

Company Registration No. 06327804 (England and Wales)

CENNOX GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020



CENNOX GROUP LIMITED

COMPANY INFORMATION

Directors	N Cockett R D Dodd C M Nation
Secretary	R D Dodd
Company number	06327804
Registered office	Units 11 & 12 Admiralty Way Camberley Surrey GU15 3DT
Auditor	RSM UK Audit LLP Chartered Accountants Third Floor One London Square Cross Lanes Guildford Surrey GU1 1UN

CENNOX GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the Strategic Report for the year ended 31 December 2020.

Fair review of the business

Cennox Group Limited is the holding company for the group's UK and overseas operations. Cennox Group Limited is a subsidiary of Cennox Holdings Limited.

Cennox Group Limited continued to support the wider Cennox Group. The results of the company for the year ended 31 December 2020 are shown on page 9, where the company has reported a profit for the financial year of £5,253 (2019: £19,876). The net assets of the company at the end of the year were £847,213 (2019: £841,960).

Principal risks and uncertainties

The directors acknowledge their responsibility for the company's systems of internal controls and risk management. The systems are designed to control and mitigate risks and uncertainty, although it is never possible to eliminate all risks.

Risks to the business that have been identified and mitigated against include: IT failure, poor service delivery, inadequate staff selection, significant market changes, customer losses and weak financial controls.

Key performance indicators

Given the straight forward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for a full understanding of the performance or position of the company.

Going concern

The directors and senior management team continue to monitor and implement appropriate measures to respond to the uncertain outlook caused by the COVID-19 pandemic to ensure that the company remains a going concern over the next 12 months. The business has taken advantage of local government support schemes including the Coronavirus Job Retention Scheme and tax deferrals.

The financial statements have been prepared on the going concern assumption based upon the continued support of the parent company, Cennox Holdings Limited, which has provided, and will continue to provide, working capital.

The directors have prepared detailed revised forecasts, and these are regularly updated. Based on these forecasts, the directors consider it is appropriate for the financial statements to be prepared on the going concern basis.

S.172 (of the Companies Act 2006) statement

The directors of Cennox Group Limited (the "company") are aware of their duty under section 172 of the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the company and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment; and
- the desirability of the company to maintain a reputation for high standards of business conduct;

The company is a wholly owned subsidiary of Cennox Holdings Limited, a company incorporated in England and Wales.

CENNOX GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

S.172 (of the Companies Act 2006) statement (continued)

Long term decisions and actions

The directors are committed to developing and maintaining a governance framework that is appropriate to the business and supports effective decision making coupled with robust oversight of risks and internal controls.

As an intermediate holding company, the directors monitor the performance of the subsidiaries to ensure they are meeting the requirements of the wider business. This requires a long term view so that the directors can structure the business in a manner that enables it to most efficiently respond to changes in the market place.

The directors consider the possible long-term consequences of any material proposed course of action, including potential safety, financial and reputational risks.

The interests of our employees

The company is an intermediate holding company with only 5 employees of its own. Please refer to the financial statements of our subsidiaries for details of how they act in regard to their employees' interests, in so far as local regulations require them to disclose.

Relationships with suppliers and customers

Our suppliers are pivotal to our delivery of high quality services. Hence, we only work with suppliers with an equivalent high regard for quality, ethics, rights, a consideration for the environment, and commitment to our customers.

Impact on the community and the environment

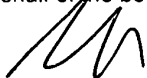
The company has no premises, operations, or trade, and therefore has no exposure to the community or environment. Please refer to the financial statements of our subsidiaries for details of their impacts, in so far as local regulations require them to disclose.

Business Conduct

Wherever Cennox Group Limited does business in the world, the fundamental values of honesty, integrity, and ethical conduct form the core of everything we do. The directors are committed to maximising the long-term company value while supporting management in the operations of the business, observing ethical standards and adhering to all applicable laws.

Our reputation is shaped by the personal decisions of our management team, and so to guide those decisions, our directors must adhere to our code of conduct. We provide various channels (local and global) for employees to obtain answers to questions or to report potential or actual violations of law, regulation, or policy freely and without fear of retaliation.

On behalf of the board



.....
R D Dodd

Director

Date: 17/9/2021

CENNOX GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and audited financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the company continues to be that of a holding company for the group's UK and overseas operations.

On 11 March 2020, the company changed its name from Cennox Group Plc to Cennox Group Limited.

Directors

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

N Cockett
R D Dodd
C M Nation

Results and dividends

The results for the year are set out on page 9.

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

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Employee engagement

The company encourages communication and the involvement of its employees through periodic meetings and communications for the dissemination of information of particular concern to employees and for receiving their views on important matters.

- Providing employees systematically with information on matters of concern to them as employees;
- Consulting employees or their representatives on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests; and
- Achieving a common awareness of the financial and economic factors affecting the entity's performance.

Stakeholder engagement

Building and nurturing strong working relationships with our employees, customers, suppliers, shareholders, banking partners and other stakeholders is critical to our success and is intrinsic in our day-to-day activities. This year we have continued our efforts to listen to our stakeholders in order to better understand their views and to inform our decision making and strategic planning. Each of our Regions have specific models of engagement for each stakeholder category.

- *Employees.* In addition to regular line management processes, we carry out employee surveys and 'all hands calls' with a major focus on implementing actions from employee suggestions.
- *Customers.* The business' main interaction with customers is through local teams of Account Directors and Accounting Managers, along with the operational teams delivering service.
- *Suppliers.* The business has built up strong supplier relationships with key suppliers facilitating the delivery of often unique solutions to our customer base. Our focus is building long term value adding relationships, including bringing innovative new products to our markets.
- *Shareholders.* Our shareholders are management and the Business Growth Fund. Shareholders engage at least monthly building a common business strategy.
- *Banking Partners.* Cennox has a group lead banker and local partners in each Region. The group and Regional CFOs engage regularly with the banking partners, who have been supportive during the growth of the business and during the COVID-19 pandemic.

CENNOX GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Carbon reporting

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Financial risk management objectives and policies

The company finances its operations through a mixture of retained profit, share capital, and loans from fellow group companies. The management's objective is to retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds.

The company makes little use of financial instruments other than operational bank accounts and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the Group.

Strategic Report

The company has chosen to set out information regarding the fair review of the business, key performance indicators, principal risks and uncertainties and future developments of the company in the Strategic Report.

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, each director has taken all the necessary steps that they ought to have taken as a director 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



.....
R D Dodd
Director

Date: 17/9/2021

CENNOX GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENNOX GROUP LIMITED

Opinion

We have audited the financial statements of Cennox Group Limited (the 'company') for the year ended 31 December 2020, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the 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 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENNOX GROUP LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENNOX GROUP LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

We do not consider there to be any significant laws and regulations which have an indirect impact on the financial statements.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and review of sales for potential cut off issues.

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

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.

RSM UK Audit LLP

Christopher Hurren FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor
One London Square
Cross Lanes
Guildford
Surrey, GU1 1UN

20 SEPTEMBER 2021

CENNOX GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
	Notes	£	£
Turnover	3	3,548,742	2,940,573
Administrative expenses		(3,017,723)	(2,463,387)
Other operating income		13,631	-
		<hr/>	<hr/>
Underlying EBITDA		544,650	477,186
Depreciation and amortisation		(206)	-
Aborted transaction costs	4	(437,010)	(367,297)
Exceptional contract tendering costs	4	(23,070)	-
		<hr/>	<hr/>
Operating profit	5	84,364	109,889
Interest payable and similar expenses	6	(37,403)	(32,196)
		<hr/>	<hr/>
Profit before taxation		46,961	77,693
Tax on profit	10	(41,708)	(57,817)
		<hr/>	<hr/>
Profit for the financial year		<u>5,253</u>	<u>19,876</u>

CENNOX GROUP LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2020**

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Intangible assets	11		36,000		-
Tangible assets	12		7,203		-
Investments	13		10,979,597		10,979,096
			<u>11,022,800</u>		<u>10,979,096</u>
Current assets					
Debtors	15	11,155,471		12,501,203	
Cash at bank and in hand		69,190		411,177	
			<u>11,224,661</u>		<u>12,912,380</u>
Creditors: amounts falling due within one year	16	(21,010,331)		(22,388,276)	
Net current liabilities			<u>(9,785,670)</u>		<u>(9,475,896)</u>
Total assets less current liabilities			1,237,130		1,503,200
Creditors: amounts falling due after more than one year	17		(383,807)		(661,240)
Provisions for liabilities	18		(6,110)		-
Net assets			<u>847,213</u>		<u>841,960</u>
Capital and reserves					
Called up share capital	20		100,000		100,000
Profit and loss reserves			747,213		741,960
Total equity			<u>847,213</u>		<u>841,960</u>

The financial statements were approved by the board of directors and authorised for issue on 17/9/2021 and are signed on its behalf by:



 R D Dodd
 Director

CENNOX GROUP LIMITED

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

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2019	100,000	722,084	822,084
Year ended 31 December 2019:			
Profit and total comprehensive income for the year	-	19,876	19,876
	<u>100,000</u>	<u>741,960</u>	<u>841,960</u>
Balance at 31 December 2019	100,000	741,960	841,960
Year ended 31 December 2020:			
Profit and total comprehensive income for the year	-	5,253	5,253
	<u>100,000</u>	<u>747,213</u>	<u>847,213</u>
Balance at 31 December 2020	<u>100,000</u>	<u>747,213</u>	<u>847,213</u>

CENNOX GROUP LIMITED

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

1 Accounting policies

Company information

Cennox Group Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Units 11 & 12, Admiralty Way, Camberley, Surrey, GU15 3DT.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

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" 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 £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosures

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Cennox Holdings Limited. These consolidated financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

Consolidation

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Going concern

The directors and senior management team continue to monitor and implement appropriate measures to respond to the uncertain outlook caused by the COVID-19 pandemic to ensure that the company remains a going concern over the next 12 months. The business has taken advantage of local government support schemes including the Coronavirus Job Retention Scheme and tax deferrals.

The financial statements have been prepared on the going concern assumption based upon the continued support of the parent company, Cennox Holdings Limited, which has provided, and will continue to provide, working capital.

The directors have prepared detailed revised forecasts, and these are regularly updated. Based on these forecasts, the directors consider it is appropriate for the financial statements to be prepared on the going concern basis.

CENNOX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services in the ordinary nature of the business. Turnover is shown net of Value Added Tax for goods sold and services provided to external customers.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

Software	3 years straight line
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Tangible fixed assets

Tangible fixed assets 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:

Fixtures and fittings	3 years straight line
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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 credited or charged to profit or loss.

Fixed asset investments

Interests in subsidiaries 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 or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

CENNOX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, and deposits held at call with banks.

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 instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less 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. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. 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.

CENNOX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

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, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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 of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

Equity instruments

Equity instruments issued by the company are recorded at the fair value of 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.

CENNOX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

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 fixed 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.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

CENNOX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

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.

Impairment of investments

Estimates are made in respect of determining the carrying value of investments which are stated at amortised cost. The directors assess the investments at each reporting date for any potential impairment required. Impairment losses are recognised immediately in profit or loss.

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Management of group companies	3,548,742	2,940,573
	<u> </u>	<u> </u>
	2020	2019
	£	£
Other operating income		
Grants received	13,631	-
	<u> </u>	<u> </u>

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

CENNOX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

4	Exceptional costs	2020	2019
		£	£
	Exceptional contract tendering costs	23,070	-
	Aborted transaction costs	437,010	367,297
		<u>460,080</u>	<u>367,297</u>
5	Operating profit	2020	2019
		£	£
	Operating profit for the year is stated after charging/(crediting):		
	Government grants	(13,631)	-
	Depreciation of owned tangible fixed assets	206	-
	Operating lease charges	10,584	30,000
		<u>10,584</u>	<u>30,000</u>
	Government grants		
	The company received a grant totalling £13,631 from the UK Government in relation to the Coronavirus Job Retention Scheme. The scheme was introduced in March 2020 in an effort to help employers avoid the need to make mass redundancies as a result of the impact of COVID-19. The scheme was available for all UK companies with no attached conditions which may result in the funds needing to be repaid.		
6	Interest payable and similar expenses	2020	2019
		£	£
	Interest on bank overdrafts and loans	37,403	32,196
		<u>37,403</u>	<u>32,196</u>
7	Auditor's remuneration	2020	2019
		£	£
	Fees payable to the company's auditor and its associates:		
	For audit services		
	Audit of the financial statements of the company	6,200	6,125
		<u>6,200</u>	<u>6,125</u>
	For other services		
	Taxation compliance services	2,700	2,550
	All other non-audit services	3,100	2,950
		<u>5,800</u>	<u>5,500</u>

CENNOX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

8 Employees

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

	2020 Number	2019 Number
Directors	2	2
Other	3	2
Total	<u>5</u>	<u>4</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	912,007	709,239
Social security costs	116,414	81,912
Pension costs	49,449	28,762
	<u>1,077,870</u>	<u>819,913</u>

9 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	632,903	492,589
Company pension contributions to defined contribution schemes	28,551	28,551
	<u>661,454</u>	<u>521,140</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019 - 2).

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

	2020 £	2019 £
Remuneration for qualifying services	342,701	272,011
Company pension contributions to defined contribution schemes	15,636	15,636
	<u>358,337</u>	<u>287,647</u>

CENNOX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

10 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	-	58,067
Adjustments in respect of prior periods	34,762	-
	<u>34,762</u>	<u>58,067</u>
Deferred tax		
Origination and reversal of timing differences	7,045	(279)
Changes in tax rates	(99)	29
	<u>6,946</u>	<u>(250)</u>
Total tax charge	<u>41,708</u>	<u>57,817</u>

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	46,961	77,693
	<u>46,961</u>	<u>77,693</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	8,923	14,762
Tax effect of expenses that are not deductible in determining taxable profit	99,251	43,026
Adjustments in respect of prior years	34,762	-
Group relief	(101,130)	-
Impact of change in tax rate	(98)	29
	<u>41,708</u>	<u>57,817</u>

11 Intangible fixed assets

	Software £
Cost	
Additions	36,000
	<u>36,000</u>
At 31 December 2020	36,000
	<u>36,000</u>
Carrying amount	
At 31 December 2020	36,000
	<u>36,000</u>
At 31 December 2019	-
	<u>-</u>

CENNOX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Tangible fixed assets

	Fixtures and fittings £
Cost	
Additions	7,409
At 31 December 2020	<u>7,409</u>
Depreciation and impairment	
Depreciation charged in the year	206
At 31 December 2020	<u>206</u>
Carrying amount	
At 31 December 2020	<u>7,203</u>
At 31 December 2019	<u>-</u>

13 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries	14	<u>10,979,597</u>	<u>10,979,096</u>

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2020	10,979,096
Additions	501
At 31 December 2020	<u>10,979,597</u>
Carrying amount	
At 31 December 2020	<u>10,979,597</u>
At 31 December 2019	<u>10,979,096</u>

The additions above relate to extra acquisition costs of Cennox Lockpoint Limited, a subsidiary acquired in the prior year.

CENNOX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Cennox ATM Parts Limited #	1	Dormant	Ordinary	100.00	-
Cennox Limited	2	Technical maintenance services	Ordinary	100.00	-
Cennox Signage and Construction Limited	2	Signage, design and deployment	Ordinary	100.00	-
Technical Refurbishment Limited ^	3	Dormant	Ordinary	-	100.00
Bradford Signs Limited ^	3	Dormant	Ordinary	-	100.00
Excalibur Designs Limited ^	3	Dormant	Ordinary	-	100.00
Signmaking Developments Ltd ^	3	Dormant	Ordinary	-	100.00
Cennox LLC	4	Holding company	Ordinary	100.00	-
Sterling Group Properties Inc.	4	Property management	Ordinary	-	100.00
Cennox Inc.	4	Technical maintenance services	Ordinary	-	100.00
Cennox Diebold Limited #	2	Dormant	Ordinary	100.00	-
Cennox Acketts Limited	2	Technical equipment installation	Ordinary	100.00	-
Cennox Complete Security Services Inc	4	Technical equipment services	Ordinary	-	100.00
Cennox Project and Security Solutions Inc	4	Technical equipment services	Ordinary	-	100.00
3SI Security Systems NV	5	Development, supply and maintenance of security products	Ordinary	100.00	-
3SI Security Systems SAS	6	Development, supply and maintenance of security products	Ordinary	-	100.00
Cennox Lockpoint Limited #	2	Design, supply and servicing of security products	Ordinary	100.00	-
Lockpoint Limited ^	2	Dormant	Ordinary	-	100.00
Cel Data Services NV	7	Maintenance and repair of machineries	Ordinary	-	100.00
Cel Data Technology Services BV	7	Maintenance and repair of machineries	Ordinary	-	100.00

Registered office addresses (all UK unless otherwise indicated):

- 1 Unit 12 Admiralty Way, Camberley, Surrey, GU15 3DT
- 2 11 & 12 Admiralty Way, Camberley, Surrey, GU15 3DT
- 3 Matrix House, 12-16 Lionel Road, Canvey Island, Essex, SS8 9DE
- 4 3010, Santa Fe Ct, Missoula, Montana 59808, United States
- 5 Leuvensesteenweg 540, PO Box 4, 1930 Zaventem, Brussels, Belgium
- 6 Tour Credit Lyonnais, 129 Rue Servient, Lyon, 69003, France
- 7 Stationsstraat 30, 1702 Groot-Bijgaarden, Belgium

^ These company accounts are not audited in accordance with section 480 of the Companies Act 2006.

These company accounts are not audited in accordance with section 479A of the Companies Act 2006.

CENNOX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

15 Debtors	2020	2019
	£	£
Amounts falling due within one year:		
Amounts owed by group undertakings	9,824,972	11,050,516
Other debtors	11,023	137,740
Prepayments and accrued income	44,476	37,111
	<u>9,880,471</u>	<u>11,225,367</u>
Deferred tax asset (note 19)	-	836
	<u>9,880,471</u>	<u>11,226,203</u>
	2020	2019
	£	£
Amounts falling due after more than one year:		
Amounts owed by group undertakings	1,275,000	1,275,000
	<u>1,275,000</u>	<u>1,275,000</u>
Total debtors	<u>11,155,471</u>	<u>12,501,203</u>
16 Creditors: amounts falling due within one year	2020	2019
	£	£
Trade creditors	134,736	118,504
Amounts owed to group undertakings	19,595,871	21,905,856
Corporation tax	72,501	58,067
Other taxation and social security	790,863	-
Other creditors	310,204	299,158
Accruals and deferred income	106,156	6,691
	<u>21,010,331</u>	<u>22,388,276</u>
17 Creditors: amounts falling due after more than one year	2020	2019
	£	£
Other creditors	93,174	370,607
Accruals and deferred income	290,633	290,633
	<u>383,807</u>	<u>661,240</u>

CENNOX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

18 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	19	6,110	-

19 Deferred taxation

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

	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Balances:				
Accelerated capital allowances	6,110	-	-	836

	2020 £
Movements in the year:	
Asset at 1 January 2020	(836)
Charge to profit or loss	7,045
Effect of change in tax rate - profit or loss	(99)
Liability at 31 December 2020	6,110

20 Share capital

	2020 Number	2019 Number	2020 £	2019 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	100,000	100,000	100,000	100,000

Ordinary share rights

The company's ordinary shares, which carry no right to fixed income, carry the right to one vote at general meetings of the company.

Reserves

Reserves of the company represent the following:

Profit and loss account

Cumulative profit and loss net of distributions to owners.

CENNOX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

21 Retirement benefit schemes

	2020	2019
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	49,449	28,762

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.

22 Financial commitments, guarantees and contingent liabilities

The company has entered into a cross guarantee and debenture across the company's assets in respect of the indebtedness of both itself and its parent company. The company has entered into this cross guarantee and debenture with Cennox Holdings Limited, Cennox Diebold Limited, Cennox Limited, Cennox ATM Parts Limited, Cennox Signage and Construction Limited, Technical Refurbishment Limited, Cennox LLC, Sterling Group Inc., Cennox Inc., Sterling Group Properties Inc. and Cennox Project and Security Solutions Inc. At 31 December 2020, the total amount outstanding subject to the guarantees was £15,835,000 (2019: £16,400,000).

23 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:

	2020	2019
	£	£
Within one year	26,615	11,686
Between one and five years	18,308	5,098
	44,923	16,784

24 Related party transactions

The company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

25 Ultimate controlling party

The company's immediate and ultimate parent company and controlling party is Cennox Holdings Limited, a company registered in England and Wales. Cennox Holdings Limited is the parent of both the largest and smallest group in which the results of the company are consolidated, copies of these financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

26 Events after the reporting date

On 4 May 2021, York Capital Management acquired an 86.1% interest in the group and became the ultimate controlling party.