

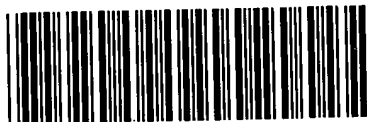
# Hensall Mechanical Services Limited

Registered number: 02999852

## Abbreviated accounts

For the year ended 30 June 2015

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# **HENSALL MECHANICAL SERVICES LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	C L Bond J S Unwin
<b>Company secretary</b>	C L Bond
<b>Registered number</b>	02999852
<b>Registered office</b>	Roall Hall Roall Lane Eggborough Goole North Yorkshire DN14 0NY
<b>Independent auditor</b>	Mazars LLP Chartered Accountants & Statutory Auditor Mazars House Gelderd Road Gildersome Leeds LS27 7JN
<b>Bankers</b>	Yorkshire Bank plc 1-2 The Arcade Hill Top Knottingley WF11 8HZ

# **HENSALL MECHANICAL SERVICES LIMITED**

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The following pages do not form part of the statutory financial statements:



# HENSALL MECHANICAL SERVICES LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2015

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### Introduction

The directors present their strategic report for Hensall Mechanical Services Limited for the year ended 30 June 2015.

### Business review

The company's principal activity continued to be that of heating and ventilation engineers.

Our focus throughout the year has continued to be to maintain a diverse portfolio of business across several markets i.e. retail, leisure, health & fitness, schools & colleges, medical centres, commercial offices and hotels. By doing this we are confident that any downturn in one market will not have an adverse effect on the forward order book. Our unique selling point is our very high level of technical expertise along with our quality customer service and high standard of installations.

We pride ourselves in our ability to keep ahead of the ever changing developments in regulatory legislation e.g. Building Regulations, Low Carbon Emissions, Green Issues etc. Our association with the HVCA provides us with up to date information regarding the latest technologies and pending changes in regulations which we can pass on to our Clients in order to provide them with energy efficient, low capital outlay systems.

We are proactive in relaying the current and future environmental issues to our clients, exhibiting signs of care to further enhance our relationships with clients.

### 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 for 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.

#### 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.

	30th June 2015	30th June 2014
Turnover	£21,461,749	£13,469,638
Gross Profit	£1,976,485	£1,354,376
Gross Profit Margin	9.2%	10.1%
Operating Profit	£715,407	£315,104

The company 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 only attracts a small margin in order for the company to remain competitive. The level of this work has increased from £2.96m in 2013-14 to £5.95m in 2014-15 and has reduced overall gross margins. The gross margin achieved on non-electrical work was approximately 13.0% (2014 - 12.8%)

# **HENSALL MECHANICAL SERVICES LIMITED**

## **STRATEGIC REPORT (continued) FOR THE YEAR ENDED 30 JUNE 2015**

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### **Development and financial performance during the year**

The construction industry continues to be a challenging market in which to operate and the directors are satisfied with the performance in 2015. As reported in the company's profit and loss account revenue has increased by 59%.

### **Financial position at the reporting date**

The balance sheet shows that the company's net assets have increased by £1.083m during the year.

### **Future developments**

The directors are confident that the financial and operational strength of the company will enable further growth within its existing sectors.

This report was approved by the board on 12<sup>th</sup> February 2016 and signed on its behalf.



**C L Bond  
Director**

# **HENSALL MECHANICAL SERVICES LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2015**

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The directors present their report and the audited financial statements for the year ended 30 June 2015.

### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

### **Directors**

The directors who served during the year were:

C L Bond  
J S Unwin  
S Radcliffe (resigned 31 July 2014)

### **Going concern**

The accounts have been prepared on a going concern basis because, in the opinion of the directors, there are no significant uncertainties or events of which they are aware that may cast doubt upon the ability of the company to continue trading for the foreseeable future. The directors have considered a period in excess of twelve months from the date of approval of these financial statements in making their assessment.

# **HENSALL MECHANICAL SERVICES LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2015**

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### **Matters covered in the Strategic report**

The mandatory disclosures in relation to the principle risks and uncertainties and the future developments of the company are considered by the directors to be of strategic importance. These have therefore been included in the 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 that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that 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's auditor is aware of that information.

### **Auditor**

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

This report was approved by the board on 12<sup>th</sup> February 2016 and signed on its behalf.

  
**C L Bond**  
Director

# **HENSALL MECHANICAL SERVICES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO HENSALL MECHANICAL SERVICES LIMITED UNDER SECTION 449 OF THE COMPANIES ACT 2006**

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We have examined the abbreviated accounts set out on pages 6 to 16 together with the financial statements of Hensall Mechanical Services Limited for the year ended 30 June 2015 prepared under section 396 of the Companies Act 2006.

This report is made solely to the company in accordance with section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

The directors are responsible for preparing the abbreviated accounts in accordance with section 445 of the Companies Act 2006.

It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you. This report, including our opinion, has been prepared for and only for the company's members as a body. Our work has been undertaken so that we might state to the company's members those matters we are required to state to them in this 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 work, for this report, or for the opinions we have formed.

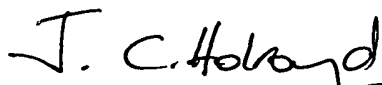
### **Basis of opinion**

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared.

The scope of our work for the purpose of this report does not include examining events occurring after the date of our Auditor's report on the full financial statements.

### **Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.



John Holroyd (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
Mazars House  
Gelderd Road  
Gildersome  
Leeds  
LS27 7JN

Date: 19<sup>th</sup> February 2016



# HENSALL MECHANICAL SERVICES LIMITED

## ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2015

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	Note	2015 £	2014 £
Turnover	1	21,461,749	13,469,638
Gross profit		1,976,483	1,354,376
Administrative expenses		(1,261,076)	(1,039,272)
Operating profit	2	715,407	315,104
Interest payable and similar charges	5	(13,295)	(9,284)
Profit on ordinary activities before taxation		702,112	305,820
Tax on profit on ordinary activities	6	(168,004)	(82,939)
Profit for the financial year	15	534,108	222,881

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All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and loss account.

The notes on pages 8 to 16 form part of these financial statements.

# HENSALL MECHANICAL SERVICES LIMITED

Registered number: 02999852

## ABBREVIATED BALANCE SHEET AS AT 30 JUNE 2015

	Note	£	2015 £	£	2014 £
<b>Fixed assets</b>					
Tangible assets	7		108,312		79,621
Investments	8		438		438
			<u>108,750</u>		<u>80,059</u>
<b>Current assets</b>					
Stocks	9	62,104		163,750	
Debtors	10	9,818,770		6,683,975	
Cash at bank and in hand		2,095,035		148,118	
		<u>11,975,909</u>		<u>6,995,843</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(8,891,939)</u>		<u>(4,535,708)</u>	
<b>Net current assets</b>			<u>3,083,970</u>		<u>2,460,135</u>
<b>Total assets less current liabilities</b>			<u>3,192,720</u>		<u>2,540,194</u>
<b>Creditors: amounts falling due after more than one year</b>	12		(108,598)		(548,734)
<b>Provisions for liabilities</b>					
Deferred tax	13		<u>(11,847)</u>		<u>(2,027)</u>
<b>Net assets</b>			<u><u>3,072,275</u></u>		<u><u>1,989,433</u></u>
<b>Capital and reserves</b>					
Called up share capital	14		2		2
Other reserves	15		548,734		-
Profit and loss account	15		<u>2,523,539</u>		<u>1,989,431</u>
<b>Shareholders' funds</b>	16		<u><u>3,072,275</u></u>		<u><u>1,989,433</u></u>

The abbreviated accounts, which have been prepared in accordance with the provisions of section 445(3) of the Companies Act 2006 relating to medium-sized companies, were approved and authorised for issue by the board and were signed on its behalf on



**C L Bond**  
Director

12<sup>th</sup> February 2016

The notes on pages 8 to 16 form part of these financial statements.

# **HENSALL MECHANICAL SERVICES LIMITED**

## **NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015**

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### **1. Accounting policies**

#### **1.1 Basis of preparation of financial statements**

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### **1.2 Going concern**

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the 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 company 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 the approval of these financial statements in making their assessment.

#### **1.3 Cash flow**

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

#### **1.4 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

#### **1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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

#### **1.6 Investments**

Investments held as fixed assets are shown at cost less provision for impairment.

#### **1.7 Leasing and hire purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

# **HENSALL MECHANICAL SERVICES LIMITED**

## **NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015**

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### **1. Accounting policies (continued)**

#### **1.8 Operating leases**

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

#### **1.9 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.

#### **1.10 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

#### **1.11 Long-term contracts**

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

#### **1.12 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

# HENSALL MECHANICAL SERVICES LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015

### 2. Operating profit

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets: - owned by the company	42,442	37,592

### 3. Staff costs

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

	2015 £	2014 £
Wages and salaries	992,084	945,631
Social security costs	93,147	87,681
Other pension costs	10,838	10,452
	1,096,069	1,043,764

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

	2015 No.	2014 No.
Production	13	15
Sales, tendering and design	9	9
Administration	4	3
	26	27

### 4. Directors' remuneration

	2015 £	2014 £
Remuneration	39,837	60,423
Company pension contributions to defined contribution pension schemes	-	2,807

During the year retirement benefits were accruing to no directors (2014 - 1) in respect of defined contribution pension schemes.

# **HENSALL MECHANICAL SERVICES LIMITED**

## **NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015**

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### **5. Interest payable**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
On bank overdraft	11,163	3,896
On finance leases	2,132	4,914
Other interest payable	-	474
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	<b>13,295</b>	<b>9,284</b>
	<hr/>	<hr/>

# HENSALL MECHANICAL SERVICES LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015

### 6. Taxation

	2015 £	2014 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	158,184	79,590
Adjustments in respect of prior periods	-	7,822
<b>Total current tax</b>	<u>158,184</u>	<u>87,412</u>
<b>Deferred tax</b> (see note 13)		
Origination and reversal of timing differences	9,820	(4,473)
<b>Tax on profit on ordinary activities</b>	<u>168,004</u>	<u>82,939</u>
<b>Factors affecting tax charge for the year</b>		

The tax assessed for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 21% (2014 - 21%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>702,112</u>	<u>305,820</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2014 - 21%)	147,444	64,222
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	18,993	9,482
Capital allowances for year in excess of depreciation	(6,752)	1,406
Adjustments to tax charge in respect of prior periods	-	7,822
Other differences leading to an increase (decrease) in the tax charge	(1,501)	5,370
Marginal relief	-	(890)
<b>Current tax charge for the year</b> (see note above)	<u>158,184</u>	<u>87,412</u>

# HENSALL MECHANICAL SERVICES LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015

### 7. Tangible fixed assets

	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
<b>Cost</b>				
At 1 July 2014	101,989	164,260	11,767	278,016
Additions	40,983	40,724	-	81,707
Disposals	-	(37,245)	-	(37,245)
At 30 June 2015	142,972	167,739	11,767	322,478
<b>Depreciation</b>				
At 1 July 2014	89,164	100,692	8,539	198,395
Charge for the year	15,379	25,298	1,765	42,442
On disposals	-	(26,671)	-	(26,671)
At 30 June 2015	104,543	99,319	10,304	214,166
<b>Net book value</b>				
At 30 June 2015	38,429	68,420	1,463	108,312
At 30 June 2014	12,825	63,568	3,228	79,621

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

	2015 £	2014 £
Motor vehicles	13,707	17,102
Furniture, fittings and equipment	27,774	-
	41,481	17,102

### 8. Fixed asset investments

	Unlisted investments £
<b>Cost or valuation</b>	
At 1 July 2014 and 30 June 2015	438
<b>Net book value</b>	
At 30 June 2015	438
At 30 June 2014	438



# HENSALL MECHANICAL SERVICES LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015

### 9. Stocks

	2015 £	2014 £
Finished goods and goods for resale	62,104	163,750

### 10. Debtors

	2015 £	2014 £
<b>Due after more than one year</b>		
Trade debtors	304,235	254,765
Amounts owed by group undertakings	4,056,852	3,359,839
<b>Due within one year</b>		
Trade debtors	2,250,121	1,611,725
Other debtors	55,703	31,366
Prepayments and accrued income	57,652	34,963
Amounts recoverable on long term contracts	3,094,207	1,391,317
	9,818,770	6,683,975

### 11. Creditors:

#### Amounts falling due within one year

	2015 £	2014 £
Bank loans and overdrafts	82,619	347,407
Net obligations under finance leases	15,328	6,097
Trade creditors	8,075,816	3,813,293
Corporation tax	158,184	146,803
Other taxation and social security	349,301	147,805
Other creditors	128,986	57,493
Accruals and deferred income	81,705	16,810
	8,891,939	4,535,708

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

There is also a cross guarantee supported by a debenture from fellow group members, HMS Corp Limited, HMS Group 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 MECHANICAL SERVICES LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015

### 12. Creditors: Amounts falling due after more than one year

	2015 £	2014 £
Bank loans	87,757	-
Net obligations under finance leases	20,841	-
Amounts owed to group undertakings	-	548,734
	<u>108,598</u>	<u>548,734</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2015 £	2014 £
Between one and five years	<u>20,841</u>	<u>-</u>

### 13. Deferred taxation

	2015 £	2014 £
At beginning of year	2,027	6,500
Charge (released) during the year	9,820	(4,473)
At end of year	<u>11,847</u>	<u>2,027</u>

The provision for deferred taxation is made up as follows:

	2015 £	2014 £
Accelerated capital allowances	<u>11,847</u>	<u>2,027</u>

### 14. Share capital

	2015 £	2014 £
<b>Allotted, called up and fully paid</b>		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

# HENSALL MECHANICAL SERVICES LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015

### 15. Reserves

	Capital contribution reserve £	Profit and loss account £
At 1 July 2014	-	1,989,431
Profit for the financial year	-	534,108
Capital contribution	548,734	-
At 30 June 2015	<u>548,734</u>	<u>2,523,539</u>

During the year Hensall Mechanical Services Limited received a capital contribution from ultimate parent company HMS Corp Limited as a result of an intercompany loan waiver between two subsidiaries of the common parent, HMS Corp Limited.

### 16. Reconciliation of movement in shareholders' funds

	2015 £	2014 £
Opening shareholders' funds	1,989,433	1,766,552
Profit for the financial year	534,108	222,881
Capital contribution	548,734	-
Closing shareholders' funds	<u>3,072,275</u>	<u>1,989,433</u>

### 17. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £10,838 (2014 - £10,452). No contributions were payable to the fund at the balance sheet date.

### 18. Directors' advances

At 30 June 2015, Mr C L Bond owed the company £4,959 (2014 - £22,628) in respect of an interest free loan.

### 19. Ultimate parent undertaking and controlling party

The ultimate parent company is HMS Corp Limited by virtue of its 100% holding of HMS Group Limited. HMS Group Limited own 100% of the allotted share capital of Hensall Mechanical Services Limited.

The ultimate controlling party is Mr C L Bond, a director and majority shareholder of HMS Corp Limited.