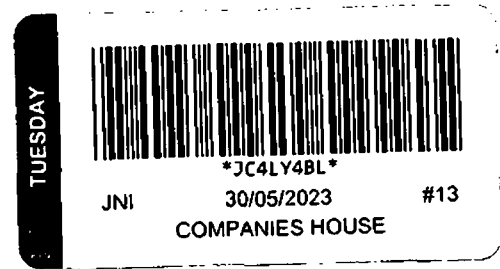


Registration Number NI011704



**SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

**Directors' Report and Consolidated Financial Statements**

**for the year ended 30 September 2022**

# SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

## Directors, officers and advisors

<b>Directors</b>	Edward Mc Master Philip Edward McMaster
<b>Secretary</b>	Edward McMaster
<b>Company Number</b>	NI011704
<b>Registered Office</b>	57 Sydenham Road Belfast BT3 9DJ
<b>Auditors</b>	McDaid McCullough Moore Chartered Accountants and Statutory Auditor 28/32 Clarendon Street Derry BT48 7HD Northern Ireland
<b>Business Address</b>	57 Sydenham Road Belfast BT3 9DJ
<b>Bankers</b>	Allied Irish Bank Meadowbank Strand Road L'Derry BT48 7TN
<b>Solicitors</b>	MacKenzie & Dorman 94/96 Hollywood Road Belfast BT4 1NN

# **SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

## **Directors Report and Consolidated Financial Statements for the year ended 30 September 2022**

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# SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

## Strategic Report for the year ended 30 September 2022

This report has been prepared by the directors in accordance with the requirements of Section 414 of the Companies Act 2006.

### Business review

The principal activity of the group in the year under review was that of heating, plumbing, ventilation and electrical engineers.

The group has performed strongly during the year ended 30 September 2022. Turnover has decreased in the year however the directors believe that significant progress has been made towards achieving sustainable growth for the future.

The directors are satisfied with the performance of the group which is in line with forecasts and expectations for the period.

### Principal Risks and Uncertainties

#### Financial risk management objectives and policies

The group's operations expose it to a variety of financial risks that include the effects of credit risk and resulting liquidity risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by implementing policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to individual customers is reviewed regularly by the board. In addition the group also actively manages its cash flows to ensure it has sufficient available funds for operations and any planned expansions.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk to a sub committee of the board. The policies set by the board of directors are implemented by the group's finance department.

#### Foreign Exchange Risk

While the greater part of the group's revenues and expenses are denominated in sterling, the group is exposed to some foreign exchange risk in the normal course of the business, principally monies held in Euro bank accounts. While the group has not used financial instruments to date to hedge foreign exchange exposure, this position is kept constantly under review.

#### Development and Performance

The group performed as expected during the Year Ended 30 September 2022. Turnover has decreased by 15% on the previous year. At 30 September 2022 the group's Statement of Financial Position showed net assets of £3,724,131 (2021 - £3,663,844). The directors consider the results for the year and the position of the group at the year end to be satisfactory.

The group's strategic focus continues to be the growth of its existing core business.

# SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

## Strategic Report for the year ended 30 September 2022

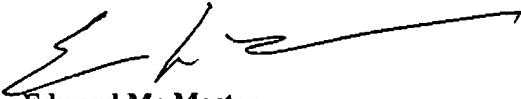
### Financial Key Performance Indicators

The group uses the following key performance indicators to support the development, performance and position of the business:-

- Operating profit margin
- Gross margin contribution
- Sales growth
- Current ratio

All of these indicators were satisfactory in the opinion of the directors for the year.

This report was approved and authorised for issue by the Board of Directors on 17 April 2023 and signed below on its behalf by



**Edward Mc Master**  
Director

# SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

## Directors' Report for the year ended 30 September 2022

### Group Directors' Report for the year ended 30 September 2022

The directors present their report, together with the audited financial statements of the company and the group, for the year ended 30 September 2022.

### Change of Group Name

The group changed its name from Sharpe Mechanical Services Limited to Sharpe Mechanical & Electrical Services Limited on 25 October 2021.

### Directors

The directors who served during the year are as stated below:

Edward Mc Master  
Philip Edward McMaster

### Future Developments

The directors are consistently on the look out for new contracts, and fully expect the organic growth of the business to continue into 2023.

### Results and Dividends

The results for the year are set out on pages 10 and 11. The profit for the year after taxation was £365,287. The directors do not recommend payment of a final dividend.

### Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, Director's 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 group and parent company 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 group and the company and of the profit or loss of the group 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 and the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and of the group and to 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 of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

**Directors' Report  
for the year ended 30 September 2022**

**Statement of disclosure of information to auditors**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group's auditors are unaware, and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**Auditors**

McDaid McCullough Moore are deemed to be reappointed in accordance with Section 487 of the Companies Act 2006.

This report was approved and authorised for issue by the Board of Directors on 17 April 2023 and signed on its behalf by



**Edward McMaster**  
Secretary

## **SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

### **Independent auditors' report to the members of SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

#### **Opinion**

We have audited the financial statements of Sharpe Mechanical and Electrical Services Limited (the parent company) and its subsidiaries (the 'group') for the year ended 30 September 2022, which comprise the Group Statement of Comprehensive Income, the Group and Parent Company Statements of Financial Position, the Group Statement of Changes in Equity, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2022 and of the group's 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 of Opinion**

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

## **SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

### **Independent auditors' report to the members of SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED (continued)**

#### **Other information**

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

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

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and 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 parent company 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.

## **SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

### **Independent auditors' report to the members of SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED (continued)**

#### **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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

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:

Based on our understanding of the group and parent company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to those standard to medium sized groups and companies, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, corporation tax, vat and payroll tax.

Audit procedures included the following:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations;
- Identifying and testing journals and the rationale behind significant or unusual transactions, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;
- Challenging assumptions and judgements made by management in their critical accounting estimates.

## SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

Owing 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, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains 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 non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and parent company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.

**SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

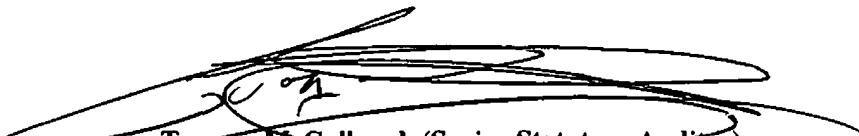
**Independent auditors' report to the members of  
SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED (continued)**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Use of our report**

This report is made solely to the group'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 group's members those matters we are required to state to them in an auditors' 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 group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Terence McCullough (Senior Statutory Auditor)**  
For and on behalf of McDaid McCullough Moore  
Chartered Accountants and  
Statutory Auditor  
28/32 Clarendon Street  
Derry  
BT48 7HD  
Northern Ireland

17 April 2023

**SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

**Consolidated Statement of Comprehensive Income  
for the year ended 30 September 2022**

	Notes	Continuing operations	
		2022	2021
		£	£
<b>Turnover</b>	<b>2</b>	20,670,746	24,573,959
Cost of sales		(18,171,162)	(22,232,049)
<b>Gross profit</b>		2,499,584	2,341,910
Administrative expenses		(1,985,032)	(1,803,467)
Other operating income		-	59,685
<b>Group operating profit</b>	<b>4</b>	514,552	598,128
Income from other fixed asset investments	<b>6</b>	(1,208)	8,188
Other Interest receivable and similar income	<b>7</b>	740	106
Interest payable and similar expenses	<b>8</b>	(431)	(5,678)
<b>Profit on ordinary activities before taxation</b>		513,653	600,744
Tax on profit	<b>11</b>	(148,366)	(122,500)
<b>Profit for the financial year and total comprehensive income</b>		<u>365,287</u>	<u>478,244</u>

All the activities of the company are from continuing operations.

The notes on pages 15 to 40 form an integral part of these financial statements.

**SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

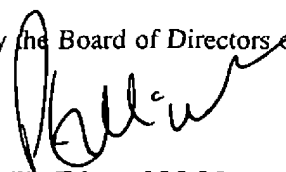
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**Consolidated Statement of Financial Position  
as at 30 September 2022**

		2022		2021	
	Notes	£	£	£	£
<b>Fixed Assets</b>					
Intangible assets	14		3,012		4,217
Tangible assets	15		1,113,157		1,125,829
Investments	16		7,802		9,319
			<u>1,123,971</u>		<u>1,139,365</u>
<b>Current Assets</b>					
Stocks	18	1,107,279		370,393	
Debtors	19	6,759,422		3,108,499	
Cash at bank and in hand	20	262,619		1,632,251	
		<u>8,129,320</u>		<u>5,111,143</u>	
<b>Creditors: amounts falling due within one year</b>	21	<u>(5,286,754)</u>		<u>(2,420,277)</u>	
<b>Net Current Assets</b>			<u>2,842,566</u>		<u>2,690,866</u>
<b>Total Assets less Current Liabilities</b>			3,966,537		3,830,231
<b>Creditors: amounts falling due after more than one year</b>	22		(27,780)		(7,450)
<b>Provisions for Liabilities</b>	23		<u>(214,626)</u>		<u>(158,937)</u>
<b>Net Assets</b>			<u><u>3,724,131</u></u>		<u><u>3,663,844</u></u>
<b>Capital and Reserves</b>					
Called up share capital	26		2,551		2,551
Revaluation reserve	27		525,840		567,907
Profit and loss account	27		3,195,740		3,093,386
<b>Equity Shareholders' Funds</b>			<u><u>3,724,131</u></u>		<u><u>3,663,844</u></u>

The financial statements were approved and authorised for issue by the Board of Directors on 17 April 2023 and were signed below on its behalf by

  
Edward Mc Master  
Director

  
Philip Edward McMaster  
Director

The notes on pages 15 to 40 form an integral part of these financial statements.

**SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

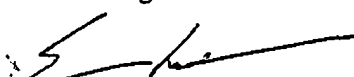
Company No. NI011704

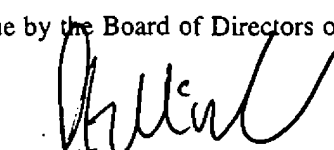
**Company Statement of Financial Position  
as at 30 September 2022**

	Notes	2022		2021	
		£	£	£	£
<b>Fixed Assets</b>					
Tangible assets	15		504,217		494,827
Investments	17		135,868		137,385
			<u>640,085</u>		<u>632,212</u>
<b>Current Assets</b>					
Stocks	18	629,436		157,833	
Debtors	19	12,511,664		8,772,260	
Cash at bank and in hand	20	258,894		1,512,201	
		<u>13,399,994</u>		<u>10,442,294</u>	
<b>Creditors: amounts falling due within one year</b>	21	<u>(11,506,882)</u>		<u>(8,618,450)</u>	
<b>Net Current Assets</b>			<u>1,893,112</u>		<u>1,823,844</u>
<b>Total Assets less Current Liabilities</b>			2,533,197		2,456,056
<b>Creditors: amounts falling due after more than one year</b>	22		(27,780)		(7,450)
<b>Provisions for Liabilities</b>	23		<u>(71,540)</u>		<u>(49,904)</u>
<b>Net Assets</b>			<u><u>2,433,877</u></u>		<u><u>2,398,702</u></u>
<b>Capital and Reserves</b>					
Called up share capital	26		2,551		2,551
Revaluation reserve	27		114,094		123,222
Profit and loss account	27		2,317,232		2,272,929
<b>Equity Shareholders' Funds</b>			<u><u>2,433,877</u></u>		<u><u>2,398,702</u></u>

The profit for the financial year dealt with in the financial statements of the parent company was £340,175 (2021: profit - £452,494).

The financial statements were approved and authorised for issue by the Board of Directors on 17 April 2023 and were signed below on its behalf by

  
Edward Mc Master  
Director

  
Philip Edward McMaster  
Director

The notes on pages 15 to 40 form an integral part of these financial statements.

**SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

**Consolidated Statement of Changes in Equity  
as at 30 September 2022**

	Called up share capital £	Revaluation Reserve £	Profit and loss account £	Total £
<b>At 1 October 2020</b>	2,551	570,950	2,992,097	3,565,598
Profit for the year			478,246	478,246
Other comprehensive income for the year:				
Reclassification from revaluation reserve to profit and loss account			3,043	3,043
Tax relating to components of other comprehensive income		(3,043)		(3,043)
<b>Total comprehensive income for the year</b>	-	(3,043)	481,289	478,246
Dividends paid and payable			(380,000)	(380,000)
<b>Total investments by and distributions to owners</b>	-	-	(380,000)	(380,000)
<b>At 30 September 2021 and 1 October 2021</b>	2,551	567,907	3,093,386	3,663,844
Profit/(Loss) for the year			365,287	365,287
Other comprehensive income for the year:				
Reclassification from revaluation reserve to profit and loss account			42,067	42,067
Tax relating to components of other comprehensive income		(42,067)		(42,067)
<b>Total comprehensive income for the year</b>	-	(42,067)	407,354	365,287
Dividends paid and payable			(305,000)	(305,000)
<b>Total investments by and distributions to owners</b>	-	-	(305,000)	(305,000)
<b>At 30 September 2022</b>	<u>2,551</u>	<u>525,840</u>	<u>3,195,740</u>	<u>3,724,131</u>

**SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

**Consolidated Cash Flow Statement  
for the year ended 30 September 2022**

		2022	2021
	Notes	£	£
<b>Cash flows from operating activities</b>			
(loss)/profit for the financial year		365,287	478,244
Adjustments for:			
Depreciation of tangible assets		142,944	136,046
Government grant income		-	(59,685)
Income from other fixed asset investments		1,208	(8,188)
Other interest receivable and similar income		(740)	(106)
Interest payable and similar expenses		431	5,678
(Gain)/loss on disposal of tangible assets		(12,638)	-
Tax on profit on ordinary activities		148,366	122,500
Accrued expenses/(income)		(9,635)	9,845
Changes in:			
Stocks		(736,886)	(157,873)
Trade and other debtors		(3,650,923)	1,900,908
Trade and other creditors		1,275,945	(2,213,008)
Government grant released		81	81
		<u>(2,476,560)</u>	<u>214,442</u>
Interest paid		(431)	(5,678)
Interest received		740	106
Tax paid		(110,035)	(341,814)
Net cash from/(used in) operating activities		<u>(2,586,286)</u>	<u>(132,944)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(138,210)	(119,273)
Proceeds from sales of tangible fixed assets		21,700	-
Proceeds from sale of other investments		-	10,179
Dividends received		309	161
Net cash (used in)/from investing activities		<u>(116,201)</u>	<u>(108,933)</u>
<b>Cash flows from financing activities</b>			
Payment of finance lease liabilities		27,954	
Government grant income		-	59,685
Equity Dividends paid		(305,000)	(380,000)
Net cash used in financing activities		<u>(277,046)</u>	<u>(320,315)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		(2,979,533)	(562,192)
<b>Cash and cash equivalents at beginning of year</b>	20	<u>1,615,486</u>	<u>2,177,678</u>
<b>Cash and cash equivalents at end of year</b>	20	<u>(1,364,047)</u>	<u>1,615,486</u>

# SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

## Notes to Financial Statements for the year ended 30 September 2022

### Statement of Compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.'

#### 1. Accounting Policies

The principle accounting policies adopted in the preparation of the financial statements are set out below. They have all been applied consistently throughout the year and to the preceding year.

##### 1.1. General Information and basis of accounting

Sharpe Mechanical & Electrical Services Limited is a private company limited by shares and is incorporated in Northern Ireland. The address of the registered office and principal place of business is 57 Sydenham Road, Belfast. The nature of the group's operations and its principal activities are set out in the strategic report on pages 1 to 2.

The consolidated 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, and under the historical cost convention, modified to include certain items at fair value.

The consolidated financial statements are presented in sterling, which is the functional currency of the entity.

##### 1.2. Basis of Consolidation

The group financial statements consolidate the financial statements of Sharpe Mechanical & Electrical Services Limited and its subsidiaries Sharpe Ventilation Services Limited and Sharpe Air Conditioning Limited made up to 30 September 2022. The Consolidated Statement of Comprehensive Income includes the results of its subsidiary undertakings. The financial statements of its subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

A subsidiary is an entity controlled, either directly or indirectly, by the Company, where control is the power to govern the financial and operating policies of the entity so as to obtain benefit from its activities.

All inter company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

As permitted by Section 408 of the Companies Act 2006 the Statement of Comprehensive Income of Sharpe Mechanical & Electrical Services Limited has not been presented with the financial statements.

# SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

## Notes to Financial Statements for the year ended 30 September 2022

..... continued

### 1.3. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year to external customers and excluding intercompany sales.

Turnover is measured at the fair value of the consideration received or receivable net of VAT and trade discounts.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer, usually on despatch of the goods; the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity and the costs incurred or to be incurred in respect of transactions can be measured reliably.

When the outcome of a contract can be estimated reliably, contract costs and turnover are recognised by reference to the stage of completion at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

### 1.4. Goodwill

Goodwill may arise on the acquisition of subsidiary and associated undertakings and interests in joint ventures. It represents the excess of cost over fair value of the group share of tangible assets acquired. In accordance with Financial Reporting Standard (FRS) 102 such goodwill is capitalised as an intangible asset and amortised by equal instalments against profit over its expected life. The expected life of purchased goodwill is 10 years. Provision is made for any impairment.

### 1.5. Taxation

The tax expense represents the aggregate amount of current and deferred tax recognised in the reporting period. 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 capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

**SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

**Notes to Financial Statements  
for the year ended 30 September 2022**

..... continued

**1.6. Tangible fixed assets**

Tangible fixed assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Any tangible assets carried at revalued amounts are recorded at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in capital and reserves, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in capital and reserves in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in capital and reserves in respect of that asset, the excess shall be recognised in profit or loss.

**Depreciation**

Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	Straight Line over fifty years
Plant and machinery	-	10% Straight Line
Fixtures, fittings and equipment	-	10% & 20% Straight Line
Motor vehicles	-	20% Straight Line

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

# SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

## Notes to Financial Statements for the year ended 30 September 2022

..... continued

### 1.7. Fixed Asset Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit and loss.

### 1.8. Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Where it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash generating unit to which the asset belongs, the cash generating unit which is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

### 1.9. Stock

Stocks are stated at the lower of cost and estimated selling price less costs to completion and sale. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing stock to its present location and condition. Cost is calculated on a first in first out basis. Provision is made for damaged, obsolete and slow moving stock where appropriate.

Work in progress is valued at the lower of cost and net realisable value. Net realisable value is the amount at which work in progress can be expected to be realised less all further costs to completion and sale.

### 1.10. Financial Instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

### 1.11. Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other administrative expenses.

### 1.12. Cash and Cash Equivalents

Cash consists of cash and demand deposits. Cash equivalents consist of short term highly liquid investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of change in value.

# SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

## Notes to Financial Statements for the year ended 30 September 2022

..... continued

### **1.13. Leasing and hire purchase commitments**

Assets held under finance leases are recognised in the statement of financial position as assets and liabilities at the lower of fair value of the assets and the present value of minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

### **1.14. Operating leases**

Lease payments are recognised as an expense over the lease term on a straight line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

# SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

## Notes to Financial Statements for the year ended 30 September 2022

..... continued

### 1.15. Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

### 1.16. Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of the transactions. All differences are taken to the Profit and Loss account.

### 1.17. Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

# SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

## Notes to Financial Statements for the year ended 30 September 2022

..... continued

### 1.18. Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

### 1.19. 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:

#### Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually and are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the asset.

#### Impairment of investments

The company makes an annual assessment of the possible impairment of its investments in subsidiary undertakings. When assessing impairment of investments in subsidiary undertakings, management considers the net asset value of its investments as well as the future projected cash flows from these investments.

#### Impairment of Debtors

Debtors are reviewed periodically and assumptions are based on historical experience and expectation of future events. Any judgements made regarding provisions for bad debts are specific.

**SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

**Notes to Financial Statements  
for the year ended 30 September 2022**

..... continued

**2. Turnover**

Turnover arises from:

	<b>2022</b>	<b>2021</b>
	£	£
Contracts	20,670,746	24,573,959
	<u>                    </u>	<u>                    </u>

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

**3. Other operating income**

	<b>2022</b>	<b>2021</b>
	£	£
Coronavirus Job Retention Scheme	-	34,685
Government Grants	-	25,000
	<u>                    </u>	<u>                    </u>
	-	59,685
	<u>                    </u>	<u>                    </u>

**4. Group operating profit**

	<b>2022</b>	<b>2021</b>
	£	£
Group operating profit is stated after charging:		
Depreciation of intangible assets	1,205	1,205
Depreciation of tangible assets	141,739	134,841
Cost of stocks recognised as an expense	15,657,355	20,033,775
Operating lease rentals		
- Motor Vehicles	38,382	45,241
Fees payable for the audit of the financial statements	30,880	29,430
	<u>                    </u>	<u>                    </u>
and after crediting:		
Profit/(loss) on disposal of tangible fixed assets	12,638	-
Profit on foreign currencies	21	(100)
Government grants	-	59,685
	<u>                    </u>	<u>                    </u>

**SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

**Notes to Financial Statements  
for the year ended 30 September 2022**

..... continued

**5. Auditors' remuneration**

	<b>2022</b>	<b>2021</b>
	£	£
Auditors' remuneration		
- audit of the financial statements of the parent company	14,820	13,990
- audit of the financial statements of subsidiary undertakings	16,060	15,440
	<u>30,880</u>	<u>29,430</u>

**6. Group income from other fixed asset investments**

	<b>2022</b>	<b>2021</b>
	£	£
Dividends from other FA investments	309	161
Profit on disposal of investments	-	(2,349)
Gain/loss on FV adj to other FA investments	(1,517)	10,376
	<u>(1,208)</u>	<u>8,188</u>

**7. Group other interest receivable and similar income**

	<b>2022</b>	<b>2021</b>
	£	£
Bank interest	<u>740</u>	<u>106</u>

**8. Group interest payable and similar expenses**

	<b>2022</b>	<b>2021</b>
	£	£
On bank loans and overdrafts	7	45
Hire purchase interest	325	-
On overdue tax	99	5,633
	<u>431</u>	<u>5,678</u>

**SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

**Notes to Financial Statements  
for the year ended 30 September 2022**

..... continued

**9. Employees**

**Number of employees**

The average monthly numbers of employees of the group (including the directors) during the year were:

	<b>2022</b>	<b>2021</b>
Construction	44	40
Administration & Directors	14	14
	<u>58</u>	<u>54</u>

**Employment costs**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,715,700	2,436,363
Social security costs	327,576	264,278
Other pension costs	66,598	60,836
	<u>3,109,874</u>	<u>2,761,477</u>

**9.1. Directors' remuneration**

The directors aggregate remuneration in respect of qualifying services was:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Remuneration and other emoluments	68,648	68,484
Company contributions to pension schemes in respect of qualifying services	5,213	5,213
	<u>73,861</u>	<u>73,697</u>

	<b>Number</b>	<b>Number</b>
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>2</u>	<u>2</u>

**10. Employee Benefits**

The group operates a defined contribution pension scheme in respect of the staff and directors. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the group and amounted to £66,598 (2021 - £60,836).

**SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

**Notes to Financial Statements  
for the year ended 30 September 2022**

..... continued

**11. Tax on profit**

<b>Analysis of charge in period</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax at 19.0% (2021 - 19.0%)	92,677	119,020
Adjustments in respect of previous periods	-	379
	<u>92,677</u>	<u>119,399</u>
<b>Group current tax charge</b>	<u>92,677</u>	<u>119,399</u>
 <b>Deferred tax</b>		
Timing differences, origination and reversal	55,689	3,101
Total deferred tax	<u>55,689</u>	<u>3,101</u>
Tax on profit on ordinary activities	<u>148,366</u>	<u>122,500</u>

**Factors affecting tax charge for period**

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (19.00 per cent). The differences are explained below:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Group Profit on ordinary activities before taxation	<u>513,653</u>	<u>600,744</u>
Group Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (30 September 2021 : 19.00%)	97,595	114,140
<b>Effects of:</b>		
Expenses not deductible for tax purposes	291	1,285
Effect of capital allowances and depreciation	3,804	6,281
Adjustments to tax charge in respect of previous periods		379
Change in Future Tax Rate for deferred tax	51,510	-
Income not Taxable	(59)	(31)
Effect of super deduction on capital allowances	(4,775)	-
Capital Loss	-	446
<b>Group current tax charge for period</b>	<u>148,366</u>	<u>122,500</u>

**SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

**Notes to Financial Statements  
for the year ended 30 September 2022**

..... continued

<b>12. Dividends</b>		<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
<b>Dividends:</b>			
Dividends Paid		<u>305,000</u>	<u>380,000</u>
<b>Total dividends</b>		<u>305,000</u>	<u>380,000</u>

**13. Profit for the year attributable to shareholders**

As permitted by Section 408 of the Companies Act 2006 the Statement of Comprehensive Income of Sharpe Mechanical & Electrical Services Limited has not been presented with the financial statements.

The results after taxation of the parent undertaking for the year ended 30 September 2022 showed a profit of £340,175 (30 September 2021: profit - £452,494).

**14. Intangible fixed assets**

	<b>Goodwill</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
<b>Cost</b>		
At 1 October 2021		
At 30 September 2022	<u>12,048</u>	<u>12,048</u>
<b>Provision for diminution in value</b>		
At 1 October 2021	7,831	7,831
Charge for year	<u>1,205</u>	<u>1,205</u>
At 30 September 2022	<u>9,036</u>	<u>9,036</u>
<b>Net book values</b>		
At 30 September 2022	<u>3,012</u>	<u>3,012</u>
At 30 September 2021	<u>4,217</u>	<u>4,217</u>

**SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

**Notes to Financial Statements  
for the year ended 30 September 2022**

..... continued

**15. Tangible fixed assets**

	<b>Land and buildings freehold</b>	<b>Plant and machinery</b>	<b>Fixtures, fittings &amp; equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
<b>Group</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>					
At 1 October 2021	944,713	331,432	1,345,071	221,371	2,842,587
Additions	-	-	76,517	61,693	138,210
Disposals	-	-	-	(59,898)	(59,898)
At 30 September 2022	<u>944,713</u>	<u>331,432</u>	<u>1,421,588</u>	<u>223,166</u>	<u>2,920,899</u>
<b>Depreciation</b>					
At 1 October 2021	283,412	298,314	966,975	168,057	1,716,758
On disposals	-	-	-	(50,836)	(50,836)
Charge for the year	18,894	4,412	87,704	30,810	141,820
At 30 September 2022	<u>302,306</u>	<u>302,726</u>	<u>1,054,679</u>	<u>148,031</u>	<u>1,807,742</u>
<b>Net book values</b>					
At 30 September 2022	<u>642,407</u>	<u>28,706</u>	<u>366,909</u>	<u>75,135</u>	<u>1,113,157</u>
At 30 September 2021	<u>661,301</u>	<u>33,118</u>	<u>378,096</u>	<u>53,314</u>	<u>1,125,829</u>
<b>Company</b>					
<b>Cost</b>					
At 1 October 2021	144,713	26,568	1,128,084	131,474	1,430,839
Additions	-	-	62,268	61,693	123,961
Disposals	-	-	-	(59,898)	(59,898)
At 30 September 2022	<u>144,713</u>	<u>26,568</u>	<u>1,190,352</u>	<u>133,269</u>	<u>1,494,902</u>
<b>Depreciation</b>					
At 1 October 2021	43,413	26,567	769,809	96,223	936,012
On disposals	-	-	-	(50,836)	(50,836)
Charge for the year	2,894	-	82,255	20,360	105,509
At 30 September 2022	<u>46,307</u>	<u>26,567</u>	<u>852,064</u>	<u>65,747</u>	<u>990,685</u>
<b>Net book values</b>					
At 30 September 2022	<u>98,406</u>	<u>1</u>	<u>338,288</u>	<u>67,522</u>	<u>504,217</u>
At 30 September 2021	<u>101,300</u>	<u>1</u>	<u>358,275</u>	<u>35,251</u>	<u>494,827</u>

**SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

**Notes to Financial Statements  
for the year ended 30 September 2022**

..... continued

Included above are assets held under finance leases or hire purchase contracts as follows:

<b>Asset description</b>	<b>2022 Net book value £</b>	<b>2021 Net book value £</b>
<b>Group</b>		
Motor vehicles	<u>39,196</u>	<u>-</u>
<b>Company</b>		
Motor vehicles	<u>39,196</u>	<u>-</u>

**16. Fixed Asset Investments**

**Group**

	<b>Other Investments other than loans  £</b>	<b>Total  £</b>
<b>Cost</b>		
At 1 October 2021	9,319	9,319
Fair value adjustment	(1,517)	(1,517)
At 30 September 2022	<u>7,802</u>	<u>7,802</u>
<b>Net book values</b>		
At 30 September 2022	<u>7,802</u>	<u>7,802</u>
At 30 September 2021	<u>9,319</u>	<u>9,319</u>

Listed investments included in the above with a carrying amount of £7,802 (2021 - £9,319) have an aggregate market value of £7,802 (2021 - £9,319). The fair value of listed investments was determined with reference to the quoted market price at the reporting date.

**SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

**Notes to Financial Statements  
for the year ended 30 September 2022**

..... continued

**17. Fixed Asset Investments**

<b>Company</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Subsidiary undertakings	128,066	128,066
Listed investments	7,802	9,319
	<u>135,868</u>	<u>137,385</u>

**Holdings of 20% or more**

The company holds 20% or more of the share capital of the following company:

<b>Company</b>	<b>Country of incorporation or operation</b>	<b>Holding</b>	<b>Proportion Held</b>
<b>Subsidiary undertaking</b>			
Sharpe Ventilation Services Limited	Northern Ireland	Ordinary	100%
Sharpe Air Conditioning Limited	Northern Ireland	Ordinary	100%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	<b>Capital and reserves</b>	<b>Profit/(Loss) the year</b>
	<b>£</b>	<b>£</b>
Sharpe Ventilation Services Limited	1,174,547	4,711
Sharpe Air Conditioning Limited	240,762	21,609

The principal business activity of the above companies in the year under review was that of suppliers of ventilation, heating and dust extractor systems, hoppers, boiler flues, chimneys and general sheet metal work.

**SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

**Notes to Financial Statements  
for the year ended 30 September 2022**

..... continued

<b>18. Stocks</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
Raw materials and consumables	20,000	20,000
Work in progress	1,087,279	350,393
	<u>1,107,279</u>	<u>370,393</u>
<b>Company</b>		
Raw materials and consumables	10,000	10,000
Work in progress	619,436	147,833
	<u>629,436</u>	<u>157,833</u>

The current replacement value of stocks does not differ materially from the historical costs stated above.

<b>19. Debtors</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
Trade debtors	5,854,938	2,685,130
Other debtors	786,533	323,902
Prepayments and accrued income	117,951	99,467
	<u>6,759,422</u>	<u>3,108,499</u>
	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Company</b>		
Trade debtors	6,095,793	2,694,488
Amounts owed by group undertakings	5,953,080	5,849,744
Other debtors	402,090	182,243
Prepayments and accrued income	60,701	45,785
	<u>12,511,664</u>	<u>8,772,260</u>

# SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

## Notes to Financial Statements for the year ended 30 September 2022

..... continued

<b>20. Cash and cash equivalents</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
Cash at bank and in hand	262,619	1,632,251
Bank overdrafts	(1,626,666)	(16,765)
	<u>(1,364,047)</u>	<u>1,615,486</u>
	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Company</b>		
Cash at bank and in hand	258,894	1,512,201
Bank overdrafts	(1,313,892)	-
	<u>(1,054,998)</u>	<u>1,512,201</u>

**SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

**Notes to Financial Statements  
for the year ended 30 September 2022**

..... continued

<b>21. Creditors: amounts falling due within one year</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
Bank overdraft	1,626,666	16,765
Net obligations under finance leases and hire purchase contracts	7,624	-
Trade creditors	3,335,284	2,087,839
Corporation tax	92,701	110,059
Other taxes and social security costs	131,061	114,461
Other creditors	26,358	14,377
Accruals and deferred income	67,060	76,776
	<u>5,286,754</u>	<u>2,420,277</u>

Group Bank Borrowings are secured by:

- 1) Mortgage debenture incorporating a fixed and floating charge over all company assets present and future.
- 2) Letter of Guarantee dated 27/02/2018.
- 3) Letter of Set Off.
- 4) Legal Mortgage/Charge dated 07/04/2004.
- 5) Assignment of Keyman life cover on the life of Philip McMaster for £750,000.

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Company</b>		
Bank overdraft	1,313,892	-
Net obligations under finance leases and hire purchase contracts	7,624	-
Trade creditors	9,970,893	8,416,249
Corporation tax	75,327	69,600
Other taxes and social security costs	101,366	84,390
Accruals and deferred income	37,780	48,211
	<u>11,506,882</u>	<u>8,618,450</u>

**SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

**Notes to Financial Statements  
for the year ended 30 September 2022**

..... continued

Company Bank Borrowings are secured by:

- 1) Mortgage debenture incorporating a fixed and floating charge over all company assets present and future dated 23/06/1997.
- 2) Letter of Guarantee dated 27/02/2018.
- 3) Letter of Set Off dated 20/02/2018.
- 4) Assignment of Keyman life cover on the life of Philip McMaster for £750,000.

**SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

**Notes to Financial Statements  
for the year ended 30 September 2022**

..... continued

<b>22. Creditors: amounts falling due after more than one year</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>(a) The Group</b>		
Shares classed as financial liabilities > 1 year	7,450	7,450
Net obligations under finance leases and hire purchase contracts	20,330	-
	<u>27,780</u>	<u>7,450</u>
 <b>Net obligations under finance leases and hire purchase contracts</b>		
Repayable within one year	8,599	-
Repayable between one and five years	22,932	-
	<u>31,531</u>	-
 <b>Finance charges and interest allocated to future accounting periods</b>		
	(3,577)	-
	<u>27,954</u>	<u>-</u>

The preference share capital consists of 8% Redeemable Shares of £1 each.

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>(b) The Company</b>		
Shares classed as financial liabilities > 1 year	7,450	7,450
Net obligations under finance leases and hire purchase contracts	20,330	-
	<u>27,780</u>	<u>7,450</u>
 <b>Net obligations under finance leases and hire purchase contracts</b>		
Repayable within one year	8,599	-
Repayable between one and five years	22,932	-
	<u>31,531</u>	-
 <b>Finance charges and interest allocated to future accounting periods</b>		
	(3,577)	-
	<u>27,954</u>	<u>-</u>

The preference share capital consists of 8% Redeemable Shares of £1 each.

**SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

**Notes to Financial Statements  
for the year ended 30 September 2022**

..... continued

**23. Provisions for liabilities**

Deferred tax is analysed over the following timing differences:

	<b>Provided</b>	
	<b>2022</b>	<b>2021</b>
<b>(a) The Group</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	88,044	62,446
FV adj of financial assets	(48,698)	(36,722)
Revaluation of tangible assets	175,280	133,213
	<u>214,626</u>	<u>158,937</u>

Movements on the provision for deferred taxation are:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
At 1 October 2021	158,937	155,836
Movements in the year	55,689	3,101
At 30 September 2022	<u>214,626</u>	<u>158,937</u>

	<b>Provided</b>	
	<b>2022</b>	<b>2021</b>
<b>(b) The Company</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	82,206	57,722
FV adj of financial assets	(48,698)	(36,722)
Revaluation of tangible assets	38,032	28,904
	<u>71,540</u>	<u>49,904</u>

Movements on the provision for deferred taxation are:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
At 1 October 2021	49,904	47,047
Movements in the year	21,636	2,857
At 30 September 2022	<u>71,540</u>	<u>49,904</u>

**SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

**Notes to Financial Statements  
for the year ended 30 September 2022**

..... continued

<b>24. Accruals and deferred income</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>(a) The Group</b>		
<b>Government grants</b>		
At 1 October 2021	1,622	1,703
Released in year	(81)	(81)
At 30 September 2022	<u>1,541</u>	<u>1,622</u>

The amounts recognised in the financial statements for government grants are as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Recognised in creditors:		
Deferred government grants due within one year	<u>1,541</u>	<u>1,622</u>
Recognised in other operating income:		
Government grants recognised directly in income	<u>-</u>	<u>59,685</u>

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>(b) The Company</b>		
<b>Government grants</b>		
At 1 October 2021	1,622	1,703
Released in year	(81)	(81)
At 30 September 2022	<u>1,541</u>	<u>1,622</u>

The amounts recognised in the financial statements for government grants are as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Recognised in creditors:		
Deferred government grants due within one year	<u>1,541</u>	<u>1,622</u>
Recognised in other operating income:		
Government grants recognised directly in income	<u>-</u>	<u>29,800</u>

**SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

**Notes to Financial Statements  
for the year ended 30 September 2022**

..... continued

**25. Financial Instruments**

**Group**

The carrying amount for each category of financial instrument is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Financial assets measured at fair value through profit and loss</b>		
Listed investments	7,802	9,319
	<u>          </u>	<u>          </u>
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Trade debtors	5,854,938	2,685,130
Other debtors	786,533	323,902
Cash at bank and in hand	262,619	1,632,251
	<u>          </u>	<u>          </u>
	6,904,090	4,641,283
	<u>          </u>	<u>          </u>
<b>Financial liabilities measured at amortised cost</b>		
Bank and other loans	1,626,666	16,765
Trade Creditors	3,335,284	2,087,839
Other creditors	26,358	14,377
	<u>          </u>	<u>          </u>
	4,988,308	2,118,981
	<u>          </u>	<u>          </u>

**Company**

The carrying amount for each category of financial instrument is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Financial assets measured at fair value through profit and loss</b>		
Listed investments	7,802	9,319
	<u>          </u>	<u>          </u>
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Trade debtors	6,095,793	2,694,488
Other debtors	6,355,170	6,031,987
Cash at bank and in hand	258,894	1,512,201
	<u>          </u>	<u>          </u>
	12,709,857	10,238,676
	<u>          </u>	<u>          </u>
<b>Financial liabilities measured at amortised cost</b>		
Trade Creditors	9,970,893	8,416,249
	<u>          </u>	<u>          </u>
	9,970,893	8,416,249
	<u>          </u>	<u>          </u>

**SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

**Notes to Financial Statements  
for the year ended 30 September 2022**

..... continued

<b>26. Share capital</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Group and Company</b>		
<b>Authorised equity</b>		
5,000 Ordinary shares of £1 each	5,000	5,000
7,500 Preference shares of £1 each	7,500	7,500
	<u>12,500</u>	<u>12,500</u>
Equity interest	5,000	5,000
Non-equity interest	<u>7,500</u>	<u>7,500</u>
<b>Allotted, called up and fully paid equity</b>		
2,551 Ordinary shares of £1 each	2,551	2,551
7,450 Preference shares of £1 each	7,450	7,450
	<u>10,001</u>	<u>10,001</u>
<b>Equity shares</b>		
2,551 Ordinary shares of £1 each	<u>2,551</u>	<u>2,551</u>
<b>Shares classed as financial liabilities</b>		
7,450 Preference shares of £1 each	<u>7,450</u>	<u>7,450</u>

**SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

**Notes to Financial Statements  
for the year ended 30 September 2022**

..... continued

**27. Equity Reserves**

	<b>Revaluation reserve</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Group</b>			
<b>At 1 October 2021</b>	567,907	3,093,386	3,661,293
Deferred tax on revaluation of property	(42,067)		(42,067)
Dividends		(305,000)	(305,000)
Retained profit for the year		365,287	365,287
Other movements	-	42,067	42,067
<b>At 30 September 2022</b>	<u>525,840</u>	<u>3,195,740</u>	<u>3,721,580</u>
<b>Company</b>			
<b>At 1 October 2021</b>	123,222	2,272,929	2,396,151
Deferred tax on revaluation of property	(9,128)		(9,128)
Dividends		(305,000)	(305,000)
Retained profit for the year		340,175	340,175
Other movements	-	9,128	9,128
<b>At 30 September 2022</b>	<u>114,094</u>	<u>2,317,232</u>	<u>2,431,326</u>

**Revaluation Reserve**

This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

**Profit and loss account**

This reserve records cumulative profits or losses, including unrealised profits and losses on the remeasurement of listed investments, net of dividends paid and other adjustments.

**28. Related party transactions**

Philip McMaster, director, is also a shareholding director in Tweedwood Ltd, a company incorporated in Northern Ireland. During the year the group made purchases of £484,250 (2021 - £459,017) from Tweedwood Ltd.

**SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED**

**Notes to Financial Statements  
for the year ended 30 September 2022**

..... continued

**29. Transactions with directors**

Bank borrowings are secured by Letters of Guarantee signed personally by Edward McMaster, the controlling director, and the assignment of Keyman life cover on the life of Philip McMaster for £750,000.

**30. Key Management Personnel**

The total remuneration for key management personnel for the period totalled £73,861 (2021 - £73,697) being remuneration disclosed in note 9.

**31. Controlling interest**

The Group is controlled by Mr Edward McMaster, a director and majority shareholder.