

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023
FOR
A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED**

**A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED (REGISTERED NUMBER: 01368342)**

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for the Year Ended 28 February 2023**

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**A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED**

**COMPANY INFORMATION
for the Year Ended 28 February 2023**

DIRECTORS:	M Hart I D Buxton J Gaskill P Godfrey
SECRETARY:	M Hart
REGISTERED OFFICE:	11 Derby Lane Old Swan Liverpool Merseyside L13 6QA
REGISTERED NUMBER:	01368342 (England and Wales)
INDEPENDENT AUDITORS:	Fairhurst Statutory Auditor Chartered Accountants Douglas Bank House Wigan Lane Wigan Lancashire WN1 2TB
SOLICITORS:	Wafer Phillips 54 Muirhead Avenue East Liverpool L1 1EL

**A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED (REGISTERED NUMBER: 01368342)**

**STRATEGIC REPORT
for the Year Ended 28 February 2023**

The directors present their strategic report for the year ended 28 February 2023.

A&B Engineering (Mechanical Service Division) Limited provides design, supply, and installation of Mechanical, Electrical and Plumbing Services (MEP) predominantly throughout the Northwest of England, North Wales, South Yorkshire and occasionally further afield within the UK on select projects with select clients.

We work alongside our associate partner A&B Engineering (Electrical Service Division) Limited, and we are based in the same buildings we own and have been based in for over 50 years, in Liverpool. All our operations are run from this office. We have made considerable investments in our Offices, acquiring adjacent buildings as they became available, and this gives us extended office space, extended car park facilities and increased space for our plant, equipment, transport, storage, and logistics requirements and indeed pre-fabrication space.

REVIEW OF BUSINESS

The year to February 2023 was another good year for us. With sales of £45,351,059, this was less than we planned for the business due to several projects slipping, although those projects that have slipped have moved into our 2024 workload. Whilst Covid was tough for us operationally through 2020 and 2021, inflation was extremely tough and affected us financially. At the time of writing, we feel the effects of high inflation have peaked.

It is testament to all the hard work throughout the business and our supply chain, to deliver the margins we have produced in this year's accounts.

Several prestigious projects were secured during this year: -

- Echo Street Student Accommodation
- Newhouse Academy
- Myndd Isa School

With many others giving us continued spread in our sectors – Health, Education, Blue Light, Residential, Hotels and Offices.

We continue to work with a number of Blue-Chip companies and End Users and we have secured a number of first time clients, that will strengthen our portfolio.

PRINCIPAL RISKS AND UNCERTAINTIES

With several projects secured running into 2023 and 2024, it brings a risk of inflation in Materials and Labour costs. This has become more of an issue than ever, due to the Worldwide concerns of inflation and material and components availability. These schemes include a margin to cover increases we anticipate and with early appointment and engagement with our suppliers and partners, we have obtained fixed prices for specialist trades that greatly reduces our risk. We are having to re-assess Contract Sums on expired bids and re-negotiate contract values.

In an uncertain world and political changes, insolvency of some of our clients remains a high risk. To help mitigate some of this risk we have a robust onboarding process including credit insurance cover.

**A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED (REGISTERED NUMBER: 01368342)**

**STRATEGIC REPORT
for the Year Ended 28 February 2023**

FUTURE DEVELOPMENTS

The Directors plan to maintain a strategy of Sales Targets at £ 55 Million (although due to slippage this was not achieved this year) with increase for growth. Several schemes are currently underway that will be complete and included in our February 2024 Accounts. The continued close intensive cost management of all these projects and picking up the projects that slipped this year into next year will help drive our projected profits.

We have continued to develop our client base and we have again a few first-time customers we hope to develop long term relationships with.

Projects secured going forward are: -

- Mossley Hill Mental Health Unit - £11,760,000
- St Michaels Office Development - £11,726,751

The two above were in delay and have become active again going into Year End 2024. These awards have given us a very healthy Order Book going forward into the coming Financial Years including a number with new customers working on first time projects together.

Year	Target	Secured	%
2024	£55,000,000	£50,624,000	92
2025	£55,000,000	£29,027,000	52
2026	£55,000,000	£10,600,000	19

Another factor is as the Company's reputation and expertise has grown, as has the value of Orders being secured. Larger contract values are more fitting of a business of our size and that is driving our bottom line. Having delivered several bigger value schemes gives us the marketing factor that we use to sell ourselves being able to deliver these bigger projects.

Our development and investment in our Design Department and in particular, BIM Technologies and now virtual reality, allows us to design our schemes in-house and gives us a collaborative approach to Mechanical, Electrical and Public Health and to produce sustainable and Low Carbon Designs. Our highly qualified engineers are committed to providing the highest level of service through dedication and expertise and we continue to develop in order to remain at the forefront of our ever changing industry.

We believe that with our in-depth knowledge and with an early appointment, our design engineers can influence the scheme from initial inception and together with our construction knowledge, we can develop each project with an innovative and cost-effective approach to enable all solutions to be analysed for its commercial viability.

Net Carbon is a key driver in our Business Development. Many of our schemes secured and indeed current opportunities require the building to be Net Carbon in operation. As the majority of that being achieved relates to Mechanical and Electrical Services, then it is clear to see how our business and all that we do in respect to Net Carbon is very much in demand and that market is increasing, as is the market percentages of any given building.

All our engineers offer an expertise in BIM Level 2 production using Autodesk Revit Platform and we continue to excel in this area, with many projects having been completed. In 2017, we attained BIM Level 2 Accreditation. We have an expertise in renewables and we have designed and installed numerous schemes utilising Bio-mas Boilers, Photovoltaics, Combined Heat and Power (CHP), AirSource Heat Pumps (ASHP) and LED Lighting.

- In House Qualified Design Engineers
- Thermal / Energy Modelling
- SBEM / Energy Performance Certificates
- BIM / 3D Modelling
- BREEAM
- Low Carbon Consultants
- Integrated Engineering Solutions
- Innovative Solutions
- Commercial Viability

**A. & B. ENGINEERING (MECHANICAL
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**STRATEGIC REPORT
for the Year Ended 28 February 2023**

- Partnering larger schemes with M&E Consultants
- Professional Indemnity Insurance @ £ 10 Million
- Investment in Training / Engineering Apprentices

We are also a Low Carbon Consultant and we are at the forefront in the production of Thermal Models, SBEM Calculations and producing Energy Performance Certificates and virtual reality and as written above, the expertise we have in Design and Delivery of Net Carbon Offices, Schools and Hotels is paramount in our business growth and profit margins.

We continue to invest in Health and Safety, which is essential. The training in this respect in time and money continues and we are proud of our Health and Safety records across all our schemes.

SUMMARY

Business optimism remains very positive and allows us to continue to recruit both new apprentices and qualified trades, to continue to invest in our future and develop further, the skills and expertise we have and the reputation we have built. We are aware market conditions are changing and we work hard to stay abreast of changes and concerns. We believe our investments in the people and the expertise we have consolidated, will stand us in good stead to be selective in what we do and maintain similar sales and margins.

Our level of enquiries and opportunities has increased and we are seeing record levels in this respect.

We seem geographically well placed, with several considerable Construction / Development opportunities on our door step and we believe we are in a strong position to secure a number of these lucrative awards. The drive for Net Carbon buildings is a positive factor for our industry and our business and we have already secured a number of De-Carbonisation schemes in recent months, including the iconic and prestigious A3 Net Carbon Office Development at New Bailey as mentioned above, which is now complete.

We value client relationships and we continue to build on these. We value our workforce and continue to mentor and develop to ensure we have a passionate, on-board, highly skilled and highly motivated workforce for many years to come. On 31st March 2023, the company underwent a management buy out to facilitate both the retirement of Gary Dwyer and Alex Currie and the company's succession and growth plan. James Gaskill and Phil Godfrey, both long term employees of the company, were appointed as Directors on the same date.

ON BEHALF OF THE BOARD:

M Hart - Secretary

7 August 2023

**A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED (REGISTERED NUMBER: 01368342)**

**REPORT OF THE DIRECTORS
for the Year Ended 28 February 2023**

The directors present their report with the financial statements of the company for the year ended 28 February 2023.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of mechanical engineering contractors.

DIVIDENDS

An interim dividend of £5.40556 per share was paid on 29 March 2022. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 28 February 2023 will be £ 959,928 .

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 March 2022 to the date of this report unless otherwise stated.

Other changes in directors holding office are as follows:

J Gaskill and P Godfrey were appointed as directors after 28 February 2023 but prior to the date of this report.

A J Currie and G Dwyer ceased to be directors after 28 February 2023 but prior to the date of this report.

The beneficial interests of the directors holding office at 28 February 2023 in the shares of the company, according to the register of directors' interests, were as follows:

	28.2.23	1.3.22
Ordinary shares of 10p each		
A J Currie	23,249	23,249
M Hart	35,149	35,149
G Dwyer	23,249	23,249
I D Buxton	-	-

These directors did not hold any non-beneficial interests in the shares of the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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;
- 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.

**A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED (REGISTERED NUMBER: 01368342)**

**REPORT OF THE DIRECTORS
for the Year Ended 28 February 2023**

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.

AUDITORS

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

ON BEHALF OF THE BOARD:

M Hart - Secretary

7 August 2023

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED**

Opinion

We have audited the financial statements of A. & B. Engineering (Mechanical Service Division) Limited (the 'company') for the year ended 28 February 2023 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the 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 company's affairs as at 28 February 2023 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 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.

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 directors are responsible for the other information. The other information comprises the information in the 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 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the 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
A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) 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 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, 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 Statement of Directors' Responsibilities set out on page five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED**

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.

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We obtained an understanding of laws and regulations that affect the company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we have identified included Companies Act 2006, Tax legislation, data protection, employment, environmental and health & safety legislation.
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting accreditations and legal correspondence.

In assessing the susceptibility of the company's financial statements to material misstatement, including obtaining and understanding of how fraud might occur;

- We gained an understanding of the controls that management have in place to prevent and detect fraud. We enquired of management about any instances of fraud that had taken place during the year.

To address the risk of fraud through management bias and override of controls;

- We performed analytical procedures to identify any unusual or unexpected relationships;
- We tested journal entries to identify unusual transactions; and
- We assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

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.

Louise Webster BSc BFP ACA (Senior Statutory Auditor)
for and on behalf of Fairhurst
Statutory Auditor
Chartered Accountants
Douglas Bank House
Wigan Lanc
Wigan
Lancashire
WN1 2TB

8 August 2023

**A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED (REGISTERED NUMBER: 01368342)**

**STATEMENT OF COMPREHENSIVE
INCOME
for the Year Ended 28 February 2023**

	Notes	2023 £	2022 £
TURNOVER	3	45,351,059	45,105,927
Cost of sales		<u>39,680,125</u>	<u>40,076,701</u>
GROSS PROFIT		5,670,934	5,029,226
Administrative expenses		<u>3,842,786</u>	<u>3,045,450</u>
		1,828,148	1,983,776
Other operating income		17,000	17,000
Gain/loss on revaluation of tangible assets		<u>-</u>	<u>14,400</u>
OPERATING PROFIT	5	1,845,148	2,015,176
Interest receivable and similar income	6	<u>3,193</u>	<u>127</u>
		1,848,341	2,015,303
Interest payable and similar expenses	7	<u>3,380</u>	<u>5,292</u>
PROFIT BEFORE TAXATION		1,844,961	2,010,011
Tax on profit	8	<u>391,451</u>	<u>390,172</u>
PROFIT FOR THE FINANCIAL YEAR		1,453,510	1,619,839
OTHER COMPREHENSIVE INCOME			
Transfer between reserves		1,157	514
Transfer between reserves		(1,157)	(514)
Revaluation of property		-	69,360
Income tax relating to components of other comprehensive income		<u>-</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>-</u>	<u>69,360</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,453,510</u>	<u>1,689,199</u>

The notes form part of these financial statements

**A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED (REGISTERED NUMBER: 01368342)**

**BALANCE SHEET
28 February 2023**

		2023		2022	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	10		758,893		760,188
Investment property	11		318,400		318,400
			1,077,293		1,078,588
CURRENT ASSETS					
Stocks	12	40,000		40,000	
Debtors	13	11,946,774		7,842,969	
Cash at bank		1,888,365		708,147	
		13,875,139		8,591,116	
CREDITORS					
Amounts falling due within one year	14	11,810,477		6,831,431	
NET CURRENT ASSETS			2,064,662		1,759,685
TOTAL ASSETS LESS CURRENT LIABILITIES			3,141,955		2,838,273
CREDITORS					
Amounts falling due after more than one year	15		(350,414)		(548,460)
PROVISIONS FOR LIABILITIES	16		(24,028)		(15,882)
NET ASSETS			2,767,513		2,273,931
CAPITAL AND RESERVES					
Called up share capital	17		11,099		11,099
Share premium	18		37,500		37,500
Revaluation reserve	18		157,088		158,245
Capital redemption reserve	18		43,901		43,901
Retained earnings	18		2,517,925		2,023,186
SHAREHOLDERS' FUNDS			2,767,513		2,273,931

The financial statements were approved by the Board of Directors and authorised for issue on 7 August 2023 and were signed on its behalf by:

M Hart - Director

**A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED (REGISTERED NUMBER: 01368342)**

**STATEMENT OF CHANGES IN EQUITY
for the Year Ended 28 February 2023**

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 March 2021	11,099	1,362,761	37,500
Changes in equity			
Dividends	-	(959,928)	-
Total comprehensive income	-	1,620,353	-
Balance at 28 February 2022	<u>11,099</u>	<u>2,023,186</u>	<u>37,500</u>
Changes in equity			
Dividends	-	(959,928)	-
Total comprehensive income	-	1,454,667	-
Balance at 28 February 2023	<u>11,099</u>	<u>2,517,925</u>	<u>37,500</u>
	Revaluation reserve £	Capital redemption reserve £	Total equity £
Balance at 1 March 2021	89,399	43,901	1,544,660
Changes in equity			
Dividends	-	-	(959,928)
Total comprehensive income	68,846	-	1,689,199
Balance at 28 February 2022	<u>158,245</u>	<u>43,901</u>	<u>2,273,931</u>
Changes in equity			
Dividends	-	-	(959,928)
Total comprehensive income	(1,157)	-	1,453,510
Balance at 28 February 2023	<u>157,088</u>	<u>43,901</u>	<u>2,767,513</u>

The notes form part of these financial statements

**A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED (REGISTERED NUMBER: 01368342)**

**CASH FLOW STATEMENT
for the Year Ended 28 February 2023**

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated from operations	1	2,483,715	600,323
Interest paid		(3,380)	(5,292)
Tax paid		(309,370)	(431,511)
Net cash from operating activities		<u>2,170,965</u>	<u>163,520</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(35,451)	(43,875)
Sale of tangible fixed assets		1,439	40,114
Interest received		3,193	127
Net cash from investing activities		<u>(30,819)</u>	<u>(3,634)</u>
Cash flows from financing activities			
Amount introduced by directors		-	100,000
Equity dividends paid		(959,928)	(959,928)
Net cash from financing activities		<u>(959,928)</u>	<u>(859,928)</u>
Increase/(decrease) in cash and cash equivalents		<u>1,180,218</u>	<u>(700,042)</u>
Cash and cash equivalents at beginning of year	2	708,147	1,408,189
Cash and cash equivalents at end of year	2	<u><u>1,888,365</u></u>	<u><u>708,147</u></u>

The notes form part of these financial statements

**A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED (REGISTERED NUMBER: 01368342)**

**NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 28 February 2023**

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

	2023	2022
	£	£
Profit before taxation	1,844,961	2,010,011
Depreciation charges	36,746	34,561
Profit on disposal of fixed assets	(1,439)	(18,777)
Gain on revaluation of fixed assets	-	(14,400)
Finance costs	3,380	5,292
Finance income	(3,193)	(127)
	1,880,455	2,016,560
Increase in trade and other debtors	(4,140,964)	(1,054,457)
Increase/(decrease) in trade and other creditors	4,744,224	(361,780)
Cash generated from operations	2,483,715	600,323

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 28 February 2023

	28/2/23	1/3/22
	£	£
Cash and cash equivalents	1,888,365	708,147

Year ended 28 February 2022

	28/2/22	1/3/21
	£	£
Cash and cash equivalents	708,147	1,408,189

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/3/22	Cash flow	At 28/2/23
	£	£	£
Net cash			
Cash at bank	708,147	1,180,218	1,888,365
	708,147	1,180,218	1,888,365
Total	708,147	1,180,218	1,888,365

The notes form part of these financial statements

**A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED (REGISTERED NUMBER: 01368342)**

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 28 February 2023**

1. STATUTORY INFORMATION

A. & B. Engineering (Mechanical Service Division) 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 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 as modified by the revaluation of certain assets.

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Construction contracts

The directors have applied the percentage completion method to recognise contract revenue and contract costs for construction contracts. This is done by applying the proportion that costs incurred for work performed to date bear to the estimated total costs.

Where it is probable that total contract costs will exceed total contract revenue on a construction contract, the expected loss shall be recognised as an expense immediately, with a corresponding provision for an onerous contract.

Investment properties

Investment properties are recognised where areas of the land and buildings are used by third parties. The % allocation is dependent upon the % usage. This is determined by % of building area occupied, the total building area is calculated by an independent surveyor during valuation however the area used by the third party is subject to an element of judgement.

Principal or Agent

Determining whether an entity is acting as a principal or as an agent requires judgement and consideration of all the relevant facts and circumstances

Turnover

Turnover on long term contracts is recognised on the basis of percentage completion of contractual obligations plus agreement of variations to the contract., excluding value added tax.

**A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED (REGISTERED NUMBER: 01368342)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 28 February 2023**

2. ACCOUNTING POLICIES - continued

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.

Freehold property	- 2% on cost
Fixtures and fittings	- 20% on cost and 10% on cost
Motor vehicles	- 20% on cost

The cost of property under construction is included within Freehold Property until it comes into use. At that point if subject to use by third parties the appropriate use % is transferred to Investment Property cost. Whilst property is under construction it is not depreciated.

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

Construction contracts

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

The company recognise contract revenue and contract costs associated with construction contracts as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period.

Where it is probable that total contract costs will exceed total contract revenue on a construction contract, the expected loss shall be recognised as an expense immediately, with a corresponding provision for an onerous contract.

Financial instruments

Short term debtors and amounts recoverable on contracts are measured at transaction price, less any impairment. Short term trade creditors are measured at the transaction price. The following assets and liabilities are classified as financial instruments; trade debtors (including amounts recoverable on contracts), Directors' loan accounts, trade creditors, accruals and hire purchase agreements.

Financial instruments that are payable or receivable within one year, typically Directors' loan accounts, trade creditors, accruals and trade debtors, are measured initially and subsequently at the undiscounted amount of the cash or other consideration that is expected to be paid or received.

Financial instruments repayable in more than one year such as hire purchase agreements are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method unless the effect of discounting would be immaterial.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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.

**A. & B. ENGINEERING (MECHANICAL
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**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 28 February 2023**

2. ACCOUNTING POLICIES - continued

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.

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.

3. TURNOVER

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

4. EMPLOYEES AND DIRECTORS

	2023	2022
	£	£
Wages and salaries	3,668,170	3,318,258
Social security costs	410,526	338,208
Other pension costs	92,930	111,477
	4,171,626	3,767,943

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

	2023	2022
Operatives	24	28
Administration	29	32
Directors and management	7	7
	60	67

	2023	2022
	£	£
Directors' remuneration	1,148,949	407,350
Directors' pension contributions to money purchase schemes	13,316	13,316

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

Money purchase schemes	4	4
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Information regarding the highest paid director is as follows:

	2023	2022
	£	£
Emoluments etc	643,111	107,350
Pension contributions to money purchase schemes	4,000	1,316

**A. & B. ENGINEERING (MECHANICAL
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**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 28 February 2023**

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2023	2022
	£	£
Depreciation - owned assets	36,746	34,561
Profit on disposal of fixed assets	(1,439)	(18,777)
Auditors' remuneration	<u>15,000</u>	<u>15,000</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2023	2022
	£	£
Bank interest	<u>3,193</u>	<u>127</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2023	2022
	£	£
Interest on directors loans	<u>3,380</u>	<u>5,292</u>

8. TAXATION

Analysis of the tax charge

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

	2023	2022
	£	£
Current tax:		
UK corporation tax	383,305	389,051
Deferred tax	<u>8,146</u>	<u>1,121</u>
Tax on profit	<u>391,451</u>	<u>390,172</u>

**A. & B. ENGINEERING (MECHANICAL
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**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 28 February 2023**

8. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

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

	2023	2022
	£	£
Profit before tax	<u>1,844,961</u>	<u>2,010,011</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2022 - 19%)	350,543	381,902
Effects of:		
Capital allowances in excess of depreciation	-	(891)
Depreciation on non qualifying assets	2,626	2,455
Gain on revaluation of fixed assets	-	(2,736)
Disallowable items for taxation	33,397	9,442
Deferred tax movement relating to change in rate	5,765	-
Super deduction	<u>(880)</u>	<u>-</u>
Total tax charge	<u>391,451</u>	<u>390,172</u>

Tax effects relating to effects of other comprehensive income

	2023		
	Gross £	Tax £	Net £
Transfer between reserves	1,157	-	1,157
Transfer between reserves	(1,157)	-	(1,157)
Revaluation of property	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>
	2022		
	Gross £	Tax £	Net £
Transfer between reserves	514	-	514
Transfer between reserves	(514)	-	(514)
Revaluation of property	<u>69,360</u>	<u>-</u>	<u>69,360</u>
	<u>69,360</u>	<u>-</u>	<u>69,360</u>

9. DIVIDENDS

	2023	2022
	£	£
Final	600,000	600,000
Interim	<u>359,928</u>	<u>359,928</u>
	<u>959,928</u>	<u>959,928</u>

**A. & B. ENGINEERING (MECHANICAL
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**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 28 February 2023**

10. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION				
At 1 March 2022	676,600	91,113	81,824	849,537
Additions	-	15,434	20,017	35,451
Disposals	-	-	(8,085)	(8,085)
At 28 February 2023	<u>676,600</u>	<u>106,547</u>	<u>93,756</u>	<u>876,903</u>
DEPRECIATION				
At 1 March 2022	-	50,984	38,365	89,349
Charge for year	13,820	9,824	13,102	36,746
Eliminated on disposal	-	-	(8,085)	(8,085)
At 28 February 2023	<u>13,820</u>	<u>60,808</u>	<u>43,382</u>	<u>118,010</u>
NET BOOK VALUE				
At 28 February 2023	<u>662,780</u>	<u>45,739</u>	<u>50,374</u>	<u>758,893</u>
At 28 February 2022	<u>676,600</u>	<u>40,129</u>	<u>43,459</u>	<u>760,188</u>

Cost or valuation at 28 February 2023 is represented by:

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 2005	344,568	-	-	344,568
Valuation in 2007	(48,000)	-	-	(48,000)
Valuation in 2010	(87,000)	-	-	(87,000)
Valuation in 2013	(25,477)	-	-	(25,477)
Valuation in 2016	(52,690)	-	-	(52,690)
Valuation in 2019	(143,516)	-	-	(143,516)
Valuation in 2022	30,600	-	-	30,600
Cost	<u>658,115</u>	<u>106,547</u>	<u>93,756</u>	<u>858,418</u>
	<u>676,600</u>	<u>106,547</u>	<u>93,756</u>	<u>876,903</u>

If freehold property had not been revalued it would have been included at the following historical cost:

	2023 £	2022 £
Cost	<u>658,115</u>	<u>658,115</u>
Aggregate depreciation	<u>152,422</u>	<u>139,759</u>

Freehold property was valued on an open market basis on 21 June 2022 by Brian Ricketts M.R.I.C.S .

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**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 28 February 2023**

11. INVESTMENT PROPERTY

	Total £
FAIR VALUE	
At 1 March 2022	
and 28 February 2023	318,400
NET BOOK VALUE	
At 28 February 2023	<u>318,400</u>
At 28 February 2022	<u>318,400</u>

Fair value at 28 February 2023 is represented by:

	£
Valuation in 2005	229,712
Valuation in 2007	(32,000)
Valuation in 2010	(33,034)
Valuation in 2013	(16,984)
Valuation in 2016	(35,127)
Valuation in 2019	(81,553)
Valuation in 2022	14,400
Cost	<u>272,986</u>
	<u>318,400</u>

If Investment property had not been revalued it would have been included at the following historical cost:

	2023 £	2022 £
Cost	<u>272,986</u>	<u>272,986</u>

Investment property was valued on an open market basis on 21 June 2022 by Brian Ricketts M.R.I.C.S .

12. STOCKS

	2023 £	2022 £
Small tools & consumables	<u>40,000</u>	<u>40,000</u>

13. DEBTORS

	2023 £	2022 £
Amounts falling due within one year:		
Amounts recoverable on contract	10,241,171	6,233,364
Other debtors	27,153	2,000
Tax	-	37,160
VAT	259,516	107,942
Prepayments	<u>153,634</u>	<u>189,406</u>
	<u>10,681,474</u>	<u>6,569,872</u>

**A. & B. ENGINEERING (MECHANICAL
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**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 28 February 2023**

13.	DEBTORS - continued			2023 £	2022 £
	Amounts falling due after more than one year:				
	Amounts recoverable on contract			<u>1,265,300</u>	<u>1,273,097</u>
	Aggregate amounts			<u>11,946,774</u>	<u>7,842,969</u>
14.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			2023 £	2022 £
	Trade creditors			10,778,143	6,196,108
	Tax			256,617	219,842
	Social security and other taxes			74,523	87,101
	Other creditors			18,742	27,893
	Accrued expenses			<u>682,452</u>	<u>300,487</u>
				<u>11,810,477</u>	<u>6,831,431</u>
15.	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			2023 £	2022 £
	Trade creditors			<u>350,414</u>	<u>548,460</u>
16.	PROVISIONS FOR LIABILITIES			2023 £	2022 £
	Deferred tax				
	Accelerated capital allowances			<u>24,028</u>	<u>15,882</u>
					Deferred tax
					£
	Balance at 1 March 2022				15,882
	Charge to Statement of Comprehensive Income during year				<u>8,146</u>
	Balance at 28 February 2023				<u>24,028</u>
17.	CALLED UP SHARE CAPITAL				
	Allotted and issued:				
	Number:	Class:	Nominal value:	2023 £	2022 £
	110,997	Ordinary shares	10p	<u>11,099</u>	<u>11,099</u>

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**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 28 February 2023**

18. RESERVES

	Retained earnings £	Share premium £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1 March 2022	2,023,186	37,500	158,245	43,901	2,262,832
Profit for the year	1,453,510				1,453,510
Dividends	(959,928)				(959,928)
Transfer of excess depreciation as a result of revaluation	1,157	-	(1,157)	-	-
At 28 February 2023	<u>2,517,925</u>	<u>37,500</u>	<u>157,088</u>	<u>43,901</u>	<u>2,756,414</u>

Included in retained earnings are non-distributable reserves of £45,414 (2022 £45,414) relating to the revaluation of the investment property.

19. CONTINGENT LIABILITIES

There were no contingent liabilities as at 28 February 2023 (2022: £NIL).

20. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 28 February 2023 and 28 February 2022:

	2023 £	2022 £
M Hart		
Balance outstanding at start of year	-	100,000
Amounts repaid	-	(100,000)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>-</u>

21. RELATED PARTY DISCLOSURES

Other related parties

	2023 £	2022 £
Dividends	<u>197,176</u>	<u>197,176</u>

During the year, a total of key management personnel compensation of £ 1,310,691 (2022 - £ 530,045) was paid.

22. POST BALANCE SHEET EVENTS

On 31st March 2023, the company underwent a management buy out to facilitate both the retirement of Gary Dwyer and Alex Currie and the company's succession and growth plan.

James Gaskill and Phil Godfrey, both long term employees of the company, were appointed as Directors on the same date.

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**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 28 February 2023**

23. ULTIMATE CONTROLLING PARTY

At the balance sheet date there was no controlling party.

On 31 March 2023 A & B Engineering MEP Limited purchased the entire share capital of the company. On the same date Mike Hart became the ultimate controlling party due to his shareholding in A & B Engineering MEP Limited.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.