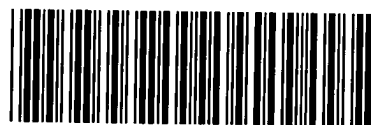


A & M ENERGY SOLUTIONS LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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FOR THE YEAR ENDED 31 DECEMBER 2020**

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A & M ENERGY SOLUTIONS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020**

DIRECTORS:

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

SECRETARY:

Mr J J Mansfield

REGISTERED OFFICE:

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

REGISTERED NUMBER:

01118343 (England and Wales)

AUDITORS:

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

BANKERS:

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

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their strategic report for the year ended 31 December 2020.

The company's principal activity is the installation of cavity wall and loft insulation.

REVIEW OF BUSINESS

Turnover of the business for the year showed a downturn on the prior 18 month period at £12,985,052 (2018/19 - £32,023,785).

Volumes within the retrofit sector remain low and the Directors are disappointed that the Government's Green Homes Grant scheme was prematurely closed to new applications from 31 March 2021 however the company continues to complete work under the Energy Company Obligation (ECO) and eagerly awaits confirmation of the scheme rules for ECO4 which is understood to run from 1 April 2022 through to 31 March 2026.

Operating profit percentage improved over the prior period at 15.5% of turnover (2018/19 - 10.0%).

Profit before tax showed a significant improvement at £2,036,510 (15.7% of turnover) from £826,852 (2.6% of turnover) in 2018/19 in part as a result of the provisions made in the prior period for the ongoing costs of defending and settling claims in respect of historical insulation installations.

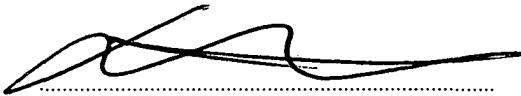
PRINCIPAL RISKS AND UNCERTAINTIES

The effect of the COVID lockdown caused installations of insulation to cease altogether in April 2020 however the directors are pleased to report that volumes had recovered to pre-lockdown levels by September 2020.

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

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

ON BEHALF OF THE BOARD:



Mr J J Mansfield - Secretary

Date: 18th June 2021

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report with the financial statements of the company for the year ended 31 December 2020.

DIVIDENDS

The total distribution of dividends for the period ended 31 December 2020 will be £1,308,730.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

ON BEHALF OF THE BOARD:



Mr J J Mansfield - Secretary

Date: 18th June 2021

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

Opinion

We have audited the financial statements of A & M Energy Solutions Limited (the 'company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 company's affairs as at 31 December 2020 and of its 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 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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

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

Responsibilities of directors

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Our approach was as follows:

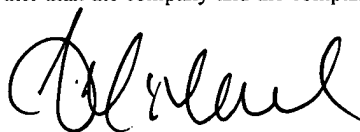
- Discussions with management and those involved in the financial reporting process including consideration of known or suspected instances of non-compliance with laws and regulations central to the company's ability to operate, and fraud;
 - Evaluation and testing of the operating effectiveness of management's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

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

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

Use of our report

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



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

Date: 2/6/21

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

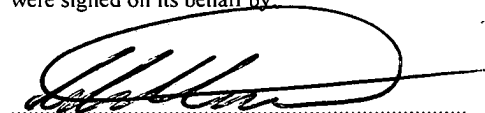
		Year Ended 31/12/20		Period 1/7/18 to 31/12/19	
	Notes	£	£	£	£
TURNOVER	3		12,985,052		32,023,785
Cost of sales			7,630,348		19,387,333
GROSS PROFIT			5,354,704		12,636,452
Distribution costs		753,272		1,839,575	
Administrative expenses		2,585,607		7,589,800	
			3,338,879		9,429,375
OPERATING PROFIT	5		2,015,825		3,207,077
Exceptional item	6		13,644		(2,382,368)
			2,029,469		824,709
Dividends received		686		26	
Interest receivable and similar income		6,355		2,117	
			7,041		2,143
PROFIT BEFORE TAXATION			2,036,510		826,852
Tax on profit	7		386,948		97,364
PROFIT FOR THE FINANCIAL YEAR			1,649,562		729,488
OTHER COMPREHENSIVE INCOME			-		-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			1,649,562		729,488

The notes form part of these financial statements

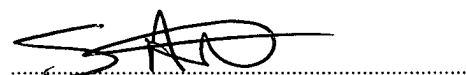
BALANCE SHEET
31 DECEMBER 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible assets	9	128,083	182,397
Investments	10	100	100
		<u>128,183</u>	<u>182,497</u>
CURRENT ASSETS			
Stocks	11	-	424,068
Debtors	12	5,053,638	6,678,419
Cash at bank		1,938,516	350,944
		<u>6,992,154</u>	<u>7,453,431</u>
CREDITORS			
Amounts falling due within one year	13	1,559,044	1,648,198
		<u>1,559,044</u>	<u>1,648,198</u>
NET CURRENT ASSETS		<u>5,433,110</u>	<u>5,805,233</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,561,293</u>	<u>5,987,730</u>
PROVISIONS FOR LIABILITIES	15	753,070	1,520,339
		<u>753,070</u>	<u>1,520,339</u>
NET ASSETS		<u>4,808,223</u>	<u>4,467,391</u>
CAPITAL AND RESERVES			
Called up share capital	16	100	100
Retained earnings	17	4,808,123	4,467,291
		<u>4,808,223</u>	<u>4,467,391</u>
SHAREHOLDERS' FUNDS		<u>4,808,223</u>	<u>4,467,391</u>

The financial statements were approved by the Board of Directors and authorised for issue on 18th June 2021 and were signed on its behalf by:



Mr G K Mollard - Director



Mr S Atherton - Director

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

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 July 2018	100	8,382,627	8,382,727
Changes in equity			
Dividends	-	(4,644,824)	(4,644,824)
Total comprehensive income	-	729,488	729,488
Balance at 31 December 2019	100	4,467,291	4,467,391
Changes in equity			
Dividends	-	(1,308,730)	(1,308,730)
Total comprehensive income	-	1,649,562	1,649,562
Balance at 31 December 2020	100	4,808,123	4,808,223

The notes form part of these financial statements

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

1. STATUTORY INFORMATION

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

2. ACCOUNTING POLICIES

General information and basis of preparation

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

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

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

Preparation of consolidated financial statements

The financial statements contain information about A & M Energy Solutions Limited as an individual company and do not contain consolidated information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, A & M Energy Group Limited, a company incorporated in England and Wales.

Related party exemption

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

Significant judgements and estimates

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

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

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

Provision for historic installation claims

In recent years the company has received numerous claims in respect of historic cavity wall insulation installations. The provision in respect of these claims is calculated based on the outcomes of previous claims that are now closed and the costs incurred in settling those claims.

Bad debt provision

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

Dilapidation provision

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

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

2. ACCOUNTING POLICIES - continued

Turnover and other income

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

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

Installations

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

Interest receivable

Interest income is recognised using the effective interest method.

Tangible fixed assets

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

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

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

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

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost less impairment in the financial statements.

Stocks

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

Taxation

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

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

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

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

2. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

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

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

Employee benefits

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

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

Debtors and creditors receivable / payable within one year

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

Provisions

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

Related parties

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

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

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

Going concern

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

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

3. TURNOVER

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

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

4. EMPLOYEES AND DIRECTORS

	Year Ended 31/12/20 £	Period 1/7/18 to 31/12/19 £
Wages and salaries	335,110	5,047,025
Social security costs	34,697	526,241
Other pension costs	8,803	87,372
	<u>378,610</u>	<u>5,660,638</u>

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

	Year Ended 31/12/20	Period 1/7/18 to 31/12/19
Administration	6	40
Direct	4	67
	<u>10</u>	<u>107</u>

	Year Ended 31/12/20 £	Period 1/7/18 to 31/12/19 £
Directors' remuneration	-	522,565

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

Money purchase schemes	-	5
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5. OPERATING PROFIT

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

	Year Ended 31/12/20 £	Period 1/7/18 to 31/12/19 £
Other operating leases	659,605	1,205,723
Depreciation - owned assets	76,904	386,980
(Profit)/loss on disposal of fixed assets	(877)	67,525
Auditors' remuneration	18,500	20,000
Auditors' remuneration for non audit work	3,675	13,800

6. EXCEPTIONAL ITEM

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

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

7. TAXATION**Analysis of the tax charge**

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

	Year Ended 31/12/20 £	Period 1/7/18 to 31/12/19 £
Current tax:		
UK corporation tax	397,000	137,500
Prior periods	(52)	(2,136)
Total current tax	396,948	135,364
Deferred tax	(10,000)	(38,000)
Tax on profit	<u>386,948</u>	<u>97,364</u>

Reconciliation of total tax charge included in profit and loss

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

	Year Ended 31/12/20 £	Period 1/7/18 to 31/12/19 £
Profit before tax	<u>2,036,510</u>	<u>826,852</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	386,937	157,102
Effects of:		
Expenses not deductible for tax purposes	99	180
Income not taxable for tax purposes	(130)	(5)
Depreciation in excess of capital allowances	10,082	38,143
Adjustments to tax charge in respect of previous periods	(52)	(2,136)
Group relief	-	(57,971)
Corporation tax rounding	12	51
Deferred tax	(10,000)	(38,000)
Total tax charge	<u>386,948</u>	<u>97,364</u>

8. DIVIDENDS

	Year Ended 31/12/20 £	Period 1/7/18 to 31/12/19 £
Ordinary shares of £1 each		
Dividends paid	<u>1,308,730</u>	<u>4,644,824</u>

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

9. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Office equipment and computers £	Motor vehicles £	Totals £
COST					
At 1 January 2020	192,420	494,064	244,317	41,900	972,701
Additions	-	12,500	10,463	-	22,963
Disposals	-	(2,800)	-	-	(2,800)
At 31 December 2020	192,420	503,764	254,780	41,900	992,864
DEPRECIATION					
At 1 January 2020	177,441	383,594	187,369	41,900	790,304
Charge for year	6,066	44,073	26,765	-	76,904
Eliminated on disposal	-	(2,427)	-	-	(2,427)
At 31 December 2020	183,507	425,240	214,134	41,900	864,781
NET BOOK VALUE					
At 31 December 2020	8,913	78,524	40,646	-	128,083
At 31 December 2019	14,979	110,470	56,948	-	182,397

10. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2020 and 31 December 2020	100
NET BOOK VALUE	
At 31 December 2020	100
At 31 December 2019	100

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

Homewarm Limited

Registered office: United Kingdom

Nature of business: Dormant

	% holding	2020 £	2019 £
Class of shares:	100.00		
Ordinary		100	100
Aggregate capital and reserves		100	100

11. STOCKS

	2020 £	2019 £
Insulation stocks and consumables	-	424,068

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

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade debtors	4,537,949	4,532,688
Other debtors	100,553	426,690
Amounts owed by group undertakings	-	1,308,730
Corporation tax	365,524	322,999
Prepayments and accrued income	49,612	87,312
	<u>5,053,638</u>	<u>6,678,419</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	331,878	684,771
Corporation tax	219,163	-
Social security and other taxes	35,526	34,667
Other creditors	4,572	524
Amounts due to group undertakings	69,956	-
Accruals and deferred income	897,949	928,236
	<u>1,559,044</u>	<u>1,648,198</u>

14. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020	2019
	£	£
Within one year	47,488	25,750
Between one and five years	166,708	230,975
	<u>214,196</u>	<u>256,725</u>

15. PROVISIONS FOR LIABILITIES

	2020	2019
	£	£
Deferred tax	23,000	33,000
Provision for historic installation claims	730,070	1,487,339
	<u>753,070</u>	<u>1,520,339</u>
	Deferred tax	Other provisions
	£	£
Balance at 1 January 2020	33,000	1,487,339
Movement in year	(10,000)	(757,269)
Balance at 31 December 2020	<u>23,000</u>	<u>730,070</u>

Deferred tax is solely in respect of accelerated capital allowances.

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

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

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2020 £	2019 £
Number:	Class:			
100	Ordinary	£1	<u>100</u>	<u>100</u>

17. RESERVES

	Retained earnings £
At 1 January 2020	4,467,291.
Profit for the year	1,649,562
Dividends	<u>(1,308,730)</u>
At 31 December 2020	<u>4,808,123</u>

18. PENSION COMMITMENTS

During the period the company made contributions to a defined contribution pension scheme for the benefit of its employees. The total cost for the period amounted to £8,803 (2019 - £109,572).

19. ULTIMATE PARENT COMPANY

The company's ultimate parent company is A & M Energy Group Limited, a company incorporated in England & Wales.

Ultimate control rests with the board of directors of A & M Energy Group Limited.

20. CONTINGENT LIABILITIES

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

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

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

21. RELATED PARTY DISCLOSURES

The company rents two of the premises from which it trades from certain directors and their close family members. The amount paid during the period amounted to £85,500 (2019 - £130,383).

No compensation was paid to key management personnel during the year. However during the period ended 31 December 2019 a total of key management personnel compensation of £522,565 was paid.