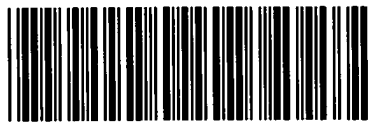


Company Registration No. SC106673 (Scotland)

**MECHANICAL & ELECTRICAL FIXINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2024**

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MECHANICAL & ELECTRICAL FIXINGS LIMITED

COMPANY INFORMATION

Directors	R S Cunliffe M C Mearns A Bell D T Fairfull T Horan B Reufels J Inden	(Appointed 1 November 2023) (Appointed 13 May 2024)
Secretary	A Bell	
Company number	SC106673	
Registered office	Johnston Carmichael LLP 7-11 Melville Street Edinburgh EH3 7PE	
Auditor	Johnston Carmichael LLP 7-11 Melville Street Edinburgh EH3 7PE	
Solicitors	MacRoberts LLP 10 George St Edinburgh EH2 2PF	

MECHANICAL & ELECTRICAL FIXINGS LIMITED

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MECHANICAL & ELECTRICAL FIXINGS LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2024

The directors present their report and financial statements for the 14 month period from 1 November 2023 to 31 December 2024. The comparative information covers the year ended 31 October 2023.

Fair review of the business

The company's turnover has increased in the 14-month period to December 2024 to £34.3m (2023 - £25.4m). The year end date was changed to align with Niedax group.

Gross margin remained strong, increasing from that achieved in 2023. Overheads also increased as a result of the growth in the business across 2024. As a result of the exceptional pressure on household finances, the company invested in their team, awarding pay reviews to help alleviate these pressures.

Despite these challenges, the company continued to report a strong and increased operating profit of £5.3m (2023 - £3.4m). Revenue growth, gross margin and operating profit are the key performance indicators that the company measure.

Principal risks and uncertainties

The principal risks and uncertainties facing the business are ongoing commercial pressures associated with the construction industry and customer credit risk. The company works closely with suppliers and customers and is focussed on delivering exceptional product quality and customer service, which enables the company to react quickly to meet the demands of customers. This approach is critical to customer retention. Credit risk is mitigated through controls, credit insurance and close monitoring of outstanding debts.

The directors are mindful of and remain vigilant around other risks including the war in Ukraine and the outlook for the wider UK and Irish economies. The latter is considered to be more positive with significant planned infrastructure investment creating opportunities for the construction sector. The company has an established diverse customer base within the construction industry and this diversity is important to mitigate the risks of a downturn in a particular subset of the wider construction industry.

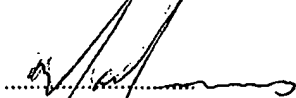
Environment, health and safety

The company's primary responsibility is the safety and wellbeing of its employees. The focus on innovation, exceptional product quality and customer service is only possible as a result of having a workforce who feel valued, engaged and aligned with the objectives of the company and a culture that is based on mutual respect and fairness. The company is also acutely aware of its wider environmental responsibilities and this is factored into decisions across all operations.

Future outlook, development and performance

Despite the challenges present in the wider economy, the directors are hopeful of another strong year in 2025 underpinned by the continued focus on innovation and quality of service to a diverse range of customers and a motivated and engaged workforce. The buyout by Niedax Group, a Billion-Euro turnover company with strong financial performance at the end of October 2023 has given MEF access to new innovative products and a wider array of customers. These new products will help MEF expand into different markets including railway infrastructure, solar, oil and gas and windfarms to name just a few.

On behalf of the board



M C Mearns
Director

Date:19/03/2025

MECHANICAL & ELECTRICAL FIXINGS LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2024

The directors present their report and financial statements for the 14 month period from 1 November 2023 to 31 December 2024. The comparative information covers the year ended 31 October 2023.

Principal activities

The principal activity of the company continued to be that of designers, manufacturers and distributors of support supplies for the heating, plumbing, electrical ventilation and construction industries.

Directors

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

R S Cunliffe

M C Mearns

A Bell

D T Fairfull

T Horan

B Reufels

(Appointed 1 November 2023)

J Inden

(Appointed 13 May 2024)

Results and dividends

The results for the period are set out on page 8.

Ordinary dividends were paid amounting to £6,333,333 (2023 - £1,018,750).

A review of future outlook, development and performance is given in the Strategic Report.

Auditor

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



M C Mearns

Director

19/03/2025

MECHANICAL & ELECTRICAL FIXINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2024

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

MECHANICAL & ELECTRICAL FIXINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MECHANICAL & ELECTRICAL FIXINGS LIMITED

Opinion

We have audited the financial statements of Mechanical & Electrical Fixings Limited ('the company') for the period ended 31 December 2024, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- Give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit for the period then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- The Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MECHANICAL & ELECTRICAL FIXINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MECHANICAL & ELECTRICAL FIXINGS 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 Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

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

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

Extent to which the audit is considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

MECHANICAL & ELECTRICAL FIXINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MECHANICAL & ELECTRICAL FIXINGS LIMITED

Extent to which the audit is considered capable of detecting irregularities, including fraud (continued)

We obtained an understanding of the legal and regulatory frameworks that are applicable to company and the sector in which it operates, focusing on those provisions that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland";
- Companies Act 2006;
- Corporation Tax legislation;
- VAT legislation;
- Health and Safety regulations; and
- General Data Protection Regulations.

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk. We identified a heightened fraud risk in relation to:

- Management override of controls
- Revenue recognition

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the company's procurement of legal and professional services;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias;
- Performing audit procedures over revenue recognition by agreeing a revenue sample from sales order, to proof of deliver note, sales invoices and nominal ledger;
- Completion of appropriate checklists and use of our experience to assess the Company's compliance with the Companies Act 2006; and
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

MECHANICAL & ELECTRICAL FIXINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MECHANICAL & ELECTRICAL FIXINGS LIMITED

Use of report

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



William King (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP

Chartered Accountants
Statutory Auditor

21/03/2025

Date:
7-11 Melville Street
Edinburgh
EH3 7PE

MECHANICAL & ELECTRICAL FIXINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2024

		Period ended 31 December 2024 £	Year ended 31 October 2023 £
Turnover	3	34,352,120	25,386,925
Cost of sales		(22,906,143)	(16,594,492)
Gross profit		11,445,977	8,792,433
Distribution costs		(174,955)	(117,144)
Administrative expenses		(5,954,915)	(5,320,617)
Other operating income		8,380	3,375
Operating profit	4	5,324,487	3,358,047
Interest receivable and similar income	7	80,933	87,373
Fair value gains / (losses) on financial instruments	8	308,330	26,620
Profit before taxation		5,713,750	3,472,040
Tax on profit	9	(1,406,825)	(628,901)
Profit for the financial period		4,306,925	2,843,139

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

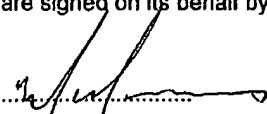
MECHANICAL & ELECTRICAL FIXINGS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2024

	Notes	2024		2023	
		£	£	£	£
Fixed assets					
Goodwill	11		103,053		185,354
Tangible assets	12		667,062		546,365
			<u>770,115</u>		<u>731,719</u>
Current assets					
Stocks	13	3,787,814		3,003,706	
Debtors	14	5,639,256		5,887,507	
Cash at bank and in hand		2,767,030		6,821,908	
		<u>12,194,100</u>		<u>15,713,121</u>	
Creditors: amounts falling due within one year	15	<u>(4,023,644)</u>		<u>(5,558,724)</u>	
Net current assets			<u>8,170,456</u>		<u>10,154,397</u>
Total assets less current liabilities			<u>8,940,571</u>		<u>10,886,116</u>
Provisions for liabilities			<u>(185,378)</u>		<u>(104,515)</u>
Net assets			<u>8,755,193</u>		<u>10,781,601</u>
Capital and reserves					
Called up share capital	18		50,000		50,000
Profit and loss reserves			8,705,193		10,731,601
			<u>8,755,193</u>		<u>10,781,601</u>
Total equity			<u>8,755,193</u>		<u>10,781,601</u>

The financial statements were approved by the board of directors and authorised for issue on 19/3/25 and are signed on its behalf by:


M C Mearns
Director

Company Registration No. SC106673

MECHANICAL & ELECTRICAL FIXINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2024

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 November 2022		50,000	8,907,212	8,957,212
Year ended 31 October 2023:				
Profit and total comprehensive income for the year		-	2,843,139	2,843,139
Dividends	10	-	(1,018,750)	(1,018,750)
Balance at 31 October 2023		50,000	10,731,601	10,781,601
Period ended 31 December 2024:				
Profit and total comprehensive income for the period		-	4,306,925	4,306,925
Dividends	10	-	(6,333,333)	(6,333,333)
Balance at 31 December 2024		50,000	8,705,193	8,755,193

MECHANICAL & ELECTRICAL FIXINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2024

1 Accounting policies

Company information

Mechanical & Electrical Fixings Limited is a private company limited by shares incorporated in Scotland. The registered office is Johnston Carmichael LLP, 7-11 Melville Street, Edinburgh, EH3 7PE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group.

The company has therefore taken the following exemptions under the reduced disclosure framework of FRS 102:

- from the requirement to present a statement of cashflows.
- from the requirement of certain FRS 102 Section 11 paragraphs 11.42, 11.44, 11.45, 11.47, 11.48 (a) (iii), 11.48 (a) (iv), 11.48 (b) and 11.48(c) relating to financial instrument disclosures as equivalent disclosures are included within the consolidated financial statements.
- from the requirement to disclose key management personnel compensation.

The financial statements of the company are consolidated in the financial statements of Directional Drilling Consultants Limited. These consolidated financial statements are available from its registered office, 7-11 Melville Street, Edinburgh, EH3 7PE.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Reporting period

The financial statements cover the period from 1 November 2023 to the 31 December 2024. The company extended its accounting period to align the year end with the ultimate parent company, Niedax GmbH & Co. KG. The comparative information covers the year ended 31 October 2023.

1.4 Turnover

Turnover represents amounts receivable for goods sold net of VAT and trade discounts. Turnover is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred in respect of the transaction can be measured reliably.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is ten years.

MECHANICAL & ELECTRICAL FIXINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Plant and machinery	20% straight line
Fixtures, fittings & equipment	10% - 20% straight line
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Impairment of fixed assets

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

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, and other short-term liquid investments with original maturities of three months or less.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, including debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future payments discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

MECHANICAL & ELECTRICAL FIXINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

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

Derecognition of financial liabilities

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

MECHANICAL & ELECTRICAL FIXINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employees' services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

The company contributes to a defined contribution scheme for the benefit of employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.16 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. All differences are taken to profit and loss account.

MECHANICAL & ELECTRICAL FIXINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2024

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock provisioning

The company makes an assessment of any provision necessary for slow-moving and obsolete stock. When assessing impairment of stock, management consider various factors including the ageing and physical condition of stock.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2024	2023
	£	£
Turnover analysed by class of business		
Sale of goods	34,352,120	25,386,925
	<u>34,352,120</u>	<u>25,386,925</u>
	2024	2023
	£	£
Turnover analysed by geographical market		
Europe	17,335,287	7,233,055
United Kingdom	17,016,833	18,153,870
	<u>34,352,120</u>	<u>25,386,925</u>

4 Operating profit

	2024	2023
	£	£
Operating profit for the period is stated after charging/(crediting):		
Exchange gains	(150,221)	(176,872)
Fees payable to the company's auditor for the audit of the company's financial statements	49,550	32,500
Depreciation of owned tangible fixed assets	256,181	183,672
(Profit)/loss on disposal of tangible fixed assets	(7,333)	25,896
Amortisation of intangible assets	82,301	70,543
Operating lease charges	321,485	273,550
	<u>321,485</u>	<u>273,550</u>

MECHANICAL & ELECTRICAL FIXINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2024

5 Employees

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

	2024 Number	2023 Number
Finance	4	4
Operations	70	67
Total	<u>74</u>	<u>71</u>

Their aggregate remuneration comprised:

	2024 £	2023 £
Wages and salaries	3,524,172	3,043,564
Social security costs	289,734	290,772
Pension costs	139,098	488,002
	<u>3,953,004</u>	<u>3,822,338</u>

6 Directors' remuneration

	2024 £	2023 £
Remuneration for qualifying services	737,426	570,722
Company pension contributions to defined contribution schemes	34,755	7,398
	<u>772,181</u>	<u>578,120</u>

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

	2024 £	2023 £
Remuneration for qualifying services	190,209	148,964
Company pension contributions to defined contribution schemes	12,129	-
	<u>202,338</u>	<u>148,964</u>

7 Interest receivable and similar income

	2024 £	2023 £
Interest income		
Interest on bank deposits	<u>80,933</u>	<u>87,373</u>

MECHANICAL & ELECTRICAL FIXINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2024

8 Fair value gains/(losses) on financial instruments

	2024	2023
	£	£
Change in the value of financial instruments held at fair value through profit or loss	308,330	23,727
Change in value of financial assets held at fair value through profit or loss	-	2,893
	<u>308,330</u>	<u>26,620</u>

9 Taxation

	2024	2023
	£	£
Current tax		
UK corporation tax on profits for the current period	913,182	344,856
Adjustments in respect of prior periods	(2,503)	-
Total UK current tax	<u>910,679</u>	<u>344,856</u>
Foreign current tax on profits for the current period	413,444	258,425
Adjustments in foreign tax in respect of prior periods	1,839	-
Total current tax	<u>1,325,962</u>	<u>603,281</u>
Deferred tax		
Origination and reversal of timing differences	<u>80,863</u>	<u>25,620</u>
Total tax charge	<u>1,406,825</u>	<u>628,901</u>

The actual charge for the period can be reconciled to the expected charge for the period based on the profit or loss and the standard rate of tax as follows:

	2024	2023
	£	£
Profit before taxation	<u>5,713,750</u>	<u>3,472,040</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 25.00% (2023: 22.52%)	1,428,438	781,903
Tax effect of expenses that are not deductible in determining taxable profit	7,362	44,384
Tax effect of income not taxable in determining taxable profit	(524,240)	(471,697)
Adjustments in respect of prior years	(664)	-
Effect of overseas tax rates	413,444	258,425
Effect of change in deferred tax rate	-	2,544
Fixed asset differences	20,802	13,342
Timing differences	61,683	-
Taxation charge for the period	<u>1,406,825</u>	<u>628,901</u>

MECHANICAL & ELECTRICAL FIXINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2024

9 Taxation

(Continued)

An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021.

10 Dividends

	2024 £	2023 £
Interim paid	6,333,333	1,018,750

11 Intangible fixed assets

	Goodwill £
Cost	
At 1 November 2023 and 31 December 2024	715,426
Amortisation and impairment	
At 1 November 2023	530,072
Amortisation charged for the period	82,301
At 31 December 2024	612,373
Carrying amount	
At 31 December 2024	103,053
At 31 October 2023	185,354

MECHANICAL & ELECTRICAL FIXINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2024

12 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 November 2023	96,526	605,484	879,411	1,581,421
Additions	76,104	7,726	307,007	390,837
Disposals	(9,000)	-	(73,337)	(82,337)
At 31 December 2024	163,630	613,210	1,113,081	1,889,921
Depreciation and impairment				
At 1 November 2023	92,709	494,112	448,235	1,035,056
Depreciation charged in the period	6,238	44,018	205,925	256,181
Eliminated in respect of disposals	(9,000)	-	(59,378)	(68,378)
At 31 December 2024	89,947	538,130	594,782	1,222,859
Carrying amount				
At 31 December 2024	73,683	75,080	518,299	667,062
At 31 October 2023	3,817	111,372	431,176	546,365

13 Stocks

	2024 £	2023 £
Goods for resale	3,787,814	3,003,706
	<u>3,787,814</u>	<u>3,003,706</u>

The stock value is stated net of a provision for slow moving stock of £194,039 (2023: £194,039).

14 Debtors

	2024 £	2023 £
Amounts falling due within one year:		
Trade debtors	4,884,599	5,528,295
Amounts owed by group undertakings	24,864	24,864
Derivative financial instruments	246,730	-
Other debtors	483,063	334,348
	<u>5,639,256</u>	<u>5,887,507</u>

Included within trade debtors is a provision for bad debts of £23,724 (2023: £23,724).

MECHANICAL & ELECTRICAL FIXINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2024

15 Creditors: amounts falling due within one year

	2024	2023
	£	£
Trade creditors	2,609,444	4,059,074
Corporation tax	252,133	72,307
Other taxation and social security	601,593	586,401
Derivative financial instruments	-	61,600
Other creditors	1,464	1,425
Accruals and deferred income	559,010	777,917
	<u>4,023,644</u>	<u>5,558,724</u>

16 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2024	Liabilities 2023
	£	£
Balances:		
Accelerated capital allowances	123,696	104,515
Short term timing differences	61,682	-
	<u>185,378</u>	<u>104,515</u>

	2024
	£
Movements in the period:	
Liability at 1 November 2023	104,515
Charge to profit or loss	80,863
Liability at 31 December 2024	<u>185,378</u>

17 Retirement benefit schemes

	2024	2023
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>139,098</u>	<u>488,002</u>

The company contributes to a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

MECHANICAL & ELECTRICAL FIXINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2024

18 Share capital

	2024	2023	2024	2023
Ordinary share capital Issued and fully paid	Number	Number	£	£
Ordinary shares of £1 each	50,000	50,000	50,000	50,000

19 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2024	2023
	£	£
Within one year	110,587	138,194
Between two and five years	304,588	354,926
In over five years	118,247	183,247
	<u>533,422</u>	<u>676,367</u>

20 Related party transactions

Transactions with related parties

During the period the company entered into the following transactions with related parties:

Rent of premises

	2024	2023
	£	£
Post-employment benefit plan for the benefit of the directors of the reporting entity.	<u>144,313</u>	<u>116,250</u>

No guarantees have been given or received.

The company has taken advantage of the exemption available in Section 33: Related Party Disclosures not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group in which it is party to transactions.

21 Ultimate controlling party

Directional Drilling Consultants Limited is the immediate parent.

The ultimate parent company is Niedax GmbH & Co. KG.