

Registered number: 06332089

**HALLCO 1516 LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**



## **HALLCO 1516 LIMITED**

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**HALLCO 1516 LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	S J Rennie C F Avery Jr
<b>Registered number</b>	06332089
<b>Registered office</b>	Sir Henry Parkes Road Canley Coventry Warwickshire CV5 6BN
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors One Chamberlain Square Birmingham B3 3AX
<b>Bankers</b>	The Royal Bank of Scotland plc 38 Mosley Street Manchester M60 2BE

## HALLCO 1516 LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors presents the Strategic Report of Hallco 1516 Limited (the "Company") for the year ended 31 December 2019.

#### Business review

The business was transitioned to another API location during the 4th quarter of 2018 and ceased to trade.

#### Principal risks and uncertainties

Our business, financial condition and results of operations is influenced by a range of factors, many of which are beyond the control of the Company. The risk factors set out below and other information in this report should be considered carefully.

#### Changes in economic conditions

The Company is affected by world economic conditions, in addition to UK economic conditions, as the customer base is either international or their end customers are international. The Company closely monitors demand trends and has demonstrated the ability to adjust its cost base as appropriate.

#### Financial key performance indicators

	2019	2018	
Decline in sales % (all operations)	100.0%	12.0%	Year on year sales growth expressed as a percentage.
Gross (loss)/profit %	100%	6.5%	Sales less cost of sales, before administration expenses, expressed as a percentage of sales.

The Company experienced a decrease in volume compared to 2018. Margins fell, predominantly because of product mix and operational and supply chain issues. The Company transitioned manufacturing of all Hallco products to another API location during the 4th quarter of 2018 and therefore ceased to trade.

This report was approved by the board and signed on its behalf by:



C F Avery Jr  
Director

Date: June 25, 2021

## **HALLCO 1516 LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their annual report and the audited financial statements of Hallco 1516 Limited (the "Company") for the year ended 31 December 2019.

#### **Principal activities**

The principal activity of the Company was the design and manufacture of cooling equipment for the marine and industrial markets. The business was transferred to another API location during the 4th quarter of 2018 and has therefore ceased to trade.

#### **Results and dividends**

The loss for the financial year amounted to £4,229,368 (2018: loss £1,576,837).

The directors do not recommend the payment of a dividend (2018: £Nil).

#### **Directors**

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

J M Laisure (resigned 22 February 2019)  
T G Strauss (resigned 23 October 2019)  
K J Coghlan (appointed 23 October 2019, resigned 5 February 2021)  
S J Rennie (appointed 23 October 2019)  
C F Avery Jr (appointed 5 February 2021)

#### **Directors' interest**

During the year, no rights to subscribe for shares in the Company were granted to or exercised by any director.

#### **Directors' indemnity**

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Company.

#### **Going concern**

The Company made a decision to cease trading. The Company would not have the ability to repay the Company's undertakings if repayment be requested within one year. The Company is reliant on funds provided to it by its ultimate Parent Company undertaking, which has indicated it will no longer continue to make these funds available to the Company. Therefore the financial statements of the Company are prepared on the basis other than going concern.

#### **Financial Risk Management**

##### **Price risk**

Commodity price risk is mitigated by material price variation agreements with the major customers.

##### **Credit risk**

Credit risk is addressed on an individual customer basis with financial stability being accessed for new customers and payment performance monitoring for established customers.

##### **Liquidity risk**

The companies within the Group are working well within the banking facilities currently in place.

## **HALLCO 1516 LIMITED**

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

#### **Future developments**

The Directors have decided to cease trading of the Company and is therefore no longer a going concern.

#### **Financial instruments**

During the year the Company does not have any abnormal exposure to price, liquidity and cash flow risks arising from its trading activities. The Company does trade in multiple currencies but in terms of currency risk the Company did not enter any hedging transactions and no trading in financial instruments were undertaken.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors 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.

#### **Disclosure of information to auditors**

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's auditors are 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's auditors are aware of that information.

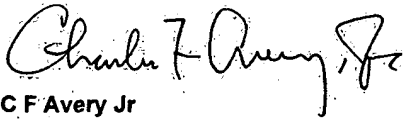
HALLCO 1516 LIMITED

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

**Independent auditors**

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf by:



**C F Avery Jr**  
Director

Date: *June 25, 2021*

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALLCO 1516 LIMITED

## Report on the audit of the financial statements

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### Opinion

In our opinion, Hallco 1516 Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2019; the Statement of comprehensive income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### Emphasis of matter - financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

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### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALLCO 1516 LIMITED (CONTINUED)**

*Strategic Report and Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Strategic Report and Directors' Report.

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**Responsibilities for the financial statements and the audit**

*Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

*Use of this report*

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

HALLCO 1516 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALLCO 1516 LIMITED (CONTINUED)

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**Other required reporting**

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**Companies Act 2006 exception reporting**

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Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

*Matt Palmer*

Matt Palmer (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham

Date: 25 June 2021

# HALLCO 1516 LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	3	-	8,028,124
Cost of sales		(10,080)	(7,502,958)
<b>Gross (loss)/profit</b>		<b>(10,080)</b>	<b>525,166</b>
Distribution costs		-	(235,288)
Administrative expenses		(14,008)	(393,754)
Exceptional items	5	(4,189,375)	(1,487,917)
Other operating (expense)/income	4	(6,067)	5,856
<b>Operating loss</b>	6	<b>(4,219,530)</b>	<b>(1,585,937)</b>
<b>Loss before taxation</b>		<b>(4,219,530)</b>	<b>(1,585,937)</b>
Tax on loss	10	(9,838)	9,100
<b>Loss for the financial year</b>		<b>(4,229,368)</b>	<b>(1,576,837)</b>
<b>Total comprehensive expense for the financial year</b>		<b>(4,229,368)</b>	<b>(1,576,837)</b>

All results are derived from discontinued operations.

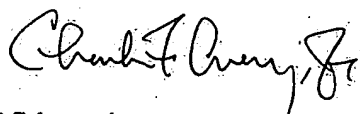
The notes on pages 12 to 25 form part of these financial statements.

**HALLCO 1516 LIMITED**  
**REGISTERED NUMBER: 06332089**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	11	-	64,414
<b>Current assets</b>			
Stocks	12	-	390,078
Debtors	13	101,869	4,414,248
Cash at bank and in hand	14	122,742	422,536
		<u>224,611</u>	<u>5,226,862</u>
Creditors: amounts falling due within one year	15	(770,682)	(1,603,514)
<b>Net current (liabilities)/assets</b>		<u>(546,071)</u>	<u>3,623,348</u>
<b>Total assets less current liabilities</b>		<u>(546,071)</u>	<u>3,687,762</u>
<b>Provisions for liabilities</b>			
Deferred taxation	16	-	(4,465)
<b>Net (liabilities)/assets</b>		<u>(546,071)</u>	<u>3,683,297</u>
<b>Capital and reserves</b>			
Called up share capital	17	10,000	10,000
Revaluation reserve	18	119,767	119,767
Profit and loss account	18	(675,838)	3,553,530
<b>Total shareholders' (deficit)/funds</b>		<u>(546,071)</u>	<u>3,683,297</u>

The financial statements on pages 9 to 25 were approved and authorised for issue by the board and were signed on its behalf by:



**C F Avery Jr**  
Director

Date: *June 25, 2021*

The notes on pages 12 to 25 form part of these financial statements.

**HALLCO 1516 LIMITED**

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

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total shareholders' (deficit)/funds £
<b>At 1 January 2018</b>	<b>10,000</b>	<b>119,767</b>	<b>5,130,367</b>	<b>5,260,134</b>
<b>Comprehensive expense for the financial year</b>				
Loss for the financial year	-	-	(1,576,837)	(1,576,837)
<b>Total comprehensive expense for the financial year</b>	<b>-</b>	<b>-</b>	<b>(1,576,837)</b>	<b>(1,576,837)</b>
<b>At 31 December 2018 and 1 January 2019</b>	<b>10,000</b>	<b>119,767</b>	<b>3,553,530</b>	<b>3,683,297</b>
<b>Comprehensive expense for the financial year</b>				
Loss for the financial year	-	-	(4,229,368)	(4,229,368)
<b>Total comprehensive expense for the financial year</b>	<b>-</b>	<b>-</b>	<b>(4,229,368)</b>	<b>(4,229,368)</b>
<b>At 31 December 2019</b>	<b>10,000</b>	<b>119,767</b>	<b>(675,838)</b>	<b>(546,071)</b>

The notes on pages 12 to 25 form part of these financial statements.

## **HALLCO 1516 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **1. Accounting policies**

##### **1.1 General information**

Hallco 1516 Limited's (the "Company") principal activities are the design and manufacture of cooling equipment for marine and industrial. The Directors have made a decision to cease trading.

The Company is a private company limited by shares and is incorporated and domiciled in England, United Kingdom. The address of its registered office is: Sir Henry Parkes Road, Canley, Coventry, Warwickshire, CV5 6BN.

##### **1.2 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of plant and machinery and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

As set out in the Directors' report, due to the Company ceasing to trade, the Directors have decided to prepare the financial statements on a basis other than that of a going concern. The following policies and procedures were implemented:

- all assets have been disclosed at values at which they are expected to be realised; and
- all liabilities reflect the full amount at which they are expected to materialise.

The following principal accounting policies have been applied consistently throughout the year:

##### **1.3 Financial reporting standard 102 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Thermasys CS UK Holding Limited for the year ended 31 December 2019 and these financial statements may be obtained from Thermasys CS UK Holding Limited, Sir Henry Parkes Road, Canley, Coventry, West Midlands, CV5 6BN.

##### **1.4 Going concern**

The Company made a decision to cease trading. The Company would not have the ability to repay the Company's undertakings if repayment be requested within one year. The Company is reliant on funds provided to it by its ultimate Parent Company undertaking, which has indicated it will no longer continue to make these funds available to the Company. Therefore the financial statements of the Company are prepared on the basis other than going concern.

## HALLCO 1516 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1. Accounting policies (continued)

##### 1.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

##### Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### 1.6 Tangible assets

Tangible 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

As set out in the basis of preparation, the Directors have decided to prepare the financial statements on a basis other than that of a going concern. Accordingly, all tangible assets have been classified as current assets valued at the amounts realised post year end.

Depreciation is provided on the following basis:

Leasehold improvements	- 20% straight line
Plant and machinery	- 10% to 25% straight line
Fixtures, fittings & equipment	- 20% straight line
Jigs & tools	- 10% to 25% 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.

## **HALLCO 1516 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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

##### **1.7 Revaluation of tangible assets**

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

##### **1.8 Leases**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

##### **1.9 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each Balance Sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each Balance Sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

##### **1.10 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each Balance Sheet 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 profit or loss.

##### **1.11 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### **1.12 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.



## **HALLCO 1516 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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

##### **1.13 Financial instruments**

The Company applies section 11 and 12 of FRS 102 in respect of recognition and measurement of financial statements.

The Company 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 other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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 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.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **1.14 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.

##### **1.15 Pensions**

###### **Defined contribution pension plan**

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

## **HALLCO 1516 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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

##### **1.16 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

##### **1.17 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

##### **1.18 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the 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 Balance Sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet 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 Balance Sheet date.

##### **1.19 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the Balance Sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

All differences are taken to the Statement of Comprehensive Income.

## HALLCO 1516 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1. Accounting policies (continued)

##### 1.20 Warranties

The Company provides warranties on large contracts. Costs to rectify claims under these warranties are accrued in the financial statements.

##### 1.21 Exceptional items

The Company classifies certain one-off charges or credits that have a material impact in the Company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Company.

#### 2. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### (i) *Realisable value of assets*

The Company makes an estimate of the recoverable value of the remaining assets which are included within the Balance Sheet as at 31st December 2019 due to the cessation of trade. When assessing the recoverable value, management have considered the impairment of trade and other debtors, intercompany receivables, inventory and fixed assets, while including factors such as credit rating of the debtors, the expectation of cash receipt and historical experience. See note 5 for the impairment of the assets based on the above judgements relating the cessation of trade of the business.

# **HALLCO 1516 LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

### **3. Turnover**

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

	2019 £	2018 £
Marine and industrial	-	8,028,124

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	-	3,233,367
Rest of European Union	-	1,316,467
Rest of the World	-	3,478,290
	-	8,028,124

### **4. Other operating income**

	2019 £	2018 £
(Loss)/gain on exchange rates	(6,067)	5,856

### **5. Exceptional items**

	2019 £	2018 £
(Writeback)/impairment of inventory	(50,865)	1,504,590
Impairment of tangible assets	64,414	33,348
Write off of balances no longer due	(36,182)	(50,021)
Impairment of trade debtors	34,278	-
Impairment of amounts owed by group undertakings	4,177,730	-
	4,189,375	1,487,917

During the current year, management updated their assessment of the recoverable value of the assets as a result of Covrad Heat Transfer Limited entering into administration resulting in the impairment of assets of £4,276,422, the writing off of balances no longer due of £36,182 and writing back of inventory previously impaired of £50,865.

During the prior year management transitioned manufacturing of all Hallco products to another API location and decided to cease trading resulting in the impairment of assets of £1,537,938 and the writing off of balances no longer due of £50,021.

# HALLCO 1516 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 6. Operating loss

The operating loss is stated after charging:

	2019 £	2018 £
Depreciation of tangible assets	-	38,258
Loss/(gain) on foreign exchange	6,067	(5,856)
Operating lease rentals	-	5,532
Stock recognised as expense	-	6,041,350
Exceptional items on cessation of trading	<u>4,189,375</u>	<u>1,487,917</u>

### 7. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	<u>10,000</u>	<u>17,325</u>

#### Fees payable to the Company's auditors in respect of:

Taxation compliance services	4,200	4,210
All other services	<u>2,400</u>	<u>-</u>
	<u>6,600</u>	<u>4,210</u>

# HALLCO 1516 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 8. Employees

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	-	826,331
Social security costs	-	77,088
Other pension costs	-	17,695
	<u>-</u>	<u>921,114</u>

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

	2019 Number	2018 Number
Production staff	-	22
Administrative staff	-	5
	<u>-</u>	<u>27</u>

### 9. Directors' remuneration

The remuneration of the Directors are not paid to them in their capacity as Directors of the Company and are payable to services wholly attributable to API Heat Transfer Limited. No recharge is made to the Company (2018: £Nil).

### 10. Tax on loss

	2019 £	2018 £
<b>Corporation tax</b>		
Adjustments in respect of prior years	<u>5,373</u>	<u>162</u>
<b>Total current tax</b>	<u>5,373</u>	<u>162</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	7,164	(10,352)
Adjustments in respect of prior years	(2,415)	-
Effect of changes in tax rates	(284)	1,090
<b>Total deferred tax</b>	<u>4,465</u>	<u>(9,262)</u>
<b>Total tax</b>	<u>9,838</u>	<u>(9,100)</u>

## HALLCO 1516 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 10. Tax on loss (continued)

##### Factors affecting tax charge/(credit) for the year

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below:

	2019 £	2018 £
Loss before taxation	<u>(4,219,530)</u>	<u>(1,585,937)</u>
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(801,711)	(301,328)
Effects of:		
Expenses not deductible	808,245	282,705
Tax rate changes	(284)	1,090
Adjustment in respect of prior years	2,958	162
Deferred tax not provided	14,226	-
Transfer pricing adjustments	(13,596)	(13,596)
Other	-	21,867
Total tax charge/(credit) for the financial year	<u>9,838</u>	<u>(9,100)</u>

##### Factors that may affect future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Companies earning annual taxable profits of £50,000 or less will continue to pay corporation tax at 19% with a marginal rate adjustment for companies earning annual taxable profits between the two levels. These changes had not been substantively enacted at the Balance Sheet date and therefore no adjustment has been made to deferred taxation balances to account for this change.

# HALLCO 1516 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 11. Tangible assets

	Leasehold improvements £	Plant and machinery £	Fixtures, fittings and equipment £	Jigs & tools £	Total £
<b>Valuation</b>					
At 1 January 2019	46,197	460,078	47,165	120,366	673,806
At 31 December 2019	46,197	460,078	47,165	120,366	673,806
<b>Accumulated depreciation</b>					
At 1 January 2019	46,197	395,664	47,165	120,366	609,392
Impairment charge	-	64,414	-	-	64,414
At 31 December 2019	46,197	460,078	47,165	120,366	673,806
<b>Net book value</b>					
At 31 December 2019	-	-	-	-	-
At 31 December 2018	-	64,414	-	-	64,414

The Directors have made the decision to cease trading. The financial statements have been prepared on a basis other than that of a going concern. Tangible assets have been disclosed at values at which they are expected to be realised.

### 12. Stocks

	2019 £	2018 £
Raw materials and consumables	-	390,078

Stocks include a provision for impairment of £1,142,349 (2018: £1,504,590) and provision for obsolescence £nil (2018: £167,204).

The difference between replacement value and historical cost of stocks is not significant.



## HALLCO 1516 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 13. Debtors

	2019 £	2018 £
Trade debtors	-	691,346
Amounts owed by group undertakings	101,869	3,711,517
Prepayments and accrued income	-	1,547
Corporation tax recoverable	-	9,838
	<u>101,869</u>	<u>4,414,248</u>

Trade debtors include a provision for impairment of £34,278 (2018: £24,939).

Amounts owed by group undertakings include trading balances that are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

#### 14. Cash at bank and in hand

	2019 £	2018 £
Cash at bank and in hand	<u>122,742</u>	<u>422,536</u>

#### 15. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	-	877,975
Amounts owed to group undertakings	744,244	715,601
Other creditors	-	1,074
Accruals and deferred income	26,438	8,864
	<u>770,682</u>	<u>1,603,514</u>

Other creditors are secured by a fixed and floating charge over the assets of the Company.

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

# HALLCO 1516 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 16. Deferred taxation

	2019 £
At beginning of year	4,465
Charged to profit or loss	(4,465)
At end of year	-

The deferred taxation balance is made up as follows:

	2019 £	2018 £
Fixed assets timing differences	-	6,880
Short term timing differences	-	(2,415)
	-	4,465

#### Unrecognised deferred tax

The deferred tax amounts of £23,207 (2018:£19,566) are in relation to losses not recognised.

### 17. Called up share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
9,100 (2018: 9,100) A ordinary shares shares of £1 (2018: £1) each	9,100	9,100
900 (2018: 900) B ordinary shares shares of £1 (2018: £1) each	900	900
	10,000	10,000

The B ordinary shares carry no voting rights but carry similar rights to dividends and to assets, upon a winding up of the Company, as the A ordinary shares, in proportion to the amounts paid up on each respective share.

### 18. Reserves

#### Revaluation reserve

The Revaluation reserve represents any increases in the carrying amounts of tangible assets on revaluation.

#### Profit and loss account

Profit and loss account represents all net gains and losses and transactions with owners (e.g. dividends) that are not recognised elsewhere.

**HALLCO 1516 LIMITED**

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

**19. 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 and amounted to £Nil (2018: £17,695).

**20. Related party transactions**

During the year, the Company made sales of £Nil (2018: £13,295) to API Franklin (was General Thermodynamics), a fellow group company incorporated in the U.S.A. At 31 December 2019, the balance owed by API Franklin (was General Thermodynamics) was £31,449 (2018: £31,449).

**21. Ultimate parent undertaking and controlling party**

The immediate parent undertaking is Thermasys CS UK Holding Limited, which is the smallest group to consolidate these financial statements and can be obtained from Companies House.

The Company is ultimately owned by 14 investors, with no investor owning more than 50% of the Company. Littlejohn & Co, a company organized in the USA, is the controlling member.