

PARENT AAS for  
HENSALL INTELLIGENT  
BUILDING ENERGY  
MANAGEMENT SOLUTIONS  
LIMITED

13 72774

## **Hensall Group Limited**

Registered number: 07323245

### **Annual report and consolidated financial statements**

**For the period ended 31 December 2018**

THURSDAY



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COMPANIES HOUSE

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## **HENSALL GROUP LIMITED**

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### **COMPANY INFORMATION**

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

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**HENSALL GROUP LIMITED**

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**GROUP STRATEGIC REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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**Introduction**

The directors present their group Strategic Report for Hensall Group Limited for the 6 months period ended 31 December 2018.

**Business review**

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

Following a rebranding of the business and improvement of our internal systems & procedures in the previous years, we have continued to focus on both quality and efficiency, which has subsequently further improved overall profitability. This can be seen in the improved operating profits for the period, with operating profits at £555,504 for the 6 months to 31 December 2018 compared with £604,353 for the full year to 30 June 2018. We are continuing to see a growth in turnover year on year, with revenues for the 6 months to 31 December 2018 being £6.7m (£13.4m annualised) compared with £12.7m for the full year to 30 June 2018.

**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 directors mitigate 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 risk management - financial risks are managed through strict internal management controls and accurate and timely management information. Individual projects are also closely monitored by management to identify potential issues and ensure that projects are delivered at a margin that is acceptable to the directors.

**Brexit**

Whilst there is much uncertainty around Brexit, the business opportunities & number of new enquiries to the business is as vibrant as it ever has been. Whilst we are cautious to expand our business & look for new clients in these uncertain times, our forward order book is very healthy to the end of 2019 with our existing client base. We are also fortunate to have secured Ministry of Justice (MOJ) business that takes us through to 2020 & are looking at leisure centre new build projects that start in 2020.

Our main focus through recent months has been to assess the potential risk of new contracts so that mechanisms can be put in place to eliminate any impact to the business. As a business we are in a fortunate position to employ a direct labour force and do not utilise employment agencies so therefore feel any labour shortage will have little impact on the day to day operation of the business. Discussion with key suppliers and manufacturers of key capital plant have taken place and assurances have been provided that in the short term we should see little impact on the business.

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## HENSALL GROUP LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2018

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#### 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.

	6 months ended 31 December 2018	12 months ended 30 June 2018
Turnover	£6,745,660	£12,735,437
Gross profit	£1,529,645	£2,278,788
Gross profit margin	22.7%	17.9%
Operating profit	£555,504	£604,353

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 company to remain competitive. The level of this work has remained relatively stable over the last three financial periods, increasing from £2.37m (20.8% of turnover) in 2016/17 to £2.78m (21.8% of turnover) in 2017/18. In the 6 months to 31 December 2018 the level of work was £1.82m.

The gross margin achieved on non-electrical work was approximately 29.7% (Year ended 30 June 2018: 21.6%).

#### Development and financial performance during the period

The construction industry continues to be a challenging market in which to operate, in light of that the directors are extremely pleased with the performance in the 6 months ended 31 December 2018. As reported in the Group Consolidated Statement of Comprehensive Income gross profit margin for the 6 month period was 22.7%, an increase of 4.8% on the 17.9% gross margin achieved in the year to 30 June 2018. The Group is displaying an upward trend in gross profitability, with a 12.6% gross margin reported in 2016/17, a 13.3% gross margin reported in 2015/16 and 9.2% reported in 2014/15. This upward trend is a reflection of decisions made in the 2015/16 financial year to scale back the size of the business in terms of volume levels and place greater focus on accepting contracts where the directors are confident they can profitably deliver a high quality of work and unrivalled customer services levels using the resources at their disposal. These decisions along with additional improvements in internal processes have led to efficiencies being achieved that the Group is continuing to see the full benefits of.

As reported in the Group Consolidated Statement of Financial Position the net assets position has increased from £0.7m at 30 June 2018 to £1.1m at 31 December 2018, due to an increase in profit and loss reserves of £0.4m in the 6 month period.

This report was approved by the board on

29/03/2019

and signed on its behalf.



**C L Bond**  
Director

**DIRECTORS' REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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The directors present their report and the financial statements for the period ended 31 December 2018.

**Directors' 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 £428,987 (Year ended 30 June 2018 - £438,773).

Dividends paid during the financial period amounted to £nil (Year ended 30 June 2018 - £261,667).

**Directors**

The directors who served during the period and up to the date of this report were:

C L Bond  
A J Barlow

**Future developments**

The directors are confident that the financial and operational strength of the Group and the improvements to business processes which have been implemented will result in further performance improvement in the future. The business has undergone a re branding of its corporate image, with the objective of building a business that has an integrated client focused range of service offerings which complement the existing strengths of the business. The business continues to focus on accepting contracts where the directors are confident that profits can be achieved whilst delivering high quality work and unrivalled customer services.

**Matters covered in the strategic report**

The mandatory disclosures in relation to the principle risks and uncertainties of the Group are considered by the directors to be of strategic importance. These have therefore been included in the Group Strategic Report.

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**HENSALL GROUP LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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**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 director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director 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.

**Post balance sheet events**

There have been no significant events affecting the Group since the year end.

**Auditor**

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

**Going concern**

These financial statements have been prepared on a going concern basis. The directors, having considered the financial position of the group and 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.

Accordingly the directors have a reasonable expectation that the group and 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.

This report was approved by the board on

29/03/2019

and signed on its behalf.



**C L Bond**  
Director

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

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**Opinion**

We have audited the financial statements of Hensall Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the period ended 31 December 2018, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Positions, 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 Groups and of the parent Company's affairs as at 31 December 2018 and of the Group's profit for the period 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.

**The impact of uncertainties due to Britain exiting the European Union on our audit**

The Directors' view on the impact of Brexit is disclosed on page 1.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Group's and Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Group and Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Group's and Company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

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

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**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, 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 HENSALL GROUP LIMITED**

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**Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement set out on page 3, 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 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](http://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.



Ross Preston (Senior statutory auditor)

for and on behalf of Mazars LLP

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

Date: 29 March 2019

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**HENSALL GROUP LIMITED**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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	Note	6 months ended 31 December 2018 £	12 months ended 30 June 2018 £
Turnover	4	6,745,660	12,735,437
Cost of sales		(5,216,015)	(10,456,649)
<b>Gross profit</b>		<u>1,529,645</u>	<u>2,278,788</u>
Administrative expenses		(974,141)	(1,674,435)
<b>Operating profit</b>	5	<u>555,504</u>	<u>604,353</u>
Interest receivable and similar income		1	1
Interest payable and similar expenses	9	(8,072)	(23,936)
<b>Profit before taxation</b>		<u>547,433</u>	<u>580,418</u>
Tax on profit	10	(118,446)	(141,645)
<b>Profit for the financial period</b>		<u>428,987</u>	<u>438,773</u>
<b>Profit for the period attributable to:</b>			
Owners of the parent Company		<u>428,987</u>	<u>438,773</u>

There were no recognised gains and losses for the 6 months ended 31 December 2018 or the year ended 30 June 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for the 6 months ended 31 December 2018 or the year ended 30 June 2018.

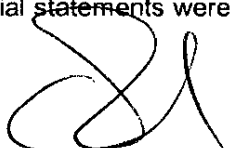
The notes on pages 16 to 40 form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2018**

	Note	31 December 2018 £	As restated 30 June 2018 £
<b>Fixed assets</b>			
Intangible assets	13	1,149,996	1,196,618
Tangible assets	14	515,244	456,580
Investments	15	438	438
		<u>1,665,678</u>	<u>1,653,636</u>
<b>Current assets</b>			
Stocks	16	15,000	15,000
Debtors: amounts falling due after more than one year	17	216,860	202,079
Debtors: amounts falling due within one year	17	4,452,921	4,190,738
Cash at bank and in hand	18	488,243	209,013
		<u>5,173,024</u>	<u>4,616,830</u>
Creditors: amounts falling due within one year	19	(5,228,239)	(5,098,209)
<b>Net current liabilities</b>		<u>(55,215)</u>	<u>(481,379)</u>
<b>Total assets less current liabilities</b>		<u>1,610,463</u>	<u>1,172,257</u>
Creditors: amounts falling due after more than one year	20	(503,098)	(491,921)
<b>Provisions for liabilities</b>			
Deferred taxation	24	(2,038)	(3,996)
		<u>(2,038)</u>	<u>(3,996)</u>
<b>Net assets</b>		<u>1,105,327</u>	<u>676,340</u>
<b>Capital and reserves</b>			
Called up share capital	25	71,001	71,001
Profit and loss account	26	1,034,326	605,339
<b>Equity attributable to owners of the parent company</b>		<u>1,105,327</u>	<u>676,340</u>

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

C L Bond  
Director

 29/03/2019


The notes on pages 16 to 40 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2018

	Note	31 December 2018 £	30 June 2018 £
<b>Fixed assets</b>			
Tangible assets	14	350,000	350,000
Investments	15	4,208,032	4,208,032
		<u>4,558,032</u>	<u>4,558,032</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	17	3,160	3,060
Cash at bank and in hand	18	3,246	3,360
		<u>6,406</u>	<u>6,420</u>
Creditors: amounts falling due within one year	19	(4,134,674)	(4,132,621)
<b>Net current liabilities</b>		<u>(4,128,268)</u>	<u>(4,126,201)</u>
<b>Total assets less current liabilities</b>		<u>429,764</u>	<u>431,831</u>
Creditors: amounts falling due after more than one year	20	(299,685)	(309,120)
<b>Net assets</b>		<u><u>130,079</u></u>	<u><u>122,711</u></u>
<b>Capital and reserves</b>			
Called up share capital	25	71,001	71,001
Profit and loss account	26	59,078	51,710
		<u><u>130,079</u></u>	<u><u>122,711</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

 29/03/2019

The notes on pages 16 to 40 form part of these financial statements.

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**HENSALL GROUP LIMITED**

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

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	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
<b>Comprehensive income for the period</b>				
Profit for the period	-	428,987	428,987	428,987
<b>Total comprehensive income for the period</b>	-	428,987	428,987	428,987
<b>At 31 December 2018</b>	71,001	1,034,326	1,105,327	1,105,327

The notes on pages 16 to 40 form part of these financial statements.

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2018**

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	Called up share capital £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
At 1 July 2017	71,001	428,233	499,234	499,234
<b>Comprehensive income for the year</b>				
Profit for the year	-	438,773	438,773	438,773
<b>Total comprehensive income for the year</b>	-	438,773	438,773	438,773
Dividends: Equity capital	-	(261,667)	(261,667)	(261,667)
<b>Total transactions with owners</b>	-	(261,667)	(261,667)	(261,667)
<b>At 30 June 2018</b>	71,001	605,339	676,340	676,340

The notes on pages 16 to 40 form part of these financial statements.

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**HENSALL GROUP LIMITED**

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

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

The notes on pages 16 to 40 form part of these financial statements.

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2018**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 July 2017	71,001	37,291	108,292
<b>Comprehensive income for the year</b>			
Profit for the year	-	276,086	276,086
	-	276,086	276,086
<b>Total comprehensive income for the year</b>			
	-	276,086	276,086
Dividends: Equity capital	-	(261,667)	(261,667)
<b>At 30 June 2018</b>	<b>71,001</b>	<b>51,710</b>	<b>122,711</b>

The notes on pages 16 to 40 form part of these financial statements.

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**HENSALL GROUP LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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	<b>6 months ended 31 December 2018 £</b>	<b>12 months ended 30 June 2018 £</b>
<b>Cash flows from operating activities</b>		
Profit for the financial period/year	428,987	438,773
<b>Adjustments for:</b>		
Amortisation of intangible assets	46,622	93,243
Depreciation of tangible assets	30,426	51,537
Loss on disposal of tangible assets	(2,521)	347
Interest paid	8,072	23,936
Interest received	(1)	(1)
Taxation charge	118,446	141,645
Decrease in stocks	-	82,557
(Increase) in debtors	(153,568)	(494,124)
Increase/(decrease) in creditors	234,999	(60,353)
Corporation tax (paid)	(220,375)	(124,270)
<b>Net cash generated from operating activities</b>	<b>491,087</b>	<b>153,290</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(101,069)	(64,611)
Sale of tangible fixed assets	14,500	10,153
Interest received	1	1
HP interest paid	(1,796)	(9,543)
<b>Net cash used in investing activities</b>	<b>(88,364)</b>	<b>(64,000)</b>

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**HENSALL GROUP LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE PERIOD ENDED 31 DECEMBER 2018**

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	31 December 2018 £	30 June 2018 £
<b>Cash flows from financing activities</b>		
Repayment of loans	(9,110)	(17,913)
New finance leases	58,679	26,994
Dividends paid	-	(261,667)
Interest paid	(6,276)	(14,393)
<b>Net cash generated from/(used in) financing activities</b>	<b>43,293</b>	<b>(266,979)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>446,016</b>	<b>(177,689)</b>
Cash and cash equivalents at beginning of period/ year	42,227	219,916
<b>Cash and cash equivalents at the end of period/ year</b>	<b>488,243</b>	<b>42,227</b>
<b>Cash and cash equivalents at the end of period/ year comprise:</b>		
Cash at bank and in hand	488,243	209,013
Bank overdrafts	-	(166,786)
	<b>488,243</b>	<b>42,227</b>

The notes on pages 16 to 40 form part of these financial statements.

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**HENSALL GROUP LIMITED**

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**CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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	<b>At 1 July 2018 £</b>	<b>Cash flows £</b>	<b>New finance leases £</b>	<b>At 31 December 2018 £</b>
Cash at bank and in hand	209,013	279,230	-	488,243
Bank overdrafts	(166,786)	166,786	-	-
Debt due after 1 year	(309,120)	9,435	-	(299,685)
Debt due within 1 year	(18,799)	(118)	-	(18,917)
Finance leases	(51,018)	-	(58,679)	(109,697)
	<u>(336,710)</u>	<u>455,333</u>	<u>(58,679)</u>	<u>59,944</u>

The notes on pages 16 to 40 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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**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 Group has elected to apply all amendments to FRS 102, as set out in the triennial review published in December 2017, prior to the mandatory adoption for accounting periods beginning on or after 1 January 2019.

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 directors have elected to shorten the end of the reporting period to 31 December 2018. These financial statements are therefore reporting on a 6 month period. The comparative information is for the 12 months ended 30 June 2018 and therefore is not directly comparable.

The Company has early adopted the changes made to FRS 102 as a result of the March 2017 triennial review. There were no material changes to the financial statements from the transition date of 1 July 2015.

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.3 Going concern**

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Group Strategic report in these financial statements.

The directors have prepared financial forecasts and projections, taking account of possible changes in trading performance, which show that the Group is able to operate within its current working capital facilities for the foreseeable future.

Therefore the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements. The directors have considered a period in excess of twelve months from the date of approval of these financial statements in making their assessment.

**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 the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

**2.6 Finance costs**

Finance costs are charged to the Consolidated Statement of Comprehensive Income 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 2018**

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**2. Accounting policies (continued)**

**2.7 Borrowing costs**

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income 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 the Consolidated Statement of Comprehensive Income 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 the Consolidated Statement of Comprehensive Income, 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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**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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**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 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.

**2.13 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.

**2.14 Debtors**

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.15 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.

**2.16 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.

**2.17 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.17 Financial instruments (continued)**

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.

**2.18 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.

**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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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**3. Judgments in applying accounting policies (continued)****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:

	<b>6 months ended 31 December 2018 £</b>	<b>12 months ended 30 June 2018 £</b>
Mechanical and electrical contract works	<u>6,745,660</u>	<u>12,735,437</u>

All turnover arose within the United Kingdom.

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**HENSALL GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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**5. Operating profit**

The operating profit is stated after charging:

	<b>6 months ended 31 December 2018 £</b>	<b>12 months ended 30 June 2018 £</b>
Depreciation of tangible fixed assets	30,426	51,537
Amortisation of intangible assets, including goodwill	46,622	93,243
Operating lease rentals	7,620	16,572
Defined contribution pension cost	17,229	40,831
	<u>111,907</u>	<u>202,183</u>

**6. Auditor's remuneration**

	<b>6 months ended 31 December 2018 £</b>	<b>12 months ended 30 June 2018 £</b>
Fees payable to the Group's auditor for the audit of the Group's annual accounts	13,250	13,250
<b>Fees payable to the Group's auditor in respect of:</b>		
Services relating to statutory accounts preparation	3,600	3,600
Other services relating to taxation	2,900	2,900
Services relating to information technology	5,385	11,722
All other services	-	36,850
	<u>11,885</u>	<u>55,072</u>

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**HENSALL GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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**7. Employees**

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

	<b>Group 31 December 2018 £</b>	<b>Group 30 June 2018 £</b>
Wages and salaries	757,237	1,370,785
Social security costs	73,070	131,564
Cost of defined contribution scheme	17,229	40,831
	<u>847,536</u>	<u>1,543,180</u>

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

	<b>6 months ended 31 December 2018 No.</b>	<b>12 months ended 30 June 2018 No.</b>
Production	15	14
Sales, tendering and design	14	14
Administration	4	5
	<u>33</u>	<u>33</u>

The Company has no employees other than the directors, who did not receive any remuneration from the parent company (Year ended 30 June 2018 - £NIL)

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**HENSALL GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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**8. Directors' remuneration**

	<b>6 months ended 31 December 2018 £</b>	<b>12 months ended 30 June 2018 £</b>
Directors' emoluments	41,290	106,614
Company contributions to defined contribution pension schemes	1,236	2,502
	<u>42,526</u>	<u>109,116</u>

During the period ended 31 December 2018 there were benefits accruing to 2 (Year ended 30 June 2018 - 2) directors in respect of defined contribution pension schemes.

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

**9. Interest payable and similar expenses**

	<b>6 months ended 31 December 2018 £</b>	<b>12 months ended 30 June 2018 £</b>
Bank interest payable	6,174	14,393
Finance leases and hire purchase contracts	1,796	9,543
Other interest payable	102	-
	<u>8,072</u>	<u>23,936</u>

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**HENSALL GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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**10. Taxation**

	<b>6 months ended 31 December 2018 £</b>	<b>12 months ended 30 June 2018 £</b>
<b>Corporation tax</b>		
Current tax on profits for the period/year	120,115	146,271
Adjustments in respect of previous periods	289	(910)
<b>Total current tax</b>	<u>120,404</u>	<u>145,361</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(2,092)	(3,570)
Adjustments in respect of previous periods	134	(146)
<b>Taxation on profit on ordinary activities</b>	<u>118,446</u>	<u>141,645</u>

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**HENSALL GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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

The tax assessed for the period is higher than (Year ended 30 June 2018 - higher than) the standard rate of corporation tax in the UK of 19% (Year ended 30 June 2018 - 19%). The differences are explained below:

	<b>6 months ended 31 December 2018 £</b>	<b>12 months ended 30 June 2018 £</b>
Profit on ordinary activities before tax	<u>547,433</u>	<u>580,418</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	104,012	110,279
<b>Effects of:</b>		
Non-tax deductible amortisation of goodwill and impairment	8,858	17,716
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,906	15,561
Adjustments to tax charge in respect of previous periods	289	(910)
Adjustments to deferred tax charge in respect of previous periods	134	(146)
Other differences leading to a increase / (decrease) in the tax charge	<u>247</u>	<u>(855)</u>
<b>Total tax charge for the period/year</b>	<u>118,446</u>	<u>141,645</u>

**Factors that may affect future tax charges**

A reduction in the UK Corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted in September 2016 and has therefore been considered when calculating deferred tax at the reporting date. Deferred tax balances at the reporting date are measured at 17% (30 June 2018 - 17%).

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**HENSALL GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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**11. Dividends**

	<b>6 months ended 31 December 2018 £</b>	<b>12 months ended 30 June 2018 £</b>
Dividends paid on ordinary A shares	-	261,667
	<u>-</u>	<u>261,667</u>

**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 6 month period ended 31 December 2018 was £7,368 (Year ended 30 June 2018 - £276,086).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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**13. Intangible assets****Group**

	<b>Goodwill £</b>
<b>Cost</b>	
At 1 July 2018	1,864,859
At 31 December 2018	<u>1,864,859</u>
<b>Amortisation</b>	
At 1 July 2018	668,241
Charge for the period	46,622
At 31 December 2018	<u>714,863</u>
<b>Net book value</b>	
At 31 December 2018	<u>1,149,996</u>
At 30 June 2018	<u>1,196,618</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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**
**14. Tangible fixed assets****Group**

	<b>Freehold property £</b>	<b>Plant &amp; machinery £</b>	<b>Motor vehicles £</b>	<b>Fixtures &amp; fittings £</b>	<b>Total £</b>
<b>Cost or valuation</b>					
At 1 July 2018	350,000	152,085	185,904	13,561	701,550
Additions	-	3,109	97,960	-	101,069
Disposals	-	-	(31,950)	-	(31,950)
At 31 December 2018	350,000	155,194	251,914	13,561	770,669
<b>Depreciation</b>					
At 1 July 2018	-	147,001	85,557	12,412	244,970
Charge for the period on owned assets	-	1,939	(12,528)	135	(10,454)
Charge for the period on financed assets	-	-	40,880	-	40,880
Disposals	-	-	(19,971)	-	(19,971)
At 31 December 2018	-	148,940	93,938	12,547	255,425
<b>Net book value</b>					
At 31 December 2018	350,000	6,254	157,976	1,014	515,244
At 30 June 2018	350,000	5,083	100,347	1,150	456,580

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

	<b>31 December 2018 £</b>	<b>30 June 2018 £</b>
Motor vehicles	140,350	62,830

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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

	<b>Freehold property £</b>
<b>Cost or valuation</b>	
At 1 July 2018	350,000
At 31 December 2018	<u>350,000</u>
<b>Net book value</b>	
At 31 December 2018	<u>350,000</u>
At 30 June 2018	<u>350,000</u>

The net book value of land and buildings may be further analysed as follows:

	<b>31 December 2018 £</b>	<b>30 June 2018 £</b>
Freehold	<u>350,000</u>	<u>350,000</u>

**15. Fixed asset investments****Group**

	<b>Listed investments £</b>
<b>Cost or valuation and net book value</b>	
At 1 July 2018	438
At 31 December 2018	<u>438</u>

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**HENSALL GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation and net book value</b>	
At 1 July 2018	4,208,032
At 31 December 2018	<u>4,208,032</u>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>
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.

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.

**16. Stocks**

	<b>Group 31 December 2018 £</b>	<b>Group As restated 30 June 2018 £</b>
Finished goods and goods for resale	15,000	15,000

Stock recognised in cost of sales during the 6 month period ended 31 December 2018 as an expense was £1,138,668 (Year ended 30 June 2018 - £3,101,226).

A presentational restatement has been enacted in the prior year to reclassify £51,420 to amounts recoverable on long term contracts.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018

17. Debtors

	Group 31 December 2018 £	Group 30 June 2018 £	Company 31 December 2018 £	Company 30 June 2018 £
<b>Due after more than one year</b>				
Trade debtors	216,860	202,079	-	-
	Group 31 December 2018 £	Group As restated 30 June 2018 £	Company 31 December 2018 £	Company 30 June 2018 £
<b>Due within one year</b>				
Trade debtors	1,210,742	1,595,145	-	-
Other debtors	865,618	752,635	3,160	3,060
Prepayments and accrued income	85,339	43,739	-	-
Amounts recoverable on long term contracts	2,291,222	1,799,219	-	-
	4,452,921	4,190,738	3,160	3,060

A presentational restatement has been enacted in the prior year to reclassify £51,420 to amounts recoverable on long term contracts.

18. Cash and cash equivalents

	Group 31 December 2018 £	Group 30 June 2018 £	Company 31 December 2018 £	Company 30 June 2018 £
Cash at bank and in hand	488,243	209,013	3,246	3,360
Less: bank overdrafts	-	(166,786)	-	-
	488,243	42,227	3,246	3,360

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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**19. Creditors: Amounts falling due within one year**

	<b>Group 31 December 2018 £</b>	<b>Group 30 June 2018 £</b>	<b>Company 31 December 2018 £</b>	<b>Company 30 June 2018 £</b>
Bank overdrafts	-	166,786	-	-
Bank loans	18,917	18,592	18,917	18,592
Trade creditors	4,567,742	4,072,847	-	-
Amounts owed to group undertakings	-	-	4,109,101	4,109,101
Corporation tax	390,005	366,579	5,126	3,398
Other taxation and social security	54,562	201,182	1,530	1,530
Net obligations under finance lease and hire purchase contracts	37,651	24,652	-	-
Other creditors	39,060	27,098	-	-
Accruals and deferred income	120,302	220,473	-	-
	<u>5,228,239</u>	<u>5,098,209</u>	<u>4,134,674</u>	<u>4,132,621</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.

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**HENSALL GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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**20. Creditors: Amounts falling due after more than one year**

	<b>Group 31 December 2018 £</b>	<b>Group 30 June 2018 £</b>	<b>Company 31 December 2018 £</b>	<b>Company 30 June 2018 £</b>
Bank loans	299,685	309,120	299,685	309,120
Net obligations under finance leases and hire purchase contracts	72,046	26,366	-	-
Trade creditors	131,367	156,435	-	-
	<u>503,098</u>	<u>491,921</u>	<u>299,685</u>	<u>309,120</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. Loans**

Analysis of the maturity of loans is given below:

	<b>Group 31 December 2018 £</b>	<b>Group 30 June 2018 £</b>	<b>Company 31 December 2018 £</b>	<b>Company 30 June 2018 £</b>
<b>Amounts falling due within one year</b>				
Bank loans	18,917	18,592	18,917	18,592
<b>Amounts falling due 1-2 years</b>				
Bank loans	19,609	20,799	19,609	20,799
<b>Amounts falling due 2-5 years</b>				
Bank loans	280,076	288,321	280,076	288,321
	<u>318,602</u>	<u>327,712</u>	<u>318,602</u>	<u>327,712</u>

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**22. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	<b>Group 31 December 2018 £</b>	<b>Group 30 June 2018 £</b>
Within one year	41,649	24,652
Between 1-5 years	32,842	12,641
Over 5 years	45,610	13,725
	<u>120,101</u>	<u>51,018</u>

**23. Financial instruments**

	<b>Group 31 December 2018 £</b>	<b>Group 30 June 2018 £</b>
<b>Financial assets</b>		
Financial assets measured at fair value through statement of comprehensive income	488,681	209,451
Financial assets that are debt instruments measured at amortised cost	4,584,442	4,349,078
	<u>5,073,123</u>	<u>4,558,529</u>
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost	<u>(5,286,770)</u>	<u>(5,022,369)</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 & deferred income.

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**24. Deferred taxation**

**Group**

	<b>Group 31 December 2018 £</b>	<b>Group 30 June 2018 £</b>
At beginning of period/ year	(3,996)	(7,712)
Credited to statement of comprehensive income	1,958	3,716
<b>At end of period/ year</b>	<b>(2,038)</b>	<b>(3,996)</b>

The provision for deferred taxation is made up as follows:

	<b>Group 31 December 2018 £</b>	<b>Group 30 June 2018 £</b>
Accelerated capital allowances	(2,191)	(4,296)
Short term timing differences	153	300
	<b>(2,038)</b>	<b>(3,996)</b>

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.

**25. Share capital - Group and Company**

	<b>31 December 2018 £</b>	<b>30 June 2018 £</b>
<b>Allotted, called up and fully paid</b>		
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
	<b>71,001</b>	<b>71,001</b>

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.

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**26. 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.

**27. 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 £17,229 in the 6 month period ended 31 December 2018 (Year ended 30 June 2018 - £40,431). At the statement of financial position date £786 (30 June 2018 - £1,761) was payable to the fund.

**28. Commitments under operating leases**

At 31 December 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 31 December 2018 £</b>	<b>Group 30 June 2018 £</b>
Not later than 1 year	33,299	33,299
Later than 1 year and not later than 5 years	2,960	4,505
	<u>36,259</u>	<u>37,804</u>

**29. Transactions with directors**

At 31 December 2018, C L Bond owed the Company £488,830 (30 June 2018 - £450,335) in respect of an overdrawn director's loan account. The maximum amount the loan account was overdrawn during the period was £613,609 (Year ended 30 June 2018 - £704,365). The loan does not incur interest charges.

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**30. 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. Included within cost of sales are £nil (Year ended 30 June 2018 - £63,244) worth of costs payable to this related party for the provision of 3D modelling services. During the period the Company made sales of £86,374 (2017: £nil) to BIM. At the current year reporting date there are no amounts owing in respect of the purchase transactions (30 June 2018 - £nil) and there is £46,592 (30 June 2018 - £nil) due from BIM in respect of the sales transactions. There have been no changes to the loan balance advanced to Building Information Modelling (Yorkshire) Limited in the current period or prior year.

C L Bond is a related party of the Company by virtue of being a company director and majority shareholder of the ultimate parent company. At the reporting date C L Bond owed the Company £488,830 (30 June 2018 - £450,335) in respect of an overdrawn director's loan account.

R Bond is a related party of the Company by virtue of being a close family member of a company director. During the current period the Company advanced R Bond a further £46,800 (Year ended 30 June 2018: £23,400) in respect of an interest free loan. At the current reporting date the amounts due from R Bond total £70,200 (30 June 2018: £23,400).

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 Company £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:

	<b>31 December 2018 £</b>	<b>30 June 2018 £</b>
Building Information Modelling (Yorkshire) Limited - loan balance	42,780	42,780
Building Information Modelling (Yorkshire) Limited - sales ledger	46,592	-
C L Bond	488,830	450,335
R Bond	70,200	23,400
J Unwin	37,305	37,305
	<u>685,707</u>	<u>553,820</u>

**31. Controlling party**

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