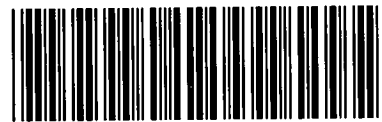


**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019
FOR
UK GAS TECHNOLOGIES LIMITED**

FRIDAY



A8KQE8K9

A06

20/12/2019

#268

COMPANIES HOUSE

Prime
Chartered Accountants
Statutory Auditor
Corner Oak
1 Homer Road
Solihull
B91 3QG

**CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

	Page
Company Information	1
Group Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	5
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

UK GAS TECHNOLOGIES LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2019**

DIRECTORS:

A J Barrett
G E Littlewood

SECRETARY:

A J Barrett

REGISTERED OFFICE:

Aztec House
Perrywood Business Park
Salfords
Redhill
Surrey
RH1 5DZ

REGISTERED NUMBER:

02565991 (England and Wales)

AUDITORS:

Prime
Chartered Accountants
Statutory Auditor
Corner Oak
1 Homer Road
Solihull
B91 3QG

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

The directors present their strategic report of the company and the group for the year ended 31 March 2019.

REVIEW OF BUSINESS

2019 was a very successful year with continued growth and exceptional margins. We successfully drove through efficiency plans and increased margin which gave a profit before tax of £3,139,647. We strengthened the order book and start FY2020 with greater than £12 million and a strong bid pipeline of new projects.

Our collaboration with GR2L (Gas Recovery and Recycle Limited) has seen continued success in a number of Asian countries including China and Malaysia. A very large order from China for 55 units was received in early 2018 (worth £3.4m to Microgas) which could be transformational as the potential for this client is tenfold. Key target clients are currently trialling the Argo0 units which are expected to dramatically increase sales in the next few years. We are pleased to report that GR2L has reduced its loan by a further 10%.

PRINCIPAL RISKS AND UNCERTAINTIES

GR2L success

Our investment in the GR2L business is significant and the repayment of funds provided to them for research and development is reliant on their success. GR2L now has a proven product with the largest Solar company in the world successfully using them in Malaysia and China. Similarly, another very large Chinese solar company is currently trialling the unit before hopefully placing significant orders. There are no plans for any further investment and our strategy is now to assist GR2L in a continued successful sales campaign to obtain further orders which will result in the debt being paid back over a short period of time and further improving our balance sheet.

Staff recruitment, retention and succession plans do not deliver the required skills and experience

The ability to recruit, retain and motivate suitably qualified staff is an important aspect of the business and our overall performance. The strength of our business is directly linked to our staff, many of them have worked for us for some considerable time, during which they have gained valuable knowledge and expertise.

The Group faces competition for the best people from other organisations. Ensuring the retention, proper development of employees and the succession for key positions is important if the business is not to suffer any adverse effects. Our policy of actively engaging with staff and reacting to their needs is fundamental in staff retention along with excellent remuneration and pension policies.

Market Conditions

The Group's products and services are primarily sold to businesses in the Research and Healthcare markets. The Group's markets are cyclical in nature and the performance of those markets is affected by general economic and global conditions and the timing and nature of Government activity. Negative or uncertain economic conditions could affect the confidence levels of the Group's customers, which could reduce their propensity to purchase products and services from the Group's businesses. Currently the Government continues its investment programme in the Research field; the major blue chip companies are continuing their investment programmes: the smaller pharmaceutical companies continue to grow and expand so the risks are small. Brexit is not a major concern as our export markets are primarily Asia and other emerging markets with very few items sourced or sold into Europe.

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

ANALYSIS BASED ON KEY PERFORMANCE INDICATORS

The group's key performance indicators are:-

Turnover

Our objective is to maintain Turnover above £10 million which based on our fixed overheads and estimating margins will deliver excellent annual profits. We were significantly ahead of our target with a turnover of £14.1 Million just under 15% up on the previous year.

Health & Safety

Our objective is to have zero loss time injuries on site. Our strategy is to have a robust H&S policy backed up by regular site auditing to ensure the highest safety standards are maintained. 2019 was a very good year with a loss time injury frequency rate (LTIFR) of 0 which equates to 0 loss time injuries none of which were serious.

Profit Margin

Our objective is to deliver a return of greater than 5% net profit margin with a strategy of increasing our profit margin on all contracts. Our efforts on improved margins resulted in an excellent 22.3% profit return compared to 10.9% in 2018 and 6.9% in 2017.

ON BEHALF OF THE BOARD:



.....
A J Barrett - Director

Date: 13/11/19

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2019**

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2019.

DIVIDENDS

The total dividend distributions for the year ended 31 March 2019 were £500,000 (2018: £100,000)

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2018 to the date of this report.

A J Barrett
G E Littlewood

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 are deemed to be reappointed under section 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:



.....
A J Barrett - Director

Date: 12/11/19

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF UK GAS TECHNOLOGIES LIMITED

Opinion

We have audited the financial statements of UK Gas Technologies Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 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 31 March 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the 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 UK GAS TECHNOLOGIES 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 four, 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.

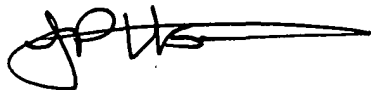
Other matters

The prior period financial statements were not audited.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
UK GAS TECHNOLOGIES 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 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.



Jeremy Kitson BA FCA (Senior Statutory Auditor)
for and on behalf of Prime
Chartered Accountants
Statutory Auditor
Corner Oak
1 Homer Road
Solihull
B91 3QG

Date: 22/11/19

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	2019 £	2018 £
TURNOVER	3	14,070,157	12,276,284
Cost of sales		<u>7,235,673</u>	<u>7,721,486</u>
GROSS PROFIT		6,834,484	4,554,798
Administrative expenses		<u>3,639,978</u>	<u>3,229,935</u>
		3,194,506	1,324,863
Other operating income		<u>(38,715)</u>	<u>38,340</u>
OPERATING PROFIT	5	3,155,791	1,363,203
Interest receivable and similar income		<u>2</u>	<u>1</u>
		3,155,793	1,363,204
Interest payable and similar expenses	6	<u>16,146</u>	<u>19,240</u>
PROFIT BEFORE TAXATION		3,139,647	1,343,964
Tax on profit	7	<u>563,519</u>	<u>269,899</u>
PROFIT FOR THE FINANCIAL YEAR		2,576,128	1,074,065
Profit attributable to: Owners of the parent		<u>2,576,128</u>	<u>1,074,065</u>

The notes form part of these financial statements

**CONSOLIDATED OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

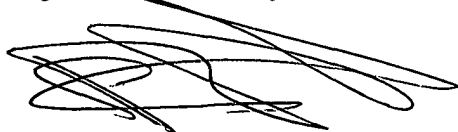
	Notes	2019 £	2018 £
PROFIT FOR THE YEAR		2,576,128	1,074,065
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,576,128</u>	<u>1,074,065</u>
Total comprehensive income attributable to: Owners of the parent		<u>2,576,128</u>	<u>1,074,065</u>

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
31 MARCH 2019

		2019		2018	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	10		-		-
Tangible assets	11		659,146		607,493
Investments	12		-		-
			<u>659,146</u>		<u>607,493</u>
CURRENT ASSETS					
Stocks	13	9,499		9,499	
Debtors	14	4,147,434		4,619,940	
Cash at bank		2,247,791		180,567	
		<u>6,404,724</u>		<u>4,810,006</u>	
CREDITORS					
Amounts falling due within one year	15	2,072,794		2,538,690	
NET CURRENT ASSETS			<u>4,331,930</u>		<u>2,271,316</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,991,076</u>		<u>2,878,809</u>
CREDITORS					
Amounts falling due after more than one year	16		(46,275)		(12,930)
PROVISIONS FOR LIABILITIES	20		(2,794)		-
NET ASSETS			<u><u>4,942,007</u></u>		<u><u>2,865,879</u></u>
CAPITAL AND RESERVES					
Called up share capital	21	10,000		10,000	
Retained earnings	22	4,932,007		2,855,879	
SHAREHOLDERS' FUNDS			<u><u>4,942,007</u></u>		<u><u>2,865,879</u></u>

The financial statements were approved by the Board of Directors on 12/11/18 and were signed on its behalf by:



.....
A J Barrett - Director

The notes form part of these financial statements

COMPANY BALANCE SHEET
31 MARCH 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Intangible assets	10	-	-
Tangible assets	11	659,146	607,493
Investments	12	10,101	10,101
		<u>669,247</u>	<u>617,594</u>
CURRENT ASSETS			
Stocks	13	9,499	9,499
Debtors	14	2,752,666	3,331,446
Cash at bank		1,926,559	97,833
		<u>4,688,724</u>	<u>3,438,778</u>
CREDITORS			
Amounts falling due within one year	15	1,683,484	2,344,812
NET CURRENT ASSETS		<u>3,005,240</u>	<u>1,093,966</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,674,487</u>	<u>1,711,560</u>
CREDITORS			
Amounts falling due after more than one year	16	(46,275)	(12,930)
PROVISIONS FOR LIABILITIES	20	(2,794)	-
NET ASSETS		<u><u>3,625,418</u></u>	<u><u>1,698,630</u></u>
CAPITAL AND RESERVES			
Called up share capital	21	10,000	10,000
Retained earnings	22	3,615,418	1,688,630
SHAREHOLDERS' FUNDS		<u><u>3,625,418</u></u>	<u><u>1,698,630</u></u>
Company's profit for the financial year		<u><u>2,426,788</u></u>	<u><u>567,892</u></u>

The financial statements were approved by the Board of Directors on 18/11/19 and were signed on its behalf by:


A J Barrett - Director

The notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2017	10,000	1,881,814	1,891,814
Changes in equity			
Dividends	-	(100,000)	(100,000)
Total comprehensive income	-	1,074,065	1,074,065
Balance at 31 March 2018	<u>10,000</u>	<u>2,855,879</u>	<u>2,865,879</u>
Changes in equity			
Dividends	-	(500,000)	(500,000)
Total comprehensive income	-	2,576,128	2,576,128
Balance at 31 March 2019	<u>10,000</u>	<u>4,932,007</u>	<u>4,942,007</u>

The notes form part of these financial statements

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2017	10,000	1,220,738	1,230,738
Changes in equity			
Dividends	-	(100,000)	(100,000)
Total comprehensive income	-	567,892	567,892
Balance at 31 March 2018	<u>10,000</u>	<u>1,688,630</u>	<u>1,698,630</u>
Changes in equity			
Dividends	-	(500,000)	(500,000)
Total comprehensive income	-	2,426,788	2,426,788
Balance at 31 March 2019	<u>10,000</u>	<u>3,615,418</u>	<u>3,625,418</u>

The notes form part of these financial statements

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	3,568,433	667,184
Interest paid		(14,593)	(16,672)
Interest element of hire purchase payments paid		(1,553)	(2,568)
Tax paid		(405,899)	(107,775)
Net cash from operating activities		3,146,388	540,169
Cash flows from investing activities			
Purchase of tangible fixed assets		(95,953)	(2,307)
Sale of tangible fixed assets		4,200	-
Interest received		2	1
Net cash from investing activities		(91,751)	(2,306)
Cash flows from financing activities			
New HP in year		56,485	-
Capital repayments in year		(8,366)	(9,668)
Amount introduced by directors		103,350	1,641
Equity dividends paid		(500,000)	(100,000)
Net cash from financing activities		(348,531)	(108,027)
Increase in cash and cash equivalents		2,706,106	429,836
Cash and cash equivalents at beginning of year	2	(458,315)	(888,151)
Cash and cash equivalents at end of year	2	2,247,791	(458,315)

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2019 £	2018 £
Profit before taxation	3,139,647	1,343,964
Depreciation charges	30,887	13,424
Loss on disposal of fixed assets	9,212	12
Finance costs	16,146	19,240
Finance income	(2)	(1)
	<u>3,195,890</u>	<u>1,376,639</u>
Decrease/(increase) in trade and other debtors	472,507	(927,113)
(Decrease)/increase in trade and other creditors	(99,964)	217,658
	<u>3,568,433</u>	<u>667,184</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:

Year ended 31 March 2019

	31.3.19 £	1.4.18 £
Cash and cash equivalents	2,247,791	180,567
Bank overdrafts	-	(638,882)
	<u>2,247,791</u>	<u>(458,315)</u>

Year ended 31 March 2018

	31.3.18 £	1.4.17 £
Cash and cash equivalents	180,567	384,822
Bank overdrafts	(638,882)	(1,272,973)
	<u>(458,315)</u>	<u>(888,151)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. STATUTORY INFORMATION

UK Gas Technologies 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.

The presentation currency of the financial statements is the Pound Sterling (£).

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 profit and loss account includes the trading results of the company together with the trading results of all the companies included in the investment note 11. All inter group transactions have been eliminated.

Debtor recoverability

Included within group debtors is an amount of £1,916,088 (£710,781 included in other debtors and £1,205,307 included in amounts recoverable on contracts) due to Microgas Systems Limited from Gas Recovery and Recycle Limited, a company in which the directors and key management hold an interest.

This debtor will only be recoverable based on future sales of a product that has been developed with Microgas System Limited's support. Current trials on the product are being carried out with clients in China, Vietnam and Norway. All of these offer significant order potential. The directors therefore have a reasonable expectation that the company will achieve recoverability of this debtor balance. No provision has been made against this debtor balance.

The directors confirm that the group will have sufficient cash available to support the group's business activities should repayment of the financial support provided to Gas Recovery and Recycle Limited be delayed.

Turnover

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

Goodwill

Goodwill which was purchased in past accounting periods has been amortised in full.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	- 25% on reducing balance
Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance

No depreciation is provided on the freehold property because, in the opinion of the directors, the market value is in excess of the historical cost figure as stated in the notes to the financial statements, and it is the directors' policy to maintain its freehold properties in a continual state of sound repair. As a result, the corresponding depreciation would not be material and therefore is not charged in the profit and loss account. This is contrary to the accounting standard, however, the directors feel this is necessary to give a true and fair view.

Stocks

Stock is valued at the lower of cost and net realisable value. Net realisable value is estimated selling price less all costs incurred.

Financial instruments

(i) 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.

(ii) Financial assets and liabilities

All financial assets and liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the profit and loss account, which are initially measured at fair value unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset at the balance sheet date when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

2. ACCOUNTING POLICIES - continued

(ii) Financial assets and liabilities - continued

Debt instruments that have no stated interest rate and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment. Other debt instruments not meeting these conditions are measured at fair value through profit and loss.

Commitments to make or receive loans which meet the conditions mentioned above are measured at cost less impairment.

Financial assets are derecognised when and only when the contractual rights to the cash flows for the financial asset expire or are settled, when the company transfers to another party substantially all the risks and rewards of ownership of the financial asset, or the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(iii) Investments

Investments in subsidiary undertakings are measured at cost less impairment. Other investments are also measured at cost less impairment.

Taxation

Taxation for the year 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 year 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.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

2. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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.

Amounts recoverable on long term contracts

Long term contracts are assessed on a contract by contract basis and are reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Where the outcome of each long term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between the reported turnover and related costs for that contract.

3. TURNOVER

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

An analysis of turnover by geographical market is given below:

	2019 £	2018 £
United Kingdom	12,972,551	10,933,563
Overseas	1,097,606	1,342,721
	<u>14,070,157</u>	<u>12,276,284</u>

4. EMPLOYEES AND DIRECTORS

	2019 £	2018 £
Wages and salaries	1,896,107	1,711,171
Social security costs	37,419	36,794
Other pension costs	238,551	223,536
	<u>2,172,077</u>	<u>1,971,501</u>

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

	2019	2018
Production & Management	<u>32</u>	<u>29</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

4. EMPLOYEES AND DIRECTORS - continued

	2019 £	2018 £
Directors' remuneration	309,633	317,380
Directors' pension contributions to money purchase schemes	33,600	55,796

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

	2019	2018
Money purchase schemes	2	2

Information regarding the highest paid director is as follows:

	2019 £	2018 £
Emoluments etc	201,840	200,200
Pension contributions to money purchase schemes	23,000	20,400

5. OPERATING PROFIT

The operating profit is stated after charging:

	2019 £	2018 £
Hire of plant and machinery	51,187	27,649
Other operating leases	13,187	4,269
Depreciation - owned assets	12,607	4,062
Depreciation - assets on hire purchase contracts	18,281	9,362
Loss on disposal of fixed assets	9,212	12
Auditors Remuneration	20,000	-

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 £
Bank interest	14,593	16,672
Hire purchase	1,553	2,568
	16,146	19,240

7. TAXATION

Analysis of the tax charge

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

	2019 £	2018 £
Current tax:		
UK corporation tax	560,725	269,899
Deferred tax	2,794	-
Tax on profit	563,519	269,899

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

7. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

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

	2019 £	2018 £
Profit before tax	<u>3,139,647</u>	<u>1,343,964</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	596,533	255,353
Effects of:		
Expenses not deductible for tax purposes	-	16,263
Income not taxable for tax purposes	(23,941)	-
Capital allowances in excess of depreciation	(11,867)	(1,717)
Movements in Deferred Tax	<u>2,794</u>	<u>-</u>
Total tax charge	<u>563,519</u>	<u>269,899</u>

The Chancellor has previously announced that the UK main corporation tax rate would be cut to 17% from 1 April 2020.

8. 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.

9. DIVIDENDS

	2019 £	2018 £
Ordinary A shares of £1 each		
Interim	<u>500,000</u>	<u>100,000</u>

10. INTANGIBLE FIXED ASSETS

Group

	Goodwill £
COST	
At 1 April 2018	
and 31 March 2019	<u>9,877</u>
AMORTISATION	
At 1 April 2018	
and 31 March 2019	<u>9,877</u>
NET BOOK VALUE	
At 31 March 2019	<u>-</u>
At 31 March 2018	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

11. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 April 2018	549,627	281,454	12,405	113,936	957,422
Additions	-	-	39,468	56,485	95,953
Disposals	-	-	-	(58,666)	(58,666)
At 31 March 2019	549,627	281,454	51,873	111,755	994,709
DEPRECIATION					
At 1 April 2018	-	255,467	10,578	83,884	349,929
Charge for year	-	2,282	10,324	18,282	30,888
Eliminated on disposal	-	-	-	(45,254)	(45,254)
At 31 March 2019	-	257,749	20,902	56,912	335,563
NET BOOK VALUE					
At 31 March 2019	549,627	23,705	30,971	54,843	659,146
At 31 March 2018	549,627	25,987	1,827	30,052	607,493

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1 April 2018	88,670
Additions	56,485
Disposals	(33,400)
At 31 March 2019	111,755
DEPRECIATION	
At 1 April 2018	60,583
Charge for year	18,281
Eliminated on disposal	(21,950)
At 31 March 2019	56,914
NET BOOK VALUE	
At 31 March 2019	54,841
At 31 March 2018	28,087

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

11. TANGIBLE FIXED ASSETS - continued

Company

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 April 2018	549,627	281,454	12,405	113,936	957,422
Additions	-	-	39,468	56,485	95,953
Disposals	-	-	-	(58,666)	(58,666)
At 31 March 2019	549,627	281,454	51,873	111,755	994,709
DEPRECIATION					
At 1 April 2018	-	255,467	10,578	83,884	349,929
Charge for year	-	2,282	10,324	18,281	30,887
Eliminated on disposal	-	-	-	(45,253)	(45,253)
At 31 March 2019	-	257,749	20,902	56,912	335,563
NET BOOK VALUE					
At 31 March 2019	549,627	23,705	30,971	54,843	659,146
At 31 March 2018	549,627	25,987	1,827	30,052	607,493

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1 April 2018	88,670
Additions	56,485
Disposals	(33,400)
At 31 March 2019	111,755
DEPRECIATION	
At 1 April 2018	60,583
Charge for year	18,281
Eliminated on disposal	(21,950)
At 31 March 2019	56,914
NET BOOK VALUE	
At 31 March 2019	54,841
At 31 March 2018	28,087

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

12. FIXED ASSET INVESTMENTS

Company

Shares in
group
undertakings
£

COST

At 1 April 2018

and 31 March 2019

10,101

NET BOOK VALUE

At 31 March 2019

10,101

At 31 March 2018

10,101

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

Subsidiaries

Chemical Process Systems Limited

Registered office: Aztec House, Perrywood Business Park, Salfords, Redhill, Surrey, RH1 5DZ

Nature of business: Dormant

Class of shares: %
Ordinary holding
100.00

2019

2018

£

£

Aggregate capital and reserves

12,931

12,931

Medical Gases Limited

Registered office: Aztec House, Perrywood Business Park, Salfords, Redhill, Surrey, RH1 5DZ

Nature of business: Medical & industrial gas installation

Class of shares: %
Ordinary holding
100.00

2019

2018

£

£

Aggregate capital and reserves

128,516

531,691

Profit for the year

296,825

284,492

Microgas Systems Limited

Registered office: Aztec House, Perrywood Business Park, Salfords, Redhill, Surrey, RH1 5DZ

Nature of business: Medical & gas installation

Class of shares: %
Ordinary holding
100.00

2019

2018

£

£

Aggregate capital and reserves

1,081,866

235,328

Profit for the year

846,538

85,830

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

12. FIXED ASSET INVESTMENTS - continued

Puretech Process Systems Limited

Registered office: Aztec House, Perrywood Business Park, Salfords, Redhill, Surrey, RH1 5DZ

Nature of business: Medical & gas installation

Class of shares:	% holding	2019 £	2018 £
Ordinary	99.00		
Aggregate capital and reserves		103,376	397,399
Profit for the year		80,977	135,850

13. STOCKS

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Raw materials	9,499	9,499	9,499	9,499

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Trade debtors	1,567,973	1,667,960	-	-
Amounts owed by group undertakings	-	-	2,686,703	3,330,071
Amounts recoverable on contract	1,801,842	2,052,073	-	-
Other debtors	773,128	878,976	61,472	-
VAT	-	19,556	-	-
Prepayments	4,491	1,375	4,491	1,375
	4,147,434	4,619,940	2,752,666	3,331,446

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Bank loans and overdrafts (see note 17)	-	638,882	-	638,882
Hire purchase contracts (see note 18)	18,970	4,196	18,970	4,196
Trade creditors	327,966	1,009,477	327,968	1,009,477
Amounts owed to group undertakings	-	-	12,675	101
Tax	424,743	269,917	137,561	151,282
VAT	348,412	-	355,393	2,626
Other creditors	249,262	241,223	249,262	241,223
Directors' current accounts	139,730	36,380	139,730	36,380
Accrued expenses	563,711	338,615	441,925	260,645
	2,072,794	2,538,690	1,683,484	2,344,812

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Hire purchase contracts (see note 18)	<u>46,275</u>	<u>12,930</u>	<u>46,275</u>	<u>12,930</u>

17. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	<u>-</u>	<u>638,882</u>	<u>-</u>	<u>638,882</u>

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2019	2018
	£	£
Net obligations repayable:		
Within one year	18,970	4,196
Between one and five years	46,275	12,930
	<u>65,245</u>	<u>17,126</u>

Company

	Hire purchase contracts	
	2019	2018
	£	£
Net obligations repayable:		
Within one year	18,970	4,196
Between one and five years	46,275	12,930
	<u>65,245</u>	<u>17,126</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

18. LEASING AGREEMENTS - continued

Group

	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	35,223	14,832
Between one and five years	37,313	10,240
	<u>72,536</u>	<u>25,072</u>

Company

	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	35,223	14,832
Between one and five years	37,313	10,240
	<u>72,536</u>	<u>25,072</u>

19. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2019	2018
	£	£
Bank overdraft	-	638,882
Hire purchase contracts	65,245	17,126
	<u>65,245</u>	<u>656,008</u>

Barclays Bank PLC have a legal charge dated 18 Jun 1997 over the freehold property of the company. Barclays Bank PLC also have a guarantee and debenture dated 22 December 1997 over all assets of the company.

20. PROVISIONS FOR LIABILITIES

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Deferred tax	<u>2,794</u>	<u>-</u>	<u>2,794</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

20. PROVISIONS FOR LIABILITIES - continued

Group

	Deferred tax £
Charge to Income Statement during year	2,794
Balance at 31 March 2019	<u>2,794</u>

Company

	Deferred tax £
Charge to Income Statement during year	2,794
Balance at 31 March 2019	<u>2,794</u>

21. CALLED UP SHARE CAPITAL

Allotted and issued:		Nominal value:	2019	2018
Number:	Class:		£	£
11,146	Ordinary A	£1	10,000	10,000
787	Ordinary B	£1	-	-
			<u>10,000</u>	<u>10,000</u>

The company has two classes of ordinary share capital. The ordinary A share capital carries full rights to voting, dividends and return of capital on wind up of the company. The ordinary B share capital carries no rights to voting or dividends. Both classes of ordinary shares do not carry any right to fixed income.

22. RESERVES

Group

	Retained earnings £
At 1 April 2018	2,855,879
Profit for the year	2,576,128
Dividends	(500,000)
At 31 March 2019	<u>4,932,007</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

22. RESERVES - continued

Company

	Retained earnings £
At 1 April 2018	1,688,630
Profit for the year	2,426,788
Dividends	(500,000)
At 31 March 2019	<u>3,615,418</u>

The retained earnings reserve represents cumulative profits or losses net of dividends paid.

23. RELATED PARTY DISCLOSURES

GROUP

A J Barrett and G E Littlewood both have a share in the partnership Barwood Technical Services, which invoiced management charges totalling £42,500 (2018: £146,256) during the financial year.

A J Barrett, G E Littlewood and a senior employee have an interest in Gas Recovery and Recycle Limited. Sales totalling £3,313,914 (2018: £316,194) have been recognised to this company. At the year end £1,205,307 (2018: £795,101) is included within amounts recoverable on contract and £710,781 (2018: £878,101) is included within other debtors.

Key management personnel includes all directors of the group and senior management. The total remuneration paid to key management personnel for services provided to the company was £800,891 (2018: £758,783).

At the year end £139,730 (2018: £36,380) was due to A Barrett. No interest is accruing on this loan.

COMPANY

The company has taken advantage of exemption, under the terms of FRS 102, not to disclose related party transactions with wholly owned subsidiaries within the group.

During the year the company paid management charges totalling £Nil (2018: £11,256) to Barwood Technical Services.

During the year, total dividends of £500,000 (2018: £100,000) were paid to the directors.

24. ULTIMATE CONTROLLING PARTY

The controlling party is A J Barrett.