u>	<u>6,406</u>
Creditors: amounts falling due within one year	20	(4,487,331)	(4,134,674)
Net current liabilities		<u>(4,326,404)</u>	<u>(4,128,268)</u>
Total assets less current liabilities		<u>531,628</u>	<u>429,764</u>
Creditors: amounts falling due after more than one year	21	(458,209)	(299,685)
Net assets		<u><u>73,419</u></u>	<u><u>130,079</u></u>
Capital and reserves			
Called up share capital	26	71,001	71,001
Profit and loss account	27	2,418	59,078
		<u><u>73,419</u></u>	<u><u>130,079</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

C L Bond 
 Director

Dec 9, 2020

The notes on pages 20 to 43 form part of these financial statements.

HENSALL GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2019**

	Called up share capital	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£
At 1 January 2019	71,001	1,034,326	1,105,327	1,105,327
Comprehensive income for the period				
Profit for the period	-	191,139	191,139	191,139
Total comprehensive income for the period	-	191,139	191,139	191,139
Dividends: Equity capital	-	(295,000)	(295,000)	(295,000)
At 31 December 2019	<u>71,001</u>	<u>930,465</u>	<u>1,001,466</u>	<u>1,001,466</u>

The notes on pages 20 to 43 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£
At 1 July 2018	71,001	605,339	676,340	676,340
Comprehensive income for the period				
Profit for the period	-	428,987	428,987	428,987
Total comprehensive income for the period	-	428,987	428,987	428,987
Total transactions with owners	-	-	-	-
At 31 December 2018	<u>71,001</u>	<u>1,034,326</u>	<u>1,105,327</u>	<u>1,105,327</u>

The notes on pages 20 to 43 form part of these financial statements.

HENSALL GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	71,001	59,078	130,079
Comprehensive income for the period			
Profit for the period	-	238,340	238,340
Total comprehensive income for the period	-	238,340	238,340
Dividends: Equity capital	-	(295,000)	(295,000)
At 31 December 2019	71,001	2,418	73,419

The notes on pages 20 to 43 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2018	71,001	51,710	122,711
Comprehensive income for the period			
Profit for the period	-	7,368	7,368
Total comprehensive income for the period	-	7,368	7,368
At 31 December 2018	71,001	59,078	130,079

The notes on pages 20 to 43 form part of these financial statements.

HENSALL GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial period	191,139	428,987
Adjustments for:		
Amortisation of intangible assets	93,243	46,622
Depreciation of tangible assets	60,937	30,426
Loss on disposal of tangible assets	(2,695)	(2,521)
Interest paid	28,188	8,072
Interest received	-	(1)
Taxation charge	17,022	118,446
(Increase)/decrease in stocks	(23,055)	-
Decrease/(increase) in debtors	1,279,362	(153,568)
Increase in creditors	473,785	234,999
Corporation tax (paid)	(319,258)	(220,375)
Net cash generated from operating activities	1,798,668	491,087
Cash flows from investing activities		
Purchase of tangible fixed assets	(53,465)	(101,069)
Sale of tangible fixed assets	21,850	14,500
Purchase of investment properties	(300,000)	-
Interest received	-	1
HP interest paid	(11,146)	(1,796)
Net cash from investing activities	(342,761)	(88,364)
Cash flows from financing activities		
New secured loans	200,000	-
Repayment of loans	(23,330)	(9,110)
Repayment of/new finance leases	(24,124)	58,679
Dividends paid	(295,000)	-
Interest paid	(17,042)	(6,276)
Net cash used in financing activities	(159,496)	43,293
Net increase in cash and cash equivalents	1,296,411	446,016
Cash and cash equivalents at beginning of period	488,243	42,227
Cash and cash equivalents at the end of period	1,784,654	488,243
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	1,784,654	488,243

HENSALL GROUP LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE PERIOD ENDED 31 DECEMBER 2019**

	At 1 January 2019 £	Cash flows £	New bank loans £	Repayment of bank loans £	Repayment of / new finance leases £	At 31 December 2019 £
Cash at bank and in hand	488,243	1,296,411	-	-	-	1,784,654
Debt due after 1 year	(299,685)	-	(181,854)	23,330	-	(458,209)
Debt due within 1 year	(18,917)	-	(18,146)	-	-	(37,063)
Finance leases	(109,697)	-	-	-	24,124	(85,573)
	<u>59,944</u>	<u>1,296,411</u>	<u>(200,000)</u>	<u>23,330</u>	<u>24,124</u>	<u>1,203,809</u>

The notes on pages 20 to 43 form part of these financial statements.

HENSALL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

1. General information

Hensall Group Limited ("the Company") is a private limited company (limited by share capital) incorporated in England and Wales. The address of its registered office and principal place of business is Roall Hall, Roall Lane, Eggborough, Goole, North Yorkshire, DN14 0NY.

These financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the Group and Company operates.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

HENSALL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.3 Going concern

These financial statements have been prepared on a going concern basis. The directors, having considered the financial position of the Group and the Company for a period of at least twelve months *from the date of signing these financial statements*, have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the Group and the Company to continue as a going concern.

As detailed in the Future Developments note, despite the challenges faced during 2020 as a result of the COVID-19 pandemic, the business has a strong secured order book for 2021. The Directors have prepared forecasts that consider a period of more than 12 months from the signing of the financial statements which show that *the Group and the Company will be able to continue to operate within its agreed facilities, with banking facilities having been renewed at the time of signing this report.*

Accordingly the directors have a reasonable expectation that the Group and the Company will continue in operational existence for the foreseeable future and thus they adopt the going concern basis of accounting in preparing the financial statements.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- *it is probable that the Group will receive the consideration due under the contract;*
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- *the costs incurred and the costs to complete the contract can be measured reliably.*

The stage of completion of the contract at the end of the reporting period is measured by reference to the certified value of works completed compared to the total contract value.

2.5 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.7 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.8 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.9 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

HENSALL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.10 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

The Goodwill is being amortised to £nil residual value over twenty years using the straight line method.

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Plant & machinery	- 10% and 33.33% straight line
Motor vehicles	- 25% straight line
Fixtures & fittings	- 15% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.12 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

HENSALL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in listed company shares are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.14 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of comprehensive income.

2.15 Debtors

Short term debtors are measured at transaction price, less any impairment

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.17 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.18 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year) are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

HENSALL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.18 Financial instruments (continued)

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Consolidated Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

HENSALL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

The critical judgements that the Directors have made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements:

(i) Assessing indicators of impairment

In assessing whether there have been any indicators of impairment assets, the Directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability and where applicable, the ability of the asset to be operated as planned. There have been no indicators of impairments identified during the current financial period.

Key sources of estimation uncertainty

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

(i) Recoverability of retentions receivable and amounts recoverable on contracts

The Group establishes a provision for all receivables that are estimated not to be recoverable. When assessing recoverability the directors have considered factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

(ii) Estimated profitability of ongoing contracts

The nature of the Group's business results in the requirement for estimations into the potential future profitability of contracts in progress at the period-end. These estimations will determine the level of costs that are accrued at the period-end in order to recognise the appropriate amount of profit on each outstanding project. When estimating future profitability of ongoing contracts the Group uses a range of information available to it such as approved contract value and variations, total costs booked to the job plus an estimate of costs to complete the contract using estimated bills of materials, labour and any other costs specific to a particular contract. Management estimate the stage of completion of ongoing contracts by reference to the certified value of work as a percentage of the total agreed contract value.

4. Turnover

An analysis of turnover by class of business is as follows:

	31 December 2019 £	6 months ended 31 December 2018 £
Mechanical and electrical contract works	14,715,258	6,745,660

All turnover arose within the United Kingdom.

HENSALL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

5. Operating profit

The operating profit is stated after charging:

	31 December 2019 £	6 months ended 31 December 2018 £
Depreciation of tangible fixed assets	60,936	30,426
Amortisation of intangible assets, including goodwill	93,243	46,622
Operating lease rentals	33,299	7,620
Defined contribution pension cost	42,651	17,229
	<u> </u>	<u> </u>

6. Auditor's remuneration

	31 December 2019 £	6 months ended 31 December 2018 £
Fees payable to the Group's auditor for the audit of the Group's annual accounts	15,350	13,250
Fees payable to the Group's auditor in respect of:		
Services relating to statutory accounts preparation	4,100	3,600
Other services relating to taxation	4,150	2,900
Services relating to information technology	7,340	5,385
	<u>15,590</u>	<u>11,885</u>

HENSALL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Wages and salaries	1,458,236	762,624	-	-

The average monthly number of employees, including the directors, during the period was as follows:

	31 December 2019 No.	6 months ended 31 December 2018 No.
Production	12	15
Sales, tendering and design	15	14
Administration	4	4
	31	33

The Company has no employees other than the directors, who did not receive any remuneration (2018 - *£NIL*)

8. Directors' remuneration

	31 December 2019 £	6 months ended 31 December 2018 £
Directors' emoluments	83,269	41,207
Company contributions to defined contribution pension schemes	2,648	1,236
	85,917	42,443

During the year ended 31 December 2019 there were benefits accruing to 2 (period ended 31 December 2018 - 2) directors in respect of defined contribution pension schemes.

The directors of the business are considered to be the key management personnel.

HENSALL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

9. Interest payable and similar expenses

	31 December 2019 £	6 months ended 31 December 2018 £
Bank interest payable	17,042	6,174
Finance leases and hire purchase contracts	11,146	1,796
Other interest payable	-	102
	<u>28,188</u>	<u>8,072</u>

10. Taxation

	31 December 2019 £	6 months ended 31 December 2018 £
Corporation tax		
Current tax on profits for the period/year	156,184	120,115
Adjustments in respect of previous periods	(147,549)	289
Total current tax	<u>8,635</u>	<u>120,404</u>
Deferred tax		
Origination and reversal of timing differences	1,963	(2,092)
Adjustments in respect of previous periods	6,424	134
Taxation on profit on ordinary activities	<u>17,022</u>	<u>118,446</u>

HENSALL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

10. Taxation (continued)**Factors affecting tax charge for the period**

The tax assessed for the period is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	31 December 2019 £	6 months ended 31 December 2018 £
Profit on ordinary activities before tax	208,161	547,433
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	39,551	104,012
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	17,716	8,858
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	149,236	4,906
Adjustments to tax charge in respect of previous periods	(6,349)	289
Adjustments to deferred tax charge in respect of previous periods	6,424	134
Research and development tax relief	(189,329)	-
Other differences leading to a increase / (decrease) in the tax charge	(227)	247
Total tax charge for the period	17,022	118,446

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Dividends

	2019 £	6 months ended 31 December 2018 £
Dividends paid on ordinary A shares	165,000	-
Dividends paid on ordinary D shares	130,000	-
	295,000	-

HENSALL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

12. Parent company profit for the period/ year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the period was £238,340 (6 months ending 31 December 2018 - £7,368).

13. Intangible assets**Group**

	Goodwill £
Cost	
At 1 January 2019	1,864,859
At 31 December 2019	<u>1,864,859</u>
Amortisation	
At 1 January 2019	714,863
Charge for the period on owned assets	<u>93,243</u>
At 31 December 2019	<u>808,106</u>
Net book value	
At 31 December 2019	<u><u>1,056,753</u></u>
At 31 December 2018	<u><u>1,149,996</u></u>

Goodwill continues to be amortised over a period of 20 years from the date at which the goodwill arose. Management consider this be an appropriate assessment of the Goodwill's useful life.

HENSALL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

14. Tangible fixed assets

Group

	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation					
At 1 January 2019	350,000	155,195	251,914	13,561	770,670
Additions	-	12,176	41,289	-	53,465
Disposals	-	-	(24,293)	-	(24,293)
At 31 December 2019	<u>350,000</u>	<u>167,371</u>	<u>268,910</u>	<u>13,561</u>	<u>799,842</u>
Depreciation					
At 1 January 2019	-	148,941	93,938	12,546	255,425
Charge for the period on owned assets	-	4,433	56,235	268	60,936
Disposals	-	-	(5,138)	-	(5,138)
At 31 December 2019	<u>-</u>	<u>153,374</u>	<u>145,035</u>	<u>12,814</u>	<u>311,223</u>
Net book value					
At 31 December 2019	<u>350,000</u>	<u>13,997</u>	<u>123,875</u>	<u>747</u>	<u>488,619</u>
At 31 December 2018	<u>350,000</u>	<u>6,253</u>	<u>157,976</u>	<u>1,015</u>	<u>515,244</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	2018 £
Motor vehicles	<u>110,267</u>	<u>140,350</u>

HENSALL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

14. Tangible fixed assets (continued)**Company**

	Freehold property £
Cost or valuation	
At 1 January 2019	350,000
At 31 December 2019	<u>350,000</u>
Net book value	
At 31 December 2019	<u>350,000</u>
At 31 December 2018	<u>350,000</u>

15. Fixed asset investments**Group**

	Listed investments £
Cost or valuation and net book value	
At 1 January 2019	438
At 31 December 2019	<u>438</u>

HENSALL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

15. Fixed asset investments (continued)**Company**

	Investments in subsidiary companies £
Cost or valuation and net book value	
At 1 January 2019	4,208,032
At 31 December 2019	<u>4,208,032</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Hensall Mechanical Services Limited	Ordinary	100%
Hensall Intelligent Building Energy Management Solutions Limited	Ordinary	100%
HMS Environmental Limited	Ordinary	100%

All of the above subsidiaries are registered at Roall Hall, Roall, Lane, Eggborough, Goole, North Yorkshire, DN14 0NY. All of the above subsidiaries are included in the consolidated financial statements.

Hensall Intelligent Building Energy Management Solutions Limited is exempt from the requirements relating to the audit of individual accounts by virtue of s479A of the Companies Act 2006.

HMS Environmental Limited is exempt from audit by virtue of s480 of Companies Act 2006.

The aggregate of the share capital and reserves as at 31 December 2019 and of the profit or loss for the year ended on that date for the subsidiary undertakings were:

	Aggregate of share capital & reserves £	Profit/(loss) £
Hensall Mechanical Services Limited	3,837,454	940,283
Hensall Intelligent Building Energy Management Solutions Limited	42,983	759
HMS Environmental Limited	198,889	-

HENSALL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

16. Investment property**Group and Company**

	Freehold investment property £
Valuation	
Additions at cost	300,000
At 31 December 2019	<u>300,000</u>

The Freehold Investment Property was acquired during the financial year and thus the Directors consider the acquisition cost to remain an appropriate estimation of the fair value of the property as at 31 December 2019.

17. Stocks

	Group 2019 £	Group 2018 £
Finished goods and goods for resale	38,055	15,000

Stock recognised in cost of sales during the year ended 31 December 2019 as an expense was £2,377,761 (6 month period ended 31 December 2018 - £1,138,668).

HENSALL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

18. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Due after more than one year				
Trade debtors	143,778	216,860	-	-
	<u>143,778</u>	<u>216,860</u>	<u>-</u>	<u>-</u>
	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Due within one year				
Trade debtors	1,207,297	1,210,742	-	-
Amounts owed by group undertakings	-	-	155,614	-
Other debtors	512,793	865,618	-	3,160
Prepayments and accrued income	96,481	85,339	-	-
Amounts recoverable on long term contracts	1,351,116	2,291,222	-	-
	<u>3,167,687</u>	<u>4,452,921</u>	<u>155,614</u>	<u>3,160</u>

19. Cash and cash equivalents

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	1,784,654	488,243	5,313	3,246
	<u>1,784,654</u>	<u>488,243</u>	<u>5,313</u>	<u>3,246</u>

HENSALL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

20. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank loans	37,063	18,917	37,063	18,917
Trade creditors	4,406,438	4,567,742	-	-
Amounts owed to group undertakings	-	-	3,995,001	4,109,101
Corporation tax	432	390,005	311	5,126
Other taxation and social security	308,901	54,562	1,278	1,530
Net obligations under finance lease and hire purchase contracts	31,677	37,651	-	-
Other creditors	61,310	39,060	-	-
Accruals and deferred income	488,174	120,302	453,678	-
	<u>5,333,995</u>	<u>5,228,239</u>	<u>4,487,331</u>	<u>4,134,674</u>

Bank loans and overdrafts are secured by a debenture and a personal guarantee provided by C L Bond for £100,000.

There is also a cross guarantee supported by a debenture from fellow group members, Hensall Group Limited, Hensall Intelligent Building Energy Management Systems Limited and HMS Environmental Limited, for all monies owing to the bank.

Net obligations under the finance lease contracts are secured by a fixed charge on the assets concerned.

21. Creditors: Amounts falling due after more than one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank loans	458,209	299,685	458,209	299,685
Net obligations under finance leases and hire purchase contracts	53,896	72,046	-	-
Trade creditors	121,993	131,367	-	-
	<u>634,098</u>	<u>503,098</u>	<u>458,209</u>	<u>299,685</u>

Bank loans and overdrafts are secured by a debenture and a personal guarantee provided by C L Bond for £100,000.

There is also a cross guarantee supported by a debenture from fellow group members, Hensall Group Limited, Hensall Intelligent Building Energy Management Systems Limited and HMS Environmental Limited, for all monies owing to the bank.

Net obligations under the finance lease contracts are secured by a fixed charge on the assets concerned.

HENSALL GROUP LIMITED

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22. Loans

Analysis of the maturity of loans is given below:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Amounts falling due within one year				
Bank loans	37,063	18,917	37,063	18,917
Amounts falling due 1-2 years				
Bank loans	198,525	19,609	198,525	19,609
Amounts falling due 2-5 years				
Bank loans	259,684	280,076	259,684	280,076
	<u>495,272</u>	<u>318,602</u>	<u>495,272</u>	<u>318,602</u>

23. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2019 £	Group 2018 £
Within one year	31,677	37,651
Between 1-5 years	24,362	29,611
Between 2-5 years	29,534	42,459
	<u>85,573</u>	<u>109,721</u>

HENSALL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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24. Financial instruments

	Group 2019 £	Group 2018 £
Financial assets		
Financial assets measured at fair value through statement of comprehensive income	1,785,092	488,681
Financial assets that are debt instruments measured at amortised cost	3,293,934	4,584,442
	<u>5,079,026</u>	<u>5,073,123</u>
Financial Liabilities		
Financial liabilities measured at amortised cost	(5,265,300)	(5,286,794)
	<u><u>(5,265,300)</u></u>	<u><u>(5,286,794)</u></u>

Financial assets measured at fair value through the statement of comprehensive income comprise investments (other than those in subsidiaries) and cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and amounts recoverable on long term contracts.

Financial liabilities measured at amortised cost comprise bank overdrafts, bank loans, trade creditors, amounts owed to group undertakings, obligations under hire purchase contracts, other creditors and accruals.

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25. Deferred taxation**Group**

	Group 31 December 2019 £	Group 30 June 2018 £
At beginning of period/ year	(2,038)	(3,996)
Credited to statement of comprehensive income	(8,387)	1,958
At end of period/ year	(10,425)	(2,038)

The provision for deferred taxation is made up as follows:

	Group 2019 £	Group 2018 £
Fixed asset timing differences	(10,578)	(2,191)
Short term timing differences	153	153
	(10,425)	(2,038)

There is no deferred taxation asset or liability on the statement of financial position of and no deferred tax charge or credit to the statement of comprehensive income in the parent Company.

26. Share capital - Group and Company

	2019 £	2018 £
Allotted, called up and fully paid		
71,000 (2018 - 71,000) Ordinary shares of £1.00 each	71,000	71,000
1 (2018 - 1) D Ordinary share of £1.00	1	1
	71,001	71,001

All shares rank pari passu in all respects except the distribution of dividends.

Each share class carries voting rights and the entitlement to dividends except that the directors may at any time resolve to declare dividend payments of different amounts payable on each class of share or a dividend payable on one class of share at the exclusion of the other.

HENSALL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

27. Reserves**Profit & loss account**

The profit and loss account represents the brought forward accumulated profits plus/minus the profit/loss for the financial period less cumulative dividends paid or declared.

28. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £39,583 for the year ended 31 December 2019 (6 months ended 31 December 2018 - £16,429). At the statement of financial position date £nil (31 December 2018 - £453) was payable to the fund.

29. Commitments under operating leases

At 31 December 2019 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2019 £	Group 2018 £
Not later than 1 year	33,299	33,299
Later than 1 year and not later than 5 years	1,416	2,960
	<u>34,715</u>	<u>36,259</u>

30. Transactions with directors

At 31 December 2019, C L Bond owed the Group £340,386 (31 December 2018 - £488,830) in respect of an overdrawn director's loan account. The maximum amount the loan account was overdrawn during the period was £549,420 (2018 - £613,609) which was reduced by repayments during the year. The loan does not incur interest charges.

HENSALL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

31. Related party transactions

The Company has taken advantage of the exemption permitted by Section 33 of FRS102 'Related Party Disclosures' not to provide disclosures of transactions entered into with the parent company or other wholly owned subsidiaries within the group.

Building Information Modelling (Yorkshire) Limited (shortened to "BIM" hereafter) is a related party of Hensall Mechanical Services Limited by virtue of C L Bond having common control. During the year, C L Bond relinquished his control of BIM and at the balance sheet date, BIM were no longer a related party. During the prior year included in sales were £86,374 of revenue from this related party. At the prior year reporting date there was £46,592 owing from BIM. There was also a loan balance advanced to BIM Limited in the prior year of £42,780. This has been repaid during the year.

C L Bond is a related party of the company by virtue of being a company director and majority shareholder. At the reporting date C L Bond owed the Group £340,386 (2018 - £488,830) in respect of an overdrawn director's loan account.

During the year the Company purchased a property from a Company director for £300,000.

R Bond is a related party of the Company by virtue of being a close family member of a company director. At the reporting date the amount due to the Group was £nil (2018: 70,200).

J Unwin was a related party of the Company until 6 September 2016 by virtue of being a company director. At the reporting date J Unwin owed the Group £37,305 in respect of an overdrawn director's loan account.

The amounts due from/(owed to) related parties at the statement of financial position date are shown below:

	2019 £	2018 £
Building Information Modelling (Yorkshire) Limited - loan balance	-	42,780
Building Information Modelling (Yorkshire) Limited - sales ledger	-	46,592
C L Bond	340,386	488,830
R Bond	-	70,200
J Unwin	37,305	37,305
	<u>377,691</u>	<u>685,707</u>

32. Post balance sheet events

Dividends - post year end the Company has declared dividends with a total value of £590,000.

COVID-19 - post year end the developments and circumstances around COVID 19 have been identified as a significant but non-adjusting event that would affect the entity. Due to the uncertainties surrounding the potential implications to the entity, no estimate can be made at this time as to the financial effect thereof, however the impact of this on the entities ability to continue as a going concern has been included within note 2.3.

HENSALL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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33. Controlling party

The ultimate controlling party is C L Bond, a director by virtue of his majority shareholding in the ultimate parent company.