

Building Energy Services Group Limited
Group Strategic Report,
Directors' Report and
Audited Consolidated Financial Statements
for the Year Ended 31 December 2022

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for the year ended 31 December 2022**

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Building Energy Services Group Limited

**Company Information
for the year ended 31 December 2022**

Directors:

D Abbott
J R Axten
K Bankier
S G Dalton
R M Savage
J G Smith
S Swindells
L Markey

Registered office:

Unit 6a Waltham Park
Waltham Road
White Waltham
Maidenhead
Berkshire
SL6 3TN

Registered number:

09794174 (England and Wales)

Auditors:

Haines Watts
Chartered Accountants and Statutory Auditor
178 Buckingham Avenue
Slough
Berkshire
SL1 4RD

**Group Strategic Report
for the year ended 31 December 2022**

The Directors present their Strategic Report for Building Energy Services Group Limited ("the Group"), for the year ended 31 December 2022.

Principal Activity

The principal activity of the company is that of installation, service and maintenance of building management systems equipment and related energy management solutions.

Review of Business

The key financial performance indicators of the business are as follows:

	2022	2021
	£'000	£'000
Turnover	32,206	26,570
Gross profit	8,481	7,688
Gross margin	26%	29%
Operating profit	2,562	2,503

Despite product supply challenges early in the year, business trading continued its strong recovery from the impact of the Covid-19 pandemic with all areas of focus returning to pre-pandemic levels. We continued our investment in the development and deployment of remote energy monitoring and building performance smart services allowing us to offer more services to customers which compliment our on-site services. This investment, along with continued focus in particular sectors, led to record revenue levels for the year and increased order books which will underpin future trading performance.

Through regular review, we continued to react quickly and positively to the changing challenges and demand drivers in the wider business market whilst strong management, robust process and a quality service delivery ensured we met our cash management targets.

A key non financial performance measure is that of the health, safety and well being of our staff. We continue to operate a Risk and Wellbeing committee to oversee continued improvements in working safely and employee wellbeing and ran an all-employee engagement survey which has influenced our people agenda for the coming year. There were no reportable incidents in the year ended 31 December 2022.

Principal Risks and Uncertainties

The Board of Directors is responsible for assessing and monitoring business risk. These risks are being mitigated by regular review of the Group's performance, potential risks and areas of uncertainty and discussions with Management.

Cost of Living & Energy Crisis

The Board and senior management team continues to monitor and manage impacts on a timely basis. We have increased internal communication flows with our employees and regularly review benefits and rewards to allow them to drive efficiency, performance and personal reward. Our developing services and solutions allow us to offer more services to our customers to assist them to drive efficiency in their own use of energy within buildings and we have set out our own outline plan to move towards Net Zero Carbon from our business operations.

Other potential risks include:

Operational risk management

The key operational business risks and uncertainties affecting the Group are considered to be changing market conditions, changes in legislation affecting energy management, loss or poor performance of key contracts and problems or delays in the supply of major components.

The business has a proactive approach to managing exposure to price and risk; wherever possible, fixed prices are negotiated with the Supply Chain for the length of long term contracts and, where relevant, projects are costed to include for an allowance for future predicted price increases.

Financial and cashflow risk management

The Group has no external debt and is funded by its shareholders, therefore external finance risk is limited. The key financial risk facing the business is bad debt risk. This risk is mitigated by having a diverse customer base, robust debt management processes and maintenance of credit insurance.

**Group Strategic Report
for the year ended 31 December 2022**

Future developments

The Group continued its significant progress in 2022, delivering a strong operating performance and maintaining investment in our people and IT infrastructure as well as in the services we offer.

Looking ahead, the Board of Directors are confident that 2023 will see growth continue in all areas including a return of opportunities in the Aviation sector. We are already now delivering success in new targeted areas.

On behalf of the board:

R M Savage - Director

21 September 2023

**Directors' Report
for the year ended 31 December 2022**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2022.

Principal activity

The principal activity of the group in the year under review was that of The principal activity of the company is that of installation, service and maintenance of building management systems equipment and related energy management solutions.

Dividends

No dividends will be distributed for the year ended 31 December 2022.

Events since the end of the year

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

Directors

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

D Abbott
J R Axten
K Bankier
S G Dalton
R M Savage
J G Smith
S Swindells
L Markey

Donations and expenditure

During the year the Group made charitable donations of £1,750 (2021: £1,900). No political donations were made in the year.

Statement of directors' responsibilities

The directors are responsible for preparing the Group 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group 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 will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Directors' Report
for the year ended 31 December 2022**

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board:

R M Savage - Director

21 September 2023

**Independent Auditors' Report to the Members of
Building Energy Services Group Limited**

Opinion

We have audited the financial statements of Building Energy Services Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated 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 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 group's and of the parent company affairs as at 31 December 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 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the 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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Directors' Report, but does not include the financial statements and our Auditors' 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Independent Auditors' Report to the Members of Building Energy Services Group Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the parent company, 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We discussed with the directors the policies and procedures in place regarding compliance with laws and regulations. We discussed amongst the audit team the identified laws and regulations, and remained alert to any indications of non-compliance.

During the audit we focussed on laws and regulations which could reasonably be expected to give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management.

Our procedures in relation to fraud, included but were not limited to: inquires of management whether they have any knowledge of any actual, suspected or alleged fraud, and discussions amongst the audit team regarding risk of fraud such as opportunities for fraudulent manipulation of financial statements. We determined that the principal risks related to posting manual journal entries to manipulate financial performance and management bias through judgements in accounting estimates and challenged the assumptions and judgements made by management in its significant accounting estimates. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud. Our tests included agreeing the financial statement disclosures to underlying supporting documentation.

**Independent Auditors' Report to the Members of
Building Energy Services Group Limited**

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.

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.

Tara Mellett (Senior Statutory Auditor)
for and on behalf of Haines Watts
Chartered Accountants and Statutory Auditor
178 Buckingham Avenue
Slough
Berkshire
SL1 4RD

21 September 2023

**Consolidated
Income Statement
for the year ended 31 December 2022**

		2022	2021
	Notes	£	£
Turnover	3	32,205,027	26,570,236
Cost of sales		<u>(23,723,614)</u>	<u>(18,882,180)</u>
Gross profit		8,481,413	7,688,056
Administrative expenses		<u>(5,919,471)</u>	<u>(5,185,209)</u>
Operating profit		2,561,942	2,502,847
Interest receivable and similar income		<u>6,139</u>	<u>145</u>
Profit before taxation	6	2,568,081	2,502,992
Tax on profit	7	<u>(490,453)</u>	<u>(462,423)</u>
Profit for the financial year		<u>2,077,628</u>	<u>2,040,569</u>
Profit attributable to: Owners of the parent		<u>2,077,628</u>	<u>2,040,569</u>

The notes form part of these financial statements

**Consolidated
Other Comprehensive Income
for the year ended 31 December 2022**

	Notes	2022 £	2021 £
Profit for the year		2,077,628	2,040,569
Other comprehensive income		-	-
Total comprehensive income for the year		<u>2,077,628</u>	<u>2,040,569</u>
Total comprehensive income attributable to: Owners of the parent		<u>2,077,628</u>	<u>2,040,569</u>

The notes form part of these financial statements

Consolidated Balance Sheet
31 December 2022

			2022		2021
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10		147,364		153,116
Investments	11		-		-
			<u>147,364</u>		<u>153,116</u>
Current assets					
Stocks	12	643,185		258,930	
Debtors	13	9,470,527		6,135,711	
Cash at bank		<u>2,247,439</u>		<u>3,641,463</u>	
		12,361,151		10,036,104	
Creditors					
Amounts falling due within one year	14	<u>7,007,380</u>		<u>6,765,713</u>	
Net current assets			<u>5,353,771</u>		<u>3,270,391</u>
Total assets less current liabilities			<u>5,501,135</u>		<u>3,423,507</u>
Capital and reserves					
Called up share capital	17		10,000		10,000
Retained earnings	18		<u>5,491,135</u>		<u>3,413,507</u>
Shareholders' funds			<u>5,501,135</u>		<u>3,423,507</u>

The financial statements were approved by the Board of Directors and authorised for issue on 21 September 2023 and were signed on its behalf by:

R M Savage - Director

Company Balance Sheet
31 December 2022

			2022		2021
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10		-		-
Investments	11		473,196		473,196
			<u>473,196</u>		<u>473,196</u>
Current assets					
Debtors	13	1,500,132		536,804	
Creditors					
Amounts falling due within one year	14	<u>1,963,318</u>		<u>1,000,000</u>	
Net current liabilities			<u>(463,186)</u>		<u>(463,196)</u>
Total assets less current liabilities			<u>10,010</u>		<u>10,000</u>
Capital and reserves					
Called up share capital	17		10,000		10,000
Retained earnings	18		10		-
Shareholders' funds			<u>10,010</u>		<u>10,000</u>
Company's profit for the financial year			<u>10</u>		<u>1,600,000</u>

The financial statements were approved by the Board of Directors and authorised for issue on 21 September 2023 and were signed on its behalf by:

R M Savage - Director

**Consolidated Statement of Changes in Equity
for the year ended 31 December 2022**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2021	10,000	2,972,938	2,982,938
Changes in equity			
Dividends	-	(1,600,000)	(1,600,000)
Total comprehensive income	-	2,040,569	2,040,569
Balance at 31 December 2021	<u>10,000</u>	<u>3,413,507</u>	<u>3,423,507</u>
Changes in equity			
Total comprehensive income	-	2,077,628	2,077,628
Balance at 31 December 2022	<u>10,000</u>	<u>5,491,135</u>	<u>5,501,135</u>

The notes form part of these financial statements

**Company Statement of Changes in Equity
for the year ended 31 December 2022**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2021	10,000	-	10,000
Changes in equity			
Dividends	-	(1,600,000)	(1,600,000)
Total comprehensive income	-	1,600,000	1,600,000
Balance at 31 December 2021	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Changes in equity			
Total comprehensive income	-	10	10
Balance at 31 December 2022	<u>10,000</u>	<u>10</u>	<u>10,010</u>

**Consolidated Cash Flow Statement
for the year ended 31 December 2022**

		2022	2021
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	23	258,071	1,399,532
Tax paid		(578,779)	(569,384)
Net cash from operating activities		<u>(320,708)</u>	<u>830,148</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(79,455)	(113,933)
Sale of tangible fixed assets		-	193
Interest received		6,139	145
Net cash from investing activities		<u>(73,316)</u>	<u>(113,595)</u>
Cash flows from financing activities			
Loan repayments in year		(1,000,000)	(600,000)
Equity dividends paid		-	(600,000)
Net cash from financing activities		<u>(1,000,000)</u>	<u>(1,200,000)</u>
Decrease in cash and cash equivalents		<u>(1,394,024)</u>	<u>(483,447)</u>
Cash and cash equivalents at beginning of year	24	3,641,463	4,124,910
Cash and cash equivalents at end of year	24	<u>2,247,439</u>	<u>3,641,463</u>

The notes form part of these financial statements

**Notes to the Consolidated Financial Statements
for the year ended 31 December 2022**

1. Statutory information

Building Energy Services Group 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 General Information page.

2. Accounting policies

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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

Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 24 September 2015.

Going concern

The financial statements have been prepared on a going concern basis. The Directors have reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. Based on these assessments and the current resources available, the Directors have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates in determining the carrying amounts of certain assets and liabilities. Management makes assumptions of the effects of uncertain future events on those assets and liabilities at the balance sheet date. The management's estimates and assumptions are based on historical experience and expectation of future events and are reviewed periodically. This disclosure excludes uncertainty over future events and judgement in respect of measuring financial instruments.

There is estimation uncertainty in calculating bad debt provisions. A full review of trade debtors is carried out by management regularly. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provision do not match the level of debts which ultimately prove to be uncollectable.

There is estimation uncertainty in recognising revenue and costs on long term projects. Judgement and estimates are used to conclude on final margins which are expected to be achieved based on management forecasts. Whilst every attempt is made to ensure that the expected margin is accurate, there remains a risk that unforeseen events may impact the final result.

Accrued revenue and contracts provisions also require management judgement and estimates. Specifically this is applied to certain contracts where the applied amount is in dispute, or not considered to be recoverable. Amounts will also be applied to variations to contracted work where considered necessary.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022

2. Accounting policies - continued

Revenue

Revenue is stated net of VAT and discounts. Revenue from supply of services represents the value of service provided under contracts due to the extent that there is right to consideration and is recorded at the value of consideration due.

Profit is recognised on long term contracts if the final outcome can be assessed with reasonable certainty by including the profit and loss account, revenue and related costs as contract activity progresses. Revenue is calculated by reference to the value of work performed to date as a proportion of the total contract value.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

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.

Depreciation is charged so as to allocate the cost of the assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Plant and machinery	- 33% on cost
Fixtures and fittings	- 16% - 33% on cost

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 the statement of comprehensive income.

Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Work in progress

On a job by job basis, costs invoiced but works not billed or complete will be recognised as an asset such that the gross margin recognised in the profit and loss account to date is equal to the estimated final gross margin percentage on that job.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022

2. Accounting policies - continued

Operating leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Financial instrument

Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank which are an integral part of the company's cash management.

Financial liabilities and equity instruments issued by the company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

3. Turnover

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

An analysis of turnover by class of business is given below:

	2022 £	2021 £
Long term contracts	13,179,964	13,206,915
Services	19,025,063	13,363,321
	<u>32,205,027</u>	<u>26,570,236</u>

An analysis of turnover by geographical market is given below:

	2022 £	2021 £
United Kingdom	32,205,027	26,570,236
	<u>32,205,027</u>	<u>26,570,236</u>

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022**

4. Employees and directors

	2022	2021
	£	£
Wages and salaries	10,020,643	8,628,294
Social security costs	1,243,771	1,077,623
Other pension costs	519,484	470,795
	<u>11,783,898</u>	<u>10,176,712</u>

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

	2022	2021
Administration and support	37	36
Other departments	137	122
	<u>174</u>	<u>158</u>

5. Directors' emoluments

	2022	2021
	£	£
Directors' emoluments	957,900	972,413
Company contributions to defined contribution pension schemes	75,743	71,739
	<u>1,033,643</u>	<u>1,044,152</u>

During the year retirement benefits were accruing to 5 directors (2021: 5) in respect of defined contribution pension schemes.

6. Profit before taxation

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

	2022	2021
	£	£
Depreciation of tangible fixed assets	85,207	90,488
Operating lease charges - vehicles	471,646	398,126
Operating lease charges - rents	359,390	291,502
Defined contribution pension cost	519,484	470,795
Auditors remuneration - audit and other services	<u>19,200</u>	<u>18,400</u>

7. Taxation

Analysis of the tax charge

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

	2022	2021
	£	£
Current tax:		
UK corporation tax	506,857	456,095
Overprovision of prior year		
tax charge	<u>(14,834)</u>	<u>(12,482)</u>
Total current tax	492,023	443,613
Deferred tax	<u>(1,570)</u>	<u>18,810</u>
Tax on profit	<u>490,453</u>	<u>462,423</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022

7. **Taxation - continued**

Reconciliation of total tax charge included in profit and loss

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

	2022 £	2021 £
Profit before tax	<u>2,568,081</u>	<u>2,502,992</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19 % (2021 - 19 %)	487,935	475,568
Effects of:		
Expenses not deductible for tax purposes	28,011	4,209
Capital allowances in excess of depreciation	(9,089)	(16,652)
Adjustments to tax charge in respect of previous periods	(14,834)	(12,482)
Other timing differences	-	(7,030)
Movement of closing deferred tax asset	<u>(1,570)</u>	<u>18,810</u>
Total tax charge	<u>490,453</u>	<u>462,423</u>

8. **Individual income statement**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

9. **Dividends**

	2022 £	2021 £
Ordinary shares of each		
Final	<u>-</u>	<u>1,600,000</u>

10. **Tangible fixed assets**

Group

	Plant and machinery £	Fixtures and fittings £	Totals £
Cost			
At 1 January 2022	203,714	274,971	478,685
Additions	<u>65,132</u>	<u>14,323</u>	<u>79,455</u>
At 31 December 2022	<u>268,846</u>	<u>289,294</u>	<u>558,140</u>
Depreciation			
At 1 January 2022	144,086	181,483	325,569
Charge for year	<u>50,609</u>	<u>34,598</u>	<u>85,207</u>
At 31 December 2022	<u>194,695</u>	<u>216,081</u>	<u>410,776</u>
Net book value			
At 31 December 2022	<u>74,151</u>	<u>73,213</u>	<u>147,364</u>
At 31 December 2021	<u>59,628</u>	<u>93,488</u>	<u>153,116</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022

11. Fixed asset investments

Company

Shares in
group
undertakings
£

Cost

At 1 January 2022
and 31 December 2022

473,196

Net book value

At 31 December 2022
At 31 December 2021

473,196

473,196

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Building Management Solutions Integrators Limited

Registered office: Unit 6a Waltham Park, Waltham Road, Maidenhead, Berkshire, SL6 3TN

Nature of business: Installation, service and maintenance of equipment

Class of shares:	% holding	2022	2021
Ordinary	100.00	£	£
Aggregate capital and reserves		5,978,256	3,886,692
Profit for the year		2,091,564	2,040,569

BMS Solutions Limited

Registered office: Unit 6a Waltham Park, Waltham Road, Maidenhead, Berkshire, SL6 3TN

Nature of business: Dormant

Class of shares:	% holding	2022	2021
Ordinary	100.00	£	£
Aggregate capital and reserves		1	1

12. Stocks

	Group	2021
	2022	£
Work-in-progress	643,185	258,930

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022**

13. Debtors: amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	4,471,857	3,714,104	-	-
Amounts owed by group undertakings	-	-	-	536,672
Amounts owed by shareholders	75,000	-	75,000	-
Amounts recoverable on contract	2,388,155	2,131,250	-	-
Other debtors	903,398	14,057	-	-
Directors' current accounts	1,425,000	-	1,425,000	-
Prepayments and accrued income	207,117	276,300	132	132
	<u>9,470,527</u>	<u>6,135,711</u>	<u>1,500,132</u>	<u>536,804</u>

14. Creditors: amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	2,424,143	2,012,914	-	-
Amounts owed to group undertakings	-	-	1,963,316	-
Tax	156,894	243,650	2	-
Social security and other taxes	561,689	539,409	-	-
Other creditors	43,840	45,327	-	-
Other loans	-	1,000,000	-	1,000,000
Accruals and deferred income	3,820,814	2,924,413	-	-
	<u>7,007,380</u>	<u>6,765,713</u>	<u>1,963,318</u>	<u>1,000,000</u>

15. Leasing agreements

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2022	2021
	£	£
Within one year	668,462	582,733
Between one and five years	1,106,196	1,008,171
	<u>1,774,658</u>	<u>1,590,904</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022

16. **Financial instruments**

By nature of its trade and operations, the Company and Group has basic financial instruments in the form of cash, trade receivables, trade payables, borrowings and shareholder loans. The Company does not have any derivative financial instruments.

The Company has the following carrying value of financial instruments;

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Financial assets				
Measured at amortised cost	<u>11,717,966</u>	<u>9,777,174</u>	<u>1,500,132</u>	<u>536,804</u>
Financial liabilities				
Measured at amortised cost	<u>6,288,520</u>	<u>5,982,654</u>	<u>1,963,316</u>	<u>1,000,000</u>

Financial assets measured at amortised cost comprise of trade debtors, other debtors, cash and cash equivalents, amounts recoverable on contracts and accrued income.

Financial liabilities measured at amortised cost comprise of trade creditors, accruals and other creditors.

17. **Called up share capital**

	2022	2021
	£	£
Allotted, called up and fully paid		
7,000 Ordinary A shares of £1 each	7,000	7,000
2,500 Ordinary B shares of £1 each	2,500	2,500
500 Ordinary C shares of £1 each	500	500
	<u>10,000</u>	<u>10,000</u>

18. **Reserves**

Group	Retained earnings
	£
At 1 January 2022	3,413,507
Profit for the year	<u>2,077,628</u>
At 31 December 2022	<u>5,491,135</u>
Company	Retained earnings
	£
Profit for the year	<u>10</u>
At 31 December 2022	<u>10</u>

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022**

19. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £519,484 (2021: £470,795). Contributions totalling £nil (2021: £nil) were payable to the fund at the balance sheet date and are included within creditors.

20. Related party disclosures

The Group has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Key management personnel are only considered to be the Directors, of which the Group remuneration has been disclosed within the Directors remuneration note.

At the year-end, the directors loan account was overdrawn by £1,425,000 and £75,000 was owed by Shareholders. Both amounts are an advance with regards to the transaction disclosed in note 21 and was settled shortly after the year-end.

21. Post balance sheet events

After the year-end, the shareholders of the company established an Employee Ownership Trust (EOT). The purpose of the EOT is to hold a controlling interest in the company's shares on behalf of the employees, as part of a broader employee ownership scheme.

22. Ultimate controlling party

There is no individual who has control of the group, it is considered to be jointly controlled by majority shareholders Mr R M Savage and Mr S G Dalton.

23. Reconciliation of profit before taxation to cash generated from operations

	2022	2021
	£	£
Profit before taxation	2,568,081	2,502,992
Depreciation charges	85,207	90,488
Finance income	(6,139)	(145)
	<u>2,647,149</u>	<u>2,593,335</u>
Increase in stocks	(384,255)	(81,365)
Increase in trade and other debtors	(3,333,246)	(884,031)
Increase/(decrease) in trade and other creditors	<u>1,328,423</u>	<u>(228,407)</u>
Cash generated from operations	<u><u>258,071</u></u>	<u><u>1,399,532</u></u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022

24. **Cash and cash equivalents**

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

Year ended 31 December 2022

	31/12/22 £	1/1/22 £
Cash and cash equivalents	<u>2,247,439</u>	<u>3,641,463</u>

Year ended 31 December 2021

	31/12/21 £	1/1/21 £
Cash and cash equivalents	<u>3,641,463</u>	<u>4,124,910</u>

25. **Analysis of changes in net funds**

	At 1/1/22 £	Cash flow £	At 31/12/22 £
Net cash			
Cash at bank	<u>3,641,463</u>	<u>(1,394,024)</u>	<u>2,247,439</u>
	<u>3,641,463</u>	<u>(1,394,024)</u>	<u>2,247,439</u>
Total	<u>3,641,463</u>	<u>(1,394,024)</u>	<u>2,247,439</u>

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