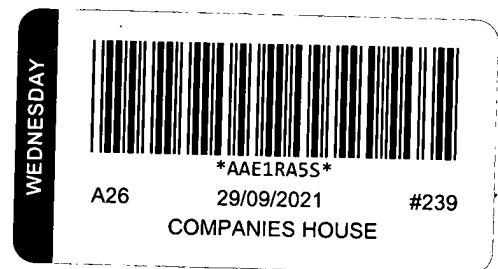


**ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**



# ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	J Hansford J S Sampson M P Sampson A J Hider G D Dew A J Cecil
<b>Registered number</b>	10217582
<b>Registered office</b>	Millhouse 32-38 East Street Rochford Essex SS4 1DB
<b>Independent auditors</b>	Venthams Chartered Accountants & Statutory Auditor 51 Lincoln's Inn Fields London WC2A 3NA

# ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED

## CONTENTS

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	Page
Group strategic report	1 - 5
Directors' report	6 - 7
Independent auditors' report	8 - 11
Consolidated statement of comprehensive income	12
Consolidated balance sheet	13 - 14
Company balance sheet	15
Consolidated statement of changes in equity	16 - 17
Company statement of changes in equity	18
Consolidated Statement of cash flows	19 - 20
Analysis of net debt	21
Notes to the financial statements	22 - 44

# ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED

## GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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### Introduction

The directors present their report and financial statements for the year ended 31 December 2020.

### Business review

The principal activity of the Group is the provision of MEP solutions to the construction industry, across a variety of sectors. The Group works in partnership with several repeat clients and end users delivering principal and subcontractor contracting of projects.

In a year of challenging trading conditions as a result of the outbreak of Covid-19 and market uncertainty, the Group delivered a positive set of financial results. A reduction in revenue was inevitable with the temporary closure of construction sites from March, subsequent working restrictions and customer hesitancy to invest and spend in such unpredictable times. Thanks to swift action taken at the beginning of the pandemic by the board, alongside financial prudence, the Group's balance sheet remains strong. During 2020, the Group completed a comprehensive review of resources and its business organisation to secure its position moving forward. As such, the business has secured its order book in full for 2021 as well as the majority of its order book for 2022.

The Directors are confident of continued success underpinned by a well-diversified portfolio of clients, service offerings and Markets.

ESG is at the forefront of innovation and setting trends for others to follow within the construction industry. The in-house pre-fabrication solution offering, Modular Engineering, continues to partner and deliver into several projects throughout 2020, both internally and externally as a stand-alone solution. The Group will continue to invest and develop this expertise as we head into 2021 and beyond.

The Group celebrated its 45-year anniversary during 2020. In line with our forward-thinking vision and core values, the continuing strategy is based around, innovation, diversification, and resilience. This has successfully resulted in a diverse mix and yield of existing target sectors of Retail, Residential, Commercial & Fit-out and Technology Solutions/Data Centre sectors. Throughout 2020 the Group has also continued to develop its ESG PRIME brand, delivering expertise to the specialist fit-out and Retail markets and sectors.

Our staff remain our greatest asset and bring high levels of expertise and experience to the Group. We continue in our commitment to create an environment in which our staff can enjoy a fulfilling career and achieve their full potential.

## ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED

### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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#### Principal risks and uncertainties

##### Liquidity risk

The Group has continued to tightly manage its cash flows through robust commercial administration of our contracts. In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future development, the Group uses a mixture of long-term and short-term bank finance in addition to the use of retained profits.

##### Credit risk

The Group's principal financial assets are freehold offices, cash, and trade and other receivables. There is considered to be little or no risk in respect of balances held with the Group's banker. The principal credit risk therefore relates to receivables. The business currently has a robust credit insurance policy in place in order to mitigate any such risks. In addition to this credit insurance policy, the Directors also carry out full credit checks on customers and potential customers and monitor receipts to ensure that they fall within the Group's agreed credit terms. If customers do not make payments as agreed, these are promptly followed up by telephone or personal calls and, if appropriate, legal action is taken. The directors are mindful of a known customer's payment record when taking on new work and often will undertake high level negotiations with the customer's Board of Directors if necessary.

##### Cash flow risk

The substantial contracts undertaken by the Group expose it to a cash flow risk. In order to minimise this, the directors ensure that wherever possible, receipts from contracts are secured in time to meet payments relating to those contracts. This is achieved by careful control of payment applications, close monitoring of receivables arising from applications and firm control of payments made to suppliers. Where matching of income and expenditure is not possible, the directors ensure that sufficient cash or bank facilities are available.

##### Economic uncertainties

We operate across a number of market sectors in the UK and within the EU and are affected by national and international macro-economic conditions as well as by the investment and spending cycles that exist in many industries. Our broad spread of activities across numerous market sectors, and a focus on opportunities that can offer longer-term visibility of income, helps us to mitigate our exposure to short and medium term economic uncertainties. The business remains focused about the impact of the UK exiting the EU and the consequential impact on construction activity and services within the UK economy.

##### Impact of the coronavirus (COVID-19) pandemic

Whilst Covid-19 has had an impact on the Group in terms of initial site and office closures during the first period of lockdown and subsequent social distancing requirements, impacting productivity, the Group has a very positive look forward position. We continue to work on all sites, whilst respecting social distancing protocols and have operated our offices in line with government guidance. We have implemented strict protocols and procedures for all our sites and offices and monitor these as guidance continues to change.

**ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED**

**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**Financial key performance indicators**

**Revenue**

Achieved revenues for 2020 are £77.9m compared to £124.1m in 2019, a decrease of 37% in the 12-month period, directly attributable to disruption caused by Covid-19.

**Pre-tax profit**

Pre-tax profit decreased by 87% to £0.3m during the year compared to £2.3m in 2019.

**Liquidity**

Closing cash balances increased to £10.4m at the year end from £5.4m in 2019.

**Other key performance indicators**

**Employees**

The Group continues to invest in its staff, however during the year average staff numbers have reduced from 244 in 2019 to 211 as a result of the pandemic.

## ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED

### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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#### **Directors' statement of compliance with duty to promote the success of the Group**

The revised UK Corporate Governance Code ('2018 Code') was published in July 2018 and applies to accounting periods beginning on or after January 1, 2019. The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the Group. The Board welcomes the direction of the UK Financial Reporting Council (the 'FRC'). This S172 statement, which is reported for the first time, explains how the Groups Directors:

- have engaged with employees, suppliers, customers and others; and
- have had regard to employee interests, the need to foster the Group's business relationships with suppliers, customers and other, and the effect of that regards, including on the principal decisions taken by the Group during the financial year.

The S172 statement focuses on matters of strategic importance to Group, and the level of information disclosed is consistent with the size and the complexity of the business.

#### **General confirmation of Directors' duties**

The Group's Board has a clear framework for determining the matters within its remit. Certain financial and strategic thresholds have been determined to identify matters requiring Board consideration and approval. When making decisions, each Director ensures that he/she acts in the way he/she considers, in good faith, would most likely promote the Group's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

##### **1. The likely consequences of any decision in the long term**

The Directors understand the business and the evolving environment in which we operate, including the challenges of navigating through Britain's upcoming exit from the EU. The Board have implemented a number of strategies to ensure minimal impact within its supply chain and project delivery.

##### **2. The interests of the Group's employees**

The Directors recognise that the Group's employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the Directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

##### **3. The need to foster the Group's business relationships with suppliers, customers and others**

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers, and other key stakeholders. The Directors receive information updates on a variety of topics that indicate and inform how these stakeholders have been engaged. These range from information provided from the Projects & Delivery function to information provided by the businesses Finance & Commercial functions.

##### **4. The need to act fairly as between members of the Group**

After weighing up all relevant factors, the Directors consider which course of action best enables delivery of our strategy through the long-term, taking into consideration the impact on stakeholders. In doing so, our Directors act fairly as between the Group's members but are not required to balance the Group's interest with those of other stakeholders, and this can sometimes mean that certain stakeholder interests may not be fully aligned.

#### **Culture**

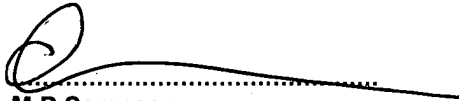
The Board recognises that it has an important role in assessing and monitoring that our desired culture is embedded in the values, attitudes and behaviours we demonstrate, including in our activities and stakeholder relationships. The Board has established honesty, integrity and respect for people as the Group's core values. The General Business Principles, Code of Conduct, and Code of Ethics help everyone at the Group act in line with these values and comply with relevant laws and regulations. The ESG Commitment and Policy on Health, Safety, Security, Environment & Social Performance applies across the full business and is designed to help protect people and the environment. We also strive to maintain a diverse and inclusive culture.

**ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED**

**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

A handwritten signature in black ink, consisting of a stylized 'M' and 'P' followed by a long horizontal stroke.

**M P Sampson**  
Director

Date: 27/09/21



## ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present their report and the financial statements for the year ended 31 December 2020.

#### Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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.

#### Results and dividends

The profit for the year, after taxation, amounted to £2,222,857 (2019 -£2,108,348).

The directors do not recommend payment of a final dividend.

#### Directors

The directors who served during the year were:

J Hansford  
J S Sampson  
M P Sampson  
A J Hider  
G D Dew  
A J Cecil

#### Future developments

Looking ahead, we believe that we are making substantial progress in transforming the shape of the business to deliver long term value to our clients. We have a very strong statement of Financial Position and the resources to selectively invest in growth areas, systems, processes and people to continually strengthen and deliver our service offerings.

Whilst the order book extends well into 2020/2021, the directors are cognisant that in year revenues could be impacted by the Covid-19 pandemic.

## ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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#### Engagement with suppliers, customers and others

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers, and other key stakeholders. The Directors receive information updates on a variety of topics that indicate and inform how these stakeholders have been engaged. These range from information provided from the Projects & Delivery function to information provided by the businesses Finance & Commercial functions.

#### Greenhouse gas emissions, energy consumption and energy efficiency action

In the year to 31 December 2020 the Group used 1,785,931 kWh of energy, comprising 233,131 kWh of electricity, 183,616 kWh of natural gas and 1,369,184 kWh of transport fuel.

This equates to total carbon dioxide emissions of 416 tonnes, comprising of 54 tonnes in relation to electricity, 43 tonnes in relation to natural gas and 319 tonnes in relation to transport fuel.

The Group's energy usage equates to 22,916 kWh (or 5.3 tonnes) per million of turnover.

Electricity and gas figures are based on actual data from our energy providers for the year, whilst transport fuel figures are estimated based on business mileage data and average fuel consumption.

#### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

#### Post balance sheet events

There have been no significant events affecting the company since the year end.

#### Auditors

The auditors, Venthams, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



**M P Sampson**  
Director

Date: 27/09/21

## **ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED**

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#### **Opinion**

We have audited the financial statements of Essex Group Holdings International Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, 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's affairs as at 31 December 2020 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 United Kingdom, including the Financial Reporting Council'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 or 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.

## **ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED (CONTINUED)**

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#### **Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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.

#### **Opinion 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report 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 Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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 Directors' Responsibilities Statement set out on page 6, 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 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.

## ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED (CONTINUED)

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#### **Auditors' responsibilities for the audit of the financial statements**

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

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards, Company Law, Tax and Pensions legislation, and distributable profits legislation.
- Those laws and regulations for which non-compliance may be fundamental to the operating aspects of the business and therefore may have a material effect on the financial statements include health and safety legislation.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: enquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; testing the appropriateness of journal entries; and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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 Auditors' Report.

ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ESSEX GROUP HOLDINGS  
INTERNATIONAL LIMITED (CONTINUED)

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**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 Auditors' 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.



Stuart Harrison (Senior statutory auditor)

for and on behalf of  
**Venthams**

Chartered Accountants  
Statutory Auditor

51 Lincoln's Inn Fields  
London

WC2A 3NA

Date: 27/9/2021

**ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	As restated 2019 £
Turnover	4	77,931,984	124,192,980
Cost of sales		(69,175,653)	(111,994,024)
<b>Gross profit</b>		<b>8,756,331</b>	<b>12,198,956</b>
Administrative expenses		(9,028,040)	(9,527,410)
Other operating income	5	878,540	-
<b>Operating profit</b>	6	<b>606,831</b>	<b>2,671,546</b>
Interest receivable and similar income		14,091	2,110
Interest payable and similar expenses	10	(306,116)	(354,822)
<b>Profit before taxation</b>		<b>314,806</b>	<b>2,318,834</b>
Tax on profit	11	1,908,051	(210,486)
<b>Profit for the financial year</b>		<b>2,222,857</b>	<b>2,108,348</b>
Currency translation differences		17,349	(19,652)
<b>Other comprehensive income for the year</b>		<b>17,349</b>	<b>(19,652)</b>
<b>Total comprehensive income for the year</b>		<b>2,240,206</b>	<b>2,088,696</b>
<b>Profit for the year attributable to:</b>			
Owners of the parent Company		2,222,857	2,108,348
		<b>2,222,857</b>	<b>2,108,348</b>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the parent Company		2,240,206	2,088,696
		<b>2,240,206</b>	<b>2,088,696</b>

**ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED**  
**REGISTERED NUMBER:10217582**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £	As restated 2019 £
<b>Fixed assets</b>			
Intangible assets	12	978,258	1,153,469
Tangible assets	13	2,010,888	2,150,476
		<u>2,989,146</u>	<u>3,303,945</u>
<b>Current assets</b>			
Stocks		10,000	10,000
Debtors: amounts falling due after more than one year	15	2,495,461	2,620,287
Debtors: amounts falling due within one year	15	19,712,336	23,596,937
Cash at bank and in hand	16	10,458,500	5,448,895
		<u>32,676,297</u>	<u>31,676,119</u>
Creditors: amounts falling due within one year	17	(28,191,067)	(25,839,806)
<b>Net current assets</b>		<u>4,485,230</u>	<u>5,836,313</u>
<b>Total assets less current liabilities</b>		<u>7,474,376</u>	<u>9,140,258</u>
Creditors: amounts falling due after more than one year	18	(3,562,837)	(6,825,600)
<b>Provisions for liabilities</b>			
Deferred taxation	22	(31,795)	(54,387)
		<u>(31,795)</u>	<u>(54,387)</u>
<b>Net assets excluding pension asset</b>		<u>3,879,744</u>	<u>2,260,271</u>
<b>Net assets</b>		<u><u>3,879,744</u></u>	<u><u>2,260,271</u></u>

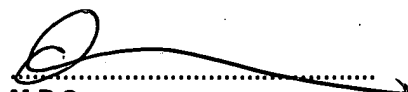


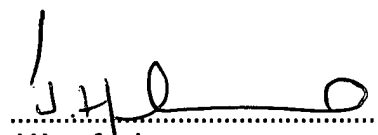
**ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED**  
**REGISTERED NUMBER:10217582**

**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 £
<b>Capital and reserves</b>			
Called up share capital	23	190	190
Foreign exchange reserve		(20,817)	(38,166)
Profit and loss account		3,900,371	2,298,247
<b>Equity attributable to owners of the parent Company</b>		<u>3,879,744</u>	<u>2,260,271</u>
		<u>3,879,744</u>	<u>2,260,271</u>

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

  
**M P Sampson**  
 Director

  
**J Hansford**  
 Director

Date: 27/09/21

**ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED**  
**REGISTERED NUMBER:10217582**

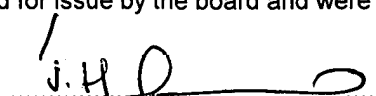
**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Investments	14	4,873,003	4,873,003
		<u>4,873,003</u>	<u>4,873,003</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	365,295	406,233
Cash at bank and in hand	16	3,868	5,549
		<u>369,163</u>	<u>411,782</u>
Creditors: amounts falling due within one year	17	(1,320,000)	(1,320,000)
<b>Net current liabilities</b>		<u>(950,837)</u>	<u>(908,218)</u>
<b>Total assets less current liabilities</b>		<u>3,922,166</u>	<u>3,964,785</u>
Creditors: amounts falling due after more than one year	18	(2,640,000)	(3,960,000)
<b>Net assets excluding pension asset</b>		<u>1,282,166</u>	<u>4,785</u>
<b>Net assets</b>		<u><u>1,282,166</u></u>	<u><u>4,785</u></u>
<b>Capital and reserves</b>			
Called up share capital	23	190	190
Profit and loss account brought forward		4,595	-
Profit for the year		1,898,114	10,733,595
Other changes in the profit and loss account		(620,733)	(10,729,000)
		<u>1,281,976</u>	<u>4,595</u>
<b>Profit and loss account carried forward</b>		<u><u>1,282,166</u></u>	<u><u>4,785</u></u>

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



**M P Sampson**  
Director



**J Hansford**  
Director

Date: 27/09/21

ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Foreign exchange reserve	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£
At 1 January 2020 (as previously stated)	190	(38,166)	2,670,808	2,632,832	2,632,832
Prior year adjustment	-	-	(372,561)	(372,561)	(372,561)
At 1 January 2020 (as restated)	190	(38,166)	2,298,247	2,260,271	2,260,271
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	2,222,857	2,222,857	2,222,857
Currency translation differences	-	17,349	-	17,349	17,349
<b>Total comprehensive income for the year</b>	-	17,349	2,222,857	2,240,206	2,240,206
<b>Contributions by and distributions to owners</b>					
Payments to EOT	-	-	(620,733)	(620,733)	(620,733)
<b>Total transactions with owners</b>	-	-	(620,733)	(620,733)	(620,733)
<b>At 31 December 2020</b>	<b>190</b>	<b>(20,817)</b>	<b>3,900,371</b>	<b>3,879,744</b>	<b>3,879,744</b>

ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED

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

	Called up share capital	Foreign exchange reserve	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£
At 1 January 2019	145	(18,514)	10,918,899	10,900,530	10,900,530
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	2,108,348	2,108,348	2,108,348
Currency translation differences	-	(19,652)	-	(19,652)	(19,652)
<b>Contributions by and distributions to owners</b>					
Shares issued during the year	45	-	-	45	45
Payments to EOT	-	-	(10,729,000)	(10,729,000)	(10,729,000)
<b>Total transactions with owners</b>	<b>45</b>	<b>-</b>	<b>(10,729,000)</b>	<b>(10,728,955)</b>	<b>(10,728,955)</b>
<b>At 31 December 2019</b>	<b>190</b>	<b>(38,166)</b>	<b>2,298,247</b>	<b>2,260,271</b>	<b>2,260,271</b>

**ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
<b>At 1 January 2019</b>	<b>145</b>	<b>-</b>	<b>145</b>
Profit for the year	-	10,733,595	10,733,595
Shares issued during the year	45	-	45
Payments to EOT	-	(10,729,000)	(10,729,000)
<b>At 1 January 2020</b>	<b>190</b>	<b>4,595</b>	<b>4,785</b>
Profit for the year	-	1,898,114	1,898,114
Payments to EOT	-	(620,733)	(620,733)
<b>At 31 December 2020</b>	<b>190</b>	<b>1,281,976</b>	<b>1,282,166</b>

**ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>2020</b>	<i>As restated</i>
	<b>£</b>	<b>2019</b>
		<b>£</b>
<b>Cash flows from operating activities</b>		
Profit for the financial year	2,222,857	2,108,348
<b>Adjustments for:</b>		
Amortisation of intangible assets	175,211	175,211
Depreciation of tangible assets	226,160	240,125
Loss on disposal of tangible assets	86,467	12,218
Interest paid	306,116	354,822
Interest received	(14,091)	(2,110)
Taxation charge	(1,908,051)	210,486
Decrease in debtors	6,143,756	587,416
Increase/(decrease) in creditors	420,524	(2,516,116)
Corporation tax (paid)	(248,874)	(884,352)
Foreign exchange movement	17,349	(19,652)
<b>Net cash generated from operating activities</b>	<b>7,427,424</b>	<b>266,396</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(173,039)	(115,328)
Sale of tangible fixed assets	-	8,402
Interest received	14,091	2,110
HP interest paid	(304)	(1,824)
<b>Net cash from investing activities</b>	<b>(159,252)</b>	<b>(106,640)</b>

**ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>2020</b>	<i>As restated</i>
	<b>£</b>	<b>2019</b>
		<b>£</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	-	45
New secured loans	-	6,600,000
Repayment of loans	(1,320,000)	(3,486,667)
Repayment of other loans	-	(573,000)
Repayment of/new finance leases	(12,022)	(20,971)
Interest paid	(305,812)	(352,998)
Payments to EOT	(620,733)	(10,729,000)
<b>Net cash used in financing activities</b>	<b>(2,258,567)</b>	<b>(8,562,591)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,009,605</b>	<b>(8,402,835)</b>
Cash and cash equivalents at beginning of year	5,448,895	13,851,730
<b>Cash and cash equivalents at the end of year</b>	<b>10,458,500</b>	<b>5,448,895</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	10,458,500	5,448,895
	<b>10,458,500</b>	<b>5,448,895</b>

**ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED**

**CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	5,448,895	5,009,605	10,458,500
Debt due after 1 year	(3,960,000)	1,320,000	(2,640,000)
Debt due within 1 year	(1,320,000)	-	(1,320,000)
Finance leases	(33,204)	12,023	(21,181)
	<u>135,691</u>	<u>6,341,628</u>	<u>6,477,319</u>

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## ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1. General information

Essex Group Holdings International Limited is a private company limited by shares, incorporated in England and Wales. Its registered office is Millhouse, 32-38 East Street, Rochford, Essex, SS4 1DB. Its principal place of business is Viking Business Centre, Danes Road, Romford, Essex, RM7 0HL.

The principal activity of the group is that of electrical and mechanical design, build and maintenance contractors operating in numerous sectors of the construction market. Predominantly providing services in the retail, residential, commercial, public sector and data centre markets.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

##### 2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2015.

##### 2.3 Going concern

The directors have considered in detail the possible effects of the impact on the Group of the COVID-19 outbreak and, taking into account a period exceeding 12 months from the date of approval of these financial statements, the directors have a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. These financial statements have therefore been prepared on the going concern basis.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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**2. Accounting policies (continued)**

**2.4 Foreign currency translation**

**Functional and presentation currency**

The Group's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

**2.5 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

## ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

##### **2.6 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

##### **2.7 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated statement of comprehensive income in the same period as the related expenditure.

##### **2.8 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

##### **2.9 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### **2.10 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

##### **2.11 Pensions**

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

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

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

## ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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## 2. Accounting policies (continued)

### 2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

### 2.13 Intangible assets

#### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

#### Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	10	years
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## ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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## 2. Accounting policies (continued)

### 2.14 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using either the straight line method or on a reducing balance basis..

Depreciation is provided on the following basis:

Freehold property	-	2% straight line
Long-term leasehold property	-	straight line over the term of the lease
Short-term leasehold property	-	straight line over the term of the lease
Plant and machinery	-	25% reducing balance
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	15% reducing balance
Computer equipment	-	25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

### 2.15 Revaluation of tangible fixed assets

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

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

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

### 2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

## ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 2. Accounting policies (continued)

##### 2.17 Stocks

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

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### 2.18 Debtors

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

##### 2.19 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

##### 2.20 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 2.21 Provisions for liabilities

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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**2. Accounting policies (continued)**

**2.22 Financial instruments**

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

A reliable estimate of the useful life of the goodwill arising from the business combination upon acquisition of Essex Group Holdings Limited on 2 August 2016 is not available and therefore the directors have agreed to amortise it over ten years in accordance with FRS 102.

The directors have made key assumptions regarding the stage of completion, future costs to complete and collectability of billings of some construction contracts.

Revenue on construction contracts is recognised based on the stage of completion as certified by a qualified surveyor when agreed by both contractual parties.

Included in creditors, shown as payments received on account, is £10,574,107 (2019: £7,266,699) in respect of costs to be incurred to construction contracts. Included in debtors, shown as amounts recoverable on contracts, is £823,328 (2019: £1,083,329) in respect of amounts not yet invoiced by the group to construction contract customers.

**ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**4. Turnover**

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

	2020 £	2019 £
Income from undertaking construction contracts	77,931,984	124,192,980
	<u>77,931,984</u>	<u>124,192,980</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	77,786,489	124,014,069
Rest of Europe	145,495	178,911
	<u>77,931,984</u>	<u>124,192,980</u>

**5. Other operating income**

	2020 £	2019 £
Government grants receivable	878,540	-
	<u>878,540</u>	<u>-</u>

Government grants receivable are in relation to staff wages reclaimed through the HMRC Job Retention Scheme that was set up in response to the COVID-19 pandemic.

**6. Operating profit**

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	226,160	240,123
Amortisation of intangible assets, including goodwill	175,211	175,211
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	54,945	49,925
Exchange differences	(24,116)	(13,224)
Other operating lease rentals	648,793	621,179
Defined contribution pension cost	236,290	215,871



**ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**7. Auditors' remuneration**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<b>54,945</b>	<b>49,925</b>
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
All other services	<b>9,911</b>	<b>12,749</b>
	<b>9,911</b>	<b>12,749</b>

**8. Employees**

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

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Wages and salaries	<b>35,364,107</b>	<b>38,262,192</b>	<b>-</b>	<b>-</b>
Social security costs	<b>1,245,189</b>	<b>1,640,510</b>	<b>-</b>	<b>-</b>
Cost of defined contribution scheme	<b>236,290</b>	<b>215,871</b>	<b>-</b>	<b>-</b>
	<b>36,845,586</b>	<b>40,118,573</b>	<b>-</b>	<b>-</b>

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

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
Management Support Services	<b>69</b>	<b>66</b>	<b>6</b>	<b>3</b>
Site Operational Management & Engineering	<b>142</b>	<b>178</b>	<b>-</b>	<b>-</b>
	<b>211</b>	<b>244</b>	<b>6</b>	<b>3</b>

**ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**9. Directors' remuneration**

	2020 £	2019 £
Directors' emoluments	849,088	644,336
Company contributions to defined contribution pension schemes	18,658	33,638
	<u>867,746</u>	<u>677,974</u>

During the year retirement benefits were accruing to 3 directors (2019 -5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £379,060 (2019 -£202,568).

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £14,020 (2019 -£13,982).

**10. Interest payable and similar expenses**

	2020 £	2019 £
Bank interest payable	273,855	352,998
Finance leases and hire purchase contracts	304	1,824
Other interest payable	31,957	-
	<u>306,116</u>	<u>354,822</u>

ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

11. Taxation

	2020 £	2019 £
<b>Corporation tax</b>		
Current tax on profits for the year	(318,987)	706,685
Adjustments in respect of previous periods	(1,566,472)	(501,153)
<b>Foreign tax</b>		
Foreign tax on income for the year	-	9,638
	-	9,638
<b>Total current tax</b>	<b>(1,885,459)</b>	<b>215,170</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(22,592)	(4,684)
<b>Total deferred tax</b>	<b>(22,592)</b>	<b>(4,684)</b>
<b>Taxation on (loss)/profit on ordinary activities</b>	<b>(1,908,051)</b>	<b>210,486</b>

**ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**11. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2019 -lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<b>314,806</b>	2,318,834
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 -19%)	<b>59,813</b>	440,578
<b>Effects of:</b>		
Non-tax deductible amortisation of goodwill and impairment	<b>33,290</b>	33,290
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>19,343</b>	49,086
Capital allowances for year in excess of depreciation	<b>31,983</b>	26,184
Utilisation of tax losses	<b>(17)</b>	-
Higher rate taxes on overseas earnings	<b>-</b>	9,638
Adjustments to tax charge in respect of prior periods	<b>(1,566,472)</b>	(501,153)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	<b>(591,778)</b>	-
Unrelieved tax losses carried forward	<b>91,870</b>	-
Unrelieved loss on foreign subsidiaries	<b>13,917</b>	152,863
<b>Total tax charge for the year</b>	<b>(1,908,051)</b>	210,486

**Factors that may affect future tax charges**

The taxation rate is expected to remain at 19% until 1 April 2023 when it is expected to rise to 25%.

ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

12. Intangible assets

Group

Goodwill  
£

Cost

At 1 January 2020 1,752,107

At 31 December 2020 1,752,107

Amortisation

At 1 January 2020 598,638

Charge for the year on owned assets 175,211

At 31 December 2020 773,849

Net book value

At 31 December 2020 978,258

At 31 December 2019 1,153,469

ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

13. Tangible fixed assets

Group

	Freehold property £	Long-term leasehold property £	Short-term leasehold property £	Plant and machinery £	Motor vehicles £
<b>Cost or valuation</b>					
At 1 January 2020	1,449,213	353,647	432,912	3,124	44,536
Additions	167,823	2,349	-	-	-
Disposals	-	(188,356)	-	-	-
At 31 December 2020	1,617,036	167,640	432,912	3,124	44,536
<b>Depreciation</b>					
At 1 January 2020	90,313	129,575	117,632	1,198	18,307
Charge for the year on owned assets	28,773	52,271	61,806	781	6,557
Charge for the year on financed assets	-	-	-	-	-
Disposals	-	(101,889)	-	-	-
At 31 December 2020	119,086	79,957	179,438	1,979	24,864
<b>Net book value</b>					
At 31 December 2020	1,497,950	87,683	253,474	1,145	19,672
At 31 December 2019	1,358,900	224,072	315,280	1,926	26,229

**ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**13. Tangible fixed assets (continued)**

	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>			
At 1 January 2020	91,904	365,564	2,740,900
Additions	834	2,033	173,039
Disposals	-	-	(188,356)
At 31 December 2020	<u>92,738</u>	<u>367,597</u>	<u>2,725,583</u>
<b>Depreciation</b>			
At 1 January 2020	26,066	207,333	590,424
Charge for the year on owned assets	10,980	49,264	210,432
Charge for the year on financed assets	-	15,728	15,728
Disposals	-	-	(101,889)
At 31 December 2020	<u>37,046</u>	<u>272,325</u>	<u>714,695</u>
<b>Net book value</b>			
At 31 December 2020	<u>55,692</u>	<u>95,272</u>	<u>2,010,888</u>
At 31 December 2019	<u>65,838</u>	<u>158,231</u>	<u>2,150,476</u>

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

	2020 £	2019 £
Motor vehicles	30,145	45,873
	<u>30,145</u>	<u>45,873</u>

ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2020	4,873,003
At 31 December 2020	<u>4,873,003</u>

Direct subsidiary undertaking

The following was a direct subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Essex Group Holdings Limited	Viking Business Centre, Danes Road, Romford, Essex, RM7 0HL	Ordinary	100%



**ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**14. Fixed asset investments (continued)**

**Indirect subsidiary undertakings**

The following were indirect subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Essex Services Group Limited	Viking Business Centre, Danes Road, Romford, Essex, RM7 0HL	Ordinary	100%
ESG Prime Ltd	Units C-D Viking Business Centre, Danes Road, Romford, England, RM7 0HL	Ordinary	100%
Modular Engineering Limited	c/o Essex Services Group plc, Viking Business Centre, Danes Road, Romford, Essex, England, RM7 0HL	Ordinary	100%
Essex Electrical & Mechanical plc	Viking Business Centre, Danes Road, Romford, Essex, RM7 0HL	Ordinary	100%
Essex Electrical Contracting Limited	Viking Business Centre, Danes Road, Romford, Essex, RM7 0HL	Ordinary	100%
Essex Mechanical Limited	Viking Business Centre, Danes Road, Romford, Essex, RM7 0HL	Ordinary	100%
Essex Electrical plc	Viking Business Centre, Danes Road, Romford, Essex, RM7 0HL	Ordinary	100%
Essex Electrical & Mechanical Services Group plc	Viking Business Centre, Danes Road, Romford, Essex, RM7 0HL	Ordinary	100%
ESG FM plc	Viking Business Centre, Danes Road, Romford, Essex, RM7 0HL	Ordinary	100%
Essex Electrical Group Limited	Viking Business Centre, Danes Road, Romford, Essex, RM7 0HL	Ordinary	100%
Essex Services Group Sweden Aktiebolag	c/o Azets Insight AB, Box 34212, 100 26 Stockholm, Sweden	Ordinary	100%

Modular Engineering Ltd (registered number 10463256), an indirect subsidiary of Essex Group Holdings International Limited, has taken advantage of exemption from audit under section 479A of the Companies Act 2006.

**ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**15. Debtors**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
<b>Due after more than one year</b>				
Trade debtors	2,495,461	2,620,287	-	-
	<u>2,495,461</u>	<u>2,620,287</u>	<u>-</u>	<u>-</u>
	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
<b>Due within one year</b>				
Trade debtors	15,455,078	20,858,077	-	-
Amounts owed by group undertakings	-	-	258,930	258,930
Other debtors	114,336	1,071,863	24,490	24,490
Prepayments and accrued income	915,169	493,512	81,875	122,813
Amounts recoverable on long term contracts	1,003,264	1,083,329	-	-
Tax recoverable	2,224,489	90,156	-	-
	<u>19,712,336</u>	<u>23,596,937</u>	<u>365,295</u>	<u>406,233</u>

**16. Cash and cash equivalents**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
Cash at bank and in hand	10,458,500	5,448,895	3,868	5,549
	<u>10,458,500</u>	<u>5,448,895</u>	<u>3,868</u>	<u>5,549</u>

**ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**17. Creditors: Amounts falling due within one year**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
Bank loans	1,320,000	1,320,000	1,320,000	1,320,000
Payments received on account	10,574,107	7,266,699	-	-
Trade creditors	13,634,165	15,465,727	-	-
Other taxation and social security	2,248,860	655,575	-	-
Obligations under finance lease and hire purchase contracts	21,181	20,137	-	-
Other creditors	63,894	145,355	-	-
Accruals and deferred income	328,860	966,313	-	-
	<b>28,191,067</b>	<b>25,839,806</b>	<b>1,320,000</b>	<b>1,320,000</b>

**18. Creditors: Amounts falling due after more than one year**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
Bank loans	2,640,000	3,960,000	2,640,000	3,960,000
Net obligations under finance leases and hire purchase contracts	-	13,067	-	-
Trade creditors	922,837	2,852,533	-	-
	<b>3,562,837</b>	<b>6,825,600</b>	<b>2,640,000</b>	<b>3,960,000</b>

**ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**19. Loans**

Loans are repayable as follows:

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
<b>Amounts falling due within one year</b>				
Bank loans	<b>1,320,000</b>	<i>1,320,000</i>	<b>1,320,000</b>	<i>1,320,000</i>
	<b>1,320,000</b>	<i>1,320,000</i>	<b>1,320,000</b>	<i>1,320,000</i>
<b>Amounts falling due 1-2 years</b>				
Bank loans	<b>990,000</b>	<i>1,320,000</i>	<b>990,000</b>	<i>1,320,000</i>
<b>Amounts falling due 2-5 years</b>				
Bank loans	<b>1,650,000</b>	<i>2,640,000</i>	<b>1,650,000</b>	<i>2,640,000</i>
	<b>3,960,000</b>	<i>5,280,000</i>	<b>3,960,000</b>	<i>5,280,000</i>

Bank loans are secured by way of fixed and floating charges over the assets of the group.

**20. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	<b>Group 2020 £</b>	<b>Group 2019 £</b>
Within one year	<b>21,181</b>	<i>20,137</i>
Between 1-5 years	<b>-</b>	<i>13,067</i>
	<b>21,181</b>	<i>33,204</i>

ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

21. Financial instruments

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
<b>Financial assets</b>				
Financial assets that are debt instruments measured at amortised cost	<u>18,061,716</u>	<u>23,741,034</u>	<u>283,375</u>	<u>283,375</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<u>29,505,044</u>	<u>32,009,831</u>	<u>3,960,000</u>	<u>5,280,000</u>

Financial assets that are debt instruments measured at amortised cost comprise of trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors, payments received on account, HP agreements, bank loans and accruals.

22. Deferred taxation

Group

	2020 £	2019 £
At beginning of year	(54,387)	(59,071)
Charged to profit or loss	22,592	4,684
<b>At end of year</b>	<u>(31,795)</u>	<u>(54,387)</u>
	<b>Group 2020 £</b>	<b>Group 2019 £</b>
Accelerated capital allowances	(31,795)	(54,387)
	<u>(31,795)</u>	<u>(54,387)</u>

**ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**23. Share capital**

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
14,500 (2019 -14,500) Ordinary shares of £0.01 each	<b>145</b>	<b>145</b>
<b>Allotted, called up and partly paid</b>		
4,142 (2019 -4,142) Ordinary shares of £0.01 each	<b>41</b>	<b>41</b>
414 (2019 -414) A Ordinary shares of £0.01 each	<b>4</b>	<b>4</b>
	<b>45</b>	<b>45</b>

The Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights and do not confer any rights of redemption.

The A Ordinary shares have attached to them dividend and capital distribution (including on winding up) rights and do not confer any rights of redemption. They are non-voting shares.

**24. Prior year adjustment**

The accounts have been restated to incorporate the impact of a misclassification of a cost of sale as a trade creditor. The change has resulted in an increase in trade creditors and a increase in cost of sales of £459,950 a decrease in corporation tax charge and increased debtor of £87,390, and profits available for distribution after tax at 31 December 2019 decreasing by £372,560.

**25. Pension commitments**

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £236,290 (2019: £215,871). Contributions totalling £50,866 (2019: £52,415) were payable to the fund at the balance sheet date and are included in creditors.

**ESSEX GROUP HOLDINGS INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**26. Commitments under operating leases**

At 31 December 2020 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>Group 2020 £</b>	<b>Group 2019 £</b>
Not later than 1 year	<b>430,703</b>	<b>585,459</b>
Later than 1 year and not later than 5 years	<b>767,989</b>	<b>1,259,440</b>
Later than 5 years	<b>280,000</b>	<b>620,667</b>
	<b><u>1,478,692</u></b>	<b><u>2,465,566</u></b>

The Company had no commitments under non-cancellable operating leases as at the balance sheet date.

**27. Related party transactions**

**Group**

At the balance sheet date the group was owed a total of £28,183 (2019: £158,412) from the directors of the company.

**Company**

The company has taken advantage of the exemption in FRS102 which does not require disclosure of transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member. Therefore transactions between the company and Essex Group Holdings Limited, its 100% subsidiary company, have not been disclosed.

At the balance sheet date the company was owed a total of £24,445 (2019: £24,445) from directors of the company.

**28. Controlling party**

The ultimate controlling party is the board of trustees of Essex Group Employee Ownership Trust due to the trust's 100% shareholding in Essex Group Holdings International Limited.