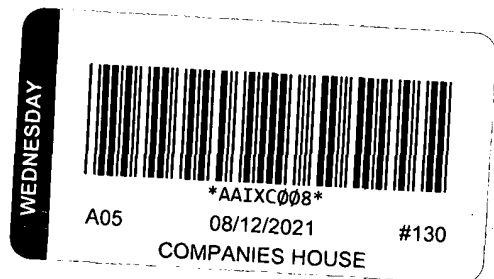


Company Registration No. 11827941

Qualter, Hall Holdings Limited

Annual Report and Financial Statements

for the year ended 31 December 2020



Qualter, Hall Holdings Limited

Officers and advisers

Directors

T C Cormack
G Carr
K M Richardson
W Bowser
G A Brown
D E Marshall

Registered office

16 Johnson Street
Barnsley
South Yorkshire
S75 2BY

Auditors

RSM UK Audit LLP
Central Square
Fifth Floor
29 Wellington Street
Leeds
LS1 4DL

Bankers

HSBC Bank Plc
5 Market Hill
Barnsley
South Yorkshire
S70 2PY

Qualter, Hall Holdings Limited

Strategic report for the year ended 31 December 2020

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Company operates as a parent company, having been incorporated on 14 February 2019.

On 20 March 2019, a subsidiary company (Qualter, Hall Investments Limited) completed the acquisition of the entire issued share capital of Qualter, Hall & Company Limited, a provider of Engineering and Manufacturing services.

Following the acquisition, a Group was established comprising Qualter, Hall Holdings Limited, Qualter, Hall Investments Limited, and Qualter, Hall & Company Limited.

Qualter, Hall & Company Limited was founded in 1860 and has demonstrated a history of engineering excellence both in the UK and internationally. It has historically been profitable and delivered some iconic projects including Custom House Quay in Dublin, Baturusa Bridge in Indonesia and the Scale Lane Bridge in Hull.

The Group operates four divisions, namely Mining and Hoisting, Mechanical Handling incorporating special bespoke moving bridges and equipment, manufacture of Specialist Fabrications and Hugh Smith division for the design and supply of a range of heavy shipyard press, rolling and bending machines.

Following the stabilisation in FY19, management were forecasting a return to profitability in FY20, however as reported in the Group's Statement of Comprehensive Income on page 11 the Group was significantly impacted by the COVID-19 pandemic in 2020 and experienced a lower than expected level of sales at £5,702,000 (9 months ended 31 December 2019: £8,717,000) due to the timing of order receipts and lower than expected throughput on certain contracts. The pandemic led to the temporary closure of the production unit from March and phased re-opening which commenced in July, in addition to a pause of existing site works. This translates to a loss on ordinary activities before taxation of £2,462,000 (9 months ended 31 December 2019: £658,000). A number of exceptional costs have been identified in note 6 which reduce the ongoing impact of these losses.

The Group continues to deliver iconic projects in attractive sectors; nuclear, water and flood control, transport infrastructure and capital equipment for plate bending.

The group continued to invest in developing a significant bridge opportunity in the Philippines. This project was expected to be secured in 2020 but unfortunately has been delayed due to geopolitical factors and COVID-19. The investment cycle in this project is now completed and the conversion of this opportunity into a contract award could transform the business in future years.

As noted above, the Group was heavily impacted by COVID-19 in 2020. However, since the phased re-opening of the business in July 2020, the Group has converted a number of pipeline opportunities into secured orders with over £23m added to the order book in 2020. The business closed out 2020 with an order book which extends to provide 18 months of secured work.

During 2020, the Group has secured support from the Coronavirus Business Interruption Loan Scheme (CBILs) of £1,000,000 and has secured an additional RCF facility of £1,007,897 from Enact.

Post period end, following a successful stabilisation of the business, Martin Kelly has resigned and moved on to other opportunities. Gifford Brown, a highly experienced engineer and Managing Director, has been brought in to take the business on its next stage of growth.

The Group is now on a solid transformational plan, beginning with a stabilisation period following COVID-19. With a record orderbook which exceeds the level seen in FY09 to FY19, the Group is expected to return to profitability in 2021 and is focussed on future growth.

KEY PERFORMANCE INDICATORS

Performance of the group is assessed by comparing monthly management accounts to annual budget. Individual contract performance is reviewed on a monthly basis against budgeted outcome. In addition, the directors regularly review the performance of the Group using key performance indicators and they consider the level of revenue recognised on contracts and the operating return on sales to be key performance indicators. Annual sales for the year amounted to £5,702,000 (9 months ended 31 December 2019: £8,717,000).

Qualter, Hall Holdings Limited

Strategic report for the year ended 31 December 2020

RESULTS AND DIVIDENDS

The loss for the period before taxation amounted to £2,462,000 (9 months ended 31 December 2019: £658,000). No dividends were paid during the period.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the nature of the market in which the Group operates are subject to a number of risks. Governance processes around risks and uncertainties are regularly exercised and reviewed by the directors.

The key risk to the business continues to be the highly competitive nature of the industry sectors in which it operates, with competitors aggressively pursuing market share and driving down margins in an attempt to achieve this.

The group mitigates this risk in several ways; by maintaining expertise across four core sectors with different economic cycles and drivers thereby maintaining a portfolio affect to reduce market risk, by continually seeking to operate on the efficient cost base; by offering a turnkey solution, differentiating the group from its competitors; by building and maintaining relationships with existing customers; and ensuring a low staff turnover to retain the skills, knowledge and contacts within the industry.

Furthermore, the liquidity risk is continually under review, and the and the directors are taking the necessary steps to mitigate the risk, primarily by securing additional funding as required.

The impact of Brexit is continually under review and the directors are taking the necessary steps to mitigate the risk, primarily being limiting exposure through the suppliers it uses and maintaining as strong a cash position as possible.

The directors are of the opinion that a thorough risk management process is in place which involves the formal review of the risks identified.

FINANCIAL RISK MANAGEMENT

The Group operations expose it to a variety of financial business risks including the effects of changes in interest rates on debt, foreign currency exchange rates, credit risk and liquidity risk, which are offset by a robust system of company research and analysis, credit insurance and foreign exchange facility.

The main risks arising from the Group's financial instruments can be analysed as follows:

FOREIGN CURRENCY RISK

The Group is exposed in its trading operations to the risk of changes in foreign currency exchange rates. As the Group buys and sells goods within Europe, the Far East and the US, the overall risk whilst on average is not significant due to the level of export turnover, is minimised and controlled by the use of the derivative instruments as mentioned above. The main foreign currencies in which the Group operates are the Euro and the US dollar.

CREDIT RISK

The Group's principal financial assets are bank balances, cash, and trade debtors, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

LIQUIDITY RISK

The Group's policy is managed by financial management on its major contracts by negotiating favourable payment terms with respective customers and suppliers wherever possible. The Group's objective is to ensure an overall neutral or positive cash flow.

The Group has access to a secured revolving credit facility which provides advances of up to £3,000,000. In addition, the Group has secured additional funding in the period, notably via a Coronavirus Business Interruption Loan (CBILs) loan of £1,000,000.

Qualter, Hall Holdings Limited

Strategic report for the year ended 31 December 2020

CASH FLOW INTEREST RATE RISK

Interest bearing assets comprise cash and bank deposits, all of which earn interest at a fixed rate. The interest rate on the bank overdraft was at market rate and the overdraft has been removed prior to the end of the period. The Group's policy, where applicable, is to keep the overdraft within defined limits such that the risk that could arise from a significant change in interest rates would not have a material impact on cash flows. The Group's policy is to maintain other borrowings at fixed rates to fix the amount of future interest cash flows. The Directors monitor the overall level of borrowings and interest costs to limit any adverse effects on the financial and operational performance of the Group.

The Strategic report was approved by the board on 22ND SEPTEMBER 2021 and signed on its behalf by:

By order of the Board of Directors



K M Richardson

Director

22ND SEPTEMBER 2021

Qualter, Hall Holdings Limited

Director's Report for the year ended 31 December 2020

The Directors submit their report and the financial statements of Qualter, Hall Holdings Limited for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of a parent company. The Group operates four divisions, namely Mining and Hoisting, Mechanical Handling incorporating special bespoke moving bridges and equipment, manufacture of Specialist Fabrications and Hugh Smith division for the design and supply of a range of heavy shipyard press, rolling and bending machines.

DIRECTORS

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

T C Cormack	
G Carr	
K M Richardson	
W Bowser	
M T Kelly	(resigned 24 June 2021)
D E Marshall	(appointed 9 October 2020)
G A Brown	(appointed 10 May 2021)

DIRECTORS' INDEMNITY

During the financial period, a qualifying third party indemnity provision for the benefit of the directors was in force.

AUDITOR

RSM UK Audit LLP, Chartered Accountants, have indicated their willingness to continue in office.

STRATEGIC REPORT

The Company has chosen in accordance with Companies Act 2016 s414C(ii) to set out in the Company's Strategic Report information required by large and medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 Sch 7 to be contained in the Directors Report. It has done so in respect of financial risks of the Company and their management and an indication of likely future developments in the business of the group.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Qualter, Hall Holdings Limited

Director's Report for the year ended 31 December 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing those financial statements, the directors are required to:

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

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

By order of the board



K M Richardson

Director

22ND SEPTEMBER 2021

Independent auditor's report to the members of Qualter, Hall Holdings Limited

Opinion

We have audited the financial statements of Qualter, Hall Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated statement of cashflows, the consolidated statement of changes in equity and the company statement of changes in equity and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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.

Other information

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

Independent auditor's report to the members of Qualter, Hall Holdings Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 their environment obtained in the course of the audit, we have not identified material misstatements in the 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.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of

Independent auditor's report to the members of Qualter, Hall Holdings Limited (continued)

material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting relevant correspondence and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety and employment law. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations, inspected relevant correspondence with regulatory authorities and reviewed any claims made in the year to confirm these were all covered by insurance.

The group audit engagement team identified the risk of management override of controls and recognition of income on contracts as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed in respect of the risk of management override of controls included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business. Audit procedures performed in respect of the risk of recognition of income on contracts included but were not limited to challenging judgments and estimates applied in the recognition of income on contracts and recalculating the stage of completion of these contracts.

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

**Independent auditor's report to the members of Qualter, Hall Holdings Limited
(continued)**

Use of our report

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

RSM UK Audit LLP

MICHAEL THORNTON (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

Central Square

5th Floor

29 Wellington Street

Leeds

LS1 4DL

Date..... 22/9/2021

Qualter, Hall Holdings Limited
Consolidated statement of comprehensive income
for the year ended 31 December 2020

	Notes	Year ended 31 December 2020 £'000	9 months ended 31 December 2019 £'000
Revenue	1	5,702	8,717
Cost of sales		(5,618)	(6,555)
Gross profit		84	2,162
Administrative expenses		(3,167)	(2,693)
Other Operating Income	2	867	-
Operating loss	2	(2,216)	(531)
Included within Cost of sales and Administration expenses are the following:			
Depreciation	2	(445)	(269)
Amortisation	2	55	30
Exceptional costs	6	(296)	(519)
Operating (loss) / profit before depreciation, amortisation and exceptional costs		(1,530)	227
Interest payable and similar charges	5	(351)	(216)
Net gain on financial liabilities at fair value through profit and loss account		124	89
Loss on ordinary activities before taxation		(2,443)	(658)
Tax on loss on ordinary activities	7	-	(20)
Loss for the financial period		(2,443)	(678)
Other comprehensive income			
Actuarial loss on the defined benefit pension scheme		(19)	(6)
Movement on deferred tax relating to pension scheme		-	20
Total comprehensive loss relating to the period		(2,462)	(664)

Qualter, Hall Holdings Limited

Company Registration No. 11827941

Consolidated statement of financial position at 31 December 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Intangible Assets	9	14	21
Negative Goodwill	12	(770)	(828)
Tangible assets	10	4,098	4,518
		3,342	3,711
Current assets			
Stocks	13	10	108
Debtors	14	1,411	2,624
Cash at bank and in hand	15	2,044	1
		3,465	2,733
Total current assets		3,465	2,733
Creditors: Amounts falling due within one year	16	(5,466)	(4,234)
		(2,001)	(1,501)
Net current liabilities		(2,001)	(1,501)
Total assets less current liabilities		1,341	2,210
Creditors: Amounts falling due after one year	17	(4,295)	(2,873)
		(2,954)	(663)
Net liabilities excluding pension liability		(2,954)	(663)
Defined benefit pension scheme liabilities	25	(171)	-
		(3,125)	(663)
Net liabilities		(3,125)	(663)
Capital and reserves			
Called up share capital	22	1	1
Profit and loss account		(3,126)	(664)
		(3,125)	(663)
Total shareholder deficit		(3,125)	(663)

The financial statements on pages 11 to 44 were approved by the Board of Directors and authorised for issue on ~~22nd~~ 22nd SEPTEMBER 2021 and are signed on its behalf by:

K. M. Richardson

K M Richardson
Director

Qualter, Hall Holdings Limited

Company Registration No. 11827941

Company statement of financial position at 31 December 2020

	Notes	2020 £'000	2019 £'000
Fixed Assets			
Investments		-	-
Current assets			
Debtors	14	1	1
		-	-
Creditors: Amounts falling due within one year	16	-	-
Net assets		1	1
Capital and reserves			
Called up share capital	22	1	1
Profit and loss account		-	-
Total equity		1	1

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own statement of comprehensive income. The result for the period dealt with in the financial statements of the Company was a loss of £nil (2019: £nil).

The financial statements on pages 11 to 44 were approved by the Board of Directors and authorised for issue on 22nd SEPTEMBER 2021 and are signed on its behalf by:

K. M. Richardson

K M Richardson
Director

Qualter, Hall Holdings Limited

Consolidated statement of cash flows for the year ended 31 December 2020

	Notes	Year ended 31 December 2020 £'000	Year ended 31 December 2020 £'000	9 months ended 31 December 2019 £'000	9 months ended 31 December 2019 £'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated/consumed by operations	24		2,216		(810)
Interest paid			-		(216)
Income taxes paid			191		(218)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES			2,407		(1,244)
INVESTING ACTIVITIES					
Purchase of intangible assets		(2)		(8)	
Purchase of tangible assets		(25)		(46)	
Purchase of subsidiary undertaking		-		(1,514)	
Overdraft at acquisition		-		(1,724)	
NET CASH USED IN INVESTING ACTIVITIES			(27)		(3,292)
FINANCING ACTIVITIES					
Proceeds from issue of shares		-		1	
Proceeds of other borrowings		-		1,207	
Proceeds of new loans		1,428		1,564	
NET CASH GENERATED FROM FINANCING ACTIVITIES			1,428		2,772
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS			3,808		(1,764)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD			(1,764)		-
CASH AND CASH EQUIVALENTS AT END OF PERIOD			2,044		(1,764)
RELATING TO:					
Cash at bank and in hand			2,044		1
Bank overdrafts			-		(1,765)
			2,044		(1,764)

Qualter, Hall Holdings Limited

Consolidated statement of changes in equity for the period ended 31 December 2020

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
Issue of share capital	1	-	1
Comprehensive Loss for the financial period	-	(664)	(664)
<hr/>			
Balance at 31 December 2019	1	(664)	(663)
Comprehensive Loss for the financial period	-	(2,462)	(2,462)
<hr/>			
Balance at 31 December 2020	1	(3,126)	(3,125)

Qualter, Hall Holdings Limited

Company statement of changes in equity in the period ended 31 December 2020

	Called up share capital £	Profit and loss account £	Total equity £
Issue of share capital	1	-	1
Comprehensive Loss for the financial period	-	-	-
<hr/>			
Balance at 31 December 2019	1	-	1
Comprehensive Loss for the financial period	-	-	-
<hr/>			
Balance at 31 December 2020	1	-	1

Qualter, Hall Holdings Limited

Accounting policies for the year ended 31 December 2020

COMPANY INFORMATION

Qualter, Hall Holdings Limited is a private company, incorporated in the United Kingdom, and its registered office is 16 Johnson Street, Barnsley, South Yorkshire, S75 2BY. The business was incorporated on 14 February 2019.

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

The following accounting policies which have been applied consistently in dealing with items that are considered material in relation to the Qualter, Hall Holdings Limited are disclosed below.

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements are prepared on an historical cost basis and in accordance with FRS102 the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006. The preparation of financial statements requires the use of estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates and associated assumptions are based on historical experience and the management's best knowledge of current events and actions, the actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis.

The presentational and functional currency is the British Pound Sterling. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements cover the period from 01 January 2020 to 31 December 2020. The comparatives are for the period from 14 February 2019 to 31 December 2019 and is shorter than 1 year because they were the first financial statements prepared for the entity and cover the period from incorporation.

REDUCED DISCLOSURES

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

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

GOING CONCERN

2020 was a challenging year for Qualter Hall driven by the COVID-19 pandemic. Since the phased re-opening of the business in July 2020, the Business has converted a number of pipeline opportunities into secured orders with over £23m added to the order book in 2020. The business closed out 2020 with an order book which extends to provide 18 months of secured work.

The Business is now on a solid transformational plan, beginning with a stabilisation period following COVID-19 and with a record orderbook which exceeds the level seen in FY09 to FY19, the Business is expected to return to profitability in 2021.

HSBC Bank plc have provided additional facilities to the Group for 2021 and continuing into 2022. The forecasts indicate that these additional facilities will enable the Group to meet its liabilities as they fall due. The forecast covers the period to the end of 2022, has been sensitised and iterated to reflect a number of different scenarios.

For this reason, the Directors have concluded that there are no material uncertainties relating to the going concern assumption. The financial statements have therefore been prepared on a going concern basis which assumes the Group will continue on operational existence for the foreseeable future.

Qualter, Hall Holdings Limited

Accounting policies for the year ended 31 December 2020

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of Qualter, Hall Holdings Limited and all of its subsidiary undertakings (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiary undertakings acquired during the period are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the carrying value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

NEGATIVE GOODWILL

Negative goodwill arises on business combinations. Negative goodwill is the excess of the fair value of identifiable net assets attributed to acquisition over the cost of acquisition. Negative goodwill is amortised through the consolidated statement of comprehensive income over the period through which non-monetary assets are recovered through depreciation or sale. The Directors consider this period to be 15 years in order to match the estimated useful life of freehold property.

OTHER TANGIBLE 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 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 10 years.

The estimated useful lives range as follows:

Development Expenditure -	5 Years
---------------------------	---------

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Buildings	50 years
Plant and equipment	15 - 25 years
Motor vehicles	4 years
Computers	4 years
Fixtures and fittings	10 years

Freehold land is not depreciated. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down is charged to operating profit unless it is a reversal of a past revaluation surplus in which case it is taken to the statement of changes in equity.

IMPAIRMENT OF FIXED ASSETS

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Qualter, Hall Holdings Limited

Accounting policies for the year ended 31 December 2020

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in the statement of comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the statement of comprehensive income or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

INVESTMENTS

Investments held as fixed assets are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. Investments held as current assets are stated at the lower of cost and net realisable value. Interests in subsidiary undertakings are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

FOREIGN CURRENCIES

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are taken to the statement of comprehensive income.

REVENUE

Revenue arising from the sale of goods and services is measured at the fair value of the consideration receivable, net of value added tax, rebates and discounts.

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have been transferred to the buyer, which may be upon shipment, completion of the product or the product being ready for delivery, based on specific contract terms.

LONG TERM CONTRACTS

Where the outcome of a contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. The company uses the 'percentage of completion method' to determine the appropriate amount to recognise in a given period. The assessment of the stage of completion is dependent on the nature of the contract but will generally be based on the estimated proportion of the total contract costs which have been incurred to date. If a contract is expected to be loss-making, a provision is recognised for the entire loss. Long-term contracts also include an element of profit in their valuation where the outcome can be assessed with reasonable accuracy. The value of the work done on long-term contracts in progress less payments on account is included in debtors as amounts recoverable on contracts.

STOCKS

Stocks include raw materials and work in progress and are valued 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. At each reporting date, stocks are assessed for impairment. If inventory 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.

LEASED ASSETS

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the company. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Qualter, Hall Holdings Limited

Accounting policies for the year ended 31 December 2020

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

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.

DIVIDEND

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

FINANCIAL INSTRUMENTS

The company only enters into basic financial instruments transactions except as noted below that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks, other third parties and loans to related parties.

Debt instruments, like loans and other accounts receivable and payable, are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, 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 case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.

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

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

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, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

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

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for foreign exchange derivatives.

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 company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

Qualter, Hall Holdings Limited

Accounting policies for the year ended 31 December 2020

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

Defined benefit pension plan

The Group operates a closed pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company.

Pension scheme assets are measured using market values. For quoted securities the current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/ (deficit) is split between operating charges, finance items and, in the statement of comprehensive income.

EXCEPTIONAL INCOME/COSTS

Items that are both material and non-recurring and whose significance is sufficient to warrant separate disclosure and identification within the financial statements are referred to as exceptional income/(costs). Such items are disclosed separately within the financial statements.

CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax.

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

SIGNIFICANT ESTIMATES AND JUDGEMENT

The Directors have taken judgements and estimates in line with Group guidelines and applied them consistently with regard to accounting estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The items in the financial statements where these judgements and estimates have been made include the useful economic lives of fixed assets and long-term contracts accounting.

Revenue on long term contracts is recognised according to the stage reached in the contract by reference to costs incurred. Contracts in progress are valued at cost (including direct overheads) less provision for any foreseeable losses. Long-term contracts also include an element of profit in their valuation where the outcome can be assessed with reasonable certainty. The Directors use their judgement and make estimations regarding the recoverability of amounts recognised on contracts and whether these amounts may, or may not, be ultimately recovered. The value of the work done on long-term contracts in progress less payments on account is included in debtors as amounts recoverable on contracts.

GOVERNMENT GRANTS

Government grants are recognised at fair value of the asset received or receivable when there is reasonable assurance that the grant conditions have been met and the grants will be received.

Included within Other Operating Income show in the Statement of Comprehensive Income are amounts received from the UK Government in respect of the Coronavirus Job Retention Scheme (CJRS).

Qualter, Hall Holdings Limited

Notes to the financial statements for the period ended 31 December 2020

1 REVENUE

The group's turnover and profit before taxation were all derived from its principal activity.. Sales were made in the following geographical markets:

	Year ended 31 December 2020 £'000	9 months ended 31 December 2019 £'000
United Kingdom	4,483	7,731
West Europe	148	1
Middle East	-	79
Far East and Japan	-	4
USA and Canada	1,021	851
Australia	-	51
India	50	-
	5,702	8,717

2 OPERATING LOSS

	Year ended 31 December 2020 £'000	9 months ended 31 December 2019 £'000
Depreciation of tangible fixed assets:		
- owned by the company	389	215
- held under finance lease contract	56	54
Amortisation of government grants	(6)	-
Amortisation of intangible fixed assets		
- development costs	-	11
- software costs	9	8
Amortisation of negative goodwill	(58)	(49)
Operating lease costs:		
- plant and equipment	16	13
- motor vehicles	99	95
- land and buildings	77	21
Foreign exchange (loss)/profit	124	89
Government Grants - CJRS	(867)	-

Government Grants in the period relate to the Coronavirus Job Retention Scheme (CJRS).

Qualter, Hall Holdings Limited

Notes to the financial statements for the period ended 31 December 2020

3 AUDITOR'S REMUNERATION

	Year ended 31 December 2020 £'000	9 months ended 31 December 2019 £'000
Fees payable for the audit of the Company and consolidated financial statements	5	3
Fees payable for the audit of the company subsidiary	28	30
Fees payable for taxation services	7	6
	40	39

4 EMPLOYEES

	Year ended 31 December 2020 No. Group	Year ended 31 December 2020 No. Company	9 months ended 31 December 2019 No. Group	9 months ended 31 December 2019 No. Company
The average monthly number of persons (including directors) employed by the group during the period was:				
Production and Engineering	69	-	79	-
Selling and distribution	3	-	2	-
Administration	24	4	28	5
	96	4	109	5

	Year ended 31 December 2020 £'000 Group	Year ended 31 December 2020 £'000 Company	9 months ended 31 December 2019 £'000 Group	9 months ended 31 December 2019 £'000 Company
Staff costs for above persons:				
Wages and salaries	3,614	-	4,173	-
Social security costs	389	-	450	-
Cost of defined contribution scheme	307	-	369	-
	4,310	-	4,992	-

Qualter, Hall Holdings Limited

Notes to the financial statements for the period ended 31 December 2020

4 EMPLOYEES (CONTINUED)

DIRECTORS' REMUNERATION	Year ended 31 December 2020 £'000 Group	Year ended 31 December 2020 £'000 Company	9 months ended 31 December 2019 £'000 Group	9 months ended 31 December 2019 £'000 Company
Directors' emoluments	476	-	328	-
Company contribution to defined contribution pension scheme	51	-	42	-
	527	-	370	-
REMUNERATION OF HIGHEST PAID DIRECTOR				
Aggregate emoluments	130	-	104	-
Company contribution to defined contribution pension scheme	10	-	16	-
	140	-	120	-

The salaries of all people employed by Qualter, Hall Holdings Limited are recharged to Qualter, Hall & Company Limited in full.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 2020 £'000	9 months ended 31 December 2019 £'000
Bank interest payable	80	12
Other loan interest payable	142	98
RCF financing costs	33	28
Loan Note Interest	96	78
	351	216

Qualter, Hall Holdings Limited

Notes to the financial statements for the period ended 31 December 2020

6 EXCEPTIONAL COSTS

	Year ended 31 December 2020 £'000	9 months ended 31 December 2019 £'000
Restructuring Costs	7	205
Management Fees	110	119
Philippines (pre contract costs)	19	195
Pension Deficit - losses due to benefit changes – GMP equalisation	160	-
	296	519

Qualter, Hall Holdings Limited

Notes to the financial statements for the period ended 31 December 2020

7 TAXATION

	Year ended 31 December 2020 £'000	9 months ended 31 December 2019 £'000
Current tax		
Current tax	-	-
Adjustments in respect of prior years	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	1
Adjustments in respect of prior years	-	19
Total deferred tax	-	20
Total tax charge	-	20

The tax charge assessed for the period is higher than the standard rate of corporation tax in the UK of 19.0%.
The differences are explained by

	Year ended 31 December 2020 £'000	9 months ended 31 December 2019 £'000
Loss on ordinary activities before tax	(2,443)	(658)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19%	(464)	(123)
Effects of:		
Expenses not deductible for tax purposes	54	42
Effect of deferred tax provided at different rates	(50)	8
Deferred tax not recognised	460	74
Adjustments in respect of previous periods	-	19
Total tax charge for the period	-	20

Qualter, Hall Holdings Limited

Notes to the financial statements for the period ended 31 December 2020

8 DEFERRED TAXATION

The movement in the deferred taxation during the year was:

	Year ended 31 December 2020 £'000	9 months ended 31 December 2019 £'000
Provision brought forward	-	-
Profit & Loss movement arising during the year	-	1
Profit & Loss movement – Prior Year	-	19
Included in other comprehensive income	-	(20)
Provision carried forward	-	-

The Group's deferred taxation liability consists of the tax effect of timing differences in respect of:

	2020		2019	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Accelerated capital allowances	271	-	243	-
Short term timing differences	(271)	-	(243)	-
Provision deferred tax liability	-	-	-	-
Pension costs (note 25)	-	32	-	-
	-	32	-	-

The amount of the net reversal of deferred tax expected to occur next year is £nil, relating to the reversal of existing timing differences on tangible fixed assets and the origination of new timing differences on intangible fixed assets.

The Group has tax losses amounting to £5,940,580 carried forward indefinitely. At the end of the prior year, the Group had tax losses of £3,886,607. Deferred tax is not recognised in respect of the tax losses as it is not probable that they will be recovered against the reversal of deferred tax liabilities on future taxable profits in the foreseeable future.

The company has no actual or unprovided deferred tax.

Qualter, Hall Holdings Limited

Notes to the financial statements for the period ended 31 December 2020

9 INTANGIBLE FIXED ASSETS

	<i>Software</i>	<i>Development costs</i>	<i>Total</i>
	£'000	£'000	£'000
Cost			
At 31 December 2019	29	11	40
Additions	2	-	2
At 31 December 2020	31	11	42
Amortisation			
At 31 December 2019	(8)	(11)	(19)
Charged in the period	(9)	-	(9)
At 31 December 2020	(17)	(11)	(28)
Net Book Value			
At 31 December 2019	21	-	21
At 31 December 2020	14	-	14

Qualter, Hall Holdings Limited

Notes to the financial statements for the period ended 31 December 2020

10 TANGIBLE FIXED ASSETS

<i>Group</i>	<i>Freehold Land & Buildings £'000</i>	<i>Plant & Equipment £'000</i>	<i>Assets in Course of Construction £'000</i>	<i>Total £'000</i>
Cost				
At 31 December 2019	2,000	2,576	211	4,787
Acquisitions	-	-	-	-
Additions	2	235		237
Disposals	-	-	(211)	(211)
At 31 December 2020	2,002	2,811	-	4,813
Depreciation				
At 31 December 2019	(65)	(204)	-	(269)
Acquisitions	-	-	-	-
Charge for the period	(153)	(292)	-	(445)
At 31 December 2020	(218)	(496)	-	(714)
Net book value				
At 31 December 2019	1,935	2,372	211	4,518
Net book value				
At 31 December 2020	1,784	2,315	-	4,099

Included within freehold property is land of £243,000, which is not depreciated.

The company has no tangible fixed assets.

Qualter, Hall Holdings Limited

Notes to the financial statements for the period ended 31 December 2020

11 FIXED ASSET - INVESTMENTS

Investments in subsidiary
undertakings
£

Company

Cost or valuation

At 31 December 2019

1

Additions

-

At 31 December 2020

1

Net book value

At 31 December 2020

1

Subsidiary undertakings

The following were subsidiary undertakings of the Company (*denotes investments held indirectly):

<i>Name</i>	<i>Registered office</i>	<i>Class of share capital</i>	<i>Holding %</i>	<i>Activities</i>
Qualter, Hall Investments Limited	England	Ordinary	100	Engineering and Manufacturing
Qualter, Hall & Company Limited*	England	Ordinary	100	Engineering and Manufacturing
Qualter Hall Philippines, Inc*	Philippines	Ordinary	100	Engineering and Manufacturing

The registered office for Qualter, Hall Investments Limited and Qualter, Hall & Company Limited is 16 Johnson Street, Barnsley, South Yorkshire, S75 2BY.

The registered office of Qualter Hall Philippines, Inc is Level 26-A Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

Qualter, Hall Holdings Limited

Notes to the financial statements for the period ended 31 December 2020

12 NEGATIVE GOODWILL

	Negative goodwill
<i>Group</i>	£'000
Cost	
At 31 December 2019	(877)
Acquisitions	-
At 31 December 2020	(877)
Amortisation	
At 31 December 2019	49
Credit for the period	58
At 31 December 2020	107
Net book value	
At 31 December 2020	(770)

The amortisation of negative goodwill is recognised within amortisation.

The Company had no intangible fixed assets or negative goodwill in either period.

On 20 March 2019, the Company's subsidiary undertaking Qualter, Hall Investments Limited acquired the entire issued share capital of Qualter, Hall & Company Limited and its subsidiary undertakings for consideration of £1,514,000. The transaction was accounted for using the acquisition method of accounting.

At the date of acquisition, the assets and liabilities of Qualter, Hall & Company Limited were consolidated at their fair values to the Group as set out below:

Qualter, Hall Holdings Limited

Notes to the financial statements for the period ended 31 December 2020

12 NEGATIVE GOODWILL (CONTINUED)

	Book Value £'000	Fair Value Adjustments £'000	Provisional Fair Value £'000
Fixed Assets	4,250	523	4,773
Stock	381	-	381
Debtors	3,334	-	3,334
Creditors	(6,097)	-	(6,097)
	1,868	523	2,391
Negative Goodwill			(877)
Consideration paid			1,514

The consideration paid is broken down by cash £1,207,000 and transaction costs of £307,000.

Qualter, Hall Holdings Limited

Notes to the financial statements for the period ended 31 December 2020

13	STOCKS	2020 £'000	2019 £'000
	<i>Group</i>		
	Raw materials	10	108
		10	108

Stock impairment losses for the period amounted to £98,000.

Stocks above relate to the Group undertaking. The company had no stocks.

14	DEBTORS	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
	Trade debtors	453	1,230	-	-
	Amounts recoverable on contracts	419	458	-	-
	Other Debtors	127	138	-	-
	Prepayments and accrued income	412	580	-	-
	Research and Development Tax Credit	-	109	-	-
	Corporation Tax Recoverable	-	109	-	-
	Amounts Owed by Subsidiary Undertakings	-	-	1	1
		1,411	2,624	1	1

Qualter, Hall Holdings Limited

Notes to the financial statements for the period ended 31 December 2020

15 CASH AND CASH EQUIVALENTS

<i>Group</i>	2020	2019
	£'000	£'000
Cash at bank and in hand	2,044	1
Less bank overdraft (note 16)	-	(1,765)
	2,044	(1,764)

The company does not hold cash. All cash is held in Qualter, Hall & Company Ltd.

16 CREDITORS: AMOUNTS FALLING DUE BEFORE ONE YEAR

	Group	Group	Company	Company
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Bank overdrafts	-	1,765	-	-
Trade creditors	375	957	-	-
Other taxation and social security	819	619	-	-
Other creditors	584	192	-	-
Payments on account	2,861	347	-	-
Accruals	673	344	-	-
Deferred Income	10	10	-	-
Due to Group Undertakings	-	-	-	-
Due to Loan Note holders	144	-	-	-
	5,466	4,234	-	-

The Group's bank, HSBC plc, have security against the freehold land, the Group's fixtures and fittings, fixed plant and machinery, all book debts and patents and trademarks.

Qualter, Hall Holdings Limited

Notes to the financial statements for the period ended 31 December 2020

17 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Deferred Income	96	102	-	-
Revolving credit facility - Enact	1,992	1,564	-	-
Coronavirus Business Interruption Loan (CBILs)	1,000	-	-	-
Loan Notes	1,207	1,207	-	-
	4,295	2,873	-	-

Deferred income falling due after more than one year comprise three grants, one for plant and machinery and two for buildings which are being released to the statement of comprehensive income over the life of the assets.

Included within other borrowings are advances related to a secured revolving credit facility which provides advances of up to £3,000,000. £2,000,000 of the facility is due to mature in November 2026 and therefore is repayable other than by instalments in 2-6 years from the balance sheet date. The remaining part of the RCF (£1,000,000) is due to mature in November 2021 but has not yet been utilised by the company. Interest is charged on outstanding balances at 8% per annum. The revolving credit facility is secured by way of a fixed and floating charge over the assets of the company.

The CBILs loan is repayable 13 months after the date of the draw down (November 2020) and is repayable in 59 equal monthly instalments. The loan is subjected to a fixed interest rate of 4.69% following an initial one-year interest free period.

Qualter, Hall Holdings Limited

Notes to the financial statements for the period ended 31 December 2020

18 RELATED PARTY DISCLOSURES

Remuneration of key management personnel of the Group is as follows:

	Year ended 31 December 2020 £'000	9 months ended 31 December 2019 £'000
Aggregate Compensation	532	479

Transactions relating to the Qualter, Hall Group of Companies

	Year ended 31 December 2020 £'000 Group	Year ended 31 December 2020 £'000 Company	9 months ended 31 December 2019 £'000 Group	9 months ended 31 December 2019 £'000 Company
Enact	248	-	291	-

Cross Guarantees are provided to Endless LLP across the Qualter, Hall Group of Companies comprising of Qualter, Hall Holdings Limited, Qualter, Hall Investments Limited and Qualter, Hall & Co Limited, in respect of facilities disclosed in Note 17.

Qualter, Hall Holdings Limited

Notes to the financial statements for the period ended 31 December 2020

19 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's ultimate controlling party at the balance sheet date was Enact II GP LLP (Enact II GP LLP acts as a nominee of the funds pursuant to the co-investment agreement dated 16 April 2019), a subsidiary of Endless LLP.

20 CONTINGENCIES

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
In respect of performance bonds and bank guarantees to customers	3,520	-	3,110	-

The performance bond and guarantee given by HSBC Bank Plc to the Group is secured by a fixed and floating charge over the assets of the Group. This is subordinate to the fixed charge over the Group's freehold land and buildings and the floating charge over the whole of the assets of the Group given to HSBC Bank Plc.

21 LEASING COMMITMENTS

The Group's future minimum operating lease payments are as follows:

	Group 2020 £'000	Group 2019 £'000
Within one year	116	130
Between one and five years	67	52
	183	182

The company has no lease commitments.

Qualter, Hall Holdings Limited

Notes to the financial statements for the period ended 31 December 2020

22	SHARE CAPITAL	2020 £'000	2019 £'000
	Authorised:		
	79,900 ordinary A shares of £0.01 each	1	1
	20,000 ordinary B share of £0.01 each	-	-
	99,900 ordinary shares of £0.01 each	1	1
		2020	2019
		No £'000	No £'000
	Allotted, issued and fully paid:		
	99,900 ordinary shares of £0.01 each	99,900 1	99,900 1

At incorporation on 14 February 2019, the company had 1 ordinary share with a nominal value of £1.

On the 20 March 2019, 1 ordinary shares of £1 nominal value were subdivided into 100 ordinary shares of £0.01 nominal value each.

On the same date, the 100 ordinary shares of £0.01 nominal value were converted into ordinary A shares.

Also on 20 March 2019, the company allotted 79,900 ordinary A shares with a nominal value of £0.01 per share, and 20,000 ordinary B shares with nominal value of £0.01.

A Ordinary shares and B Ordinary shares are non-redeemable. All Ordinary shares issued during the period were for cash consideration.

No dividend shall be declared, made, or paid in respect of these A ordinary shares without consent of the investors. The ordinary A shares shall rank pari passu with the B ordinary shares in the Company with regards to voting rights, capital distribution, dividends and realisations.

Qualter, Hall Holdings Limited

Notes to the financial statements for the period ended 31 December 2020

23 FINANCIAL INSTRUMENTS

The carrying value of financial instruments at 31 December 2020 were:

Financial assets	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Measured at amortised cost:				
Trade debtors	453	1,230	-	-
Amounts recoverable on contracts	419	458	-	-
Other Debtors	127	138	-	-
Amounts Owed by Subsidiary undertakings	-	-	-	1
Cash at bank and in hand	2,044	-	-	-
	3,043	1,826	1	1
Financial liabilities	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Measured at amortised cost:				
Bank overdrafts	-	1,765	-	-
Trade creditors	375	957	-	-
Other creditors	584	192	-	-
Accruals	673	346	-	-
Loan notes	1,207	1,207	-	-
Revolving credit facility	1,992	1,564	-	-
CBILs Loan	1,000	-	-	-
	5,831	6,031	-	-

Qualter, Hall Holdings Limited

Notes to the financial statements for the period ended 31 December 2020

24 CASH GENERATED FROM OPERATIONS

	Year ended 31 December 2020 £'000	9 months ended 31 December 2019 £'000
(Loss)/Profit for the period	(2,345)	(678)
Income tax credit		(20)
Finance Costs	255	216
Amortisation and impairment of intangible asset	(49)	(30)
Depreciation and impairment of tangible assets	445	542
Pension scheme non-cash movement	152	(6)
Movements in working capital:		
Decrease/(increase) in debtors	995	928
(Decrease)/increase in creditors	2,763	(1,762)
 Cash generated from/ (absorbed by) operations	 2,216	 (810)

Qualter, Hall Holdings Limited

Notes to the financial statements for the period ended 31 December 2020

25 PENSION COMMITMENTS

Defined contribution pension scheme

The Group operates a defined contribution pension scheme through a subsidiary company, Qualter, Hall & Co Limited. The pension costs charge includes contributions payable during the period which amounted to £198,753 (2019: £254,881). There were outstanding prepaid contributions of £1,632 (2019: £43,636) at the end of the year.

Defined benefit pension scheme

Prior to 1 April 1997, a Group subsidiary company Qualter, Hall & Co Limited operated a defined benefit pension plan prior to the formation of the Group. At 1 April 1997, the plan was converted into a defined contribution plan and active members at that date were transferred to the defined contribution plan. The benefits for deferred members remained defined salary benefits. The subsidiary company Qualter, Hall & Co Limited, currently runs a hybrid pension plan, which consists of a defined benefit and a defined contribution plan. Benefits for all active members are provided on a defined contribution basis. Contributions are charged to the profit and loss account as they arise and the charge for the year was £198,753 (2019: £254,881). In relation to the defined benefit section of the hybrid plan the pension cost for the year was £nil (2019: £nil).

On formation of the Group, Qualter, Hall Holdings Limited through its subsidiary Qualter, Hall Investments Limited, acquired the schemes assets and liabilities.

The expected return on assets is based in the average of the expected rate of return from each asset class, weighted by the scheme's defined benefit asset holdings.

A full actuarial valuation was carried out as at 31 December 2019. The next actuarial valuation is due as at 31 December 2022.

	2020 £'000	2019 £'000
Benefit obligation at start of period	10,529	10,228
Expenses	-	-
Interest expenses	17	24
Actuarial losses (gains)	106	116
Benefits paid	(270)	(32)
Money Purchase section movements	(1,400)	193
Losses due to benefit changes	160	-
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Benefit obligation at end of year	9,142	10,529
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Qualter, Hall Holdings Limited

Notes to the financial statements for the period ended 31 December 2020

25 PENSION COMMITMENTS *(continued)*

	2020 £'000	2019 £'000
Reconciliation of fair value of plan assets:		
Fair value of plan assets at start of year	10,574	10,204
Interest income	18	24
Actuarial gains/(losses)	41	155
Contributions by the company	8	30
Benefits paid	(270)	(32)
Money Purchase section movements	(1,400)	193
	<hr/>	<hr/>
Fair value of plan assets at end of year	8,971	10,574
	<hr/>	<hr/>
Actual return on scheme assets	59	179
	<hr/>	<hr/>
Composition of plan assets:		
	2020 £'000	2019 £'000
Equity	4,798	6,025
Bond	3,735	4,140
Cash & other	438	418
	<hr/>	<hr/>
Total plan assets	8,971	10,583
	<hr/>	<hr/>
Present value of plan liabilities:		
	2020 £'000	2019 £'000
Fair value of plan assets	8,971	10,574
Present value of benefit obligation	(9,142)	(10,529)
	<hr/>	<hr/>
(Deficit)/surplus of plan	(171)	45
Surplus not considered recoverable	-	(45)
	<hr/>	<hr/>
NET PENSION SCHEME (LIABILITY)/ASSET	(171)	-
	<hr/>	<hr/>

Qualter, Hall & Company Limited
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 December 2020

25 PENSION COMMITMENTS *(continued)*

	2020	2019
	£'000	£'000
The amounts recognised in statement of comprehensive income are as follows:		
Return on scheme assets	41	155
Experience gains and losses arising on the scheme liabilities	(28)	(13)
Effects of change in the demographic and financial assumptions underlying the present value of scheme liabilities	(78)	(103)
Effects of change in the amount of surplus that is not recoverable	46	(45)
	<hr/>	<hr/>
Total	(19)	(6)
	<hr/>	<hr/>
Composition of plan assets:	2020	2019
	%	%
Equity	36	30
Bond	61	67
Cash	3	3
	<hr/>	<hr/>
Total plan assets	100	100
	<hr/>	<hr/>

The group expects to contribute £83,000 to its Defined benefit pension scheme in 2020.

The principal actuarial assumptions as at the balance sheet date were:

	2020	2019
	%	%
Rate of discount	1.4	2.0
Inflation (RPI)	3.0	2.9
Inflation (CPI)	2.4	2.1
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.4	2.1
Allowance for pension in payment of CPI or 5% p.a. if less	2.0	1.8

Qualter, Hall & Company Limited
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 December 2020

25 PENSION COMMITMENTS *(continued)*

The mortality assumptions adopted at 31 December 2020 imply the following life expectations:

	2020 Years	2019 Years
Male retiring at age of 65 in 2019	20.4	21.6
Female retiring at age of 65 in 2019	22.1	23.5
Male retiring at age of 65 in 2039	21.4	22.6
Female retiring at age of 65 in 2039	23.4	24.7