

THROGMORTON MECHANICAL & ELECTRICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2022

THROGMORTON MECHANICAL & ELECTRICAL SERVICES LIMITED

COMPANY INFORMATION

Directors N Hopper (appointed 13 July 2022)
J T Pollitt (appointed 10 March 2022)
T E Pollitt (appointed 10 March 2022)

Company secretary A Brindle

Registered number 09142884

Registered office 91-95 Southwark Bridge Road
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Independent auditors MHA
Statutory Auditor
2 London Wall Place
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THROGMORTON MECHANICAL & ELECTRICAL SERVICES LIMITED

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THROGMORTON MECHANICAL & ELECTRICAL SERVICES LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2022

Principal Activity - The Company

Throgmorton Mechanical and Electrical Services Ltd (TMES), operates as a Mechanical, Electrical & Public Health contractor offering design and installations solutions for the Data Centre, commercial, residential, and fit out sectors. TMES' projects are situated in the South East of England.

Purchase by Pollitt Holdings Limited

100% of the ordinary share capital of TMES Limited was purchased by Pollitt Holdings Limited on 10 March 2022. Pollitt Holdings Limited also owns 100% of the share capital of Borough Engineering Services Limited (BESL), an established business that operates as a specialist Building Services Management Contractor primarily in the residential shell and core and fit out sectors.

The management team of BESL recognised the synergies between the two businesses and that Pollitt Holdings Limited would be able to support the further development and growth of TMES.

Results for the financial year

The turnover for the 15 month period ending 31 December was £6.5m (18 months ended 30 September 2021: £3.9m). The 67% increase in turnover is the result of the team's hard work in 2021 securing a number of larger value contracts with an expanded client base. Gross profit for the period was £0.97m (2021: £0.1m) which is a 15.0% gross profit margin (2021: 3.4%).

Profit before Tax increased by £0.9m in the period, from a loss before tax of £0.4m in 2021 to a profit before tax of £0.5m in 2022. Net assets grew by £0.4m in the period to £0.1m. Net current assets are £0.1m (2021: net current liabilities of £0.3m).

The year end cash balance was £1.06m (2021: £0.01m). Overheads were £0.5m for the year compared to £0.57m in 2021.

Turnover was primarily from residential fit out work.

Financial key indicators

	31 December	<i>30 September</i>
	2022	<i>2021</i>
	£000	<i>£000</i>
Revenue	6,505	<i>3,916</i>
Gross profit	973	<i>133</i>
Gross profit %	15%	<i>3.4%</i>
Profit/(loss) before tax	478	<i>(437)</i>
Cash	1,055	<i>12</i>
Net current assets	124	<i>(339)</i>
Net assets	97	<i>(334)</i>

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022**

Managing Director's Report and results for the financial period

Although initially established in 2014, during 2020 the business underwent a restructure investing in a new senior management team tasked to reintroduce the business into the services sector. This was during a challenging period for not just the country, but also the construction sector when we were trying to get to grips with different ways of working and ensuring that the health and wellbeing of all was a priority.

TMES primary focus was to establish itself within the MEP market delivering high quality installations whilst providing sound advice to new and existing clients.

Although originally primarily focused on high end domestic residential clients, the ambition was to explore and grow into various sectors which TMES has undertaken successfully.

TMES continued to develop existing and new relationships with Buxton Building Contractors, Telefonica, J Murphy & Sons and Careys.

By December 2022, TMES had successfully expanded to deliver projects within the Data, Capital Plant Replacements and Commercial sectors whilst also continuing to focus on the residential market.

During this period of growth, TMES were able to generate £6.5m of turnover with both new and existing clients.

The business recorded a gross profit of £973,000 whilst delivering a strong cash backed result.

Operational Performance

During the year we reached practical completion on 7 contracts with a combined contract value of £5.6m. This includes a £1.8m Datacentre plant replacement contract for Telefonica, this is the largest contract completed by TMES to date.

We commenced work on 7 new projects in the year including George West House, a £2.5m residential project for Buxton Building Contractors Limited and Royal Chelsea Hospital, a £0.6m plant replacement project for Kind and Company (Builders) Limited.

To date Brexit has had minimal impact on the business but we have seen the impact of increasing material and energy prices and also some labour shortages. We aim to contract with our subcontractors and suppliers as early as possible in order to minimise the impact of any price increases. Most projects are between 3 months and 12 months in duration.

Future Developments

Post year end TMES Limited has commenced work on 7 new contracts with a combined value of £7.4m. The target for 2023 is to continue to build the turnover and net asset base of the business.

With the backing of Pollitt Holdings Limited as its parent company, Throgmorton Mechanical & Electrical Services Limited has been able to both develop and grow its supply chain and client base which has benefitted the company in targeting and securing new work.

We aim to increase the average value and length of our contracts in 2023 which will facilitate more efficient growth.

Board Decision Making: Section 172 Statement

The board considers the impact of their decision making on the key stakeholders of the business. The following stakeholders have been identified. We have considered how we engage with those stakeholders and what impact our decisions and strategies have upon them.

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022**

Employees

These include head office and site-based employees. We aim to develop our employees through half year and annual appraisals. As part of this process we discuss training needs, targets for the year, both personal and company related, as well as providing an opportunity to give feedback on company performance and line managers.

Support is available and is provided on a daily basis for employees and we pride ourselves on the access our people have to the senior management team to discuss any issues they are facing and to suggest improvements to business processes.

A number of our employees are sponsored by the company to undertake courses in their chosen fields, we have a number of trainees who have taken this route and have developed and grown within the business.

The group has launched an apprenticeship scheme in 2022 which aims to recruit 5 apprentices per annum for the next 5 years for TMES Limited and BESL combined in order to provide the next generation of leaders for our business.

Clients

We work closely with our clients on all jobs to ensure that they receive the best possible service. We offer help, guidance and work collaboratively with them to deal with the challenges encountered on site. We pride ourselves on the level of trust our clients place in our expertise in what is a very technical industry.

Suppliers and subcontractors

We engage regularly with our subcontractors involving them in our decision making processes and keeping them informed of any developments relevant to their works. We work very closely with subcontractors in regard to health and safety, they are an integral part of our procedures and are key to us achieving our goals in this area.

With the integration of the IMS – ISO 9001:2015, ISO14001:2015 and ISO45001:2018, the supply chain approval process has been changed and brought in line with the standards required by PAS91 and ISO. This has ensured a more robust and thorough process and a higher level of compliance and quality of the supply chain as well as giving TMES access to the BESL approved contractors.

Community and environment

It is the group's Policy to plan and execute operations in an environmentally sensitive manner so as to minimise consequential environmental impacts. Every member of the team is committed to fulfilling the group's legal obligations and other requirements to which the group subscribes, to ensuring the conservation of natural resources, to the prevention of pollution and the elimination of environmental hazards which may be associated with TMES' operations.

2022 saw the roll out of the group's Sustainability Strategy. The achievement of certification to Carbon Neutrality was awarded. This is to PAS 2060 standard. This commitment to continual improvement and the calculation of carbon production across all scopes will continue to develop further into 2023.

People, Health and Safety and Quality

TMES gained integration to the ISO IMS, verified and certified to all 3 ISO standards 9001:2015, 14001:2015 and 45001:2018. This was officially certified in December 2022.

Hard work from both group senior management and the TMES team resulted in an audit with zero non compliances and no noted opportunities for improvement.

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022**

also achieved CHAS advanced and attained the NICEIC certification standard for their electrical works.

The company now holds the following accreditations:

- ISO 9001:2015
- ISO 14001:2015
- ISO 45001:2018
- CHAS SSIP
- Constructionline
- NICEIC

The business was integrated into the Procore platform for all Health and Safety, Quality, and some commercial aspects of the business. This has digitalised the processes of Project Management in these areas and changed the time restraints and storage of legislative requirements for the business.

RAMS (Risk Assessment Method Statements) were re-written to version-controlled templates and all documents and forms used were transferred to the IMS version-controlled documents.

The business started workforce participation meetings and agreed to commit to a group WFP meeting every 6 months.

We continue to invest in training to improve the quality of management and the performance of our supply chain in order that we deliver higher quality installations to the highest safety standards.

During the financial period we focused on training in the following areas:

- Electrical Appointed Persons Training
- Mace Business School
- SMSTS / SSSTS training for Senior Management & Supervisors
- First Aid Training
- Mental Health First Aid Training
- Temporary Work Coordinator Training.
- Signaller /slinger CPCS
- Lift supervisor training
- PASMA
- IPAF
- Asbestos awareness

Principle risks and uncertainties

Management regularly review the financial requirements of the company and the risks associated therewith. Company operations are

financed from retained earnings, a loan from the parent company and through intercompany debt. The company monitors project performance on a monthly basis with a particular focus on cash flow management. Debtors are monitored on a weekly basis to ensure that the strength of our cashflow is maintained.

The management of the business and execution of the company's strategy are subject to a number of risks and we continue to face a number of challenges. These include maintaining the strength of our cash position and ensuring that our suppliers, customers and other key stakeholders are regularly kept up to date with developments within the business. The strength of the construction sector of the economy and the ongoing maintenance of our strong order book are also important to our continued success.

We have also assessed the impact that Brexit will have on the business going forward and although there are a number of unknowns in this area we believe that we have future proofed the business as best we can. The majority of our suppliers are UK based and although components do come from Europe and further afield we did not expect to see and have not seen any significantly detrimental impact on supplies in terms of availability.

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022**

We have seen material price increases during the year and post year end, we are buying early wherever possible to mitigate this risk and we include inflation clauses into our tenders. Our workforce is primarily drawn from UK residents.

The expertise and experience within our management team, our internal control structure as well as close relationships with our supply chain and continued focus on the needs of our clients are key to successfully dealing with these challenges. We meet with and communicate with all of our major stakeholders on a regular basis to ensure that they are kept up to date with our progress and to secure their continued support.

Economically the last 15 months have been testing but we have managed to add to our order book during the year and post period end. Post period end we continue to tender a number of projects. We expect 2023 to be another recovery year for the industry followed by a strong 2024.

COVID-19 business continuity and risk management

Since March 2020 The COVID-19 pandemic has continually been a challenge to the business. We believe that the processes and procedures we have put in place this year will continue to protect us from further changes in our working environments.

This report was approved by the board and signed on its behalf.

N Hopper
Director

Date: 3 August 2023

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2022**

The directors present their report and the financial statements for the period ended 31 December 2022.

Results and dividends

The profit for the period, after taxation, amounted to £431,000 (2021 - loss £315,000).

During the period, no dividends were paid (2021: £Nil).

Directors

The directors who served during the period were:

N Hopper (appointed 13 July 2022)
J T Pollitt (appointed 10 March 2022)
T E Pollitt (appointed 10 March 2022)

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022**

Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans to related parties.

Debt instruments that are receivable and payable within one year, typically receivables and payables, are measured at the undiscounted amount of the cash and other considerations, expected to be received or paid.

Debt instruments that are receivable or payable in more than one year, typically retentions on long term contracts, are discounted based on the deemed cost of the company but are considered immaterial and are not adjusted.

Financial assets which are measured at cost and amortised cost are assessed at the end of the accounting period for objective evidence of impairment. If objective evidence of impairment is found an impairment loss is recognised in the profit and loss.

Cash and cash equivalents represent cash held and bank balances.

Interest income and interest expense arising from financial assets and financial liabilities measured using amortised cost is recognised in the profit and loss using the effective interest rate.

Research and development

The company encourages research and developments. Research and development programs are managed to obtain a balance between improvements to existing products and development of new products. No costs were capitalised during the period (2021: £Nil)

Engagement with suppliers, customers and others

The company has chosen to set out information regarding engagement with suppliers, customers and others within the company's strategic report.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Following a rebranding exercise on 15 May 2023 the trading name of the company's independent auditor changed from MHA MacIntyre Hudson to MHA. A resolution to reappoint MHA as independent auditor will be proposed at the next Annual General Meeting.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

THROGMORTON MECHANICAL & ELECTRICAL SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022**

This report was approved by the board and signed on its behalf.

N Hopper
Director

Date: 3 August 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THROGMORTON MECHANICAL & ELECTRICAL SERVICES LIMITED

Opinion

We have audited the financial statements of Throgmorton Mechanical & Electrical Services Limited (the 'Company') for the period ended 31 December 2022, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THROGMORTON MECHANICAL & ELECTRICAL SERVICES LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and the 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.

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THROGMORTON MECHANICAL & ELECTRICAL SERVICES LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 6, 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Performing audit work 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 accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing of supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THROGMORTON MECHANICAL & ELECTRICAL SERVICES LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Brendan Sharkey FCA (Senior statutory auditor)

for and on behalf of

MHA

Statutory Auditor

2 London Wall Place

London

EC2Y 5AU

Date: 3 August 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313).

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2022

	Note	15 months to 31 December 2022 £	18 months 30 Septemb 2021 £0k
Turnover	4	6,505	3,911
Cost of sales		(5,532)	(3,781)
Gross profit		973	130
Administrative expenses		(495)	(57)
Other operating income	5	-	
Operating profit/(loss)		478	(43)
Tax on profit/(loss)	8	(47)	12
Profit/(loss) for the financial period		431	(31)

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 16 to 25 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	31 December 2022 £000	30 September 2021 £000
Fixed assets			
Tangible assets	9	3	5
		<u>3</u>	<u>5</u>
Current assets			
Debtors: amounts falling due within one year	10	867	658
Cash at bank and in hand	11	1,055	12
		<u>1,922</u>	<u>670</u>
Creditors: amounts falling due within one year	12	(1,798)	(1,009)
Net current assets/(liabilities)		<u>124</u>	<u>(339)</u>
Total assets less current liabilities		<u>127</u>	<u>(334)</u>
Creditors: amounts falling due after more than one year	13	(30)	-
Net assets/(liabilities)		<u><u>97</u></u>	<u><u>(334)</u></u>
Capital and reserves			
Profit and loss account		97	(334)
		<u>97</u>	<u>(334)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

N Hopper
Director

Date: 3 August 2023

The notes on pages 16 to 25 form part of these financial statements.

THROGMORTON MECHANICAL & ELECTRICAL SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2022**

	Profit and loss account £000	Total equity £000
At 1 April 2020	(19)	(19)
Comprehensive income for the period		
Loss for the period	(315)	(315)
	<hr/>	<hr/>
At 1 October 2021	(334)	(334)
Comprehensive income for the period		
Profit for the period	431	431
	<hr/>	<hr/>
At 31 December 2022	<u>97</u>	<u>97</u>

The notes on pages 16 to 25 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

1. General information

Throgmorton Mechanical & Electrical Services Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the company information page. The company operates as a Mechanical, Electrical & Public Health contractor, offering design and installations solutions for the Data Centre, commercial, residential, and fit out sectors.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis. The directors have assessed the use of going concern and have considered possible events or conditions that might cast significant doubt on the ability of the company to continue as a going concern. The directors have made this assessment for a period of at least one year from the date of the approval of these financial statements. With the support provided by the parent, Pollitt Holdings Limited, the directors have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing these financial statements.

2.3 Revenue and revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.4 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.5 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.6 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Computer equipment	-	25%
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

Accounting for long term construction contracts

Long term contracts are assessed on a contract by contract basis and are reflected in the profit and loss by recording turnover and related costs as contract activity progresses. Where the outcome of each long term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss as the difference between the reported turnover and related costs for the contract. Where losses are foreseen a provision for the loss is made immediately in the profit and loss.

4. Turnover

An analysis of turnover by class of business is as follows:

	15 months to 31 December 2022 £000	18 months to 30 September 2021 £000
Contracting	6,505	3,916
	<u>6,505</u>	<u>3,916</u>

All turnover arose within the United Kingdom.

5. Other operating income

	15 months to 31 December 2022 £000	18 months to 30 September 2021 £000
Government apprentice incentive grant	-	-
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

6. Employees

	15 months to 31 December 2022 £000	<i>18 months to 30 September 2021 £000</i>
Wages and salaries	1,482	1,071
Social security costs	156	111
Cost of defined contribution pension scheme	24	11
	<u>1,662</u>	<u>1,203</u>

The average monthly number of employees, including the directors, during the period was as follows:

	15 months to 31 December 2022 No.	<i>18 months to 30 September 2021 No.</i>
Admin and managerial	3	1
Operational	14	11
	<u>17</u>	<u>12</u>

7. Directors' remuneration

	15 months to 31 December 2022 £000	<i>18 months to 30 September 2021 £000</i>
Directors' emoluments	151	156
Company contributions to defined contribution pension schemes	2	1
	<u>153</u>	<u>157</u>

During the period retirement benefits were accruing to 1 director (2021 - 1) in respect of defined contribution pension schemes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

8. Taxation

	15 months to 31 December 2022 £000	<i>18 months to 30 September 2021 £000</i>
Deferred tax		
Origination and reversal of timing differences	47	<i>(122)</i>
Total deferred tax	47	<i>(122)</i>
Taxation on profit/(loss) on ordinary activities	47	<i>(122)</i>

Factors affecting tax charge for the period

The tax assessed for the period is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	15 months to 31 December 2022 £000	<i>18 months to 30 September 2021 £000</i>
Profit/(loss) on ordinary activities before tax	478	<i>(437)</i>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	83	<i>(83)</i>
Effects of:		
Other differences leading to an increase (decrease) in the tax charge	(36)	<i>(39)</i>
Total tax charge for the period	47	<i>(122)</i>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

9. Tangible fixed assets

	Computer equipment £000
Cost or valuation	
At 1 October 2021	11
	<hr/>
At 31 December 2022	11
	<hr/>
Depreciation	
At 1 October 2021	6
Charge for the period	2
	<hr/>
At 31 December 2022	8
	<hr/>
Net book value	
At 31 December 2022	3
	<hr/> <hr/>
<i>At 30 September 2021</i>	5
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

10. Debtors

	31 December 2022 £000	30 September 2021 £000
Trade debtors and retentions	414	252
Other debtors	5	57
Prepayments and accrued income	373	227
Deferred taxation	75	122
	<u>867</u>	<u>658</u>

Deferred taxation balances of £74,988 (2021 - £122,230) are due after more than one year.

11. Cash and cash equivalents

	31 December 2022 £000	30 September 2021 £000
Cash at bank and in hand	1,055	12
	<u>1,055</u>	<u>12</u>

12. Creditors: Amounts falling due within one year

	31 December 2022 £000	30 September 2021 £000
Payments received on account	-	84
Trade creditors	441	547
Amounts owed to group undertakings	523	171
Other taxation and social security	40	65
Other creditors	53	74
Accruals and deferred income	741	68
	<u>1,798</u>	<u>1,009</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

13. Creditors: Amounts falling due after more than one year

	31 December	<i>30 September</i>
	2022	<i>2021</i>
	£000	<i>£000</i>
Other creditors	30	-
	<u>30</u>	<u>-</u>

14. Deferred taxation

	2022	<i>2021</i>
	£000	<i>£000</i>
At beginning of period	122	-
Charged to profit or loss	(47)	122
At end of period	<u>75</u>	<u><i>122</i></u>

The deferred tax asset is made up as follows:

	31 December	<i>30 September</i>
	2022	<i>2021</i>
	£000	<i>£000</i>
Tax losses carried forward	75	12
	<u>75</u>	<u>12</u>

15. Related party transactions

During the period, the company received a further loan of £Nil (2021: £50,000) from Cheevers Poole Ltd which owned 100% of the company's share capital until 10 March 2022. During the period, £Nil (2021: £35,000) of the loan was waived. The loan is unsecured, interest free and repayable on demand. At the period end, the company owed £nil (2021 - £20,000) to Cheevers Poole Ltd in respect of the loan.

During the period, costs were recharged by Cheevers Poole Ltd totalling £nil (2021 - £241,067) for work undertaken by staff and other costs paid for on behalf of the company. At the period end, The company owed £nil (2021 - £150,873) to Cheevers Poole Ltd.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

16. Controlling party and ultimate controlling party

On 10 March 2022, 100% of the share capital of the company was purchased and it became a wholly owned subsidiary of Pollitt Holdings Limited, a company registered in England and Wales with a registered office address as that of the company.

The controlling party is Pollitt Holding Limited.

The ultimate controlling party is J T Pollitt.

The group of undertakings for which group accounts have been drawn up is that of Pollitt Holdings Limited which is registered in England and Wales. The registered office address is 91-95 Southwark Bridge Road, London, SE1 0AX.

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