

**A&M ENERGY GROUP LIMITED**  
**GROUP STRATEGIC REPORT,**  
**REPORT OF THE DIRECTORS AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**



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FOR THE YEAR ENDED 31 DECEMBER 2021**

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**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**DIRECTORS:**

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

**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

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present their strategic report of the company and the group for the year ended 31 December 2021.

*During the year the group's main activities continued to be the installation of cavity wall and loft insulation.*

**REVIEW OF BUSINESS**

Turnover of the business for the year showed a significant improvement over the prior year at £26,818,180 (2020 - £21,953,523) with the growth in part due to the shortfall in activity in 2020 due to the COVID lockdown but also an increase in new build work undertaken.

The directors are pleased to report the ongoing development of the commercial and new build operations providing continued growth and a suitable alternative to counter the relatively low volume of retrofit work.

Volumes within the retrofit sector remain low although the directors are pleased that the government have committed to £4 billion worth of funding for energy efficiency and heating measures under the current phase of the Energy Company Obligation, namely ECO4, to run from 1st April 2022 through to 31st March 2026.

Operating profit percentage reduced over the prior period at 10.5% of turnover (2020 - 12.3%).

Profit before tax showed an improvement at £2,846,385 (10.6% of turnover) from £2,722,363 (12.4% of turnover) largely due to the increase in activity.

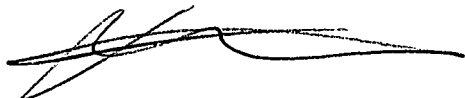
**PRINCIPAL RISKS AND UNCERTAINTIES**

The directors are concerned at the inflationary pressures felt throughout the construction industry and are proactively working with both customers and suppliers to find solutions to ensure continuity of supply and mitigate the effect on financial performance.

The directors remain concerned about claims received alleging sub-standard survey or installation of wall insulation and the significant legal costs associated in resolving these claims although the volume of claims has reduced significantly. The company 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

22 June 2022

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present their report with the financial statements of the company and the group for the year ended 31 December 2021.

**DIVIDENDS**

The total distribution of dividends for the period ended 31 December 2021 will be £1,608,100.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2021 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:

Miss L A Mollard was appointed as a director after 31 December 2021 but prior to the date of this report.

**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

22 June 2022

**Opinion**

We have audited the financial statements of A&M Energy Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 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 2021 and of the group's profit for the year 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**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 this gives rise to a material misstatement in the financial statements themselves. 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.

**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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are planned and performed to detect irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- Discussions with management and those involved in the financial reporting process including consideration of known or suspected instances of non-compliance with laws and regulations central to the company's ability to operate, and fraud;
  - Evaluation and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities; and
  - Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or of significant monetary amounts.
- Review of the rationale for the calculation of key accounting estimates in the financial statements and testing of the accuracy of these calculations.

There are inherent limitations in the audit procedures described above. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our 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: 24/6/2022

**CONSOLIDATED  
STATEMENT OF COMPREHENSIVE  
INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021**

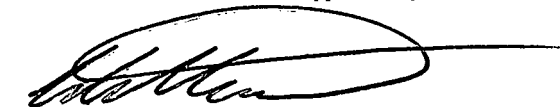
	Notes	2021 £	2020 £
<b>TURNOVER</b>	3	26,818,180	21,953,523
Cost of sales		(17,154,347)	(12,907,422)
<b>GROSS PROFIT</b>		9,663,833	9,046,101
Distribution costs		(912,361)	(588,357)
Administrative expenses		(5,926,098)	(5,757,015)
		2,825,374	2,700,729
Other operating income		-	490
<b>OPERATING PROFIT</b>	5	2,825,374	2,701,219
Exceptional item	6	19,926	13,644
		2,845,300	2,714,863
Dividends received		-	687
Interest receivable and similar income		1,086	6,813
		2,846,386	2,722,363
Interest payable and similar expenses	7	(1)	-
<b>PROFIT BEFORE TAXATION</b>		2,846,385	2,722,363
Tax on profit	8	(555,255)	(544,872)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		2,291,130	2,177,491
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		2,291,130	2,177,491
Profit attributable to: Owners of the parent		2,291,130	2,177,491
Total comprehensive income attributable to: Owners of the parent		2,291,130	2,177,491

The notes form part of these financial statements

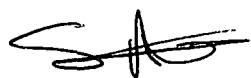
**CONSOLIDATED BALANCE SHEET**  
**31 DECEMBER 2021**

	Notes	2021 £	2020 £
<b>FIXED ASSETS</b>			
Tangible assets	11	1,376,273	1,536,033
Investments	12	-	-
		<u>1,376,273</u>	<u>1,536,033</u>
<b>CURRENT ASSETS</b>			
Stocks	13	628,764	466,454
Debtors	14	7,551,985	8,654,411
Cash at bank and in hand		2,764,956	2,528,702
		<u>10,945,705</u>	<u>11,649,567</u>
<b>CREDITORS</b>			
Amounts falling due within one year	15	(2,139,948)	(3,182,696)
		<u>8,805,757</u>	<u>8,466,871</u>
<b>NET CURRENT ASSETS</b>			
		<u>10,182,030</u>	<u>10,002,904</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
<b>PROVISIONS FOR LIABILITIES</b>	17	(366,016)	(869,920)
		<u>9,816,014</u>	<u>9,132,984</u>
<b>NET ASSETS</b>			
		<u>9,816,014</u>	<u>9,132,984</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	100	100
Merger reserve	19	4,253,841	4,253,841
Retained earnings	19	5,562,073	4,879,043
		<u>9,816,014</u>	<u>9,132,984</u>
<b>SHAREHOLDERS' FUNDS</b>			
		<u>9,816,014</u>	<u>9,132,984</u>

The financial statements were approved by the Board of Directors and authorised for issue on 22 June 2022 and were signed on its behalf by:



Mr G K Mollard - Director



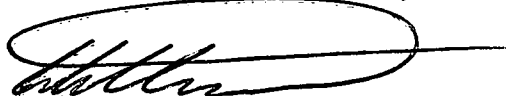
Mr S Atherton - Director

The notes form part of these financial statements

**COMPANY BALANCE SHEET**  
**31 DECEMBER 2021**

	Notes	2021 £	2020 £
<b>FIXED ASSETS</b>			
Tangible assets	11	1,593,105	1,656,830
Investments	12	200	200
		<u>1,593,305</u>	<u>1,657,030</u>
<b>CURRENT ASSETS</b>			
Debtors	14	4,346,727	2,680,482
Cash at bank		<u>1,063,727</u>	<u>300,281</u>
		5,410,454	2,980,763
<b>CREDITORS</b>			
Amounts falling due within one year	15	<u>(105,126)</u>	<u>(510,141)</u>
<b>NET CURRENT ASSETS</b>		<u>5,305,328</u>	<u>2,470,622</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,898,633	4,127,652
<b>PROVISIONS FOR LIABILITIES</b>	17	<u>(147,563)</u>	<u>(112,500)</u>
<b>NET ASSETS</b>		<u><u>6,751,070</u></u>	<u><u>4,015,152</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	100	100
Retained earnings	19	<u>6,750,970</u>	<u>4,015,052</u>
<b>SHAREHOLDERS' FUNDS</b>		<u><u>6,751,070</u></u>	<u><u>4,015,152</u></u>
Company's profit for the financial year		<u><u>4,344,018</u></u>	<u><u>1,620,691</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 22 June 2022 and were signed on its behalf by:



Mr G K Mollard - Director



Mr S Atherton - Director

The notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Retained earnings £	Merger reserve £	Total equity £
<b>Balance at 1 January 2020</b>	100	3,670,252	4,253,841	7,924,193
<b>Changes in equity</b>				
Dividends	-	(968,700)	-	(968,700)
Total comprehensive income	-	2,177,491	-	2,177,491
<b>Balance at 31 December 2020</b>	100	4,879,043	4,253,841	9,132,984
<b>Changes in equity</b>				
Dividends	-	(1,608,100)	-	(1,608,100)
Total comprehensive income	-	2,291,130	-	2,291,130
<b>Balance at 31 December 2021</b>	100	5,562,073	4,253,841	9,816,014

The notes form part of these financial statements

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2020</b>	100	3,363,061	3,363,161
<b>Changes in equity</b>			
Dividends	-	(968,700)	(968,700)
Total comprehensive income	-	1,620,691	1,620,691
<b>Balance at 31 December 2020</b>	100	4,015,052	4,015,152
<b>Changes in equity</b>			
Dividends	-	(1,608,100)	(1,608,100)
Total comprehensive income	-	4,344,018	4,344,018
<b>Balance at 31 December 2021</b>	100	6,750,970	6,751,070

The notes form part of these financial statements

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	2,411,982	3,203,230
Interest paid		(1)	-
Tax paid		(120,422)	(451,768)
Net cash from operating activities		<u>2,291,559</u>	<u>2,751,462</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(506,603)	(208,490)
Sale of tangible fixed assets		58,312	67,715
Interest received		1,086	6,813
Dividends received		-	687
Net cash from investing activities		<u>(447,205)</u>	<u>(133,275)</u>
<b>Cash flows from financing activities</b>			
Equity dividends paid		(1,608,100)	(968,700)
Net cash from financing activities		<u>(1,608,100)</u>	<u>(968,700)</u>
<b>Increase in cash and cash equivalents</b>		<u>236,254</u>	<u>1,649,487</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>2,528,702</u>	<u>879,215</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>2,764,956</u></u>	<u><u>2,528,702</u></u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

	2021 £	2020 £
Profit before taxation	2,846,385	2,722,363
Depreciation charges	657,854	712,009
(Profit)/loss on disposal of fixed assets	(49,803)	10,324
Historic claims provision movement	(532,498)	(757,269)
Finance costs	1	-
Finance income	(1,086)	(7,500)
	<u>2,920,853</u>	<u>2,679,927</u>
Increase in stocks	(162,310)	(42,386)
Decrease in trade and other debtors	559,534	454,319
(Decrease)/increase in trade and other creditors	(906,095)	111,370
	<u>2,411,982</u>	<u>3,203,230</u>
<b>Cash generated from operations</b>	<u><u>2,411,982</u></u>	<u><u>3,203,230</u></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:

**Year ended 31 December 2021**

	31/12/21 £	1/1/21 £
Cash and cash equivalents	<u>2,764,956</u>	<u>2,528,702</u>

**Year ended 31 December 2020**

	31/12/20 £	1/1/20 £
Cash and cash equivalents	<u>2,528,702</u>	<u>879,215</u>

**3. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1/1/21 £	Cash flow £	At 31/12/21 £
<b>Net cash</b>			
Cash at bank and in hand	<u>2,528,702</u>	<u>236,254</u>	<u>2,764,956</u>
	<u>2,528,702</u>	<u>236,254</u>	<u>2,764,956</u>
<b>Total</b>	<u><u>2,528,702</u></u>	<u><u>236,254</u></u>	<u><u>2,764,956</u></u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**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 material 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.

**Bad debt provision**

The company provides against debtors when the directors are made aware of specific issues but also based on the ageing of the debts. All post year end information, including credit notes, are considered in the directors calculation and any amounts considered irrecoverable are provided against in full.

**Dilapidation provision**

The company has numerous property leases whereby a dilapidation provision is calculated on a straight line basis over the term of the lease, and is based on the evaluation of future estimated costs to restore such properties to their original condition.

**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 business 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 entity'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.

**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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**2. ACCOUNTING POLICIES - continued**

**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.

**3. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the group.

**4. EMPLOYEES AND DIRECTORS**

	2021	2020
	£	£
Wages and salaries	6,606,227	6,251,550
Social security costs	687,822	623,289
Other pension costs	128,313	123,346
	<u>7,422,362</u>	<u>6,998,185</u>

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

	2021	2020
Management and administration	97	100
Direct	88	91
	<u>185</u>	<u>191</u>

	2021	2020
	£	£
Directors' remuneration	<u>589,969</u>	<u>569,227</u>

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

	4	4
Money purchase schemes	<u>4</u>	<u>4</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**4. EMPLOYEES AND DIRECTORS - continued**

Information regarding the highest paid director is as follows:

	2021	2020
	£	£
Emoluments etc	<u>171,616</u>	<u>156,811</u>

**5. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2021	2020
	£	£
Other operating leases	334,563	356,723
Depreciation - owned assets	657,854	712,008
(Profit)/loss on disposal of fixed assets	(49,803)	10,324
Auditors' remuneration	7,075	6,750
Auditors' remuneration for non audit work	<u>29,415</u>	<u>36,475</u>

**6. EXCEPTIONAL ITEM**

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

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2021	2020
	£	£
Bank interest	<u>1</u>	<u>-</u>

**8. TAXATION**

**Analysis of the tax charge**

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

	2021	2020
	£	£
Current tax:		
UK corporation tax	526,313	578,200
Prior periods	348	(1,178)
Total current tax	<u>526,661</u>	<u>577,022</u>
Deferred tax	<u>28,594</u>	<u>(32,150)</u>
Tax on profit	<u>555,255</u>	<u>544,872</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**8. TAXATION - continued**

**Reconciliation of total tax charge included in profit and loss**

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

	2021 £	2020 £
Profit before tax	2,846,385	2,722,363
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	540,813	517,249
Effects of:		
Expenses not deductible for tax purposes	218	692
Income not taxable for tax purposes	-	(130)
Capital allowances in excess of depreciation	(14,717)	-
Depreciation in excess of capital allowances	-	60,346
Adjustments to tax charge in respect of previous periods	347	(1,178)
Current year rounding	-	43
Movement in deferred tax	28,594	(32,150)
Total tax charge	555,255	544,872

**9. 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.

**10. DIVIDENDS**

	2021 £	2020 £
Dividends paid	1,608,100	968,700

**11. TANGIBLE FIXED ASSETS**

**Group**

	Improvements to property £	Plant and machinery £	Office equipment and computers £	Motor vehicles £	Totals £
<b>COST</b>					
At 1 January 2021	163,047	897,176	250,413	2,552,248	3,862,884
Additions	-	85,734	39,683	381,186	506,603
Disposals	-	-	-	(84,320)	(84,320)
At 31 December 2021	163,047	982,910	290,096	2,849,114	4,285,167
<b>DEPRECIATION</b>					
At 1 January 2021	49,462	603,255	183,978	1,490,156	2,326,851
Charge for year	32,439	139,849	42,170	443,396	657,854
Eliminated on disposal	-	-	-	(75,811)	(75,811)
At 31 December 2021	81,901	743,104	226,148	1,857,741	2,908,894
<b>NET BOOK VALUE</b>					
At 31 December 2021	81,146	239,806	63,948	991,373	1,376,273
At 31 December 2020	113,585	293,921	66,435	1,062,092	1,536,033

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**11. TANGIBLE FIXED ASSETS - continued**

**Company**

	Improvements to property £	Plant and machinery £	Office equipment and computers £	Motor vehicles £	Totals £
<b>COST</b>					
At 1 January 2021	132,361	417,882	17,689	1,909,320	2,477,252
Additions	-	76,820	14,950	381,186	472,956
Disposals	-	-	-	(31,240)	(31,240)
At 31 December 2021	132,361	494,702	32,639	2,259,266	2,918,968
<b>DEPRECIATION</b>					
At 1 January 2021	27,689	149,338	6,619	636,776	820,422
Charge for year	26,472	86,929	6,274	399,525	519,200
Eliminated on disposal	-	-	-	(13,759)	(13,759)
At 31 December 2021	54,161	236,267	12,893	1,022,542	1,325,863
<b>NET BOOK VALUE</b>					
At 31 December 2021	78,200	258,435	19,746	1,236,724	1,593,105
At 31 December 2020	104,672	268,544	11,070	1,272,544	1,656,830

**12. FIXED ASSET INVESTMENTS**

**Company**

	Shares in group undertakings £
<b>COST</b>	
At 1 January 2021 and 31 December 2021	200
<b>NET BOOK VALUE</b>	
At 31 December 2021	200
At 31 December 2020	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	2021 £	2020 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		2,041,240	4,808,223
Profit for the year		1,233,017	1,649,562

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**12. FIXED ASSET INVESTMENTS - continued**

**A&M Insulations Limited**

Registered office: United Kingdom

Nature of business: Insulation contractors

	%		
Class of shares:	holding		
Ordinary	100.00		
		2021	2020
		£	£
Aggregate capital and reserves		1,345,773	582,376
Profit for the year		763,397	351,533
		<u>          </u>	<u>          </u>

**Homewarm Limited**

Registered office: United Kingdom

Nature of business: Dormant

	%		
Class of shares:	holding		
Ordinary	100.00		
		2021	2020
		£	£
Aggregate capital and reserves		100	100
		<u>          </u>	<u>          </u>

**13. STOCKS**

	Group	
	2021	2020
	£	£
Insulation stock and consumables	628,764	466,454
	<u>          </u>	<u>          </u>

**14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	6,586,822	6,946,652	15,550	16,200
Other debtors	839,944	751,058	21,969	17,695
Amounts owed by group undertakings	-	-	4,278,343	2,143,400
Corporation tax	5,215	548,107	5,215	166,000
Prepayments and accrued income	120,004	408,594	25,650	337,187
	<u>7,551,985</u>	<u>8,654,411</u>	<u>4,346,727</u>	<u>2,680,482</u>

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	1,208,774	1,513,860	8,079	328,418
Corporation tax	263,710	400,363	-	101,250
Social security and other taxes	203,133	200,297	35,228	41,269
Other creditors	15,579	20,084	465	3,256
Accruals and deferred income	448,752	1,048,092	61,354	35,948
	<u>2,139,948</u>	<u>3,182,696</u>	<u>105,126</u>	<u>510,141</u>

**16. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**Group**

Non-cancellable operating leases	
2021	2020
£	£
Within one year	21,750
Between one and five years	346,887
In more than five years	563,212
	214,196
	82,500
	-
	<u>667,462</u>
	<u>561,083</u>

**Company**

Non-cancellable operating leases	
2021	2020
£	£
Within one year	6,750
Between one and five years	-
In more than five years	374,256
	346,887
	82,500
	-
	<u>463,506</u>
	<u>346,887</u>

**17. PROVISIONS FOR LIABILITIES**

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Deferred tax	<u>168,444</u>	<u>139,850</u>	<u>147,563</u>	<u>112,500</u>
Other provisions				
Provision for historic installation claims	<u>197,572</u>	<u>730,070</u>	<u>-</u>	<u>-</u>
Aggregate amounts	<u>366,016</u>	<u>869,920</u>	<u>147,563</u>	<u>112,500</u>

**Group**

	Deferred tax	Other provisions
	£	£
Balance at 1 January 2021	139,850	730,070
Movement in the year	<u>28,594</u>	<u>(532,498)</u>
Balance at 31 December 2021	<u>168,444</u>	<u>197,572</u>

**Company**

	Deferred tax
	£
Balance at 1 January 2021	112,500
Movement in the year	<u>35,063</u>
Balance at 31 December 2021	<u>147,563</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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**18. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021	2020
			£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

**19. RESERVES**

**Group**

	Retained earnings	Merger reserve	Totals
	£	£	£
At 1 January 2021	4,879,043	4,253,841	9,132,884
Profit for the year	2,291,130	-	2,291,130
Dividends	(1,608,100)	-	(1,608,100)
At 31 December 2021	<u>5,562,073</u>	<u>4,253,841</u>	<u>9,815,914</u>

**Company**

	Retained earnings
	£
At 1 January 2021	4,015,052
Profit for the year	4,344,018
Dividends	(1,608,100)
At 31 December 2021	<u>6,750,970</u>

**20. 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 £151,913 (2020 - £146,946).

**21. CONTINGENT LIABILITIES**

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

**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 £92,000 (2020 - £92,000).

During the year, a total of key management personnel compensation of £589,969 (2020 - £569,227) was paid.