

## **Renelec Hennion Limited**

Annual Report and Financial Statements

Year Ended

30 September 2022

Company Number 05817190

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# Renelec Hennion Limited

## Company Information

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<b>Directors</b>	A P Mills M G Reeves
<b>Company secretary</b>	A K Harper
<b>Registered number</b>	05817190
<b>Registered office</b>	Brownston House New Park Street Devizes Wiltshire SN10 1DS
<b>Independent auditor</b>	BDO LLP Bridgewater House Counterslip Bristol BS1 6BX
<b>Bankers</b>	Svenska Handelsbanken AB (publ) Stella Building Windmill Hill Business Park Whitehill Way Swindon SN5 6NX

# Renelec Hennion Limited

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# **Renelec Hennion Limited**

## **Strategic Report For the Year Ended 30 September 2022**

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The directors present their Strategic Report together with the audited financial statements for the year ended 30 September 2022.

### **Review of the business**

This year has been extremely challenging in a variety of areas. Two contracts which were due to start early on in the year, were both significantly delayed by the main client which affected both turnover and profit. Material price inflation in the early part of 2022 was every month, this stabilised towards the end of the financial year but still had a major impact on profitability as we were unable to claim the majority of this from the main client. Turnover decreased by 19.9% and gross profit by 8.1% resulting in a significant loss for the year.

The directors have reviewed areas of the business to improve and have implemented changes in the tendering process, buying and contract management. The benefits of which are already being seen post year end which is encouraging.

At year-end the future order book stood at £2.1m but has already exceed £3m post year-end, prior to signing the accounts.

The company were rewarded on two occasions in the year for "Contractor of the Month" on the same site.

### **Principal risks and uncertainties**

The construction industry is influenced by various factors outside the company's control. These would include government intervention, confidence, unemployment, inflation, interest rates and labour.

To mitigate the impact of the constant price increases we have reduced the fixed price period and will ensure this is reviewed regularly.

The availability of skilled labour also impacts our business as there is a shortage of all trades. Renelec Group look to train all their workforce to high standards and actively encourage an apprenticeship programme.

Retentions is a significant consideration in terms of cash flow and when they fall due, great emphasis is put collection to ensure this does not impact the liquidity of the company.

Given that the company works on construction sites which are inherently dangerous we take the health and safety of our employees, subcontractors, clients and general public as of paramount importance. We strive to ensure that all our stakeholders are well trained, kept up to date on new legalisation and encourage a zero-harm environment in which they operate in.

To mitigate both risk and uncertainty relationships with client and suppliers need to be maintained and new client and procurement opportunities developed.

# Renelec Hennion Limited

## Strategic Report (continued) For the Year Ended 30 September 2022

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### Financial key performance indicators

The directors monitor the company's progress against its strategic objectives and the financial performance of the company's operations on a regular basis producing monthly management accounts. Two key financial performance indicators are turnover (growth) and gross profit % (profitability).

For the year ended 30 September 2022, turnover was £2,886,105 (2021 - £3,601,933), this represents a 19.9% decrease on the previous year.

Gross profit % for the year ended 30 September 2022 was 9.1% (2021 - 17.2%), this represents a 8.1% decrease on the previous year.

The company is forecasting an increase in turnover to around £4.2m for the forthcoming year, which is a 45% increase on the current year.

The forecast GP margin of 9.1% considers current inflationary pressures and is therefore prudent. The company will make every effort to improve further, through procurement savings and contract efficiencies and the recent changes implemented.

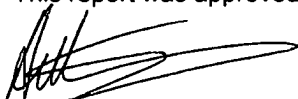
### Going concern

The directors prepare both budgets and cash flow forecasts for a period extending to at least twelve months from the date of approval of these financial statements. The directors are satisfied that those forecasts, which take account of trading performance, secured turnover and tendered contracts, provide a reasonable expectation that the company can continue in operational existence for the foreseeable future. For this reason, the company continues to adopt the going concern basis.

This report was approved by the board on

29 March 2023

and signed on its behalf by:



**A K Harper**  
Secretary

# Renelec Hennion Limited

## Directors' Report For the Year Ended 30 September 2022

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The directors present their report together with the audited financial statements for the year ended 30 September 2022.

### Business review

A review of the business and its principal risks and uncertainties is set out in the Strategic Report on page 1 of these financial statements.

### Results and dividends

The loss for the year, after taxation, amounted to £162,673 (2021 - profit of £45,461).

Dividends of £60,000 were declared and paid in the year (2021 - £Nil).

### Directors

The directors who served during the year were:

B G Crew (resigned 31 January 2022)  
A P Mills  
M G Reeves

### Disclosure of information to auditor

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

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

This report was approved by the board on

29 March 2023

and signed on its behalf by:



**A K Harper**  
Secretary

# **Renelec Hennion Limited**

## **Directors' Responsibilities Statement For the Year Ended 30 September 2022**

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The directors are responsible for preparing the Strategic Report, 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 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; and
- 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.

# Renelec Hennion Limited

## Independent Auditor's Report to the Members of Renelec Hennion Limited

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### Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2022 and of its loss 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.

We have audited the financial statements of Renelec Hennion Limited ("the Company") for the year ended 30 September 2022 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Notes to the Financial Statements 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).

### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

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.

### 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.



# **Renelec Hennion Limited**

## **Independent Auditor's Report to the Members of Renelec Hennion Limited (continued)**

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### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report 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.

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.

### **Other Companies Act 2006 reporting**

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.

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 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, 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.

### **Responsibilities of directors**

As explained more fully in the Directors Responsibilities Statement, 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 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.

# Renelec Hennion Limited

## Independent Auditor's Report to the Members of Renelec Hennion Limited (continued)

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### 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.

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- we obtained an understanding of the legal and regulatory frameworks that are applicable to the Company. These included but were not limited to compliance with the Companies Act 2006, UK GAAP and tax legislation;
- in addressing the risk of fraud, including the risk of management override of controls and the risk of fraud in revenue recognition, we performed journals testing based on a set of risk criteria and tested to supporting documentation;
- we tested a sample of contracts for which estimates are made in connection with the stage of completion which can impact on the amount of revenue and profit recognised;
- we incorporated unpredictability procedures as part of our response to the risk of management override of controls;
- we made enquiries of management; and
- we remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# Renelec Hennion Limited

## Independent Auditor's Report to the Members of Renelec Hennion Limited (continued)

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### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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.

DocuSigned by:

*Steve Jordan*

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**Steve Jordan** (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Bristol

United Kingdom

Date: 29 March 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Renelec Hennion Limited

## Statement of Comprehensive Income For the Year Ended 30 September 2022

	Note	2022 £	2021 £
Turnover	4	2,886,105	3,601,933
Cost of sales		(2,623,915)	(2,981,566)
<b>Gross profit</b>		<b>262,190</b>	<b>620,367</b>
Administrative expenses		(456,729)	(577,472)
Other operating income	5	-	12,321
<b>Operating (loss)/profit</b>	6	<b>(194,539)</b>	<b>55,216</b>
Interest receivable and similar income		-	1,398
Interest payable and similar charges		(5,344)	-
<b>(Loss)/profit before tax</b>		<b>(199,883)</b>	<b>56,614</b>
Tax on (loss)/profit	10	37,210	(11,153)
<b>(Loss)/profit for the financial year</b>		<b>(162,673)</b>	<b>45,461</b>

The results stated above are derived from continuing activities.

There was no other comprehensive income for 2022 (2021 - £Nil).

The notes on pages 12 to 24 form part of these financial statements.

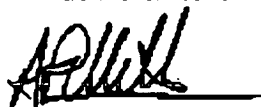
**Renelec Hennion Limited**

Registered number: 05817190

**Statement of Financial Position  
As at 30 September 2022**

	Note	2022 £	2022 £	2021 £	2021 £
<b>Fixed assets</b>					
Tangible assets	12		927		2,020
<b>Current assets</b>					
Stocks	13	93,756		33,915	
Debtors: amounts falling due within one year	14	1,293,964		1,054,050	
Cash at bank and in hand		54		277,520	
		<u>1,387,774</u>		<u>1,365,485</u>	
Creditors: amounts falling due within one year	15	(1,355,558)		(1,111,543)	
<b>Net current assets</b>			32,216		253,942
<b>Provisions for liabilities</b>					
Deferred taxation	16		-		(146)
<b>Net assets</b>			<u>33,143</u>		<u>255,816</u>
<b>Capital and reserves</b>					
Called up share capital	17	1,000		1,000	
Profit and loss account	18	32,143		254,816	
<b>Total equity</b>			<u>33,143</u>		<u>255,816</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 March 2023



**A P Mills**  
Director

The notes on pages 12 to 24 form part of these financial statements.

# Renelec Hennion Limited

## Statement of Changes in Equity For the Year Ended 30 September 2022

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2021	1,000	254,816	255,816
<b>Comprehensive loss for the year</b>			
Loss for the year	-	(162,673)	(162,673)
<b>Total comprehensive loss for the year</b>	-	(162,673)	(162,673)
<b>Contributions by and distributions to owners</b>			
Dividends: Equity capital	-	(60,000)	(60,000)
<b>Total transactions with owners</b>	-	(60,000)	(60,000)
<b>At 30 September 2022</b>	<b>1,000</b>	<b>32,143</b>	<b>33,143</b>

## Statement of Changes in Equity For the Year Ended 30 September 2021

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2020	1,000	209,355	210,355
<b>Comprehensive income for the year</b>			
Profit for the year	-	45,461	45,461
<b>Total comprehensive income for the year</b>	-	45,461	45,461
<b>At 30 September 2021</b>	<b>1,000</b>	<b>254,816</b>	<b>255,816</b>

The notes on pages 12 to 24 form part of these financial statements.

# Renelec Hennion Limited

## Notes to the Financial Statements For the Year Ended 30 September 2022

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### 1. General information

Renelec Hennion Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act. The address of the registered office is given on the Company Information page and the nature of the company's operations and its principal activity are set out in the Strategic Report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

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

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

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

#### 2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A and 12.30; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Renelec Limited as at 30 September 2022 and these financial statements may be obtained from Brownston House, New Park Street, Devizes, Wiltshire, SN10 1DS.

# **Renelec Hennion Limited**

## **Notes to the Financial Statements For the Year Ended 30 September 2022**

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

#### **2.3 Going concern**

The directors prepare both budgets and cash flow forecasts for at least 12 months from approval of these financial statements and they are satisfied that those forecasts provide a reasonable expectation that the company can continue in operational existence for the foreseeable future.

The forecasts prepared take account of current market conditions including the impact of higher interest rates and inflation, post year end trading performance, secured turnover and tendered contracts. The directors have also considered the amount by which turnover is required to fall such that the business may not be able to meet its liabilities as they fall due and on the basis of post year end trading to date, the current order book and market expectations, they consider chance of such a significant fall in turnover to be remote. Management continually reviews credit terms offered to customers and outstanding balances.

The result of these reviews is that the directors are satisfied that the company can meet its liabilities as they fall due for a period of at least 12 months from approval of the financial statements and therefore it is appropriate to prepare the financial statements on a going concern basis.

#### **2.4 Turnover**

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

##### **Rendering of services**

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

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



# **Renelec Hennion Limited**

## **Notes to the Financial Statements For the Year Ended 30 September 2022**

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

#### **2.4 Turnover (continued)**

##### **Rendering of services (continued)**

On contracts that are forecast to be profitable, profit is taken on the basis of the value of work carried out at the Statement of Financial Position date, taking into account the stage of completion of the contract and total expected costs at the various stages of the contract. Turnover derived from variations on contracts are recognised only when they have been accepted by the customer.

On contracts that are forecast to be loss-making, all of the loss is recognised as soon as it is foreseen irrespective of the stage of completion of the contract.

#### **2.5 Tangible fixed assets**

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

Depreciation is provided on the following basis:

Fixtures, fittings, tools & equipment	- 3 to 5 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

#### **2.6 Stocks**

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

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in Statement of Comprehensive Income.

#### **2.7 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.

# Renelec Hennion Limited

## Notes to the Financial Statements For the Year Ended 30 September 2022

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### 2. Accounting policies (continued)

#### 2.8 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to and from related parties.

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

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

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the 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.

#### 2.9 Cash and cash equivalents

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

#### 2.10 Creditors

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

#### 2.11 Government grants

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

# **Renelec Hennion Limited**

## **Notes to the Financial Statements For the Year Ended 30 September 2022**

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

#### **2.12 Finance costs**

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

#### **2.13 Dividends**

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.

#### **2.14 Operating leases: the company as lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

#### **2.15 Pensions**

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

The company 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 payment obligations.

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.

#### **2.16 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

# **Renelec Hennion Limited**

## **Notes to the Financial Statements For the Year Ended 30 September 2022**

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

#### **2.17 Current and deferred taxation**

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates 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 tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

In preparing these financial statements, the directors have not made any material judgements in applying accounting policies.

Key sources of estimation uncertainty:

- Long term contracts (see note 13)

Profit associated with a long term contract can be recognised only where the profitable outcome can be estimated reliably. Estimation of the outcome requires estimates of the stage of completion or value of work completed at the end of the reporting period, future costs and the collectability of amounts claimed from the customer.

### **4. Turnover**

The whole of the turnover is attributable to heating and ventilation contracting.

All turnover arose within the United Kingdom.

# Renelec Hennion Limited

## Notes to the Financial Statements For the Year Ended 30 September 2022

### 5. Other operating income

	2022 £	2021 £
Government grants receivable - furlough income	-	12,321

### 6. Operating (loss)/profit

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

	2022 £	2021 £
Depreciation of tangible fixed assets	1,093	1,045
Other operating lease rentals	40,607	39,808

### 7. Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	10,700	10,000

### 8. Employees

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

	2022 £	2021 £
Wages and salaries	767,496	748,525
Social security costs	84,711	83,564
Cost of defined contribution scheme	30,095	57,179
	882,302	889,268

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

	2022 No.	2021 No.
Staff and directors	5	6
Operatives including apprentices	12	15
	17	21

# Renelec Hennion Limited

## Notes to the Financial Statements For the Year Ended 30 September 2022

### 9. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	156,314	140,522
Company contributions to defined contribution pension schemes	12,254	38,010
	<u>168,568</u>	<u>178,532</u>

During the year retirement benefits were accruing to 2 directors (2021 - 2) in respect of defined contribution pension schemes.

### 10. Taxation

	2022 £	2021 £
<b>Corporation tax</b>		
Current tax on (loss)/profit for the year	-	5,683
Adjustments in respect of prior periods	(5,689)	-
<b>Total current tax</b>	<u>(5,689)</u>	<u>5,683</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(18,454)	5,470
Adjustments in respect of prior periods	(7,239)	-
Effect of changes in tax rates	(5,828)	-
<b>Total deferred tax</b>	<u>(31,521)</u>	<u>5,470</u>
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>(37,210)</u>	<u>11,153</u>

# Renelec Hennion Limited

## Notes to the Financial Statements For the Year Ended 30 September 2022

### 10. Taxation (continued)

#### Factors affecting tax (credit)/charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
(Loss)/profit on ordinary activities before tax	(199,883)	56,614
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(37,978)	10,757
<b>Effects of:</b>		
Fixed asset differences	-	(32)
Expenses not deductible for tax purposes	8,339	393
Losses carried back	11,185	-
Adjustments to tax charge in respect of prior periods - corporation tax	(5,689)	-
Adjustments to tax charge in respect of prior periods - deferred tax	(7,239)	-
Remeasurement of deferred tax for changes in tax rates	(5,828)	35
<b>Total tax (credit)/charge for the year</b>	<b>(37,210)</b>	<b>11,153</b>

#### Factors that may affect future tax charges

Increases in the UK Corporation tax rate from 19% to 25% (19% effective from 1 April 2017, and 25% effective from 1 April 2023) have been substantively enacted. This will impact the company's future tax charge accordingly. The value of the deferred tax asset at the Statement of Financial Position date has been calculated using the applicable rate when the asset is expected to be realised.

### 11. Dividends

	2022 £	2021 £
Final dividend paid	60,000	-

# Renelec Hennion Limited

## Notes to the Financial Statements For the Year Ended 30 September 2022

### 12. Tangible fixed assets

	Fixtures, fittings, tools & equipment £
<b>Cost</b>	
At 1 October 2021	27,523
At 30 September 2022	27,523
<b>Depreciation</b>	
At 1 October 2021	25,503
Charge for the year	1,093
At 30 September 2022	26,596
<b>Net book value</b>	
At 30 September 2022	927
At 30 September 2021	2,020

### 13. Stocks

	2022 £	2021 £
Long term contract balances	93,756	33,915
Long term contract balances consist of:		
	2022 £	2021 £
Costs to date less provision for losses	143,187	94,529
Applicable payments on account	(49,431)	(60,614)
	93,756	33,915



# Renelec Hennion Limited

## Notes to the Financial Statements For the Year Ended 30 September 2022

### 14. Debtors: amounts falling due within one year

	2022 £	2021 £
Trade debtors	1,076,805	1,024,002
Amounts owed by group undertakings	63,544	-
Other debtors	17,381	3,373
Prepayments and accrued income	70,241	7,437
Amounts recoverable on long-term contracts	23,433	19,238
Corporation tax recoverable	11,185	-
Deferred taxation (see note 16)	31,375	-
	<u>1,293,964</u>	<u>1,054,050</u>

### 15. Creditors: amounts falling due within one year

	2022 £	2021 £
Bank overdrafts	568,692	-
Payments received on account	252,668	205,253
Trade creditors	473,950	516,016
Amounts owed to group undertakings	-	10,294
Corporation tax	-	5,689
Other taxation and social security	39,136	21,702
Other creditors	6,328	100,337
Accruals and deferred income	14,784	252,252
	<u>1,355,558</u>	<u>1,111,543</u>

The bank overdraft is secured over by a fixed and floating charge over all assets of the company.

Amounts owed to group undertakings are unsecured, repayable on demand and do not bear interest.

### 16. Deferred taxation

	2022 £
At beginning of year	(146)
Credited to the Statement of Comprehensive Income	31,521
<b>At end of year</b>	<u><b>31,375</b></u>

# Renelec Hennion Limited

## Notes to the Financial Statements For the Year Ended 30 September 2022

### 16. Deferred taxation (continued)

The deferred taxation asset/(provision) is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	62	(146)
Short term timing differences	680	-
Losses and other deductions	30,633	-
	<u>31,375</u>	<u>(146)</u>

### 17. Share capital

	2022 £	2021 £
<b>Authorised, allotted called up and fully paid</b>		
1,000 (2021 - 1,000) Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

The Ordinary shares each carry one voting right, a right to dividends declared at the discretion of the directors and a return of capital upon winding up.

### 18. Reserves

The company's reserves are as follows:

#### Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

### 19. Contingent liabilities

There is an unlimited cross guarantee between the company and Renelec Building Services Limited, Brownston Homes Limited, Renelec Chalgrove Limited, Renelec Groundworks Limited, Renelec Plant Hire Limited (formerly Brownston Developments Limited) and Renelec Limited in favour of Svenska Handelsbanken AB (publ). This guarantee is secured by a fixed and floating charge over all assets of the company.

The company contingent liability as at 30 September 2022 was £3,420,418 (2021 - £3,155,909).

# Renelec Hennion Limited

## Notes to the Financial Statements For the Year Ended 30 September 2022

### 20. Pension commitments

The company operates defined contribution pension schemes for its employees. The assets of the schemes are kept independently of the company in a separately administered fund.

Contributions payable to the schemes for the year were £30,095 (2021 - £57,179).

Contributions unpaid at the end of the year amounted to £Nil (2021 - £28,956).

### 21. Commitments under operating leases

At 30 September 2022 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	-	240
Later than 1 year but not later than 5 years	-	80
	<u>-</u>	<u>320</u>

### 22. Related party transactions

The company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group headed by Renelec Group Limited.

### 23. Ultimate parent undertaking and controlling party

The parent undertaking of the smallest group for which consolidated accounts are prepared is Renelec Limited, a company registered in England and Wales. In the opinion of the directors, Renelec Limited controls the company.

The parent undertaking of the largest group for which consolidated accounts are prepared is Renelec Group Limited, a company registered in England and Wales. In the opinion of the directors this is the company's ultimate parent undertaking.

Consolidated accounts for both of the above mentioned companies are available from Renelec Limited, Brownston House, New Park Street, Devizes, Wiltshire, SN10 1DS.

The directors of Renelec Group Limited are deemed to be the ultimate controlling party by virtue of their equal ownership of the issued share capital.