Company Registration No. 07828647 (England and Wales)

VITAL ENERGI SOLUTIONS LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2019

VITAL ENERGI SOLUTIONS LIMITED

COMPANY INFORMATION

Directors	Mr G J Fielding Mr I M Whitelock Mr S J Beckett
Secretary	Mr S J Beckett
Company number	07828647
Registered office	Century House Roman Road Blackburn Lancashire BB1 2LD
Auditor	RSM UK Audit LLP Chartered Accountants Bluebell House Brian Johnson Way Preston Lancashire PR2 5PE
Business address	Century House Roman Road Blackburn Lancashire BB1 2LD

VITAL ENERGI SOLUTIONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present the strategic report and financial statements for the year ended 30 June 2019.

Principal activity

During the year the company continued to design, install and operate decentralised energy generation and distribution schemes under energy performance contracts. The company has continued to produce energy efficient heat and power systems with long term cost benefits for clients in a broad range of markets including Healthcare, Education and Councils.

Review of the business

The company's turnover increased by £12.4m to £33.3m (2017/18 £20.9m), which was an increase of 59%. The directors are very pleased with the impressive growth of the company.

The company achieved an operating profit of £1.8m (2017/18 £1.0m) which was an increase of £0.8m on the previous year.

During the year the company commenced projects in Manchester Civic Quarter, St James Hospital and Coventry Hospital, and completed projects in Lothian Hospital.

The company maintained its gross profit % at 12% (2017/18 12%).

The company ended the year with a cash balance of £3.4m (2017/18 £0.3m) and the directors believe that the business will continue to be cash positive and that its liquidity is more than adequate to sustain the business through a period of growth.

The company has started 2019/20 with a secured order book of £40.1m for the financial year and the company's total order book remains high at £417m and is underpinned by a significant growth in operational revenues lasting anything between 15 and 30 years and has the benefit of a higher proportion of recurring revenues each year. The Carbon and Energy Fund continues to deliver good opportunities in the NHS hospital sector and city centre schemes and the company continues to pursue wider opportunities in the education and industrial markets.

The business has a significant positive environmental impact by providing low carbon energy efficient solutions to its customers.

Key risks and uncertanties

The directors have assessed one of the main risks facing the company as being increased competition from new entrants to the market. The directors believe that its quality of staff, products and services, as well as its strong links with companies in northern European countries where similar products and services have matured will help to mitigate this risk.

A further risk to the company is the outcome of the Brexit negotiations which could impact on the purchase price of components from European countries both in respect of duties and exchange rates.

There are also always risks associated with delays in the approval to commence any large-scale project.

Future developments

The ESCo side of the business is expected to grow further bringing a higher proportion of long-term revenue and profit streams to support the traditional design and build business.

The directors believe that continuing levels of activity in the construction sector and government grants and incentives promoting district heating will provide added impetus to growth in the medium term.

On behalf of the board

....
Mr G J Fielding
Director

Date: 11.03.2020

VITAL ENERGI SOLUTIONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present their annual report and financial statements for the year ended 30 June 2019.

Principal activities
The principal activity of the company continued to be that of the design, build and operation/maintenance of NHS Energy Centre and performance contracts.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr G J Fielding
Mr I M Whitelock
Mr S J Beckett

Results and dividends
The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Qualifying third party indemnity provisions
The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Auditor
The auditor, RSM UK Audit LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Strategic report
The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

....
Mr G J Fielding
Director

Date: 11.03.2020

VITAL ENERGI SOLUTIONS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

The directors are responsible for preparing the Strategic Report and 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 judgements 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 company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITAL ENERGI SOLUTIONS LIMITED

Opinion

We have audited the financial statements of Vital Energi Solutions Limited (the 'company') for the year ended 30 June 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity 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 company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. *Our responsibilities under those standards are further described in the auditor's responsibilities for the audit* of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITAL ENERGI SOLUTIONS LIMITED (CONTINUED)

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

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

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

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

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

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

RSM UK AUDIT LLP

Ian Taylor (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
Lancashire, PR2 5PE
12 MARCH 2020

VITAL ENERGI SOLUTIONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 £	2018 £
Turnover	3	33,320,761	20,932,761
Cost of sales		(29,353,038)	(18,388,142)
Gross profit		3,967,723	2,544,619
Administrative expenses		(2,146,809)	(1,555,255)
Operating profit	5	1,820,914	989,364
Interest receivable and similar income	6	482	-
Interest payable and similar expenses	7	(5,699)	(14,737)
Profit before taxation		1,815,697	974,627
Tax on profit	8	(358,255)	(179,787)
Profit for the financial year		1,457,442	794,840

Company Registration No. 07828647

VITAL ENERGI SOLUTIONS LIMITED

BALANCE SHEET
AS AT 30 JUNE 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Intangible assets	9		41,615		41,615
Tangible assets	10		1,172,478		1,311,929
Investments	11		100		100
			1,214,193		1,353,644
Current assets					
Stocks	13	747,670		702,834	
Debtors	14	9,826,884		4,654,538	
Cash at bank and in hand		3,427,428		334,119	
		14,001,982		5,691,491	
Creditors: amounts falling due within one year	15	(11,689,208)		(4,971,507)	
Net current assets			2,312,774		719,984
Total assets less current liabilities			3,526,967		2,073,628
Provisions for liabilities	16		(34,042)		(38,145)
Net assets			3,492,925		2,035,483
Capital and reserves					
Called up share capital	19		100		100
Profit and loss reserves	20		3,492,825		2,035,383
Total equity			3,492,925		2,035,483

The financial statements were approved by the board of directors and authorised for issue on 11.02.2020 and are signed on its behalf by:

....
Mr G J Fielding
Director

VITAL ENERGI SOLUTIONS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 July 2017	100	1,240,543	1,240,643
Year ended 30 June 2018:			
Profit and total comprehensive income for the year	-	794,840	794,840
Balance at 30 June 2018	100	2,035,383	2,035,483
Year ended 30 June 2019:			
Profit and total comprehensive income for the year	-	1,457,442	1,457,442
Balance at 30 June 2019	100	3,492,825	3,492,925

1 Accounting policies

Company information
Vital Energi Solutions Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention
These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Vital Holdings Limited. These consolidated financial statements are available from its registered office Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Vital Energi Solutions Limited is a wholly owned subsidiary of Vital Holdings Limited and the results of Vital Energi Solutions Limited are included in the consolidated financial statements of Vital Holdings Limited which are available from Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

Going concern
The directors have concluded that it is appropriate to prepare the accounts on a going concern basis as the company had adequate cash resources and financial projections indicate that the company will continue to trade within its existing bank facilities.

1 *Accounting policies (Continued)*

Turnover
The turnover shown in the profit and loss account represents the value of all goods and services provided during the year, at selling price exclusive of Value Added Tax. Turnover is recognised to the extent that the company obtains the right to consideration in exchange for its performance.

Turnover for ongoing maintenance and project management services is recognised as the service is provided.

For construction contracts, turnover represents the value of work done in the year and is determined by reference to the stage of completion of each contract.

Construction contracts
Profit on construction contracts is taken as the work is carried out, if the final outcome can be assessed with reasonable certainty. The profit is calculated on a prudent basis to reflect the proportion of the work carried out by the year end by recording turnover and related costs as contract activity progresses.

Turnover is calculated as that proportion of total contract revenue which costs incurred to date bear to total expected costs for that contract. Revenue derived from the variations on contracts is only recognised when they have been accepted by the customers.

Full provision is made for losses on all contracts in the year in which they are foreseen.

Amounts recoverable on contracts are amounts not yet invoiced for which work has been completed but not yet certified. Payments received on account are payments received in advance of the work being undertaken.

Research and development expenditure
Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Intangible fixed assets other than goodwill
Intangible assets acquired separately from a business are recognised at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Development costs	20% straight line

Tangible fixed assets
Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Plant and machinery	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1 Accounting policies (Continued)

Fixed asset investments
Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets
At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Stocks
Work in progress is stated at the lower of cost and realisable value less costs to complete. Cost comprises direct materials and, where applicable, those overheads that have been incurred in bringing the work in progress to its present condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents
Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

Financial instruments
The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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 Accounting policies (Continued)

Basic financial assets
Basic financial assets, which include trade and other debtors, gross amounts owed by contract customers, and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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

Basic financial liabilities
Basic financial liabilities, including trade creditors, accruals and deferred income, and amounts due to group undertaking, are initially recognised at transaction price.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments
Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation
The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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

1 Accounting policies (Continued)

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right ot pay less tax, or a right to receive repayments of tax.

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits form which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits
For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases
Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements
The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Construction contracts
In producing the financial statements, the directors have taken judgements over the profit to be taken on construction contracts. Profit is taken as the work is carried out where the final outcome can be assessed with reasonable certainty. The profit is calculated on a prudent basis based on the stage of completion by the year end which can sometimes differ to the assessments of external Quantity Surveyors. Full provision is made for losses on all contracts in the year in which they are foreseen.

Fixed asset impairment
In producing the financial statements the directors have estimated the value in use of a material item of plant and machinery and have satisfied themselves that no impairment of the asset exists.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019	2018
	£	£
Turnover analysed by class of business		
Provision of goods and services	33,320,761	20,932,761

	2019	2018
	£	£
Other revenue		
Interest income	482	-

	2019	2018
	£	£
Turnover analysed by geographical market		
United Kingdom	33,320,761	20,932,761

4 Employees

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

	2019 Number	2018 Number
Number of direct staff	4	2
Number of indirect staff	19	14
	23	16

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	1,624,316	1,001,386
Social security costs	190,478	131,190
Pension costs	77,165	59,274
	1,891,959	1,191,850

The directors were remunerated by Vital Energi Utilities Limited, a fellow group undertaking.

5 Operating profit

Operating profit for the year is stated after charging:	2019 £	2018 £
Fees payable to the company's auditor for the audit of the company's financial statements	6,300	5,985
Depreciation of owned tangible fixed assets	140,022	70,583
Cost of stocks recognised as an expense	454,944	687,883
Operating lease charges	45,250	32,631

6 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	482	-

7 Interest payable and similar expenses

	2019 £	2018 £
Other interest	5,699	14,737

7 Interest payable and similar expenses (Continued)

This interest is payable on group loan balances.

8 *Taxation*

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	349,832	172,809
Adjustments in respect of prior periods	12,526	(31,058)
Total current tax	362,358	141,751
Deferred tax		
Origination and reversal of timing differences	(4,103)	11,303
Adjustment in respect of prior periods	-	26,733
Total deferred tax	(4,103)	38,036
Total tax charge	358,255	179,787

The total tax charge for the year included in the profit and loss account can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2019	2018
	£	£
Profit before taxation	1,815,697	974,627
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	344,982	185,179
Tax effect of expenses that are not deductible in determining taxable profit	264	263
Adjustments in respect of prior years	12,526	(31,058)
Deferred tax adjustments in respect of prior years	-	26,733
Adjust deferred tax to average rate	483	(1,330)
Taxation charge for the year	358,255	179,787

The Chancellor stated his intention to reduce the main rate of corporation tax from 19% to 17% from 1 April 2020. This change was enacted on 6 September 2016.

9 Intangible fixed assets

	Development costs
	£
Cost	
At 1 July 2018 and 30 June 2019	41,615
Carrying amount	
At 30 June 2019	41,615
At 30 June 2018	41,615

10 Tangible fixed assets

	Plant and machinery
	£
Cost	
At 1 July 2018	1,387,632
Additions	571
At 30 June 2019	1,388,203
Depreciation and impairment	
At 1 July 2018	75,703
Depreciation charged in the year	140,022
At 30 June 2019	215,725
Carrying amount	
At 30 June 2019	1,172,478
At 30 June 2018	1,311,929

11 Fixed asset investments

		2019	2018
	Notes	£	£
Investments in subsidiaries	12	100	100

11 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 July 2018 & 30 June 2019	100
Carrying amount	
At 30 June 2019	100
At 30 June 2018	100

12 Subsidiaries

Details of the company's subsidiaries at 30 June 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	% Held Indirect
CEF and NHM ESCo Limited	Note 1	Dormant	Ordinary	100.00	

Note 1: Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

13 Stocks

	2019 £	2018 £
Work in progress	747,670	702,834

14 Debtors

Amounts falling due within one year:	2019 £	2018 £
Trade debtors	4,753,692	3,770,803
Gross amounts owed by contract customers	5,065,323	776,978
Other debtors	-	105,757
Prepayments and accrued income	7,869	1,000
	9,826,884	4,654,538

15 Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	359,465	1,328,157
Amounts owed to group undertakings	7,745,736	1,919,320
Corporation tax	70,960	34,243
Other taxation and social security	123,812	-
Accruals and deferred income	3,389,235	1,689,787
	11,689,208	4,971,507

The bank facilities are secured by a charge over all assets of the company.

16 Provisions for liabilities

	Notes	2019	2018
		£	£
Deferred tax liabilities	17	34,042	38,145

17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2019	Liabilities 2018
Balances:	£	£
Accelerated capital allowances	34,042	38,145

	2019
Movements in the year:	£
Liability at 1 July 2018	38,145
Credit to profit or loss	(4,103)
Liability at 30 June 2019	34,042

18 Retirement benefit schemes

Defined contribution schemes	2019 £	2018 £
Charge to profit or loss in respect of defined contribution schemes	77,165	59,274

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At 30 June 2019 the group had outstanding pension contributions of £Nil (2018: £Nil).

19 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	100	100
	100	100

20 Reserves

Profit and loss reserves
Cumulative profit and loss net of distributions to owners.

21 Financial commitments, guarantees and contingent liabilities

The Company has provided a guarantee relating to loans and overdrafts granted to fellow group companies by the Royal Bank of Scotland and Lloyds Bank. At the year end the potential liability was £1,329,243 (2018: £1,799,034).

22 Operating lease commitments

Lessee
At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019	2018
	£	£
Within one year	22,328	38,257
Between one and five years	21,787	17,201
	44,115	55,458

23 Ultimate controlling party

The directors consider the ultimate parent company to be Vital Holdings Limited, a company incorporated in the United Kingdom. Vital Holdings Limited is the only parent undertaking preparing group accounts including the results of this company. The registered office of Vital Holdings Limited Century House, Roman Road, Blackburn, Lancashire, BB1 2LD.

Vital Holdings Limited is ultimately controlled by Mr G J Fielding and close family who controlled the majority of the issued share capital during this and the prior year.