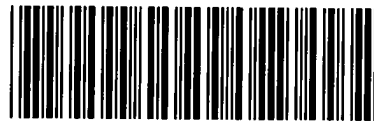


A&M ENERGY GROUP LIMITED
GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2019

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A&M ENERGY GROUP LIMITED

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FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2019**

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A&M ENERGY GROUP LIMITED
COMPANY INFORMATION
FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2019

DIRECTORS:

Mr S Atherton
Mr G K Mollard
Mrs S L Roldaan
Mr A R Laing
Mr I M Holland

SECRETARY:

Mr J J Mansfield

REGISTERED OFFICE:

Environmental House
Sandwash Close
Rainford Ind Estate
Rainford
Merseyside
WA11 8LY

REGISTERED NUMBER:

09586545 (England and Wales)

AUDITORS:

Livesey Spottiswood Ltd
Chartered Accountants and
Statutory Auditors
17 George Street
St Helens
Merseyside
WA10 1DB

BANKERS:

National Westminster Bank Plc
5 Ormskirk Street
St Helens
Merseyside
WA10 1DR

A&M ENERGY GROUP LIMITED
GROUP STRATEGIC REPORT
FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2019

The directors present their strategic report of the company and the group for the period 1 July 2018 to 31 December 2019.

REVIEW OF BUSINESS

Turnover of the business for the 18 month period showed an improvement on a pro rata basis on the prior year at £36,380,483 (2017/18 - £23,180,108).

Although volumes within the retrofit sector continued to decline during the period the directors forecast volumes to increase in 2021 with the introduction of the new Green Homes Grant which the Government has recently extended until 31 March 2022.

The directors are pleased to report that the ongoing development of the commercial and new build operations have provided a suitable alternative to counter the downturn in the retrofit volumes of late.

Operating profit percentage improved over the prior year at 10.3% of turnover (2017/18 - 9.4%).

However net profit has been adversely affected by the significant costs of defending and settling claims in respect of historical insulation installations including a provision to cover estimated future costs. As a result profit before tax showed a significant decline down to £1,366,358 (3.8% of turnover) from £2,186,342 (9.4% of turnover) in 2017/18.

PRINCIPAL RISKS AND UNCERTAINTIES

The Covid-19 pandemic caused installations of insulation to cease in March 2020 however the directors are pleased to report that volumes had recovered to pre-lockdown levels by September 2020.

The directors are concerned at the volume of claims received alleging sub-standard survey or installation of cavity wall insulation historically and the significant legal costs associated in resolving these claims. The business continues to defend all claims working alongside numerous stakeholders within the industry to find an efficient and effective system for investigating and responding to all such claims.

Financial risk is mitigated by the company maintaining acceptable levels of cash resources further to recent periods of profitability however the directors closely assess the working capital requirements of the business.

ON BEHALF OF THE BOARD:



Mr J J Mansfield - Secretary

Date: 16th Dec 2020

A&M ENERGY GROUP LIMITED

**REPORT OF THE DIRECTORS
FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2019**

The directors present their report with the financial statements of the company and the group for the period 1 July 2018 to 31 December 2019.

DIVIDENDS

The total distribution of dividends for the period ended 31 December 2019 will be £1,630,353.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2018 to the date of this report.

Mr S Atherton
Mr G K Mollard
Mrs S L Roldaan
Mr A R Laing
Mr I M Holland

Other changes in directors holding office are as follows:

Mr I L Mollard - deceased 6 August 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

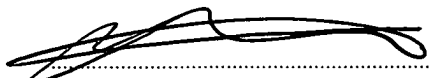
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD:


.....
Mr J J Mansfield - Secretary

Date: 16th Dec 2020

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
A&M ENERGY GROUP LIMITED**

Opinion

We have audited the financial statements of A&M Energy Group Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2019 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
A&M ENERGY GROUP LIMITED**

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

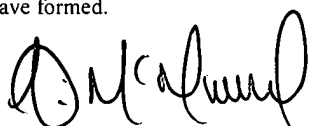
Auditors' responsibilities for the audit of the financial statements

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

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

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 a Report of the Auditors 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.



Mr Andrew McMinnis ACA FCCA (Senior Statutory Auditor)
for and on behalf of Livesey Spottiswood Ltd
Chartered Accountants and
Statutory Auditors
17 George Street
St Helens
Merseyside
WA10 1DB

Date: 10/12/2020

A&M ENERGY GROUP LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2019**

	Notes	Period 1/7/18 to 31/12/19		Year Ended 30/6/18	
		£	£	£	£
TURNOVER			36,380,483		23,180,108
Cost of sales			22,054,366		14,002,590
GROSS PROFIT			14,326,117		9,177,518
Distribution costs		1,278,932		859,475	
Administrative expenses		9,300,855		6,136,035	
			10,579,787		6,995,510
OPERATING PROFIT	4		3,746,330		2,182,008
Exceptional item	5		2,382,368		-
			1,363,962		2,182,008
Dividends received		27		420	
Interest receivable and similar income		2,369		4,144	
			2,396		4,564
			1,366,358		2,186,572
Interest payable and similar expenses	6		-		230
PROFIT BEFORE TAXATION			1,366,358		2,186,342
Tax on profit	7		284,364		465,968
PROFIT FOR THE FINANCIAL PERIOD			1,081,994		1,720,374
OTHER COMPREHENSIVE INCOME			-		-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			1,081,994		1,720,374
Profit attributable to: Owners of the parent			1,081,994		1,720,374
Total comprehensive income attributable to: Owners of the parent			1,081,994		1,720,374

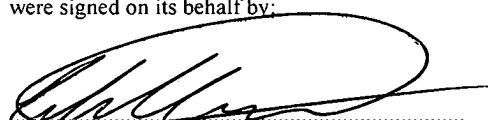
The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
31 DECEMBER 2019

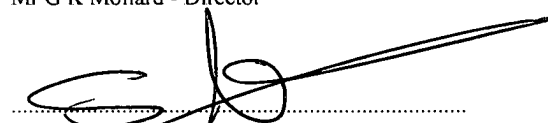
	Notes	2019 £	2018 £
FIXED ASSETS			
Tangible assets	10	2,117,590	1,870,566
Investments	11	-	-
		<u>2,117,590</u>	<u>1,870,566</u>
CURRENT ASSETS			
Stocks	12	424,068	443,073
Debtors	13	8,883,622	8,467,042
Cash at bank		879,215	743,004
		<u>10,186,905</u>	<u>9,653,119</u>
CREDITORS			
Amounts falling due within one year	14	2,720,963	2,980,133
		<u>2,720,963</u>	<u>2,980,133</u>
NET CURRENT ASSETS		<u>7,465,942</u>	<u>6,672,986</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,583,532</u>	<u>8,543,552</u>
PROVISIONS FOR LIABILITIES	16	1,659,339	71,000
		<u>1,659,339</u>	<u>71,000</u>
NET ASSETS		<u><u>7,924,193</u></u>	<u><u>8,472,552</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	100	100
Merger reserve	18	4,253,841	4,253,841
Retained earnings	18	3,670,252	4,218,611
		<u>7,924,193</u>	<u>8,472,552</u>
SHAREHOLDERS' FUNDS		<u><u>7,924,193</u></u>	<u><u>8,472,552</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on
 were signed on its behalf by:

16th Dec 2020 and



.....
 Mr G K Mollard - Director



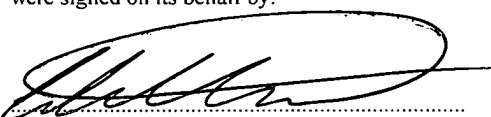
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 Mr S Atherton - Director

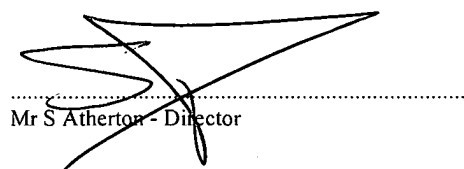
COMPANY BALANCE SHEET
31 DECEMBER 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Tangible assets	10	2,059,586	-
Investments	11	200	200
		<u>2,059,786</u>	<u>200</u>
CURRENT ASSETS			
Debtors	13	2,748,429	-
Cash at bank		163,941	66,675
		<u>2,912,370</u>	<u>66,675</u>
CREDITORS			
Amounts falling due within one year	14	1,472,995	100
NET CURRENT ASSETS		<u>1,439,375</u>	<u>66,575</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,499,161</u>	<u>66,775</u>
PROVISIONS FOR LIABILITIES	16	136,000	-
NET ASSETS		<u><u>3,363,161</u></u>	<u><u>66,775</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	100	100
Retained earnings	18	3,363,061	66,675
SHAREHOLDERS' FUNDS		<u><u>3,363,161</u></u>	<u><u>66,775</u></u>
Company's profit for the financial year		<u><u>4,926,739</u></u>	<u><u>599,907</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on
were signed on its behalf by:

16th Dec 2020 and


Mr G K Mollard - Director


Mr S Atherton - Director

A&M ENERGY GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2019**

	Called up share capital £	Retained earnings £	Merger reserve £	Total equity £
Balance at 1 July 2017	100	3,335,927	4,253,841	7,589,868
Changes in equity				
Dividends	-	(837,690)	-	(837,690)
Total comprehensive income	-	1,720,374	-	1,720,374
Balance at 30 June 2018	100	4,218,611	4,253,841	8,472,552
Changes in equity				
Dividends	-	(1,630,353)	-	(1,630,353)
Total comprehensive income	-	1,081,994	-	1,081,994
Balance at 31 December 2019	100	3,670,252	4,253,841	7,924,193

The notes form part of these financial statements

A&M ENERGY GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 July 2017	100	304,458	304,558
Changes in equity			
Dividends	-	(837,690)	(837,690)
Total comprehensive income	-	599,907	599,907
Balance at 30 June 2018	<u>100</u>	<u>66,675</u>	<u>66,775</u>
Changes in equity			
Dividends	-	(1,630,353)	(1,630,353)
Total comprehensive income	-	4,926,739	4,926,739
Balance at 31 December 2019	<u><u>100</u></u>	<u><u>3,363,061</u></u>	<u><u>3,363,161</u></u>

The notes form part of these financial statements

A&M ENERGY GROUP LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2019**

		Period 1/7/18 to 31/12/19 £	Year Ended 30/6/18 £
Cash flows from operating activities			
Cash generated from operations	1	3,665,209	1,243,522
Interest paid		-	(230)
Tax paid		(651,974)	(579,396)
Net cash from operating activities		<u>3,013,235</u>	<u>663,896</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,309,100)	(849,201)
Sale of tangible fixed assets		60,033	90,840
Interest received		2,369	4,144
Dividends received		27	420
Net cash from investing activities		<u>(1,246,671)</u>	<u>(753,797)</u>
Cash flows from financing activities			
Equity dividends paid		(1,630,353)	(837,690)
Net cash from financing activities		<u>(1,630,353)</u>	<u>(837,690)</u>
Increase/(decrease) in cash and cash equivalents		<u>136,211</u>	<u>(927,591)</u>
Cash and cash equivalents at beginning of period	2	743,004	1,670,595
Cash and cash equivalents at end of period	2	<u><u>879,215</u></u>	<u><u>743,004</u></u>

The notes form part of these financial statements

A&M ENERGY GROUP LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2019**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Period 1/7/18 to 31/12/19 £	Year Ended 30/6/18 £
Profit before taxation	1,366,358	2,186,342
Depreciation charges	978,675	489,140
Loss on disposal of fixed assets	23,367	15,334
Historic claims provision increase	1,487,339	-
Finance costs	-	230
Finance income	(2,396)	(4,564)
	<u>3,853,343</u>	<u>2,686,482</u>
Decrease/(increase) in stocks	19,005	(202,090)
Increase in trade and other debtors	(93,581)	(1,522,230)
(Decrease)/increase in trade and other creditors	(113,558)	281,360
	<u>3,665,209</u>	<u>1,243,522</u>
Cash generated from operations	<u>3,665,209</u>	<u>1,243,522</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Period ended 31 December 2019

	31/12/19 £	1/7/18 £
Cash and cash equivalents	<u>879,215</u>	<u>743,004</u>

Year ended 30 June 2018

	30/6/18 £	1/7/17 £
Cash and cash equivalents	<u>743,004</u>	<u>1,670,595</u>

The notes form part of these financial statements

A&M ENERGY GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2019

1. STATUTORY INFORMATION

A&M Energy Group Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

General information and basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention. The financial statements are presented in sterling which is the functional currency of the company.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

On 1 July 2015, a share for share exchange took place between A&M Energy Group Limited and the shareholders of A&M Energy Solutions Limited. This transaction was as a result of a group reorganisation and the creation of A&M Energy Group Limited as the new parent company of the group. The ultimate shareholders remained the same.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements. On consolidation, any excess of the cost of the acquisition over the group's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Significant judgements and estimates

In the application of the company's accounting policies as set out below, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that may have a significant effect on the amounts recognised in the financial statements are described below.

Provision for historic installation claims

In recent years the company has received numerous claims in respect of historic cavity wall insulation installations. The provision in respect of these claims is calculated based on the outcomes of previous claims that are now closed and the costs incurred in settling those claims. Until the current period, it has been impossible to estimate the provision due to insufficient information regarding the outcomes and monetary values of closed claims.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2019

2. ACCOUNTING POLICIES - continued

Turnover and other income

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

The company recognises revenue when the amount of revenue can be measured reliably, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the company's activities described below.

Installations

Turnover from the installation of insulation materials is recognised upon completion of the installation, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the installation can be measured reliably.

Interest and dividends receivable

Interest income is recognised using the effective interest method and dividend income is recognised as the company's right to receive payment is established.

Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Improvements to property	- Over the term of the lease
Plant and machinery	- Straight line over 5 years on original cost
Office equipment and computers	- Straight line over 3 years on original cost
Motor vehicles	- Straight line over 5 years on original cost

Assets are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing stock to its present location and condition. Cost is calculated using the first-in, first-out formula. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

Taxation

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2019

2. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Assets acquired under hire purchase contracts or finance leases are capitalised and depreciated over the expected useful life of the asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability using the effective interest method. The related obligations, net of future finance charges, are included in creditors.

Rentals payable and receivable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Employee benefits

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The company operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in administrative expenses.

Provisions

Provisions are recognised when the company has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Related parties

For the purposes of these financial statements, a party is considered to be related to the company if:

1. the party has the ability, directly or indirectly, through one or more intermediaries, to control the company or exercise significant influence over the company in making financial and operating decisions, or has joint control over the company;
2. the company and the party are subject to common control;
3. the party is an associate of the company or a joint venture in which the company is a venturer;
4. the party is a member of key management personnel of the company or the company's parent, or close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
5. the party is a close family member of a party referred to in (1) or is an entity under the control, joint control or significant influence of such individuals; or
6. the party is a post-employment benefit plan which is for the benefit of employees of the company or of any entity that is a related party of the company.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

Going concern

In accordance with their responsibilities as directors, the directors have considered the appropriateness of the going concern basis in preparing the accounts.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least twelve months from the date on which the financial statements were approved. For this reason, they continue to adopt the going concern basis in preparing the accounts.

3. EMPLOYEES AND DIRECTORS

	Period 1/7/18 to 31/12/19 £	Year Ended 30/6/18 £
Wages and salaries	9,853,780	6,740,195
Social security costs	981,809	694,846
Other pension costs	170,600	58,111
	<u>11,006,189</u>	<u>7,493,152</u>

A&M ENERGY GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2019**

3. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the period was as follows:

	Period 1/7/18 to 31/12/19	Year Ended 30/6/18
Management and administration	104	100
Direct	101	113
	<u>205</u>	<u>213</u>

The average number of employees by undertakings that were proportionately consolidated during the period was 205 (2018 - 213).

	Period 1/7/18 to 31/12/19 £	Year Ended 30/6/18 £
Directors' remuneration	1,128,453	743,820

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>5</u>	<u>5</u>
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Information regarding the highest paid director is as follows:

	Period 1/7/18 to 31/12/19 £	Year Ended 30/6/18 £
Emoluments etc	268,246	194,626

4. OPERATING PROFIT

The operating profit is stated after charging:

	Period 1/7/18 to 31/12/19 £	Year Ended 30/6/18 £
Other operating leases	496,274	298,128
Depreciation - owned assets	978,676	489,140
Loss on disposal of fixed assets	23,367	15,334
Auditors' remuneration	6,450	3,500
Auditors' remuneration for non audit work	37,350	22,910

5. EXCEPTIONAL ITEM

The exceptional item relates to the net costs of defending and settling claims in respect of historic insulation installations.

A&M ENERGY GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2019**

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period 1/7/18 to 31/12/19 £	Year Ended 30/6/18 £
Bank interest	-	230
	<u> </u>	<u> </u>

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the period was as follows:

	Period 1/7/18 to 31/12/19 £	Year Ended 30/6/18 £
Current tax:		
UK corporation tax	185,500	457,500
Prior periods	(2,136)	(32)
	<u> </u>	<u> </u>
Total current tax	183,364	457,468
Deferred tax	101,000	8,500
	<u> </u>	<u> </u>
Tax on profit	284,364	465,968
	<u> </u>	<u> </u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1/7/18 to 31/12/19 £	Year Ended 30/6/18 £
Profit before tax	1,366,358	2,186,342
	<u> </u>	<u> </u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	259,608	415,405
Effects of:		
Expenses not deductible for tax purposes	1,448	46,688
Income not taxable for tax purposes	(5)	(80)
Capital allowances in excess of depreciation	(75,598)	(4,544)
Adjustments to tax charge in respect of previous periods	(2,136)	(32)
Current year rounding	47	31
Movement in deferred tax	101,000	8,500
	<u> </u>	<u> </u>
Total tax charge	284,364	465,968
	<u> </u>	<u> </u>

8. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

A&M ENERGY GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2019

9. DIVIDENDS

	Period 1/7/18 to 31/12/19 £	Year Ended 30/6/18 £
Dividends paid	<u>1,630,353</u>	<u>837,690</u>

10. TANGIBLE FIXED ASSETS

Group

	Improvements to property £	Plant and machinery £	Office equipment and computers £	Motor vehicles £	Totals £
COST					
At 1 July 2018	26,876	656,977	137,257	2,161,972	2,983,082
Additions	105,241	221,851	87,182	894,826	1,309,100
Disposals	-	-	-	(282,711)	(282,711)
At 31 December 2019	<u>132,117</u>	<u>878,828</u>	<u>224,439</u>	<u>2,774,087</u>	<u>4,009,471</u>
DEPRECIATION					
At 1 July 2018	7,436	237,728	98,277	769,075	1,112,516
Charge for period	13,514	211,647	49,282	704,233	978,676
Eliminated on disposal	-	-	-	(199,311)	(199,311)
At 31 December 2019	<u>20,950</u>	<u>449,375</u>	<u>147,559</u>	<u>1,273,997</u>	<u>1,891,881</u>
NET BOOK VALUE					
At 31 December 2019	<u>111,167</u>	<u>429,453</u>	<u>76,880</u>	<u>1,500,090</u>	<u>2,117,590</u>
At 30 June 2018	<u>19,440</u>	<u>419,249</u>	<u>38,980</u>	<u>1,392,897</u>	<u>1,870,566</u>

Company

	Improvements to property £	Plant and machinery £	Office equipment and computers £	Motor vehicles £	Totals £
COST					
Additions	101,431	415,802	12,239	1,973,147	2,502,619
Disposals	-	-	-	(68,885)	(68,885)
At 31 December 2019	<u>101,431</u>	<u>415,802</u>	<u>12,239</u>	<u>1,904,262</u>	<u>2,433,734</u>
DEPRECIATION					
Charge for period	5,243	65,678	1,093	307,125	379,139
Eliminated on disposal	-	-	-	(4,991)	(4,991)
At 31 December 2019	<u>5,243</u>	<u>65,678</u>	<u>1,093</u>	<u>302,134</u>	<u>374,148</u>
NET BOOK VALUE					
At 31 December 2019	<u>96,188</u>	<u>350,124</u>	<u>11,146</u>	<u>1,602,128</u>	<u>2,059,586</u>

A&M ENERGY GROUP LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2019**

11. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 July 2018	
and 31 December 2019	200
NET BOOK VALUE	
At 31 December 2019	200
At 30 June 2018	200

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

A & M Energy Solutions Limited

Registered office: United Kingdom

Nature of business: Insulation contractors

	% holding	2019	2018
Class of shares:		£	£
Ordinary	100.00		
Aggregate capital and reserves		4,467,391	8,382,627
Profit for the period/year		729,488	1,720,467

A&M Insulations Limited

Registered office: United Kingdom

Nature of business: Dormant

	% holding	2019	2018
Class of shares:		£	£
Ordinary	100.00		
Aggregate capital and reserves		230,843	23,250
Profit for the period/year		207,593	-

Homewarm Limited

Registered office: United Kingdom

Nature of business: Dormant

	% holding	2019	2018
Class of shares:		£	£
Ordinary	100.00		
Aggregate capital and reserves		100	100

12. STOCKS

	Group	
	2019	2018
	£	£
Insulation stock and consumables	424,068	443,073

A&M ENERGY GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2019

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	7,486,602	7,433,920	20	-
Other debtors	986,709	726,681	23,908	-
Amounts owed by group undertakings	-	-	2,724,501	-
Corporation tax	322,999	-	-	-
Prepayments and accrued income	87,312	306,441	-	-
	<u>8,883,622</u>	<u>8,467,042</u>	<u>2,748,429</u>	<u>-</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	1,340,256	1,912,361	34,074	-
Corporation tax	50,001	195,612	-	-
Social security and other taxes	216,588	176,681	39,868	-
Other creditors	37,444	23,883	2,204	-
Amounts due to group undertakings	-	-	1,308,730	100
Accruals and deferred income	1,076,674	671,596	88,119	-
	<u>2,720,963</u>	<u>2,980,133</u>	<u>1,472,995</u>	<u>100</u>

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	25,750	30,512
Between one and five years	851,128	472,663
	<u>876,878</u>	<u>503,175</u>

Company

	Non-cancellable operating leases	
	2019	2018
	£	£
Between one and five years	620,153	-
	<u>620,153</u>	<u>-</u>

16. PROVISIONS FOR LIABILITIES

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Deferred tax	172,000	71,000	136,000	-
Other provisions				
Provision for historic installation claims	1,487,339	-	-	-
	<u>1,659,339</u>	<u>71,000</u>	<u>136,000</u>	<u>-</u>

A&M ENERGY GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2019

16. PROVISIONS FOR LIABILITIES - continued

Group		Deferred tax £	Other provisions £
Balance at 1 July 2018		71,000	-
Movement in the year		101,000	1,487,339
Balance at 31 December 2019		<u>172,000</u>	<u>1,487,339</u>
Company			Deferred tax £
Movement in the year			136,000
Balance at 31 December 2019			<u>136,000</u>

Deferred tax is wholly in respect of accelerated capital allowances.

As described within the accounting policies, the provision for historic installation claims is calculated with reference to past experience in relation to the outcomes of previously closed claims and the final costs of those claims.

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2019 £	2018 £
Number:	Class:	£1	100	100
100	Ordinary		<u>100</u>	<u>100</u>

18. RESERVES

Group		Retained earnings £	Merger reserve £	Totals £
At 1 July 2018		4,218,611	4,253,841	8,472,452
Profit for the period		1,081,994	-	1,081,994
Dividends		(1,630,353)	-	(1,630,353)
At 31 December 2019		<u>3,670,252</u>	<u>4,253,841</u>	<u>7,924,093</u>
Company				Retained earnings £
At 1 July 2018				66,675
Profit for the period				4,926,739
Dividends				(1,630,353)
At 31 December 2019				<u>3,363,061</u>

19. PENSION COMMITMENTS

During the period the group made contributions to a defined contribution pension scheme for the benefit of its employees. The total cost for the period amounted to £213,000 (2018 - £87,711).

A&M ENERGY GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2019

20. CONTINGENT LIABILITIES

The industry is defending claims alleging sub-standard survey and installation of cavity wall insulation.

The group is defending all claims with the support of its insurance partners and is also working alongside numerous stakeholders within the industry to find an efficient and effective system for investigating and responding to all such claims.

Whilst the directors have included provisions in respect of known claims at the date of approval of the accounts, there could be further claims arising in respect of installations carried out before the end of the reporting period.

21. CAPITAL COMMITMENTS

	2019 £	2018 £
Contracted but not provided for in the financial statements	-	193,239

22. RELATED PARTY DISCLOSURES

The group rents two of the premises from which it trades from certain directors and their close family members. The amount paid during the period amounted to £130,383 (2018 - £73,000).

During the period, a total of key management personnel compensation of £1,106,253 (2018 - £743,820) was paid.