

Company Registration No. 01773699 (England and Wales)

ROBERT HEATH HEATING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

ROBERT HEATH HEATING LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | R B Heath M L Heath W McIntosh |
| Company number | 01773699 |
| Registered office | Heath House 264 Burlington Road New Malden Surrey KT3 4NN |
| Auditor | Ward Williams Belgrave House 39-43 Monument Hill Weybridge Surrey KT13 8RN |
| Bankers | Barclays Bank 1 Churchill Place London E14 5HP |

ROBERT HEATH HEATING LIMITED

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ROBERT HEATH HEATING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present their strategic report and financial statements for the year ended 30 June 2019.

Principal activity

The principal activity of the company is the service, maintenance and installation of domestic and commercial heating and hot water systems within the affordable housing sector.

Fair review of the business

Revenue for the financial year to 30th June 2019 was £27.1 million (2018: £21.8 million).

The company generated profit before tax of £1.2 million (2018: £0.5 million).

Trading conditions remain competitive but the company has always remained true to its vision of leading the sector through the digital revolution and the product of this commitment has enabled it to increase revenue by 24% whilst controlling overhead expenditure. Investment in its digital infrastructure continues.

The company experienced a number of tender wins within the year, successfully mobilising 8 new contracts (providing domestic and commercial services) whilst always ensuring its existing contract base received a service of the highest standard. Client and customer satisfaction remained high throughout this period and this indicator is very important to the Executive Team.

The year ended with 257 employees. The safety and wellbeing of our employees and end customers is carefully considered and to that end Health and Safety is a top priority of the company. Appropriate training is delivered wherever it is required.

The principal risk to the company is the uncertainty surrounding Brexit and its impact on public sector funding and the supply chain.

The company is at its strongest point financially in recent history. At the financial year end, it had zero external debt, surplus cash and a facility in place to borrow up to £2.5 million.

In summary, the Executive Team are very pleased with the year's performance and are expecting continued profitability into the future.

Key Performance Indicators

The key financial indicators are:

| | 2019 | 2018 |
|---------------------|-------------|-------------|
| Sales | £27,088,317 | £21,833,350 |
| Gross Profit | £8,329,985 | £6,987,328 |
| Gross Profit margin | 30.8% | 32.0% |

On behalf of the board

M L Heath
Director
5 December 2019

ROBERT HEATH HEATING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present their report and financial statements for the year ended 30 June 2019.

Directors

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

R B Heath

M L Heath

K Ellmore

(Resigned 2 July 2018)

W McIntosh

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Disabled persons

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employee involvement

The company's policy is to consult and discuss with employees matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Auditor

The auditor, Ward Williams, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

ROBERT HEATH HEATING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Statement of directors' responsibilities

The directors are responsible for preparing 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

M L Heath
Director

5 December 2019

ROBERT HEATH HEATING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ROBERT HEATH HEATING LIMITED

Opinion

We have audited the financial statements of Robert Heath Heating Limited (the 'company') for the year ended 30 June 2019 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 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 *Auditor's 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

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 company'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 included in the annual report, 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.

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.

ROBERT HEATH HEATING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ROBERT HEATH HEATING LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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.

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.

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.

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

ROBERT HEATH HEATING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ROBERT HEATH HEATING LIMITED

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.

Richard Hayward (Senior Statutory Auditor)
for and on behalf of Ward Williams

5 December 2019

Chartered Accountants
Statutory Auditor

Belgrave House
39-43 Monument Hill
Weybridge
Surrey
KT13 8RN

ROBERT HEATH HEATING LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

| | Notes | 2019 £ | 2018 £ |
|--------------------------------------|-----------|--------------|--------------|
| Revenue | 3 | 27,088,317 | 21,833,350 |
| Cost of sales | | (18,758,332) | (14,846,022) |
| Gross profit | | 8,329,985 | 6,987,328 |
| Administrative expenses | | (7,030,390) | (6,271,968) |
| Operating profit | 4 | 1,299,595 | 715,360 |
| Investment income | 8 | 5,421 | 3,372 |
| Finance costs | 9 | (95,442) | (201,598) |
| Other gains and losses | 10 | - | (7,798) |
| Profit before taxation | | 1,209,574 | 509,336 |
| Tax on profit | 11 | (233,980) | (29,000) |
| Profit for the financial year | | 975,594 | 480,336 |

The income statement has been prepared on the basis that all operations are continuing operations.

ROBERT HEATH HEATING LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

| | 2019 | 2018 |
|--|----------------|----------------|
| | £ | £ |
| Profit for the year | 975,594 | 480,336 |
| Other comprehensive income | - | - |
| Total comprehensive income for the year | <u>975,594</u> | <u>480,336</u> |

ROBERT HEATH HEATING LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

| | Notes | 2019 | | 2018 | |
|---|-------|------------------|------------------|------------------|------------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Property, plant and equipment | 12 | | 297,753 | | 341,968 |
| Investments | 13 | | 80,000 | | 80,000 |
| | | | <u>377,753</u> | | <u>421,968</u> |
| Current assets | | | | | |
| Inventories | 15 | 371,272 | | 545,717 | |
| Trade and other receivables | 16 | 6,449,653 | | 7,189,834 | |
| Cash at bank and in hand | | 1,072,036 | | 28,786 | |
| | | <u>7,892,961</u> | | <u>7,764,337</u> | |
| Creditors: amounts falling due within one year | | <u>4,205,091</u> | | <u>5,090,276</u> | |
| Net current assets | | | <u>3,687,870</u> | | <u>2,674,061</u> |
| Total assets less current liabilities | | | 4,065,623 | | 3,096,029 |
| Provisions for liabilities | 20 | | (47,000) | | (53,000) |
| Net assets | | | <u>4,018,623</u> | | <u>3,043,029</u> |
| Equity | | | | | |
| Called up share capital | 22 | | 1,000 | | 1,000 |
| Retained earnings | 23 | | 4,017,623 | | 3,042,029 |
| Total equity | | | <u>4,018,623</u> | | <u>3,043,029</u> |

The financial statements were approved by the board of directors and authorised for issue on 5 December 2019

Signed on its behalf by:

M L Heath
Director

Company Registration No. 01773699

ROBERT HEATH HEATING LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

| | Share capital | Retained earnings | Total |
|--|---------------|-------------------|-----------|
| | £ | £ | £ |
| Balance at 1 July 2017 | 1,000 | 2,561,693 | 2,562,693 |
| Period ended 30 June 2018: | | | |
| Profit and total comprehensive income for the period | - | 480,336 | 480,336 |
| Balance at 30 June 2018 | 1,000 | 3,042,029 | 3,043,029 |
| Year ended 30 June 2019: | | | |
| Profit and total comprehensive income for the year | - | 975,594 | 975,594 |
| Balance at 30 June 2019 | 1,000 | 4,017,623 | 4,018,623 |

ROBERT HEATH HEATING LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

| | Notes | 2019 | | 2018 | |
|---|-------|------------------|---|--------------------|---|
| | | £ | £ | £ | £ |
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 28 | 2,689,797 | | 989,980 | |
| Interest paid | | (95,442) | | (201,598) | |
| Income taxes paid | | (5,951) | | - | |
| Net cash inflow from operating activities | | 2,588,404 | | 788,382 | |
| Investing activities | | | | | |
| Purchase of property, plant and equipment | | (147,890) | | (144,411) | |
| Proceeds on disposal of property, plant and equipment | | 4,526 | | 136,231 | |
| Interest received | | 5,421 | | 3,372 | |
| Net cash used in investing activities | | (137,943) | | (4,808) | |
| Financing activities | | | | | |
| Repayment of borrowings | | - | | (50,133) | |
| Net cash used in financing activities | | - | | (50,133) | |
| Net increase in cash and cash equivalents | | 2,450,461 | | 733,441 | |
| Cash and cash equivalents at beginning of year | | (1,378,425) | | (2,111,866) | |
| Cash and cash equivalents at end of year | | 1,072,036 | | (1,378,425) | |
| Relating to: | | | | | |
| Cash at bank and in hand | | 1,072,036 | | 28,786 | |
| Bank overdrafts included in creditors payable within one year | | - | | (1,407,211) | |

ROBERT HEATH HEATING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

Company information

Robert Heath Heating Limited is a private company limited by shares incorporated in England and Wales. The registered office is Heath House, 264 Burlington Road, New Malden, Surrey, KT3 4NN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

The total turnover for the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

Revenue from the sale of goods and services is recognised when the significant risks and rewards of ownership of the goods and services have passed to the buyer (usually on dispatch of the goods or completion of service), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|--------------------------------|-------------------------------|
| Land and buildings Leasehold | in-line with the lease period |
| Plant and machinery | 10 years straight line |
| Fixtures, fittings & equipment | 5 - 10 years straight line |
| Computer equipment | 3 - 4 years straight line |
| Motor vehicles | 3 years straight line |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

ROBERT HEATH HEATING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

Fixed asset investments are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the income statement.

1.5 Non-current investments

Fixed Asset Investments are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit and loss.

1.6 Impairment of non-current assets

At each reporting end date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit and loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit and loss.

1.7 Inventories

Inventories are stated at the lower of cost and net realisable value.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Construction contracts

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded for contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

ROBERT HEATH HEATING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

1.10 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables and cash and bank balances, are measured at transaction price, less any impairment.

Other financial assets

Loans and receivables 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.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are measured at transaction price.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Other financial liabilities

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.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

ROBERT HEATH HEATING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

ROBERT HEATH HEATING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Useful lives of property, plant and equipment

In determining appropriate depreciation rates to apply against the property, plant and equipment, the directors have used their knowledge and experience of both the company and the industry to assess the useful lives of each individual asset.

Income recognition on long term contracts

In accordance with its policy set out in note 1, the directors have used their knowledge and experience of the work being undertaken by the company around the year-end to determine the appropriate amount of revenue to recognise in a given period, based on the % completion of the job and costs incurred at that point. Revenue has then been either accrued or deferred accordingly.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Provision of the impairment of trade receivables

The company establishes a provision for the impairment of trade receivables in accordance with its policy in note 1. The recoverable amount of the receivables is compared to the carrying amount to determine the amount of impairment. These calculations require the use of estimates.

3 Revenue

The total turnover for the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

4 Operating profit

| | 2019 | 2018 |
|---|--------------------------|--------------------------|
| | £ | £ |
| Operating profit for the year is stated after charging/(crediting): | | |
| Depreciation of owned property, plant and equipment | 173,090 | 167,356 |
| Loss/(profit) on disposal of property, plant and equipment | 14,489 | (124,886) |
| Operating lease charges | 703,079 | 762,183 |
| | <u><u> </u></u> | <u><u> </u></u> |

ROBERT HEATH HEATING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

5 Auditor's remuneration

| | 2019 | 2018 |
|---|---------------|---------------|
| | £ | £ |
| Fees payable to the company's auditor and associates: | | |
| For audit services | | |
| Audit of the financial statements of the company | 15,000 | 19,000 |
| | <u>15,000</u> | <u>19,000</u> |

Fees paid to the Company's auditor for services other than the statutory audit of the Company are not disclosed since the consolidated accounts of the Company's parent, Robert Heath Group Limited, are required to disclose non-audit fees on a consolidated basis.

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

| | 2019 | 2018 |
|-------------------------------|-------------|-------------|
| | Number | Number |
| Management and administration | 106 | 108 |
| Service and installation | 148 | 151 |
| | <u>254</u> | <u>259</u> |

Their aggregate remuneration comprised:

| | 2019 | 2018 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 8,160,949 | 8,248,924 |
| Social security costs | 872,156 | 860,430 |
| Pension costs | 158,960 | 91,492 |
| | <u>9,192,065</u> | <u>9,200,846</u> |

7 Directors' remuneration

| | 2019 | 2018 |
|---|----------------|----------------|
| | £ | £ |
| Remuneration for qualifying services | 444,687 | 383,339 |
| Company pension contributions to defined contribution schemes | 6,210 | 2,620 |
| Compensation for loss of office | - | 30,000 |
| | <u>450,897</u> | <u>415,959</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2018 - 3).

ROBERT HEATH HEATING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

7 Directors' remuneration (Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

| | 2019 | 2018 |
|---|----------------|----------------|
| | £ | £ |
| Remuneration for qualifying services | 183,681 | 151,319 |
| Company pension contributions to defined contribution schemes | 4,410 | 1,600 |
| | <u>188,091</u> | <u>152,919</u> |

8 Investment income

| | 2019 | 2018 |
|------------------------|--------------|--------------|
| | £ | £ |
| Interest income | | |
| Other interest income | 5,421 | 3,372 |
| | <u>5,421</u> | <u>3,372</u> |

9 Finance costs

| | 2019 | 2018 |
|--|---------------|----------------|
| | £ | £ |
| Interest on financial liabilities measured at amortised cost: | | |
| Interest on invoice finance arrangements | 91,688 | 125,213 |
| Other interest on financial liabilities | - | 66,180 |
| | <u>91,688</u> | <u>191,393</u> |
| Other finance costs: | | |
| Interest on finance leases and hire purchase contracts | - | 6,972 |
| Other interest | 3,754 | 3,233 |
| | <u>3,754</u> | <u>3,233</u> |
| | <u>95,442</u> | <u>201,598</u> |

**10 Other gains and losses
fixed asset investments**

| | 2019 | 2018 |
|--|----------|----------------|
| | £ | £ |
| Amounts written back to/(written off) investments held at fair value | - | (7,798) |
| | <u>-</u> | <u>(7,798)</u> |

ROBERT HEATH HEATING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

11 Taxation

| | 2019 | 2018 |
|--|----------------|---------------|
| | £ | £ |
| Current tax | | |
| UK corporation tax on profits for the current period | 240,029 | 6,000 |
| Adjustments in respect of prior periods | (49) | - |
| Total current tax | <u>239,980</u> | <u>6,000</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | <u>(6,000)</u> | <u>23,000</u> |
| Total tax charge | <u>233,980</u> | <u>29,000</u> |

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

| | 2019 | 2018 |
|--|------------------|----------------|
| | £ | £ |
| Profit before taxation | <u>1,209,574</u> | <u>509,336</u> |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%) | 229,819 | 96,774 |
| Tax effect of expenses that are not deductible in determining taxable profit | 7,449 | (21,837) |
| Change in deferred tax assets/liabilities | (6,000) | 23,000 |
| Adjustments in respect of prior years | (49) | - |
| Group relief | - | (73,848) |
| Permanent capital allowances in excess of depreciation | <u>2,761</u> | <u>4,911</u> |
| Taxation for the year | <u>233,980</u> | <u>29,000</u> |

ROBERT HEATH HEATING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

12 Property, plant and equipment

| | Land and buildings Leasehold £ | Plant and machinery £ | Fixtures, fittings & equipment £ | Computer equipment £ | Motor vehicles £ | Total £ |
|------------------------------------|--------------------------------------|--------------------------|-------------------------------------|-------------------------|---------------------|------------|
| Cost | | | | | | |
| At 1 July 2018 | 16,800 | 40,569 | 160,433 | 742,667 | 100 | 960,569 |
| Additions | - | 184 | 4,594 | 143,112 | - | 147,890 |
| Disposals | - | - | - | (114,646) | - | (114,646) |
| At 30 June 2019 | 16,800 | 40,753 | 165,027 | 771,133 | 100 | 993,813 |
| Depreciation and impairment | | | | | | |
| At 1 July 2018 | 7,636 | 23,302 | 126,644 | 460,936 | 83 | 618,601 |
| Depreciation charged in the year | 9,164 | 4,074 | 11,748 | 148,087 | 17 | 173,090 |
| Eliminated in respect of disposals | - | - | - | (95,631) | - | (95,631) |
| At 30 June 2019 | 16,800 | 27,376 | 138,392 | 513,392 | 100 | 696,060 |
| Carrying amount | | | | | | |
| At 30 June 2019 | - | 13,377 | 26,635 | 257,741 | - | 297,753 |
| At 30 June 2018 | 9,164 | 17,267 | 33,789 | 281,731 | 17 | 341,968 |

13 Fixed asset investments

| | 2019 £ | 2018 £ |
|----------------------|-----------|-----------|
| Unlisted investments | 80,000 | 80,000 |

The above investments have been measured at cost less impairment. They represent investments which are not publically traded however during the year the company obtained a current valuation of the investment held and the brought forward valuation remains appropriate.

Movements in non-current investments

| | Investments other than loans £ |
|-------------------------------|--------------------------------------|
| Cost or valuation | |
| At 1 July 2018 & 30 June 2019 | 80,000 |
| Carrying amount | |
| At 30 June 2019 | 80,000 |
| At 30 June 2018 | 80,000 |

ROBERT HEATH HEATING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

14 Financial instruments

| | 2019 | 2018 |
|---|-----------------------------|-----------------------------|
| | £ | £ |
| Carrying amount of financial assets | | |
| Debt instruments measured at amortised cost | 5,564,589 | 5,967,087 |
| Equity instruments measured at cost less impairment | 80,000 | 80,000 |
| | <u> </u> | <u> </u> |
| Carrying amount of financial liabilities | | |
| Measured at amortised cost | 3,072,832 | 4,476,281 |
| | <u> </u> | <u> </u> |

15 Inventories

| | 2019 | 2018 |
|-------------------------------------|-----------------------------|-----------------------------|
| | £ | £ |
| Work in progress | 12,079 | 41,544 |
| Finished goods and goods for resale | 359,193 | 504,173 |
| | <u> </u> | <u> </u> |
| | <u> </u> | <u> </u> |

16 Trade and other receivables

| | 2019 | 2018 |
|---|-----------------------------|-----------------------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade receivables | 3,454,840 | 4,370,603 |
| Amount due from parent undertaking | 1,635,863 | 490,915 |
| Amounts due from fellow subsidiary undertakings | 452,436 | 1,080,291 |
| Other receivables | 21,450 | 25,278 |
| Prepayments and accrued income | 885,064 | 1,222,747 |
| | <u> </u> | <u> </u> |
| | <u> </u> | <u> </u> |

Trade receivables disclosed above are measured at amortised cost.

17 Current liabilities

| | 2019 | 2018 |
|------------------------------------|--------------|-----------------------------|
| | £ | £ |
| | Notes | |
| Bank loans and overdrafts | 18 | - |
| Trade payables | | 1,407,211 |
| Corporation tax | | 2,308,594 |
| Other taxation and social security | | 240,029 |
| Other payables | | 892,230 |
| Accruals and deferred income | | 607,995 |
| | | 1,042 |
| | | 720,564 |
| | | <u> </u> |
| | | <u> </u> |

ROBERT HEATH HEATING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

18 Borrowings

| | 2019 | 2018 |
|-------------------------|-------------|-------------|
| | £ | £ |
| Bank overdrafts | - | 1,407,211 |
| Payable within one year | - | 1,407,211 |

The invoice discounting facility is secured by a debenture being a fixed charge over the fixed and current assets of the company, its parent, Robert Heath Group Limited and its fellow subsidiary Robert Heath Technology Limited.

19 Provisions for liabilities

| | Notes | 2019 | 2018 |
|--------------------------|--------------|-------------|-------------|
| | | £ | £ |
| Deferred tax liabilities | 20 | 47,000 | 53,000 |

20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

| | Liabilities | Liabilities |
|-------------------------------|--------------------|--------------------|
| | 2019 | 2018 |
| | £ | £ |
| Balances: | | |
| ACAs | 47,000 | 53,000 |
| Movements in the year: | | 2019 |
| | | £ |
| Liability at 1 July 2018 | | 53,000 |
| Credit to profit or loss | | (6,000) |
| Liability at 30 June 2019 | | 47,000 |

21 Retirement benefit schemes

| | 2019 | 2018 |
|---|-------------|-------------|
| | £ | £ |
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | 158,960 | 91,492 |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

ROBERT HEATH HEATING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

22 Share capital

| | 2019 | 2018 |
|---|--------------|--------------|
| | £ | £ |
| Ordinary share capital Issued and fully paid | | |
| 1,000 Ordinary shares of £1 each | 1,000 | 1,000 |
| | <u>1,000</u> | <u>1,000</u> |

23 Retained earnings

| | 2019 | 2018 |
|------------------------------|------------------|------------------|
| | £ | £ |
| At the beginning of the year | 3,042,029 | 2,561,693 |
| Profit for the year | 975,594 | 480,336 |
| | <u>4,017,623</u> | <u>3,042,029</u> |

24 Financial commitments, guarantees and contingent liabilities

The company is, from time to time, required to provide performance bonds in accordance with the terms of contract entered into in its normal course of business. The amount of these bonds as at 30 June 2019 were £nil (2018: £20,000).

25 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2019 | 2018 |
|----------------------------|----------------|----------------|
| | £ | £ |
| Within one year | 429,316 | 644,783 |
| Between two and five years | 274,436 | 286,466 |
| | <u>703,752</u> | <u>931,249</u> |

ROBERT HEATH HEATING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

| | 2019 | 2018 |
|------------------------|-------------------|-------------------|
| | £ | £ |
| Aggregate compensation | 450,897 | 415,959 |
| | <u> </u> | <u> </u> |

Transactions with related parties

During the year, interest of £nil (2018: £66,180) has been charged on director loans, and on bonds put down personally by the directors on the company's behalf.

During the year, the company purchased IT equipment and services totalling £697,164 (2018: £nil) from Ionize Limited, a company which is controlled by a director and former director. In addition Ionize Limited paid the company rent of £17,471 (2018: £nil) concerning premises leased, and Ionize Limited also purchased fixed assets of £2,667 (2018: £nil) from the company. At the year-end a balance of £41,083 (2018: £nil) was owed to Ionize Limited by the company.

The company made payments of £1,500 (2018: £nil) during the year to Robert Heath, a director of the company, for the rental of a property owned by the director.

Also during the year the company incurred consultancy costs of £7,100 (2018: £nil) payable to the son of a director of the company. This amount was included within accruals as at the year-end.

The company has taken advantage of the exemption conferred by FRS102 section 33 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared.

27 Ultimate controlling party

The ultimate parent company is Robert Heath Group Limited, a company registered in England and Wales. The consolidated financial statements of Robert Heath Group Limited can be obtained from Heath House, 264 Burlington Road, New Malden, Surrey, KT3 4NN.

The ultimate controlling party is R B Heath, a director of all group companies.

ROBERT HEATH HEATING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

| 28 Cash generated from operations | 2019 | 2018 |
|--|------------------|----------------|
| | £ | £ |
| Profit for the year after tax | 975,594 | 480,336 |
| Adjustments for: | | |
| Taxation charged | 233,980 | 29,000 |
| Finance costs | 95,442 | 201,598 |
| Investment income | (5,421) | (3,372) |
| Loss/(gain) on disposal of property, plant and equipment | 14,489 | (124,886) |
| Depreciation and impairment of property, plant and equipment | 173,090 | 167,356 |
| Other gains and losses | - | 7,798 |
| Movements in working capital: | | |
| Decrease in inventories | 174,445 | 112,802 |
| Decrease in trade and other receivables | 740,181 | 405,739 |
| Increase/(decrease) in trade and other payables | 287,997 | (286,391) |
| Cash generated from operations | <u>2,689,797</u> | <u>989,980</u> |

