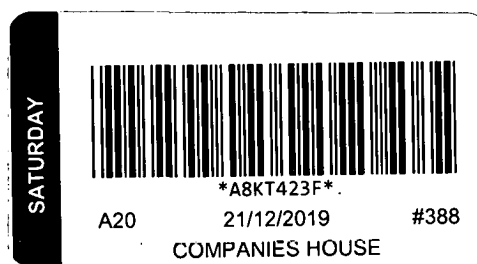


Group Strategic Report, Report of the Directors and
Consolidated Financial Statements for the Period 1 April 2018 to 30 March 2019
for
Hankinson Group Limited



Haines Watts
Statutory Auditor
3rd Floor Pacific Chambers
11-13 Victoria Street
Liverpool
Merseyside
L2 5QQ

Contents of the Consolidated Financial Statements
for the Period 1 April 2018 to 30 March 2019

	Page
Company Information	1
Group Strategic Report	2
Report of the Directors	5
Report of the Independent Auditors	6
Consolidated Income Statement	8
Consolidated Other Comprehensive Income	9
Consolidated Balance Sheet	10
Company Balance Sheet	11
Consolidated Statement of Changes in Equity	12
Company Statement of Changes in Equity	13
Consolidated Cash Flow Statement	14
Notes to the Consolidated Cash Flow Statement	15
Notes to the Consolidated Financial Statements	16

Hankinson Group Limited

Company Information

for the Period 1 April 2018 to 30 March 2019

DIRECTORS:

S R Hankinson
I A Thomas
N Hand

REGISTERED OFFICE:

Cotton Place
2 Ivy Street
Birkenhead
CH41 5EF

REGISTERED NUMBER:

11393079 (England and Wales)

AUDITORS:

Haines Watts
Statutory Auditor
3rd Floor Pacific Chambers
11-13 Victoria Street
Liverpool
Merseyside
L2 5QQ

Group Strategic Report
for the Period 1 April 2018 to 30 March 2019

The directors present their strategic report of the company and the group for the period 1 April 2018 to 30 March 2019.

MAIN ACTIVITY OF THE BUSINESS

The main activity of the Company is a holding company, work is carried out by two operating companies, Whittle Programmed Maintenance Limited and EP (Industrial & Commercial Painting) Limited.

RESULTS AND PERFORMANCE

The Directors of Hankinson Group Limited report on a year that saw decrease in sales. Gross margins reduced from £3.76m to £2.75m.

The Directors are satisfied with the financial strength and resources of the group and consider these to be sufficient for the group's needs in the forthcoming year.

BUSINESS / MARKET ENVIRONMENT AND STRATEGY

The group operated in continuous uncertain economic and political conditions that were further unsettled by the failure to resolve BREXIT.

Whilst core business remained stable, the group continued to be affected by Highways England not delivering any of the anticipated workload on secured frameworks and forecasted work within the nuclear sector not materialising. This was not anticipated or planned for.

The group's diversity of services and its skilled and efficient workforce continue to be a significant strength during this period and allowed the company to react to opportunities in new and underdeveloped sectors.

During the year the group has also maintained all the relevant accreditations in safety, environmental and quality to allow the company to operate in specialist and demanding sectors.

The group remains open minded to collaboration and during the period renewed its collaborative agreement with leading global paint company, PPG Industries, to explore synergies and opportunities in the commercial and industrial sector. Working with a global organisation gives the group access to technologies and research developed by the world's finest coating technologists and ensures we use quality products to deliver a quality service.

Group Strategic Report
for the Period 1 April 2018 to 30 March 2019

PRINCIPAL RISKS AND UNCERTAINTIES

The responsibility for risk management and the internal control environment resides with the board of directors and is regularly reviewed. The senior management team implements and maintains the control systems adopted by the board.

The risks details below are the principal risks that may impact the group achieving its strategic objectives, the list does not include all of the risks faced by the company nor does it list the risks in any order of priority.

Market Conditions

The Group operates in a highly competitive market and the outlook of the UK and customer confidence may impact on the company's ability to deliver growth. The Group constantly reviews performance and revisits strategy accordingly to ensure that the management team is always focused on the key priorities of the company to minimise the risk.

Service Quality

We are aware that if we fail to deliver to our customers' satisfaction the expected standards of safety and quality in our service then this has the potential to harm and damage our business reputation, which could have an adverse impact on our market share and financial results.

The group, in conjunction with its key brand partners, has rigorous quality assurance procedures to ensure the services that the company offer is delivered safely, to a high standard and comply with the relevant legislation.

Suppliers

The failure of key supplier would impact the service that the group can provide to its customer and any sustained cost price increases from key suppliers may place risks on the groups trading margins.

The group manages this risk by working with suppliers and ensuring that the company has alternative supply sources and that there is no over reliance on a single supplier.

Cash Flow, Liquidity and Credit Risk

Any impact on available cash and liquidity could have a material effect on the business and its financial performance. The group subsidiaries have a mixture of long term and short-term debt finance at fixed rates which is actively managed to ensure that the subsidiaries have enough available funds for ongoing working capital needs. The amount of debt finance required is monitored and reviewed at least annually by the board of Directors.

Group subsidiaries manages credit risk in several ways including the use of credit reference agencies, well tested contracts and diversification of clients.

KEY PERFORMANCE INDICATORS

	2019	2018
	£	£
Group turnover	15.58m	17,01m
Group loss before tax	(1,332k)	(636k)
Cash in hand	221k	380k
Shareholders funds	983k	2,315k

Group Strategic Report
for the Period 1 April 2018 to 30 March 2019

FUTURE DEVELOPMENTS

The group's traditional markets are again clouded by political and economic uncertainty which is expected to continue throughout 2019 culminating in another general election.

The Directors have therefore looked to new markets for growth. In April 2019 Neil Hand was appointed as Group Managing Director. A vastly experienced operator he will lead a transition into a property solution business and target growth in long term frameworks in the public and private housing and infrastructure sector. The group is also adding to its senior management team to develop these markets, all under the rebranded trading name of Hankinson Group which leverages the strength of the Hankinson brand.

The group has already secured a place on several frameworks which will impact the current year but with the full financial benefit being seen in 20/21 and beyond.

It is also anticipated there will be a general upturn in infrastructure spend once both the election and BREXIT deal are completed.

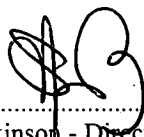
The group has also transferred its programme business, long-term debt and associated loan into a special purpose vehicle (SPV), Hankinson Whittle Programmed Limited, allowing additional working capital to be introduced into Whittle Programmed Maintenance Limited.

The directors will continue to ensure there is a focus on Health & Safety, environment and quality of delivery, all areas of importance to internal and external stakeholders.

The directors also continue to ensure that it operates as lean and efficient as possible, whilst meeting the expectations of our clients.

The group is still faced with significant interest costs and did not achieve its objectives of refinancing. It continues with alternative funders and remains convinced there are substantial savings to be made with cash flow benefits which can be used to grow the business.

ON BEHALF OF THE BOARD:



.....
S R Hankinson - Director

Date: 12.12.19

Report of the Directors
for the Period 1 April 2018 to 30 March 2019

The directors present their report with the financial statements of the company and the group for the period 1 April 2018 to 30 March 2019.

DIVIDENDS

No dividends will be distributed for the period ended 30 March 2019.

DIRECTORS

The directors who have held office during the period from 1 April 2018 to the date of this report are as follows:

S R Hankinson - appointed 1 June 2018

I A Thomas - appointed 1 June 2018

N Hand was appointed as a director after 30 March 2019 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

The auditors, Haines Watts, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
S R Hankinson - Director

Date: 12-12-19
.....

Report of the Independent Auditors to the Members of
Hankinson Group Limited

Opinion

We have audited the financial statements of Hankinson Group Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 30 March 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 30 March 2019 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Report of the Independent Auditors to the Members of
Hankinson Group Limited

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditors' responsibilities for the audit of the financial statements

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

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.



Michael Forshaw (Senior Statutory Auditor)
for and on behalf of Haines Watts
Statutory Auditor
3rd Floor Pacific Chambers
11-13 Victoria Street
Liverpool
Merseyside
L2 5QQ

Date: 12 / 12 / 2019

Consolidated Income Statement
for the Period 1 April 2018 to 30 March 2019

	Notes	Period 1.4.18 to 30.3.19 £	Year Ended 31.3.18 £
TURNOVER		15,577,252	17,009,766
Cost of sales		<u>12,825,046</u>	<u>13,252,854</u>
GROSS PROFIT		2,752,206	3,756,912
Administrative expenses		<u>3,625,861</u>	<u>3,878,144</u>
OPERATING LOSS	4	(873,655)	(121,232)
Interest payable and similar expenses	5	<u>458,720</u>	<u>513,795</u>
LOSS BEFORE TAXATION		(1,332,375)	(635,027)
Tax on loss	6	<u>-</u>	<u>1,389</u>
LOSS FOR THE FINANCIAL PERIOD		<u>(1,332,375)</u>	<u>(636,416)</u>
Loss attributable to: Owners of the parent		<u>(1,332,375)</u>	<u>(636,416)</u>

Hankinson Group Limited (Registered number: 11393079)

Consolidated Other Comprehensive Income
for the Period 1 April 2018 to 30 March 2019

	Notes	Period 1.4.18 to 30.3.19 £	Year Ended 31.3.18 £
LOSS FOR THE PERIOD		(1,332,375)	(636,416)
OTHER COMPREHENSIVE INCOME		—	—
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>(1,332,375)</u>	<u>(636,416)</u>
Total comprehensive income attributable to: Owners of the parent		<u>(1,332,375)</u>	<u>(636,416)</u>

The notes form part of these financial statements

Consolidated Balance Sheet
30 March 2019

	Notes	30.3.19 £	31.3.18 £
FIXED ASSETS			
Tangible assets	8	33,790	51,150
Investments	9	-	-
		<u>33,790</u>	<u>51,150</u>
CURRENT ASSETS			
Stocks	10	544,357	1,362,653
Debtors	11	5,589,751	6,412,697
Cash at bank and in hand		<u>220,982</u>	<u>380,303</u>
		<u>6,355,090</u>	<u>8,155,653</u>
CREDITORS			
Amounts falling due within one year	12	<u>4,122,246</u>	<u>4,265,080</u>
NET CURRENT ASSETS		<u>2,232,844</u>	<u>3,890,573</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,266,634</u>	<u>3,941,723</u>
CREDITORS			
Amounts falling due after more than one year	13	<u>1,283,627</u>	<u>1,626,341</u>
NET ASSETS		<u>983,007</u>	<u>2,315,382</u>
CAPITAL AND RESERVES			
Called up share capital	18	92,500	92,500
Retained earnings	19	<u>890,507</u>	<u>2,222,882</u>
SHAREHOLDERS' FUNDS		<u>983,007</u>	<u>2,315,382</u>

The financial statements were approved by the Board of Directors on 12-12-19 and were signed on its behalf by:


S R Hankinson - Director

Company Balance Sheet

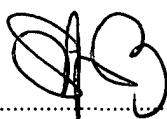
30 March 2019

	Notes	30.3.19 £	31.3.18 £
FIXED ASSETS			
Tangible assets	8	-	-
Investments	9	<u>1,514,767</u>	<u>-</u>
		<u>1,514,767</u>	<u>-</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,514,767</u>	<u>-</u>
CAPITAL AND RESERVES			
Called up share capital	18	92,500	-
Other reserves	19	<u>1,422,267</u>	<u>-</u>
SHAREHOLDERS' FUNDS		<u>1,514,767</u>	<u>-</u>
Company's profit for the financial year		<u>-</u>	<u>-</u>

The financial statements were approved by the Board of Directors on its behalf by:

12-12-19

and were signed on



S R Hankinson - Director

Consolidated Statement of Changes in Equity
for the Period 1 April 2018 to 30 March 2019

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2017	-	2,859,298	2,859,298
Changes in equity			
Issue of share capital	92,500	-	92,500
Total comprehensive income	-	(636,416)	(636,416)
Balance at 31 March 2018	<u>92,500</u>	<u>2,222,882</u>	<u>2,315,382</u>
Changes in equity			
Total comprehensive income	-	(1,332,375)	(1,332,375)
Balance at 30 March 2019	<u>92,500</u>	<u>890,507</u>	<u>983,007</u>

Company Statement of Changes in Equity
for the Period 1 April 2018 to 30 March 2019

	Called up share capital £	Retained earnings £	Other reserves £	Total equity £
Changes in equity				
Balance at 31 March 2018	-	-	-	-
Changes in equity				
Issue of share capital	92,500	-	-	92,500
Total comprehensive income	-	-	1,422,267	1,422,267
Balance at 30 March 2019	<u>92,500</u>	<u>-</u>	<u>1,422,267</u>	<u>1,514,767</u>

Consolidated Cash Flow Statement
for the Period 1 April 2018 to 30 March 2019

	Notes	Period 1.4.18 to 30.3.19 £	Year Ended 31.3.18 £
Cash flows from operating activities			
Cash generated from operations	1	795,703	(517,643)
Interest paid		(458,720)	(513,795)
Tax paid		(13,365)	(14,754)
Net cash from operating activities		<u>323,618</u>	<u>(1,046,192)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		<u>(1,334)</u>	<u>(6,917)</u>
Net cash from investing activities		<u>(1,334)</u>	<u>(6,917)</u>
Cash flows from financing activities			
New loans in year		-	963,020
Loan repayments in year		(481,605)	(234,902)
Amount introduced by directors		-	-
Amount withdrawn by directors		-	(40,000)
Net cash from financing activities		<u>(481,605)</u>	<u>688,118</u>
Increase/(decrease) in cash and cash equivalents		<u>(159,321)</u>	<u>(364,991)</u>
Cash and cash equivalents at beginning of period	2	<u>380,303</u>	<u>745,294</u>
Cash and cash equivalents at end of period	2	<u><u>220,982</u></u>	<u><u>380,303</u></u>

Notes to the Consolidated Cash Flow Statement
for the Period 1 April 2018 to 30 March 2019

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

	Period 1.4.18 to 30.3.19 £	Year Ended 31.3.18 £
Loss before taxation	(1,332,375)	(635,027)
Depreciation charges	18,694	40,012
Finance costs	<u>458,720</u>	<u>513,795</u>
	(854,961)	(81,220)
Decrease in stocks	818,296	183,966
Decrease/(increase) in trade and other debtors	822,946	(447,670)
(Increase)/decrease in trade and other creditors	<u>9,422</u>	<u>(172,719)</u>
Cash generated from operations	<u>795,703</u>	<u>(517,643)</u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Period ended 30 March 2019

	30.3.19 £	1.4.18 £
Cash and cash equivalents	<u>220,982</u>	<u>380,303</u>

Year ended 31 March 2018

	31.3.18 £	1.4.17 £
Cash and cash equivalents	<u>380,303</u>	<u>745,294</u>

Notes to the Consolidated Financial Statements
for the Period 1 April 2018 to 30 March 2019

1. **STATUTORY INFORMATION**

Hankinson Group Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 March 2019.

In November 2018, Hankinsons Group Limited became the new parent company for the group previously headed by Roy Hankinson (Holdings) Limited. The introduction of the new holding company constitutes a group reconstruction and has been accounted for using merger accounting principles. Therefore, although the group reconstruction did not become effective until November 2018 the consolidated financial statements are presented as if all the companies had been part of the same group. Accordingly, the results of the group for the entire year ended 30 March 2019 are included in the consolidated profit and loss account and the comparative figures are also prepared on this basis.

No profit and loss account is presented for the company as permitted by Section 408 of the Companies Act 2006. Its profit for the financial period was £nil (2018 - £nil).

Critical accounting judgements and key sources of estimation uncertainty

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- 20% on cost
Plant and machinery	- 20% on cost

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation. Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Work in progress in respect of long term contracts is stated at costs, net of any amounts transferred to costs of sales in respect of work reported as turnover, less foreseeable losses and progress payments recorded as turnover. Contract work in progress is recorded as turnover by reference to the certified value of work carried out to date. No profit is recognised until the contract has advanced to a stage where the profit can be assessed with reasonable certainty. Provision is made in full for any foreseeable losses of work in progress.

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

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.

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The group generated an operating loss of £873,655 (2018 - £121,232) and at the balance sheet date reported net assets of £983,007 (2018 - £2,315,382).

The directors are pleased with the underlying business as usual trading performance and the availability of funding and continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2. ACCOUNTING POLICIES - continued

Debtors

Short term debtors are measured at transaction price, less any impairment.

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.

Cash

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.

Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other receivables and payable and loans from banks.

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 income statement.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the 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.

Finance costs

All borrowing costs are recognised in the income statement in the year in which they are incurred.

Notes to the Consolidated Financial Statements - continued
for the Period 1 April 2018 to 30 March 2019

3. **EMPLOYEES AND DIRECTORS**

	Year Ended 30.3.19	Year Ended 31.3.18
	£	£
Wages and salaries	7,406,006	7,643,165
Social security costs	685,711	720,148
Pension costs	137,429	111,031
	<u>8,232,147</u>	<u>8,474,345</u>

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

	Year Ended 30.3.19	Year Ended 31.3.18
Management	49	55
Labour force	<u>167</u>	<u>180</u>
	<u>216</u>	<u>235</u>

The average number of employees by undertakings that were proportionately consolidated during the period was 214 (2018 - 235).

	Period 1.4.18 to 30.3.19	Year Ended 31.3.18
	£	£
Directors' remuneration	185,142	261,069
Directors' pension contributions to money purchase schemes	<u>4,353</u>	<u>4,708</u>

Information regarding the highest paid director is as follows:

	30.3.19	31.3.18
	£	£
Emoluments etc	99,026	102,841
Pension contributions to money purchase schemes	<u>-</u>	<u>-</u>

The directors are considered to be the key management personnel for both the current and previous periods.

Notes to the Consolidated Financial Statements - continued
for the Period 1 April 2018 to 30 March 2019

4. **OPERATING LOSS**

The operating loss is stated after charging:

	30.3.19	31.3.18
	£	£
Depreciation - owned assets	18,694	40,012
Other operating leases	479,717	490,654
Stock costs recognised through the profit and loss	10,199,898	10,823,180
Auditors' remuneration	24,090	20,003

5. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	Period 1.4.18 to 30.3.19	Year Ended 31.3.18
	£	£
Bank interest	458,720	513,795

6. **TAXATION**

Analysis of the tax charge

The tax charge on the loss for the period was as follows:

	Period 1.4.18 to 30.3.19	Year Ended 31.3.18
	£	£
Current tax:		
UK corporation tax	-	1,389
Tax on loss	-	1,389

Reconciliation of total tax charge included in profit and loss

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

	Period 1.4.18 to 30.3.19	Year Ended 31.3.18
	£	£
Loss before tax	(1,332,375)	(635,027)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(253,151)	(120,655)
Effects of:		
Depreciation in excess of capital allowances reliefs	1,194	-
Unutilised tax losses	251,957	122,044
Total tax charge	-	1,389

Notes to the Consolidated Financial Statements - continued
for the Period 1 April 2018 to 30 March 2019

7. **INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

8. **TANGIBLE FIXED ASSETS**

Group	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Totals £
COST				
At 1 April 2018	74,314	156,426	9,095	239,835
Additions	-	-	1,334	1,334
At 30 March 2019	74,314	156,426	10,429	241,169
DEPRECIATION				
At 1 April 2018	62,063	123,871	2,751	188,685
Charge for period	8,726	8,354	1,614	18,694
At 30 March 2019	70,789	132,225	4,365	207,379
NET BOOK VALUE				
At 30 March 2019	3,525	24,201	6,064	33,790
At 31 March 2018	12,251	32,555	6,344	51,150

9. **FIXED ASSET INVESTMENTS**

Company	Shares in group undertakings £
COST	
Additions	1,514,767
At 30 March 2019	1,514,767
NET BOOK VALUE	
At 30 March 2019	1,514,767

Notes to the Consolidated Financial Statements - continued
for the Period 1 April 2018 to 30 March 2019

9. **FIXED ASSET INVESTMENTS - continued**

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

Subsidiaries

EP (Industrial & Commercial Painting) Limited

Registered office: Cotton Place, 2 Ivy Street, Birkenhead, CH41 5EF

Nature of business: Industrial painting contractor

	% holding	30.3.19	31.3.18
Class of shares:		£	£
Ordinary	100.00	(137,060)	(396,079)
Aggregate capital and reserves		<u>(533,139)</u>	<u>(83,950)</u>
Loss for the period/year			

Whittle Programmed Maintenance Limited

Registered office: Cotton Place, 2 Ivy Street, Birkenhead, CH41 5EF

Nature of business: Commercial painting and property maintenance

	% holding	30.3.19	31.3.18
Class of shares:		£	£
Ordinary	100.00	1,570,055	2,600,732
Aggregate capital and reserves		<u>(780,677)</u>	<u>(481,865)</u>
Loss for the period/year			

Roy Hankinson (Holdings) Limited

Registered office: Cotton Place, 2 Ivy Street, Birkenhead, CH41 5EF

Nature of business: Holding company

	% holding	30.3.19	31.3.18
Class of shares:		£	£
Ordinary	100.00	99,434	(132,014)
Aggregate capital and reserves		<u>231,448</u>	<u>(102,116)</u>
Profit/(loss) for the period/year			

10. **STOCKS**

	Group	30.3.19	31.3.18
		£	£
Work-in-progress		<u>544,357</u>	<u>1,362,653</u>

Notes to the Consolidated Financial Statements - continued
for the Period 1 April 2018 to 30 March 2019

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	30.3.19	31.3.18
	£	£
Trade debtors	2,647,416	3,143,963
Amounts recoverable on contract	2,097,916	2,319,436
Other debtors	140,862	191,821
Directors' current accounts	154,126	154,126
Deferred tax asset	466,038	466,038
Prepayments	83,393	137,313
	<u>5,589,751</u>	<u>6,412,697</u>

Deferred tax asset

	Group	
	30.3.19	31.3.18
	£	£
Deferred tax	<u>466,038</u>	<u>466,038</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	30.3.19	31.3.18
	£	£
Bank loans and overdrafts (see note 14)	1,732,468	1,871,359
Trade creditors	1,015,383	1,084,871
Social security and other taxes	481,555	510,752
VAT	112,253	172,937
Other creditors	177,369	208,165
Accrued expenses	603,218	416,996
	<u>4,122,246</u>	<u>4,265,080</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	30.3.19	31.3.18
	£	£
Bank loans (see note 14)	<u>1,283,627</u>	<u>1,626,341</u>

Notes to the Consolidated Financial Statements - continued
for the Period 1 April 2018 to 30 March 2019

14. **LOANS**

An analysis of the maturity of loans is given below:

	Group	
	30.3.19	31.3.18
	£	£
Amounts falling due within one year or on demand:		
Bank loans	1,342,715	1,305,031
Other loans	389,753	566,328
	<u>1,732,468</u>	<u>1,871,359</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>1,283,627</u>	<u>1,626,341</u>

15. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	30.3.19	31.3.18
	£	£
Within one year	366,041	450,265
Between one and five years	<u>458,225</u>	<u>455,074</u>
	<u>824,266</u>	<u>905,339</u>

16. **SECURED DEBTS**

The following secured debts are included within creditors:

	Group	
	30.3.19	31.3.18
	£	£
Bank loans	<u>3,016,095</u>	<u>3,497,700</u>

The group has given security to third parties in respect of borrowings. Total loans outstanding at the year end amounted to £3,016,095 (2018 - £3,497,700) and these are secured by fixed and floating charge over all the property and undertakings of the group and intellectual property now or in the future.

Notes to the Consolidated Financial Statements - continued
for the Period 1 April 2018 to 30 March 2019

17. FINANCIAL INSTRUMENTS

Group	2019 £	2018 £
Financial assets		
Cash and cash equivalents	(2,795,113)	(3,117,397)
Financial assets that are debt instruments measured at amortised cost	<u>5,123,713</u>	<u>5,946,659</u>
	<u>2,328,600</u>	<u>2,829,262</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(1,795,970)</u>	<u>(1,710,032)</u>

Cash and cash equivalents comprise cash at bank and in hand, bank loans and other loans.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors, amounts recoverable on contract, directors current accounts and prepayments.

Financial liabilities measure at amortised cost comprise trade creditors, other creditors and accruals.

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	30.3.19 £	31.3.18 £
92,500	Ordinary	1	<u>92,500</u>	<u>92,500</u>

Called up share capital - Represents the nominal value of shares that have been issued.

19. RESERVES

Group			
			Retained earnings £
At 1 April 2018			2,222,882
Deficit for the period			<u>(1,332,375)</u>
At 30 March 2019			<u>890,507</u>
Company			
	Retained earnings £	Other reserves £	Totals £
Profit for the period	-	-	-
Merger reserve	-	<u>1,422,267</u>	<u>1,422,267</u>
At 30 March 2019	<u>-</u>	<u>1,422,267</u>	<u>1,422,267</u>

Notes to the Consolidated Financial Statements - continued
for the Period 1 April 2018 to 30 March 2019

19. **RESERVES - continued**

Retained earnings - Includes all current and prior period retained profits and losses.

Merger reserve - arising on fair value adjustment following a share for share exchange.

20. **DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to a director subsisted during the periods ended 30 March 2019 and 31 March 2018:

	30.3.19 £	31.3.18 £
S R Hankinson		
Balance outstanding at start of year	154,126	114,126
Amounts advanced	-	40,000
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>154,126</u>	<u>154,126</u>

21. **RELATED PARTY DISCLOSURES**

The ultimate controlling party is S R Hankinson.