

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2025  
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 2025**

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

**COMPANY INFORMATION  
for the Year Ended 28 February 2025**

<b>DIRECTORS:</b>	M Hart I D Buxton J Gaskill P Godfrey
<b>SECRETARY:</b>	M Hart
<b>REGISTERED OFFICE:</b>	11 Derby Lane Old Swan Liverpool Merseyside L13 6QA
<b>REGISTERED NUMBER:</b>	01368342 (England and Wales)
<b>INDEPENDENT AUDITORS:</b>	Fairhurst Audit Services Ltd Statutory Auditor Chartered Accountants Douglas Bank House Wigan Lane Wigan Lancashire WN1 2TB
<b>SOLICITORS:</b>	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 2025**

The purpose of this annual report is to report our financial performance, our activities, and our strategies for year end 2025 and to communicate our financial position, our aspirations and our strengths going forward into 2026.

A&B Engineering (Mechanical Service Division) Limited is a wholly owned subsidiary of A&B Engineering MEP Limited. Based in Old Swan in Liverpool, the business provides mechanical, electrical and plumbing services throughout the North West of the UK.

**REVIEW OF BUSINESS**

The year to February 2025 was another successful year for us, in terms of safe and quality delivery of many schemes and financially, we achieved our expectations in terms of turnover and profits. Turnover at £59,860,357 was in line with our business plan.

Our financial headlines are :

	<b>Year End 2025</b>	<b>Year End 2024</b>	<b>Increase/(Decrease)</b>
£	£	%	
Turnover	59,860,357	53,099,697	13
Gross Profit	7,233,830	7,093,806	2
Pre-Tax Profit	3,612,734	3,441,887	(3)
Tax on Profit	(972,098)	(868,953)	2
Profit after Tax	2,640,636	2,572,934	(6)

The financial results were as expected and in line with our aspirations. This is testament to the hard work by so many of our team and the fully on-board and committed workforce. Growth is in line with our business plan and that is expected to continue marginally, in a sustained fashion for the next couple of years. Our expectations for our Accounts for Year End February 2026 are expected to be down on the above numbers. The Building Safety Act has delayed many Construction schemes across the country and we have been affected by projects not starting when they were planned to. This will have an impact on our turnover and profits for Year End 2026, although with these same projects still going ahead, albeit it later, we expect our Year End 2027 Accounts to be our best ever.

We continue to work alongside our long term and much cherished customers, and we have added a number of blue-chip customers to our client portfolio, which is helping our growth strategy. There were several new projects secured in the year that will form part of our workload and accounts going forward. These new schemes include:

- Mayfield Office Development
- Stockport8 Accommodation Blocks
- Sparkle Street Residential Tower Manchester

Delivering our projects in a fashion that is expected from our customers requires us to retain our current team together with investment and recruitment of skilled and professional people. Our number of Employees has risen 20% in the last couple of years. We have opened a new Office in Leeds in this Financial Year, and we will expect recruitment to continue marginally in the next couple of years, not least in Yorkshire regions as we expand our operations to serve current and new customers in this region.

The skills shortage is a concern, although delays caused by the Building Safety Act (mentioned above) have eased our concerns around skills shortages for the immediate future. Looking after the current team, keeping the positive on-board mentality from so many people is a huge commitment and investment to maintain and grow our skilled workforce and remains our focus in this respect.

**A. & B. ENGINEERING (MECHANICAL  
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**STRATEGIC REPORT  
for the Year Ended 28 February 2025**

Business optimism remains extremely high. Inflation, whilst is still factor, is not a major concern to us as it once was only a short while back. The confidence has allowed us to secure a considerable % of our Target Turnover, which is detailed in the chart below. Such is the strength of our customer relationships and our aggression in our sales approach, we are seeking and securing long term projects that are strengthening our Sales into Financial Years 3 / 4 years in advance. This is not something that has been the normal format in work winning. We believe it is fuelled by the early engagement approach that has come on the back of that process through the high inflation concerns of the last few years. It is also helped with our In-House Design Team that can engage with our customers at a very early stage. This is a service that can bring cost certainty to our clients, secure the correct supply chain partners and influence the overall building design. The early design brings confidence to our customers as they can guarantee we can work to develop full project cost viability.

There are other factors that help us secure projects at a much earlier stage. The Building Safety Act (The focus of the Act is on building structural safety and fire safety) and implementing the requirements, the Gateways that need to be achieved can make the Design and Building Approval take much longer. We have an expertise in working on schemes that fall under the requirements of the BSA, and we believe our customers want to take up our capacity in Design and procurement. We believe the skills shortage plays a part in our growth and increased profitability.

So, whilst the BSA, as mentioned above, has delayed start on site dates for us. Our expertise in Design and Support of helping projects get approval through BSA Gateways, is helping us secure further prestigious projects. We have an expertise in-house that our customers value and choose to work with us and engage early in a partnership.

	<b>Target Sales</b>		<b>Secured</b>	
	<b>£</b>		<b>£</b>	<b>%</b>
YE 2025 (Actual)	60,000,000		59,860,357	100
YE 2026	60,000,000		52,813,000	88
YE 2027	60,000,000		59,503,000	99
YE 2028	65,000,000		83,698,000	128
YE 2029	65,000,000		10,079,000	16

**STRATEGIC REPORT  
for the Year Ended 28 February 2025**

**PRINCIPAL RISKS AND UNCERTAINTIES**

As mentioned above inflation has been a concern and a risk to us in recent years. We have tried to mitigate that risk by asking suppliers to allow within their costs for the risk of inflation. This has diluted the overall risk on a particular project by asking the wider supply chain to share some of that risk.

For us though the concerns around inflation are not as concerning as they were last year although we continue to monitor the changes.

Labour shortages are a risk to us. We are embracing this by recruiting in areas we feel we need to strengthen. Mentoring and incentivising our current team. Promoting from within and encouraging development to ensure we have a positive on-board work force. We share these concerns with our supply chain partners and encourage those to apply the same policies. We monitor workloads to ensure we are not stretching ourselves and we analyse our capacity on a week-by-week basis. We plan our forward orders meticulously to make sure we have all the necessary resources.

Insolvencies is a major risk. We continue to see business failures in construction. We have and we continue to insure our customers through our credit insurance. If we don't have the insurance in place, we will not work with that particular customer. This is a policy we have adopted over the last 20 years and is a factor in our reason for us not suffering from any bad debts.

Maintaining our healthy order book is a risk. We must work hard to maintain the level of sales we are achieving. We do this through investments. We invest in people, we stay close with our customers, we embrace changes, and we understand our customer's needs. Right now, a major requirement of our customers is to be working with them to deliver social value and demonstrating our sustainability drives. Without these two items alone, we would not keep moving forward. It is for that reason we have invested heavily and positively.

We have a dedicated social value manager who is driving our ambitions in respect to all our social value aspirations. We invest and spend in our communities, and we continue to recruit, train and mentor a high number of apprentices. We have recruited a sustainability manager who is leading our charge in sustainability and our drive towards net carbon. We have highlighted each of these topics below (sustainability and social Value).

**STRATEGIC REPORT  
for the Year Ended 28 February 2025**

**SOCIAL VALUE AND OUR CORE VALUES INCLUDING SECTION 172(1) STATEMENT**

Social value is important to us all. We also recognise the importance to the business in providing what our customers need and what lasting legacies we can leave in the communities that we work. To help deliver on this we have appointed a dedicated social value manager.

A & B Engineering is committed to delivering value not only to its clients but also to the wider community and environment. As a socially responsible organisation, we aim to contribute positively to the economic, social, and environmental wellbeing of the communities in which we operate. Our social value purpose aligns with our core values of:

1. **Safety & Sustainability:** Emphasising both workplace safety and environmental responsibility.
2. **Integrity:** Encompassing honesty, unity, and loyalty.
3. **Equality & Respect:** Treating everyone fairly and with dignity.
4. **Quality & Passion:** Delivering high-quality work with enthusiasm and dedication.
5. **Customer Focus:** Maintaining a strong customer-oriented mindset.

**Purpose**

Our purpose is to outline the principles and commitments that guide our contribution to social value. This ensures that our business activities promote positive outcomes for society, protect the environment, and deliver sustainable benefits for future generations.

**Core Areas of Focus**

1. **Economic Impact:**

- o Promote local employment by prioritising recruitment from the communities where we operate.
- o Support small and medium-sized enterprises (SMEs) by partnering with local suppliers and contractors.
- o Invest in training and development programs to enhance skills and career prospects for local workers.

2. **Environmental Responsibility:**

- o Implement sustainable engineering practices to minimize carbon footprint and reduce waste.
- o Prioritise the use of renewable materials and energy-efficient technologies in our projects.
- o Set targets to reduce energy consumption and promote resource efficiency throughout the supply chain.

3. **Community Engagement:**

- o Collaborate with local organisations, schools, and charities to support community development projects.
- o Encourage employees to participate in volunteering activities that benefit local communities.
- o Sponsor initiatives that promote STEM (Science, Technology, Engineering, and Mathematics) education among young people, particularly from disadvantaged backgrounds.

4. **Diversity and Inclusion:**

- o Foster an inclusive working environment where all individuals, regardless of background, have equal opportunities to succeed.
- o Commit to improving diversity in the engineering field by supporting underrepresented groups in our recruitment and training practices.
- o Promote gender equality within the workplace and encourage women to pursue careers in engineering.

5. **Ethical Business Practices:**

- o Maintain the highest standards of ethics and transparency in all our business operations.
- o Ensure that all stakeholders, including clients, suppliers, and partners, adhere to ethical labour and environmental practices.
- o Conduct business in a way that is fair, equitable, and respects human rights.

**STRATEGIC REPORT  
for the Year Ended 28 February 2025**

**6. Health and Well-being:**

- o Provide a safe and healthy working environment for all employees, clients, and contractors.
- o Promote mental and physical well-being through workplace wellness initiatives.
- o Support flexible working arrangements to encourage a healthy work-life balance.

**Measuring and Reporting Social Value**

A & B Engineering will measure its social value contributions using a combination of qualitative and quantitative metrics, such as:

- Number of local jobs created
- Amount of investment in community projects
- Environmental impact (e.g., energy savings, waste reduction)
- Diversity statistics and training hours delivered

We are committed to transparency and will publish an annual Social Value Report detailing our performance and progress in achieving these goals.

**Governance**

The social value policy is overseen by the social value committee, which consists of senior management representatives. This committee is responsible for ensuring that the policy is implemented effectively across all business operations, reviewing progress, and setting new objectives in line with emerging social and environmental challenges.

**Continuous Improvement**

A & B Engineering is dedicated to continuously improving our social value contributions by staying updated on best practices and engaging with stakeholders to understand their needs and expectations.

This policy will help A & B Engineering deliver social value alongside its business objectives, ensuring that its engineering projects contribute positively to both the community and the environment.

Social value contributions in the last financial year include:

- £20,000.00 of charitable donations
- 54% of our spend spent locally
- engaging with 20 different communities
- 30 days volunteer work completed by staff
- hiring 8 local apprentices
- signing an armed forces covenant

**STRATEGIC REPORT  
for the Year Ended 28 February 2025**

**STREAMLINED ENERGY AND CARBON REPORTING**

Sustainability is important to us all. Both individually and as a company because we care about what we do and what we can change and improve to help our planet. We are pleased to announce that we have appointed a Sustainability and Environmental Manager to join our team. Our Sustainability Manager started earlier in the year. His passions around engineering and contributing to a sustainable future and work towards achieving net-zero, align with our passions here. He has a MSC in climate change & sustainability and is something that will be beneficial to us all working together.

The appointment is perfect in fulfilling the role we have as our sustainability manager and environmental lead. We know this goes hand in hand in many ways with what we do design wise and technically, in that respect, this is part of an extension to our design department and what we do there to drive our sustainability aspirations. He has experience in Revit Design, and these will be invaluable to us as he will be part of our thermal model team working on complex low Carbon and sustainable projects, to develop SBEM and EPC's.

In many ways this is an extension of the design team helping with all the above. He will lead our requirement to analyse and record our Scope 1, 2 and 3 data and our desire to reduce our carbon outputs. (Please see our stats below) We are now exploring how we manage our waste, record that and strive to reduce it. He will oversee environmental and sustainability strategies for our business, analysing, assessing, and reporting on environmental impact, using his skills in carbon foot-printing and corporate sustainability. He is a long-term team addition to continue building our carbon library and develop our EPD's.

Whilst we have considerable experience in design and installation of complex net carbon projects including NABERS 5.5 star rating. Having a dedicated sustainability manager is important to us all on our net carbon aspirations.

This has been a very exciting appointment, one that is vitally important to our business progression and one that is important to us all in our passions to be at the forefront of climate Change & sustainability, it is important as everyone one of us wants to do what we can to help save our planet.

In addition to having a dedicated sustainability manager we have also embraced a few carbon-reducing initiatives. We have rolled out a Salary Sacrifice Scheme where we encourage a great number of our staff to have electric cars and that has been a success. It helps our net carbon drive but also help with the issue mentioned above in respect to the skills shortage. Helping our staff retention drive.

We are also changing our office gas boiler to an air source heat pump, and we are moving forward with a plan for extensive Photovoltaic (PV) installation across our roof. Together with a range of electric car chargers in our car park for the Salary Sacrifice Scheme members to charge their cars from our sustainable PV Installation.

We have also achieved ISO 14001 Accreditation - (Environmental Management System).

**A. & B. ENGINEERING (MECHANICAL  
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**STRATEGIC REPORT  
for the Year Ended 28 February 2025**

**Streamlined Energy and Carbon Reporting**

<b>Reporting Period</b>	January to December
<b>Reporting Boundary</b>	Operational control boundary, covering all assets and locations where A&B Engineering has operational control
<b>Reporting Method</b>	our data is compiled based on billing data, meter readings, and fuel usage records across our operations. Conversion factors for energy and emissions were applied using the latest 2024 UK Government GHG Conversion Factors for Company Reporting
<b>Asset Definition</b>	Defined as any operational location or asset under the financial or operational control of A&B Engineering
<b>Data Conversion</b>	All consumption data is converted to emissions using the 2024 DEFRA Conversion Factors
<b>Intensity Ratio</b>	The intensity measurement is reported as "per £million turnover" , providing a comparison of emissions relative to business activity. This is most relevant to our industry's scope and A&B Engineering's operational output.

		<b>Current Reporting Year</b>		<b>Reporting Year 2023/24</b>	
		<b>2024/25</b>		<b>2023/24</b>	
<b>Scope 1</b>	<b>Emissions Source</b>	<b>kWh 24</b>	<b>TCO2e 24</b>	<b>kWh 23</b>	<b>TCO2e 23</b>
	Gas (Operational assets)	143,147	26.19	150,932	27.61
	Gas (Operational sites)	N/A	N/A	N/A	N/A
	Transport	63,218.89	15.04	19,568.27	19.67
	Diesel (On site Vehicles)	N/A	N/A	N/A	N/A
	Fugitive emissions		2.34		19.5084
<b>Scope 2</b>	Electricity (operational assets)	51,350.45	10.63	44,946.4	9.31
<b>Total Scope 1 &amp; 2 Emissions</b>		<b>257,715.85</b>	<b>54.20</b>	<b>215,446.67</b>	<b>76.0984</b>
<b>Turnover</b>		<b>£59,860,357</b>		<b>£53,099,697</b>	
<b>Intensity ratio</b>		<b>4,305.28</b>	<b>0.91</b>	<b>405.9</b>	<b>1.43</b>
<b>(Gross Scope 1 &amp; 2 emissions)</b>		<b>kWh per</b>	<b>TCO2e per</b>	<b>kWh per</b>	<b>TCO2 per</b>
		<b>£million</b>	<b>£million</b>	<b>£million</b>	<b>£million</b>

**Race to Net Zero**

We have continued progressing on our Race to Net Zero by 2030, focusing on reducing our operational emissions and improving how we design, deliver, and manage projects.

This includes transitioning our head office to low-carbon technologies with plans to replace our gas boiler with an Air Source Heat Pump and install Photovoltaic (PV) panels across our roof to generate renewable energy on-site.

We are also reducing our transport related emissions through our successful Salary Sacrifice Electric Vehicle Scheme, which has seen an increasing number of staff transition to electric vehicles.

Our fleet now includes the VW ID Buzz for carpooling and two VW ID.4s for site and project travel. This initiative not only reduces emissions but also supports our team's wellbeing and retention.

**Carbon Library and Technical Development**

Our Internal Carbon Library continues to grow, serving as a key tool in our design and engineering decisions.

Over the past year, we have:

- Expanded our carbon database with new material data and manufacturer Environmental Product Declarations (EPDs) from our supply chain.

- Integrated TM65 methodology into our design processes to assess embodied carbon more accurately.

This development ensures that sustainability isn't a separate goal but a technical standard embedded in our design philosophy.

**STRATEGIC REPORT  
for the Year Ended 28 February 2025**

**Environmental Management & ISO 14001**

We are proud to maintain our ISO 14001 Environmental Management System (EMS) certification, reflecting our ongoing commitment to operating responsibly and efficiently. This system helps us manage our environmental responsibilities systematically and continuously improve performance across all business areas from design to installation and operational management.

**Tool Box Talks and Site Awareness**

Our on-site sustainability engagement has also grown through Tool Box Talks, focusing on encouraging practical, sustainable behaviours among our site teams.

These sessions cover a range of topics including:

- Proper waste segregation and recycling.
- Turning off lights and equipment when not in use.
- Reducing unnecessary heating and maintaining equipment efficiently.
- Minimising noise pollution and reporting leaks.
- Reducing water consumption and promoting sustainable travel.

By reinforcing small, consistent actions, we are nurturing an environmentally conscious workforce that understands how everyday decisions contribute to our wider sustainability goals.

**Repurpose Programme**

This year, we launched our Repurpose Programme, combining sustainability with social value by donating surplus materials to schools, colleges, and community centres to support hands on learning in MEP training. At Hugh Baird College, we provided unvented hot water cylinders for use in practical lessons, helping students gain real-world experience while reducing waste and giving materials a meaningful second life.

**Alignment Globally with the UN Sustainable Development Goals (SDGs)**

A&B Engineering continues to align our efforts with several United Nations Sustainable Development Goals, ensuring our sustainability strategy supports global progress towards a fairer, greener future.

Our actions particularly support:

- SDG 7 - Affordable & Clean Energy: through renewable energy installation and low-carbon design.
- SDG 9 - Industry, Innovation & Infrastructure: by developing sustainable mechanical and electrical systems and low-carbon design practices.
- SDG 12 - Responsible Consumption & Production: through our waste reduction and recycling initiatives.
- SDG 13 - Climate Action: through our Race to Net Zero, SECR reporting, and carbon management systems.
- SDG 11 - Sustainable Cities & Communities: by supporting clients in creating energy-efficient, sustainable buildings.

**Future Aspirations**

As we move into the next reporting period, we remain focused on continuous improvement and innovation.

Our plans include:

- Expanding our Scope 3 data coverage to include supply chain and waste emissions
- Continuing to enhance our Internal Carbon Library and carbon data accuracy.
- Increasing employee engagement onsite through regular Tool Box Talks and sustainability training
- Expanding our electric vehicle fleet and further promoting the salary sacrifice scheme

**STRATEGIC REPORT  
for the Year Ended 28 February 2025**

**SOCIAL VALUE UPDATE**

Social Value is important to us all. We also recognise the importance to the business in providing what our customers need and what lasting legacies we can leave in the communities that we work. Over the last 12 months we have developed of Social Value aligning it with our core business values and adding in our key objectives around Education, Community and Wellbeing which have been strategically implemented by our dedicated Social Value Manager.

A & B Engineering is committed to delivering value not only to its clients but also to the wider community and environment. As a socially responsible organisation, we aim to contribute positively to the economic, social, and environmental wellbeing of the communities in which we operate. Our Social Value purpose aligns with our core values of:

1. Safety & Sustainability: Emphasising both workplace safety and environmental responsibility.
2. Integrity: Encompassing honesty, unity, and loyalty.
3. Equality & Respect: Treating everyone fairly and with dignity.
4. Quality & Passion: Delivering high-quality work with enthusiasm and dedication.
5. Customer Focus: Maintaining a strong customer-oriented mindset.

Key Highlights for the reporting period:

Special Recognitions / awards:

- Vinci Supply Chain Winner for Social Value
- Bowmer & Kirkland T- Level Recognition award Silver
- Armed Forces Employer Recognition award Silver
- Standing Tall Foundation Winner Social Impact and Community award

Community

We have continued to support our core community charities introduced some new:

- CRADLE
- North West Air Ambulance Service
- Standing Tall Foundation
- Casus Pax
- Clatterbridge Hospital
- Shelter
- The Wellspring Centre
- Webb Lane Allotment
- Foodbank support across the region

**Education**

We can now boast to having forty-two apprentices across all business from level 1 through to level 7. We recognise and promote fair and equal opportunities for all across the regions we work. Linking in closely with our education systems from FE to HE and Adult Learning we can now say we support not only our learners but our educators in the development of industry standard. We are also part of the national equalex pilot to support linking in closely with industry leaders Careers Connect and Liverpool Careers Hub.

**Wellbeing**

1. Improved Productivity: Employees who feel mentally and physically well are more engaged, motivated, and efficient.
2. Reduced Absenteeism: A focus on wellbeing helps lower stress and prevent burnout, reducing sick days.
3. Better Retention: A supportive environment fosters loyalty and reduces staff turnover.
4. Positive Culture: Promotes a sense of belonging, inclusion, and psychological safety.
5. Enhanced Reputation: Companies known for prioritising wellbeing attract top talent and build stronger stakeholder trust.

**STRATEGIC REPORT  
for the Year Ended 28 February 2025**

**Wellbeing in the Wider Community: Why It Matters**

1. Social Cohesion: Community wellbeing initiatives foster connection, reduce isolation, and build stronger support networks.
2. Healthier Populations: Encouraging physical activity, mental health support, and access to services improves overall public health.
3. Economic Benefits: Healthier communities are more economically resilient, with lower healthcare costs and higher productivity.
4. Empowerment and Inclusion: Wellbeing programs can uplift marginalised groups and promote equity.

**Sustainable Development:** Community wellbeing is a pillar of sustainable, thriving societies

**Measuring and Reporting Social Value Through our Platform - Social Score**

A & B Engineering will measure its social value contributions using a combination of qualitative and quantitative metrics, such as:

- Number of local jobs created
- Amount of investment in community projects
- Environmental impact (e.g., energy savings, waste reduction)
- Diversity statistics and training hours delivered

We are committed to transparency and will publish an annual Social Value Report detailing our performance and progress in achieving these goals. SocialScore transforms A&B Engineering data into a clear, valuable, researched and standardised value for the social impact generated, with many activities having a monetary value attached. As shown above at the start of this review.

SocialScore seamlessly aligns to social value frameworks and standards including TOMs, Social Value Model, Measure Up, UN SDGs, EU CSRD and other global standards.

**Social Value Summary**

Social Value Generated all time		1,499,599
Education	Apprenticeships	471,089.08
	T-levels	
	Career days	
	School activations	
	Mock interviews	
	Work placements	
	Training and adult learning	

**A. & B. ENGINEERING (MECHANICAL  
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**STRATEGIC REPORT  
for the Year Ended 28 February 2025**

**SUMMARY**

As mentioned above, our business optimism is very high. Having secured the level of sales as indicated, we feel we are in a favourable position to continue our growth and achieve our profits in line with our forward-looking business plan.

The investment of years gone by are providing us with the skills and workforce needed for our continued development. Our Apprentices are coming of age, and we continue to invest heavily in this area. We have an emphasis in delivering Quality in a safe manner and in that respect, we are growing our Health and Safety Team and our Quality Managers Headcount is improving.

We support everyone who works within the business. We have 40 dedicated Mental Health First Aiders in-house and we are embracing Digital Building and AI Technology in everything we do. We have a number of Postgraduates working with us and our Apprentices in Design and Technology are Graduate Apprentices.

Geographically our business is well placed in a busy region, with many long term investment projects in our pipeline. These will keep us busy for a number of years.

Our new Office in Leeds, that we opened this year, will help us serve our existing customers in their Yorkshire Regions and help us develop new relationships with new customers in that region. It will help in our sales growth and improve our profit levels for many years to come.

We believe we have a bright future, a dynamic and ambitious team a portfolio of robust and sound Customers and a very health forward looking order book.

**ON BEHALF OF THE BOARD:**

M Hart - Secretary

26 November 2025

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

**REPORT OF THE DIRECTORS  
for the Year Ended 28 February 2025**

The directors present their report with the financial statements of the company for the year ended 28 February 2025.

**PRINCIPAL ACTIVITY**

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

**DIVIDENDS**

The total distribution of dividends for the year ended 28 February 2025 will be £ 2,480,719 .

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 March 2024 to the date of this report.

M Hart  
I D Buxton  
J Gaskill  
P Godfrey

**DISCLOSURE IN THE STRATEGIC REPORT**

The Streamlined Energy and Carbon Reporting disclosure can be found in the Strategic Report.

**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.

**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.

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

**REPORT OF THE DIRECTORS  
for the Year Ended 28 February 2025**

**AUDITORS**

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

**ON BEHALF OF THE BOARD:**

M Hart - Secretary

26 November 2025

**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 2025 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 2025 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 thirteen, 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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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 in the determination of material amounts and disclosures in the financial statement, 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 misstatements 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 addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- 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, reviewing minutes of meetings and inspecting 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.

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

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](http://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 Audit Services Ltd  
Statutory Auditor  
Chartered Accountants  
Douglas Bank House  
Wigan Lane  
Wigan  
Lancashire  
WN1 2TB

26 November 2025

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

**STATEMENT OF COMPREHENSIVE  
INCOME  
for the Year Ended 28 February 2025**

	Notes	2025 £	2024 £
<b>TURNOVER</b>	3	59,860,357	53,099,697
Cost of sales		<u>52,626,527</u>	<u>46,005,891</u>
<b>GROSS PROFIT</b>		7,233,830	7,093,806
Administrative expenses		<u>3,608,423</u>	<u>3,615,314</u>
		3,625,407	3,478,492
Other operating income		<u>24,917</u>	<u>40,355</u>
<b>OPERATING PROFIT</b>	5	3,650,324	3,518,847
Interest receivable and similar income	6	<u>16,637</u>	<u>10,898</u>
		3,666,961	3,529,745
Interest payable and similar expenses	7	<u>54,227</u>	<u>98,858</u>
<b>PROFIT BEFORE TAXATION</b>		3,612,734	3,430,887
Tax on profit	8	<u>935,444</u>	<u>868,953</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		2,677,290	2,561,934
<b>OTHER COMPREHENSIVE INCOME</b>			
Transfer between reserves		-	239
Transfer between reserves		-	(239)
Revaluation of property			
Income tax relating to components of other comprehensive income		<u>-</u>	<u>-</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>2,677,290</u></u>	<u><u>2,561,934</u></u>

The notes form part of these financial statements

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

**BALANCE SHEET  
28 February 2025**

	Notes	2025 £	£	2024 £	£
<b>FIXED ASSETS</b>					
Tangible assets	10		762,444		775,724
Investment property	11		318,400		318,400
			<u>1,080,844</u>		<u>1,094,124</u>
<b>CURRENT ASSETS</b>					
Stocks	12	40,000		40,000	
Debtors	13	17,311,970		13,060,979	
Cash at bank		<u>987,524</u>		<u>2,946,632</u>	
		18,339,494		16,047,611	
<b>CREDITORS</b>					
Amounts falling due within one year	14	<u>13,188,712</u>		<u>13,763,583</u>	
<b>NET CURRENT ASSETS</b>			<u>5,150,782</u>		<u>2,284,028</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			6,231,626		3,378,152
<b>CREDITORS</b>					
Amounts falling due after more than one year	15		(3,924,595)		(1,280,922)
<b>PROVISIONS FOR LIABILITIES</b>	18		<u>(22,065)</u>		<u>(8,835)</u>
<b>NET ASSETS</b>			<u>2,284,966</u>		<u>2,088,395</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	19		11,099		11,099
Share premium	20		37,500		37,500
Revaluation reserve	20		156,592		156,849
Capital redemption reserve	20		43,901		43,901
Retained earnings	20		<u>2,035,874</u>		<u>1,839,046</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>2,284,966</u>		<u>2,088,395</u>

The financial statements were approved by the Board of Directors and authorised for issue on 26 November 2025 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 2025**

	Called up share capital £	Retained earnings £	Share premium £
<b>Balance at 1 March 2023</b>	11,099	2,517,925	37,500
<b>Changes in equity</b>			
Dividends	-	(3,241,052)	-
Total comprehensive income	-	2,562,173	-
<b>Balance at 29 February 2024</b>	<u>11,099</u>	<u>1,839,046</u>	<u>37,500</u>
<b>Changes in equity</b>			
Dividends	-	(2,480,719)	-
Total comprehensive income	-	2,677,547	-
<b>Balance at 28 February 2025</b>	<u>11,099</u>	<u>2,035,874</u>	<u>37,500</u>
	Revaluation reserve £	Capital redemption reserve £	Total equity £
<b>Balance at 1 March 2023</b>	157,088	43,901	2,767,513
<b>Changes in equity</b>			
Dividends	-	-	(3,241,052)
Total comprehensive income	(239)	-	2,561,934
<b>Balance at 29 February 2024</b>	<u>156,849</u>	<u>43,901</u>	<u>2,088,395</u>
<b>Changes in equity</b>			
Dividends	-	-	(2,480,719)
Total comprehensive income	(257)	-	2,677,290
<b>Balance at 28 February 2025</b>	<u>156,592</u>	<u>43,901</u>	<u>2,284,966</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 2025**

	Notes	2025 £	2024 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,569,870	4,359,003
Interest paid		(50,208)	(97,665)
Interest element of hire purchase payments paid		(4,019)	(1,193)
Tax paid		(934,656)	(614,072)
Net cash from operating activities		<u>580,987</u>	<u>3,646,073</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(41,819)	(18,903)
Sale of tangible fixed assets		-	500
Interest received		16,637	10,898
Net cash from investing activities		<u>(25,182)</u>	<u>(7,505)</u>
<b>Cash flows from financing activities</b>			
New loans in year		-	671,650
Loan repayments in year		(46,631)	(7,199)
Capital repayments in year		12,437	(3,700)
Equity dividends paid		(2,480,719)	(3,241,052)
Net cash from financing activities		<u>(2,514,913)</u>	<u>(2,580,301)</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		<u>(1,959,108)</u>	<u>1,058,267</u>
<b>Cash and cash equivalents at beginning of year</b>	2	2,946,632	1,888,365
<b>Cash and cash equivalents at end of year</b>	2	<u>987,524</u>	<u>2,946,632</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 2025**

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

	2025	2024
	£	£
Profit before taxation	3,612,734	3,430,887
Depreciation charges	55,098	45,947
Profit on disposal of fixed assets	-	(500)
Finance costs	54,227	98,858
Finance income	<u>(16,637)</u>	<u>(10,898)</u>
	3,705,422	3,564,294
Increase in trade and other debtors	(4,250,293)	(1,114,206)
Increase in trade and other creditors	<u>2,114,741</u>	<u>1,908,915</u>
<b>Cash generated from operations</b>	<u><u>1,569,870</u></u>	<u><u>4,359,003</u></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 28 February 2025**

	28/2/25	1/3/24
	£	£
Cash and cash equivalents	<u>987,524</u>	<u>2,946,632</u>

**Year ended 29 February 2024**

	29/2/24	1/3/23
	£	£
Cash and cash equivalents	<u>2,946,632</u>	<u>1,888,365</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 2025**

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1/3/24 £	Cash flow £	At 28/2/25 £
<b>Net cash</b>			
Cash at bank	2,946,632	(1,959,108)	987,524
	<u>2,946,632</u>	<u>(1,959,108)</u>	<u>987,524</u>
<b>Debt</b>			
Finance leases	(40,175)	(12,437)	(52,612)
Debts falling due within 1 year	(48,000)	(2,247)	(50,247)
Debts falling due after 1 year	(616,450)	48,878	(567,572)
	<u>(704,625)</u>	<u>34,194</u>	<u>(670,431)</u>
<b>Total</b>	<u>2,242,007</u>	<u>(1,924,914)</u>	<u>317,093</u>

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 2025**

**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 2025**

**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 or, if held under a finance lease, over the lease term, whichever is the shorter.

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  
SERVICE DIVISION) LIMITED (REGISTERED NUMBER: 01368342)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 28 February 2025**

**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**

	2025	2024
	£	£
Wages and salaries	3,860,954	3,569,624
Social security costs	400,742	384,943
Other pension costs	108,095	95,854
	4,369,791	4,050,421

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

	2025	2024
Operatives	35	31
Administration	40	37
Directors and management	4	4
	79	72

	2025	2024
	£	£
Directors' remuneration	545,216	614,800
Directors' pension contributions to money purchase schemes	19,333	17,658

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

Money purchase schemes	4	4
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**A. & B. ENGINEERING (MECHANICAL  
SERVICE DIVISION) LIMITED (REGISTERED NUMBER: 01368342)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 28 February 2025**

**4. EMPLOYEES AND DIRECTORS - continued**

Information regarding the highest paid director is as follows:

	2025	2024
	£	£
Emoluments etc	184,820	153,700
Pension contributions to money purchase schemes	<u>10,000</u>	<u>2,501</u>

**5. OPERATING PROFIT**

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

	2025	2024
	£	£
Depreciation - owned assets	39,085	41,566
Depreciation - assets on hire purchase contracts	16,014	4,381
Profit on disposal of fixed assets	-	(500)
Auditors' remuneration	19,000	19,000
The auditing of accounts of any associate of the company	3,000	3,000
Taxation compliance services	4,500	4,000
Other non- audit services	<u>11,224</u>	<u>7,363</u>

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2025	2024
	£	£
Bank interest	<u>16,637</u>	<u>10,898</u>

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2025	2024
	£	£
Bank loan interest	50,208	95,419
Interest on directors loans	-	845
Mortgage	-	1,401
Hire purchase	<u>4,019</u>	<u>1,193</u>
	<u>54,227</u>	<u>98,858</u>

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

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 28 February 2025**

**8. TAXATION**

**Analysis of the tax charge**

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

	2025	2024
	£	£
Current tax:		
UK corporation tax	958,272	810,647
Under provision in earlier years	<u>(36,058)</u>	<u>73,499</u>
Total current tax	922,214	884,146
Deferred tax	<u>13,230</u>	<u>(15,193)</u>
Tax on profit	<u><u>935,444</u></u>	<u><u>868,953</u></u>

**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:

	2025	2024
	£	£
Profit before tax	<u>3,612,734</u>	<u>3,430,887</u>
Profit multiplied by the standard rate of corporation tax in the UK of 25% (2024 - 24.492%)	903,184	840,293
Effects of:		
Adjustments to tax charge in respect of previous periods	(36,058)	73,499
Depreciation on non qualifying assets	3,230	3,225
Disallowable items for taxation	65,088	40,702
Rounding	-	2,546
Deferred tax not provided in previous year	<u>-</u>	<u>(91,312)</u>
Total tax charge	<u><u>935,444</u></u>	<u><u>868,953</u></u>

**Tax effects relating to effects of other comprehensive income**

There were no tax effects for the year ended 28 February 2025.

	2024		
	Gross	Tax	Net
	£	£	£
Transfer between reserves	239	-	239
Transfer between reserves	(239)	-	(239)
Revaluation of property	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

**A. & B. ENGINEERING (MECHANICAL  
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**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 28 February 2025**

**9. DIVIDENDS**

	2025	2024
	£	£
Final	2,000,000	3,000,000
Interim	480,719	241,052
	<u>2,480,719</u>	<u>3,241,052</u>

**10. TANGIBLE FIXED ASSETS**

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST OR VALUATION</b>				
At 1 March 2024	676,600	116,750	126,131	919,481
Additions	-	579	41,240	41,819
At 28 February 2025	<u>676,600</u>	<u>117,329</u>	<u>167,371</u>	<u>961,300</u>
<b>DEPRECIATION</b>				
At 1 March 2024	26,722	74,661	42,374	143,757
Charge for year	12,920	11,454	30,725	55,099
At 28 February 2025	<u>39,642</u>	<u>86,115</u>	<u>73,099</u>	<u>198,856</u>
<b>NET BOOK VALUE</b>				
At 28 February 2025	<u>636,958</u>	<u>31,214</u>	<u>94,272</u>	<u>762,444</u>
At 29 February 2024	<u>649,878</u>	<u>42,089</u>	<u>83,757</u>	<u>775,724</u>

Cost or valuation at 28 February 2025 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>117,329</u>	<u>167,371</u>	<u>942,815</u>
	<u>676,600</u>	<u>117,329</u>	<u>167,371</u>	<u>961,300</u>

**A. & B. ENGINEERING (MECHANICAL  
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**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 28 February 2025**

**10. TANGIBLE FIXED ASSETS - continued**

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

	2025	2024
	£	£
Cost	<u>658,115</u>	<u>658,115</u>
Aggregate depreciation	<u>177,748</u>	<u>165,085</u>

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

The net book value of tangible fixed assets includes £ 73,420 (2024 - £ 48,194 ) in respect of assets held under hire purchase contracts.

**11. INVESTMENT PROPERTY**

	Total
	£
<b>FAIR VALUE</b>	
At 1 March 2024	
and 28 February 2025	<u>318,400</u>
<b>NET BOOK VALUE</b>	
At 28 February 2025	<u>318,400</u>
At 29 February 2024	<u>318,400</u>

Fair value at 28 February 2025 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:

	2025	2024
	£	£
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 .

**A. & B. ENGINEERING (MECHANICAL  
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**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 28 February 2025**

12.	<b>STOCKS</b>	2025	2024
		£	£
	Small tools & consumables	<u>40,000</u>	<u>40,000</u>
13.	<b>DEBTORS</b>	2025	2024
		£	£
	Amounts falling due within one year:		
	Amounts recoverable on contract	14,141,355	11,295,919
	Other debtors	66,524	15,338
	VAT	322,856	393,863
	Prepayments	315,929	184,819
		<u>14,846,664</u>	<u>11,889,939</u>
	Amounts falling due after more than one year:		
	Amounts recoverable on contract	<u>2,465,306</u>	<u>1,171,040</u>
	Aggregate amounts	<u>17,311,970</u>	<u>13,060,979</u>
14.	<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	2025	2024
		£	£
	Bank loans and overdrafts (see note 16)	50,247	48,000
	Hire purchase contracts (see note 17)	15,441	8,881
	Trade creditors	12,180,103	12,360,994
	Amounts owed to group undertakings	697	-
	Tax	514,249	526,691
	Social security and other taxes	93,987	184,490
	Other creditors	314,988	133,603
	Accrued expenses	19,000	500,924
		<u>13,188,712</u>	<u>13,763,583</u>
15.	<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	2025	2024
		£	£
	Bank loans (see note 16)	567,572	616,450
	Hire purchase contracts (see note 17)	37,171	31,294
	Trade creditors	3,319,852	633,178
		<u>3,924,595</u>	<u>1,280,922</u>

**A. & B. ENGINEERING (MECHANICAL  
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**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 28 February 2025**

**16. LOANS**

An analysis of the maturity of loans is given below:

	2025	2024
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>50,247</u>	<u>48,000</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>54,417</u>	<u>96,000</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>513,155</u>	<u>520,450</u>

**17. LEASING AGREEMENTS**

Minimum lease payments under hire purchase fall due as follows:

	2025	2024
	£	£
Net obligations repayable:		
Within one year	15,441	8,881
Between one and five years	<u>37,171</u>	<u>31,294</u>
	<u>52,612</u>	<u>40,175</u>

**18. PROVISIONS FOR LIABILITIES**

	2025	2024
	£	£
Deferred tax		
Accelerated capital allowances	<u>22,065</u>	<u>8,835</u>
		Deferred tax
		£
Balance at 1 March 2024		8,835
Charge to Statement of Comprehensive Income during year		<u>13,230</u>
Balance at 28 February 2025		<u>22,065</u>

**A. & B. ENGINEERING (MECHANICAL  
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**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 28 February 2025**

**19. CALLED UP SHARE CAPITAL**

Allotted and issued:				
Number:	Class:	Nominal value:	2025	2024
			£	£
110,997	Ordinary shares	10p	<u>11,099</u>	<u>11,099</u>

**20. RESERVES**

	Retained earnings £	Share premium £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1 March 2024	1,839,046	37,500	156,849	43,901	2,077,296
Profit for the year	2,677,290				2,677,290
Dividends	(2,480,719)				(2,480,719)
Transfer of excess depreciation as a result of revaluation	257	-	(257)	-	-
At 28 February 2025	<u>2,035,874</u>	<u>37,500</u>	<u>156,592</u>	<u>43,901</u>	<u>2,273,867</u>

Included in retained earnings are non-distributable reserves of £45,414 (2024 £45,414 ) relating to the revaluation of the investment property.

**21. ULTIMATE PARENT COMPANY**

A&B Engineering MEP Limited is regarded by the directors as being the company's ultimate parent company.

Copies of the consolidated accounts can be obtained from the directors at the registered office, 11 Derby Lane, Old Swan, Liverpool, Merseyside, L13 6QA.

**22. CONTINGENT LIABILITIES**

There were no contingent liabilities as at 28 February 2025 (2024: £NIL).

**23. RELATED PARTY DISCLOSURES**

During the year, a total of key management personnel compensation of £ 663,947 (2024 - £ 767,850 ) was paid.

**24. ULTIMATE 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.

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