

REGISTERED NUMBER: 05177978 (England and Wales)

Birwelco Limited

Report of the Directors and

Audited Financial Statements for the Period 1 July 2018 to 31 December 2019

Haines Watts Wales LLP, Statutory Auditors
7 Neptune Court
Vanguard Way
Cardiff
CF24 5PJ

Birwelco Limited (Registered number: 05177978)

**Contents of the Financial Statements
for the Period 1 July 2018 to 31 December 2019**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Income Statement	6
Balance Sheet	7
Notes to the Financial Statements	8

Birwelco Limited

**Company Information
for the Period 1 July 2018 to 31 December 2019**

Directors:	Mr A Dent Mr C Wilkinson Mr A Williams
Registered office:	Unit House Elba Business Park Elba Crescent Swansea SA1 8QE
Registered number:	05177978 (England and Wales)
Auditors:	Haines Watts Wales LLP, Statutory Auditors 7 Neptune Court Vanguard Way Cardiff CF24 5PJ
Bankers:	Santander 1 Union Street Swansea SA1 3EE

Birwelco Limited (Registered number: 05177978)

**Report of the Directors
for the Period 1 July 2018 to 31 December 2019**

The directors present their report with the financial statements of the company for the period 1 July 2018 to 31 December 2019.

Directors

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

Mr W Ledwood - resigned 25 April 2019
Mr I P M Anderson - appointed 25 April 2019
Mr A Dent - appointed 25 April 2019

Mr C Wilkinson and Mr A Williams were appointed as directors after 31 December 2019 but prior to the date of this report.

Mr I P M Anderson ceased to be a director after 31 December 2019 but prior to the date of this report.

Financial instruments

The business' principal financial instruments comprise bank balances, trade debtors, trade creditors, loans to the business and finance lease agreements. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating interest rates of interest. All of the business' cash balances are held in such a way that achieves a competitive rate of interest. The business makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances and doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Loans comprise loans from financial institutions. The interest rates and month repayments are fixed. The business manages the liquidity risk by ensuring that there are sufficient funds to meet the payments.

The business is a lessee in respect of finance leased assets. The liquidity risk in respect of these is managed by ensuring that there are sufficient funds to meet the payments.

Statement of directors' responsibilities

The directors are responsible for preparing 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 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;

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

Statement 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 company'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 company's auditors are aware of that information.

Birwelco Limited (Registered number: 05177978)

**Report of the Directors
for the Period 1 July 2018 to 31 December 2019**

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

On behalf of the board:

DocuSigned by:

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Mr A Dent - Director

17 April 2020

Report of the Independent Auditors to the Members of Birwelco Limited

Opinion

We have audited the financial statements of Birwelco Limited (the 'company') for the period ended 31 December 2019 which comprise the Income Statement, Balance Sheet and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

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

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements which provides details of the company's trading performance and the uncertainty arising from the COVID-19 pandemic. The events or conditions detailed indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information in 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

The impact of uncertainties due COVID -19 on our audit

The Directors' view on the impact of COVID-19 is disclosed in note 2 in the financial statements.

Uncertainties related to the effects of COVID -19 are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability and valuation of assets, appropriateness of the going concern basis of preparation of the financial statements and associated disclosures. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

The COVID -19 viral pandemic is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We have applied a standardised approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to the COVID -19 pandemic.

**Report of the Independent Auditors to the Members of
Birwelco Limited**

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 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, 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 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.

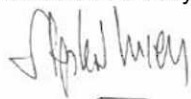
Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen Lucey (Senior Statutory Auditor)
for and on behalf of Haines Watts Wales LLP, Statutory Auditors
7 Neptune Court
Vanguard Way
Cardiff
CF24 5PJ

Date: 17 April 2020.....

Birwelco Limited (Registered number: 05177978)**Income Statement
for the Period 1 July 2018 to 31 December 2019**

	Notes	Period 1.7.18 to 31.12.19 £	Period 1.1.17 to 30.6.18 £
Turnover		5,386,260	10,707,312
Cost of sales		(4,403,582)	(9,817,493)
Gross profit		982,678	889,819
Administrative expenses		(1,185,474)	(773,302)
Operating (loss)/profit	4	(202,796)	116,517
Exceptional items	5	196,357	(1,277,941)
		(6,439)	(1,161,424)
Interest payable and similar expenses		(130,178)	-
Loss before taxation		(136,617)	(1,161,424)
Tax on loss		-	-
Loss for the financial period		(136,617)	(1,161,424)

The notes form part of these financial statements

Birwelco Limited (Registered number: 05177978)**Balance Sheet
31 December 2019**

	Notes	2019 £	2018 £
Fixed assets			
Intangible assets	6	-	-
Tangible assets	7	18,170	16,313
		<u>18,170</u>	<u>16,313</u>
Current assets			
Debtors	8	2,473,392	734,855
Cash at bank and in hand		152,903	91,060
		<u>2,626,295</u>	<u>825,915</u>
Creditors			
Amounts falling due within one year	9	(2,721,887)	(833,033)
Net current liabilities		<u>(95,592)</u>	<u>(7,118)</u>
Total assets less current liabilities		<u>(77,422)</u>	<u>9,195</u>
Capital and reserves			
Called up share capital	12	100	100
Fair value reserve	13	50,000	-
Retained earnings	13	(127,522)	9,095
Shareholders' funds		<u>(77,422)</u>	<u>9,195</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 17 April 2020 and were signed on its behalf by:

DocuSigned by:

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Mr A Dent - Director

Birwelco Limited (Registered number: 05177978)**Notes to the Financial Statements
for the Period 1 July 2018 to 31 December 2019****1. Statutory information**

Birwelco 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 Company Information page.

The Company has extended its year end from 30 June 2019 to 31 December 2019 in order to align its accounting reference date with that of its parent Company.

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" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Turnover

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of engineering and construction services to the power and petrochemical industries.

Goodwill

Goodwill is the difference between the fair value of consideration paid for an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Goodwill is amortised over 10 years.

Intangible assets

Patents are valued at cost and are amortised over 10 years or estimated useful life.

Tangible fixed assets

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

Fixtures and fittings - 33% on cost and 10% on cost

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Birwelco Limited (Registered number: 05177978)**Notes to the Financial Statements - continued
for the Period 1 July 2018 to 31 December 2019****2. Accounting policies - continued****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.

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

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

Work in progress and amounts recoverable on contract

Profit on long-term contracts is taken as the work is carried out if the final outcome has been assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs (as defined above) as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Going concern

The financial statements have been prepared on a going concern basis despite the loss for the period of £136,617 and a negative reserves balance of £77,422.

Since the balance sheet date, the company has been able to continue to trade and pay its debts as they fall due. The company's ability to continue to trade is dependent on continued support from its ultimate controlling party, Hampden Holdings Ltd, which has confirmed that it is willing and able to provide such support.

In addition, the directors believe that the company has, over a number of years, generated significant internal intellectual property, which will enable it to continue to provide innovative solutions to its customers.

On this basis, the directors believe that the going concern basis is appropriate to the preparation of these financial statements.

In March 2020, the World Health Organization declared the outbreak of Coronavirus Disease (COVID-19) as a pandemic, which continues to spread across the UK. The spread of COVID-19 has caused significant volatility in the UK and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the UK and international economies. As such the directors are unable to determine if it will have a material impact on its operations. The Directors recognise that there may be substantial uncertainties that cast significant doubt about the ability of the Company to continue as a going concern but believe that the actions that have been taken to mitigate the risks, means it is still appropriate to adopt the going concern basis in preparing its financial statements.

3. Employees and directors

The average number of employees during the period was 13 (2018 - 14).

4. Operating (loss)/profit

The operating loss (2018 - operating profit) is stated after charging:

	Period 1.7.18 to 31.12.19 £	Period 1.1.17 to 30.6.18 £
Depreciation - owned assets	14,365	19,140

Birwelco Limited (Registered number: 05177978)**Notes to the Financial Statements - continued
for the Period 1 July 2018 to 31 December 2019****5. Exceptional items**

	Period 1.7.18 to 31.12.19 £	Period 1.1.17 to 30.6.18 £
Exceptional items	196,357	(1,277,941)

During the period, the company had group creditors of £196,357 which have subsequently been written off as not payable. This has been disclosed as exceptional because of its size and nature.

6. Intangible fixed assets

	Goodwill £	Patents and licences £	Totals £
Cost			
At 1 July 2018 and 31 December 2019	70,834	166,666	237,500
Amortisation			
At 1 July 2018 and 31 December 2019	70,834	166,666	237,500
Net book value			
At 31 December 2019	-	-	-
At 30 June 2018	-	-	-

7. Tangible fixed assets

	Fixtures and fittings £
Cost	
At 1 July 2018	152,519
Additions	16,222
At 31 December 2019	168,741
Depreciation	
At 1 July 2018	136,206
Charge for period	14,365
At 31 December 2019	150,571
Net book value	
At 31 December 2019	18,170
At 30 June 2018	16,313

Birwelco Limited (Registered number: 05177978)**Notes to the Financial Statements - continued
for the Period 1 July 2018 to 31 December 2019****8. Debtors: amounts falling due within one year**

	2019	2018
	£	£
Trade debtors	636,294	103,376
Amounts owed by group undertakings	1,516,923	162,802
Amounts recoverable on contract	211,301	385,837
Other debtors	58,538	43,490
VAT	6,819	16,267
Prepayments	43,517	23,083
	<u>2,473,392</u>	<u>734,855</u>

9. Creditors: amounts falling due within one year

	2019	2018
	£	£
Payments on account	299,262	144,314
Trade creditors	236,148	257,026
Amounts owed to group undertakings	1,880,993	-
Corporation tax	4,085	-
Social security and other taxes	-	30,344
Other creditors	5,719	1,327
Accrued expenses	295,680	400,022
	<u>2,721,887</u>	<u>833,033</u>

10. Leasing agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019	2018
	£	£
Within one year	-	9,780
Between one and five years	-	2,445
	<u>-</u>	<u>12,225</u>

During the year £12,225 was recognised as an expense in the profit and loss account in respect of operating leases.

11. Secured debts

Santander Bank plc holds fixed and floating charges over the assets of the company

12. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019	2018
			£	£
75	Ordinary A	£1	75	75
25	Ordinary B	£1	25	25
			<u>100</u>	<u>100</u>

Birwelco Limited (Registered number: 05177978)**Notes to the Financial Statements - continued
for the Period 1 July 2018 to 31 December 2019****13. Reserves**

	Retained earnings £	Fair value reserve £	Totals £
At 1 July 2018	9,095	-	9,095
Deficit for the period	(136,617)		(136,617)
Fair Value Adjustment	-	50,000	50,000
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2019	<u>(127,522)</u>	<u>50,000</u>	<u>(77,522)</u>

14. Contingent liabilities

Birwelco Limited is required to provide a performance bond guarantee for some of its customers. The bond is required to be paid only if the goods supplied are deemed to be faulty. In this instance the bond will be paid by the bank and recovered from the company. Bonds in place at the period end total £NIL (2018: £5,739).

15. Ultimate controlling party

The company's immediate parent undertaking is Unitbirwelco Limited which is incorporated in England & Wales.

The company's ultimate parent company and controlling party is Hampden Holdings Limited, a company registered in England & Wales. Copies of the consolidated financial statements of Hampden Holdings Limited can be obtained from its registered office at Hampden House, Great Hampden, Great Missenden, Buckinghamshire, HP16 9RD.