

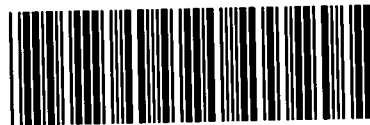
COMPANY REGISTRATION NUMBER: 3427805

M1 Engineering Holdings Limited

Group Financial Statements

**For the year ended
30 September 2022**

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M1 Engineering Holdings Limited

Financial Statements

Year ended 30 September 2022

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M1 Engineering Holdings Limited

Officers and Professional Advisers

Director	Mr J P Gill
Registered office	Comondale Way Euroway Trading Estate Bradford BD4 6SQ
Auditor	Gibson Booth Chartered Accountants & Statutory Auditors New Court Abbey Road North Shepley Huddersfield HD8 8BJ
Bankers	HSBC Bank plc 90 Baker Street London W1U 6AX
Solicitors	Schofield Sweeney Springfield House 76 Wellington Street Leeds LS1 2AY

M1 Engineering Holdings Limited

Strategic Report

Year ended 30 September 2022

Principal activity

The principal activity of the group during the year was the manufacture of transportable cryogenic vessels and intermodal tank containers and the refurbishment and repair of cryogenic equipment.

Review of business activities

During the financial year the group experienced a reduction in both turnover and margin due to difficult trading conditions as a direct result of disruptions to the supply chain, delays to free issue items and inflationary pressures on fixed price contracts. Additionally, the group's overall performance was impacted by new product development on two prototype contracts.

The group has continued to see high demand for its products with an order backlog extending well into 2024. To support improved performance going forward, selling prices have increased, supply chain has stabilised, and product mix has improved, including no prototype contracts for the next financial year. The directors are forecasting a return to profitability for the 2023 financial year.

Principal risks and uncertainties

The principal risks and uncertainties facing the group could include global economic slowdown affecting a number of the group's key markets, geopolitical uncertainties such as the war in Ukraine and significantly unfavourable currency exchange rate movements.

The long-term marketing and business processes continue to identify strategic actions required to minimise these risks.

Key performance indicators

The group has a number of key performance indicators which include turnover, gross profitability and operating profitability before taxation. The group also closely monitors productivity, which is a key indicator of efficiency.

This report was approved by the board of directors on 03 Apr 2023 and signed on behalf of the board by:

Jason Gill

Jason Gill (Apr 3, 2023, 8:45am)

Mr J P Gill
Director

Registered office:
Comondale Way
Euroway Trading Estate
Bradford
BD4 6SQ

M1 Engineering Holdings Limited

Director's Report

Year ended 30 September 2022

The director presents his report and the financial statements of the group for the year ended 30 September 2022.

Director

The director who served the company during the year was as follows:

Mr J P Gill

Dividends

The directors do not recommend the payment of a dividend.

Future developments

The group continues to position itself in growing niche markets in diverse geographies (including the UK, Europe, the Middle East and Africa) with market leading products offering its customers added value. It is implementing on an ongoing basis, lean manufacturing best practice to reduce lead times and manufacturing costs.

Financial risk management

The group does not use derivative financial instruments to manage either interest rate or exchange rate risk and hence no hedge accounting is applied. The group uses forward exchange contracts, together with currency swaps, to mitigate against potential exchange gains and losses on commercial transactions. The group continually monitors its position with regard to price, cash flow and liquidity risk and seeks to reduce exposure to such.

Auditor

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 and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 03 Apr 2023 and signed on behalf of the board by:

Jason Gill

Jason Gill (Apr 3, 2023, 8:45am)

Mr J P Gill
Director

Registered office:
Commondale Way
Euroway Trading Estate
Bradford
BD4 6SQ

M1 Engineering Holdings Limited

Director's Responsibilities Statement

Year ended 30 September 2022

The director is responsible for preparing the strategic report, director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies 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 director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is 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.

M1 Engineering Holdings Limited

Independent Auditor's Report to the Members of M1 Engineering Holdings Limited

Year ended 30 September 2022

Opinion

We have audited the financial statements of M1 Engineering Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2022 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows 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 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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's 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 director's 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 or 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 director with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The director is responsible for the other information. 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 the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

M1 Engineering Holdings Limited

Independent Auditor's Report to the Members of M1 Engineering Holdings Limited (continued)

Year ended 30 September 2022

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 strategic report or the director's 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 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the group or the parent company or to cease operations, or has 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 company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements, and determined that the principal risks were related to management bias through manipulation of accounting estimates or posting inappropriate journal entries. Audit procedures performed by the engagement team included:

- discussions with management including consideration of known or suspected instances of non-compliance with laws, regulation and fraud;
- challenging assumptions and judgements made by management in their significant accounting estimates;
- testing of non-purchase and sales ledger bank transactions;
- testing the appropriateness of journal entries;
- testing of purchase invoice authorisations.

Because of the inherent limitations of an audit, there is a risk that we will fail to 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 the auditor's report.

M1 Engineering Holdings Limited

Independent Auditor's Report to the Members of M1 Engineering Holdings Limited (continued)

Year ended 30 September 2022

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 auditor's 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

ARS Russell

Alistair Russell (Apr 3, 2023, 10:51am)

Alistair Russell FCA (Senior Statutory Auditor)

For and on behalf of
Gibson Booth
Chartered Accountants & Statutory Auditors
New Court
Abbey Road North
Shepley
Huddersfield
HD8 8BJ

03 Apr 2023

M1 Engineering Holdings Limited**Consolidated Statement of Comprehensive Income****Year ended 30 September 2022**

		2022 £	2021 £
Turnover	Note 4	5,597,998	5,695,018
Cost of sales		(4,721,044)	(4,359,060)
Gross profit		876,954	1,335,958
Distribution costs		(638,065)	(489,484)
Administrative expenses		(841,628)	(806,339)
Other operating income	5	—	80,133
Operating (loss)/profit	6	(602,739)	120,268
Other interest receivable and similar income	10	114	—
Interest payable and similar expenses	11	(1,932)	(2,230)
(Loss)/profit before taxation		(604,557)	118,038
Tax on (loss)/profit	12	(21,065)	8,828
(Loss)/profit for the financial year and total comprehensive income		<u>(625,622)</u>	<u>126,866</u>

All the activities of the group are from continuing operations.

The notes on pages 14 to 24 form part of these financial statements.

M1 Engineering Holdings Limited

Consolidated Statement of Financial Position

30 September 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	13	21,981	21,867
Tangible assets	14	2,022,410	2,050,703
		<u>2,044,391</u>	<u>2,072,570</u>
Current assets			
Stocks	16	1,021,853	1,030,941
Debtors	17	1,720,774	1,703,102
Cash at bank and in hand		308,258	471,304
		<u>3,050,885</u>	<u>3,205,347</u>
Creditors: amounts falling due within one year	18	1,671,810	1,314,968
Net current assets		<u>1,379,075</u>	<u>1,890,379</u>
Total assets less current liabilities		<u>3,423,466</u>	<u>3,962,949</u>
Creditors: amounts falling due after more than one year	19	40,549	62,210
Provisions			
Other provisions	21	169,000	61,200
Net assets		<u>3,213,917</u>	<u>3,839,539</u>
Capital and reserves			
Called up share capital	25	55,542	55,542
Share premium account	26	7,778	7,778
Revaluation reserve	26	861,689	870,867
Capital redemption reserve	26	34,668	34,668
Profit and loss account	26	2,254,240	2,870,684
Shareholders funds		<u>3,213,917</u>	<u>3,839,539</u>

These financial statements were approved by the board of directors and authorised for issue on 03 Apr 2023, and are signed on behalf of the board by:

Jason Gill

Jason Gill (Apr 3, 2023, 8:45am)

Mr J P Gill
Director

Company registration number: 3427805

The notes on pages 14 to 24 form part of these financial statements.

M1 Engineering Holdings Limited

Company Statement of Financial Position

30 September 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	14	1,823,600	1,862,400
Investments	15	5,421	5,421
		<u>1,829,021</u>	<u>1,867,821</u>
Current assets			
Debtors	17	816,680	874,551
Cash at bank and in hand		4,366	1,064
		<u>821,046</u>	<u>875,615</u>
Creditors: amounts falling due within one year	18	24,560	31,909
Net current assets		<u>796,486</u>	<u>843,706</u>
Total assets less current liabilities		<u>2,625,507</u>	<u>2,711,527</u>
Creditors: amounts falling due after more than one year	19	40,549	62,210
Net assets		<u>2,584,958</u>	<u>2,649,317</u>
Capital and reserves			
Called up share capital	25	55,542	55,542
Share premium account	26	7,778	7,778
Revaluation reserve	26	861,689	870,867
Profit and loss account	26	1,659,949	1,715,130
Shareholders funds		<u>2,584,958</u>	<u>2,649,317</u>

The loss for the financial year of the parent company was £64,359 (2021: £7,632).

These financial statements were approved by the board of directors and authorised for issue on 03 Apr 2023, and are signed on behalf of the board by:

Jason Gill

Jason Gill (Apr 3, 2023, 8:45am)

Mr J P Gill
Director

Company registration number: 3427805

The notes on pages 14 to 24 form part of these financial statements.

M1 Engineering Holdings Limited

Consolidated Statement of Changes in Equity

Year ended 30 September 2022

	Called up share capital £	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 October 2020	55,542	7,778	880,045	34,668	2,734,640	3,712,673
Profit for the year					126,866	126,866
Other comprehensive income for the year:						
Reclassification from revaluation reserve to profit and loss account	—	—	(9,178)	—	9,178	—
Total comprehensive income for the year	—	—	(9,178)	—	136,044	126,866
At 30 September 2021	55,542	7,778	870,867	34,668	2,870,684	3,839,539
Loss for the year					(625,622)	(625,622)
Other comprehensive income for the year:						
Reclassification from revaluation reserve to profit and loss account	—	—	(9,178)	—	9,178	—
Total comprehensive income for the year	—	—	(9,178)	—	(616,444)	(625,622)
At 30 September 2022	<u>55,542</u>	<u>7,778</u>	<u>861,689</u>	<u>34,668</u>	<u>2,254,240</u>	<u>3,213,917</u>

The notes on pages 14 to 24 form part of these financial statements.

M1 Engineering Holdings Limited

Company Statement of Changes in Equity

Year ended 30 September 2022

	Called up share capital £	Share premium account £	Revaluation reserve £	Profit and loss account £	Total £
At 1 October 2020	55,542	7,778	880,045	1,713,584	2,656,949
Loss for the year				(7,632)	(7,632)
Other comprehensive income for the year:					
Reclassification from revaluation reserve to profit and loss account	—	—	(9,178)	9,178	—
Total comprehensive income for the year	—	—	(9,178)	1,546	(7,632)
At 30 September 2021	55,542	7,778	870,867	1,715,130	2,649,317
Loss for the year				(64,359)	(64,359)
Other comprehensive income for the year:					
Reclassification from revaluation reserve to profit and loss account	—	—	(9,178)	9,178	—
Total comprehensive income for the year	—	—	(9,178)	(55,181)	(64,359)
At 30 September 2022	<u>55,542</u>	<u>7,778</u>	<u>861,689</u>	<u>1,659,949</u>	<u>2,584,958</u>

The notes on pages 14 to 24 form part of these financial statements.

M1 Engineering Holdings Limited

Consolidated Statement of Cash Flows

Year ended 30 September 2022

	2022 £	2021 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(625,622)	126,866
<i>Adjustments for:</i>		
Depreciation of tangible assets	80,644	84,602
Amortisation of intangible assets	4,966	4,893
Other interest receivable and similar income	(114)	—
Interest payable and similar expenses	1,932	2,230
Loss on disposal of tangible assets	96	625
Tax on (loss)/profit	20,487	(8,828)
Accrued expenses/(income)	66,095	(73,795)
<i>Changes in:</i>		
Stocks	9,088	(207,205)
Trade and other debtors	(38,159)	(52,738)
Trade and other creditors	298,553	27,072
Provisions and employee benefits	107,800	61,200
Cash generated from operations	(74,234)	(35,078)
Interest paid	(1,932)	(2,230)
Interest received	114	—
Tax paid	(7,260)	(8,142)
Net cash used in operating activities	<u>(83,312)</u>	<u>(45,450)</u>
Cash flows from investing activities		
Purchase of tangible assets	(55,031)	(53,859)
Proceeds from sale of tangible assets	2,584	4,500
Purchase of intangible assets	(5,080)	(5,510)
Net cash used in investing activities	<u>(57,527)</u>	<u>(54,869)</u>
Cash flows from financing activities		
Proceeds from borrowings	(21,661)	(21,660)
Payments of finance lease liabilities	(546)	(6,217)
Net cash used in financing activities	<u>(22,207)</u>	<u>(27,877)</u>
Net decrease in cash and cash equivalents	(163,046)	(128,196)
Cash and cash equivalents at beginning of year	471,304	599,500
Cash and cash equivalents at end of year	<u>308,258</u>	<u>471,304</u>

The notes on pages 14 to 24 form part of these financial statements.

M1 Engineering Holdings Limited

Notes to the Financial Statements

Year ended 30 September 2022

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Commondale Way, Euroway Trading Estate, Bradford, BD4 6SQ. The principal activity of the company during the year was the manufacture of transportable cryogenic vessels and intermodal tank containers and the refurbishment and repair of cryogenic equipment.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', and the reduced disclosure framework set out in that standard was applied and also in accordance with the Companies Act 2006.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis. The financial statements are rounded to the nearest £ and prepared in sterling, which is the functional currency of the entity. The significant accounting policies consistently applied in the preparation of these financial statements are set out below.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102 and no cash flow statement has been presented for the company.

Consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Consideration of impairment

The directors have reviewed intangible and tangible assets, and have concluded that there is no material impairment of these items at the year end.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Useful economic lives of intangible and tangible assets

The annual depreciation charge for tangible 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. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of the tangible assets, and note 3 for the depreciation rates used for each class of assets.

Stage of completion of long term contracts

The company has orders which take a significant period of time to manufacture and are therefore recognised as long term contracts. The stage of completion of each order is assessed by the percentage of total costs incurred and whether the order has reached instrumentation stage. It is at this stage of completion that the company recognises an element of profit on a particular job.

M1 Engineering Holdings Limited

Notes to the Financial Statements (continued)

Year ended 30 September 2022

3. Accounting policies (continued)

Judgements and key sources of estimation uncertainty (continued)

Inventory provisioning

The company holds inventories of raw materials, work in progress and finished goods and as a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 16 for the net carrying amount of the inventory and associated provision.

Deferred taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with future legislation changes. See note 22 for the carrying amount of the deferred taxation asset.

Property revaluation

The property within land and buildings is valued under the revaluation model and is held at market value. The valuation is re-assessed annually, and where the directors judge that the property valuation has not materially changed, no subsequent revaluation is obtained. The valuation is amended when necessary to reflect current estimates.

Warranty provision

The warranty provision relates to the company's support of its products against defect or failure. The provision is established when a defect is identified and a warranty cost is the only option. See note 21 for the carrying amount of the warranty provision.

Revenue recognition

Turnover is recognised when a tank is released from production and is ready for despatch.

Amounts in respect of contracts included in turnover, net of payments received on account, are shown in debtors and amounts recoverable on contracts. Cash received in excess of the value of work done is shown in creditors as payments on account. An appropriate proportion of the anticipated contract profit is recognised in the profit and loss account and based on the stage of completion of the work and the expected end of life outcome. Provision is made for anticipated contract losses. Pre-contract costs incurred before it is virtually certain that a contract will be awarded are charged to the profit and loss account. Once virtually certain of a contract award, costs are held as amounts recoverable on contract and form part of the accounting for the contract as a whole.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

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.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

M1 Engineering Holdings Limited

Notes to the Financial Statements (continued)

Year ended 30 September 2022

3. Accounting policies (continued)

Intangible assets (continued)

Intangible assets acquired as part of a business combination are only recognised separately from goodwill when they arise from contractual or other legal rights, are separable, the expected future economic benefits are probable and the cost or value can be measured reliably.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Computer software	-	20% reducing balance
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of 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 equity, 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 equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	-	2% straight line
Plant and machinery	-	20% reducing balance
Office & computer equipment	-	20% & 25% reducing balance respectively
Motor vehicles	-	25% reducing balance

Investments in subsidiary

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

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Hire purchase contracts

Assets held under hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the 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.

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 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.

M1 Engineering Holdings Limited**Notes to the Financial Statements (continued)****Year ended 30 September 2022****3. Accounting policies (continued)****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 as a finance cost in profit or loss in the period it arises.

Financial instruments

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

Defined contribution plans

The company operates a defined contribution pension scheme for two directors. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

4. Turnover

Turnover arises from:

	2022	2021
	£	£
Sale of cryogenic vessels and intermodal tank containers	<u>5,597,998</u>	<u>5,695,018</u>

The turnover is attributable to the one principal activity of the group. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2022	2021
	£	£
United Kingdom	4,547,946	3,411,354
Overseas	<u>1,050,052</u>	<u>2,283,664</u>
	<u>5,597,998</u>	<u>5,695,018</u>

5. Other operating income

	2022	2021
	£	£
Government grant income	<u>—</u>	<u>80,133</u>

6. Operating profit

Operating profit or loss is stated after charging/(crediting):

	2022	2021
	£	£
Amortisation of intangible assets	4,966	4,893
Depreciation of tangible assets	80,644	84,602
Loss on disposal of tangible assets	96	625
Impairment of trade debtors	8,996	580
Research and development expenditure written off	3,888	11,253
Foreign exchange differences	(646)	298
Government grants	<u>—</u>	<u>(80,133)</u>

M1 Engineering Holdings Limited**Notes to the Financial Statements (continued)****Year ended 30 September 2022****7. Auditor's remuneration**

	2022	2021
	£	£
Fees payable for the audit of the financial statements	<u>2,900</u>	<u>2,900</u>

8. Staff costs

The average number of persons employed by the group during the year, including the director, amounted to:

	2022 No.	2021 No.
Production	46	49
Administrative	7	8
Establishment	2	2
Selling	<u>2</u>	<u>2</u>
	<u>57</u>	<u>61</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2022 £	2021 £
Wages and salaries	1,656,586	1,608,330
Social security costs	163,306	146,074
Other pension costs	<u>75,052</u>	<u>79,446</u>
	<u>1,894,944</u>	<u>1,833,850</u>

9. Director's remuneration

The director's aggregate remuneration in respect of qualifying services was:

	2022 £	2021 £
Remuneration	80,997	76,846
Company contributions to defined contribution pension plans	<u>5,857</u>	<u>5,857</u>
	<u>86,854</u>	<u>82,703</u>

10. Other interest receivable and similar income

	2022 £	2021 £
Interest on cash and cash equivalents	<u>114</u>	<u>-</u>

11. Interest payable and similar expenses

	2022 £	2021 £
Interest on banks loans and overdrafts	1,932	2,008
Interest on obligations under hire purchase contracts	<u>-</u>	<u>222</u>
	<u>1,932</u>	<u>2,230</u>

M1 Engineering Holdings Limited

Notes to the Financial Statements (continued)

Year ended 30 September 2022

12. Tax on (loss)/profit

Major components of tax (income)/expense

	2022 £	2021 £
Current tax:		
UK current tax expense	—	7,260
Adjustments in respect of prior periods	—	765
Total current tax	<u>—</u>	<u>8,025</u>
Deferred tax:		
Origination and reversal of timing differences	21,065	(16,853)
Tax on (loss)/profit	<u>21,065</u>	<u>(8,828)</u>

Reconciliation of tax expense/(income)

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	2022 £	2021 £
(Loss)/profit on ordinary activities before taxation	(604,557)	118,038
(Loss)/profit on ordinary activities by rate of tax	(114,866)	22,428
Adjustment to tax charge in respect of prior periods	—	765
Effect of expenses not deductible for tax purposes	319	677
Effect of capital allowances and depreciation	2,355	(12,493)
Utilisation of tax losses	—	(20,205)
Unused tax losses	133,257	—
Tax on (loss)/profit	<u>21,065</u>	<u>(8,828)</u>

Factors that may affect future tax expense

As at 30 September 2022, the group had trading losses of approximately £1,100,000 (2021: £647,000) to carry forward and utilise against future profits from the same trade.

13. Intangible assets

Group	Computer software £
Cost	
At 1 October 2021	105,915
Additions	5,080
At 30 September 2022	<u>110,995</u>
Amortisation	
At 1 October 2021	84,048
Charge for the year	4,966
At 30 September 2022	<u>89,014</u>
Carrying amount	
At 30 September 2022	<u>21,981</u>
At 30 September 2021	<u>21,867</u>

The company has no intangible assets.

M1 Engineering Holdings Limited

Notes to the Financial Statements (continued)

Year ended 30 September 2022

14. Tangible assets

Group	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 October 2021	1,940,000	804,734	373,632	76,625	3,194,991
Additions	—	37,036	—	17,995	55,031
Disposals	—	(3,000)	—	(14,685)	(17,685)
At 30 September 2022	<u>1,940,000</u>	<u>838,770</u>	<u>373,632</u>	<u>79,935</u>	<u>3,232,337</u>
Depreciation					
At 1 October 2021	77,600	651,181	360,255	55,252	1,144,288
Charge for the year	38,800	32,972	2,796	6,076	80,644
Disposals	—	(1,906)	—	(13,099)	(15,005)
At 30 September 2022	<u>116,400</u>	<u>682,247</u>	<u>363,051</u>	<u>48,229</u>	<u>1,209,927</u>
Carrying amount					
At 30 September 2022	<u>1,823,600</u>	<u>156,523</u>	<u>10,581</u>	<u>31,706</u>	<u>2,022,410</u>
At 30 September 2021	<u>1,862,400</u>	<u>153,553</u>	<u>13,377</u>	<u>21,373</u>	<u>2,050,703</u>
Company					Land and buildings £
Cost					
At 1 October 2021 and 30 September 2022					<u>1,940,000</u>
Depreciation					
At 1 October 2021					77,600
Charge for the year					38,800
At 30 September 2022					<u>116,400</u>
Carrying amount					
At 30 September 2022					<u>1,823,600</u>
At 30 September 2021					<u>1,862,400</u>

Tangible assets held at valuation

The company's freehold premises were revalued by Eddisons, Chartered Surveyors, on 14 February 2020 on an open market value basis. The historic cost of the premises is £1,425,909 and the historic cost net book value is £939,895. The directors are not aware of any material change in value at 30 September 2022 and therefore the valuation has not been updated.

Hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under hire purchase agreements:

Group	Motor vehicles £
At 30 September 2022	<u>—</u>
At 30 September 2021	<u>10,441</u>

The company has no tangible assets held under hire purchase agreements.

15. Investments

The group has no investments.

M1 Engineering Holdings Limited

Notes to the Financial Statements (continued)

Year ended 30 September 2022

15. Investments (continued)

Company	Shares in group undertakings £
Cost	
At 1 October 2021 and 30 September 2022	5,421
Impairment	
At 1 October 2021 and 30 September 2022	—
Carrying amount	
At 1 October 2021 and 30 September 2022	5,421
At 30 September 2021	5,421

M1 Engineering Holdings Limited owns 100% of the equity share capital of M1 Engineering Limited, a company incorporated in England and Wales and M1 Engineering (IE) Limited, a company incorporated in The Republic of Ireland. Both companies have a year end of 30 September. The principal activities of these companies are the manufacture of tank containers and transportable cryogenic vessels and the refurbishment and repair of cryogenic equipment.

16. Stocks

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Raw materials and consumables	651,559	624,981	—	—
Work in progress	370,294	405,960	—	—
	<u>1,021,853</u>	<u>1,030,941</u>	<u>—</u>	<u>—</u>

17. Debtors

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Trade debtors	1,345,106	1,217,433	—	—
Amounts owed by group undertakings	—	—	803,040	808,106
Deferred tax asset	48,975	70,040	10,898	8,860
Prepayments and accrued income	126,840	83,078	2,335	57,178
Amounts recoverable on contracts	161,761	322,256	—	—
Other debtors	38,092	10,295	407	407
	<u>1,720,774</u>	<u>1,703,102</u>	<u>816,680</u>	<u>874,551</u>

18. Creditors: amounts falling due within one year

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Bank loans	21,660	21,660	21,660	21,660
Payments received on account	977,369	706,132	—	—
Trade creditors	494,925	437,162	—	—
Accruals and deferred income	125,844	59,749	2,900	2,989
Corporation tax	—	7,260	—	7,260
Social security and other taxes	40,393	72,437	—	—
Obligations under hire purchase contracts	—	546	—	—
Other creditors	11,619	10,022	—	—
	<u>1,671,810</u>	<u>1,314,968</u>	<u>24,560</u>	<u>31,909</u>

M1 Engineering Holdings Limited

Notes to the Financial Statements (continued)

Year ended 30 September 2022

18. Creditors: amounts falling due within one year (continued)

The group's bank overdraft facility is secured by an unscheduled mortgage debenture dated 8 September 2011 in favour of the company's bankers.

Hire purchase balances are secured on the assets to which they relate.

19. Creditors: amounts falling due after more than one year

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Bank loans	<u>40,549</u>	<u>62,210</u>	<u>40,549</u>	<u>62,210</u>

The bank loan is repayable by monthly instalments of £1,805 and interest on this loan is payable at 2% over base rate. The bank loan is secured on the property at Commendale Way.

20. Hire purchase contracts

The total future minimum lease payments under hire purchase contracts are as follows:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Not later than 1 year	—	547	—	—
Less: future finance charges	—	(1)	—	—
Present value of minimum lease payments	<u>—</u>	<u>546</u>	<u>—</u>	<u>—</u>

21. Provisions

Group	Warranties
	£
At 1 October 2021	61,200
Additions	167,500
Charge against provision	(59,700)
At 30 September 2022	<u>169,000</u>

The company does not have any provisions.

A provision for a warranty cost is made when a specific issue with a product is identified and after rigorous checks to ensure the only option is a warranty cost. It is expected that these costs will be incurred within the next financial year.

22. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Included in debtors (note 17)	<u>48,975</u>	<u>70,040</u>	<u>10,898</u>	<u>8,860</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Accelerated capital allowances	(36,711)	(29,542)	10,898	8,860
Unused tax losses	<u>85,686</u>	<u>99,582</u>	<u>—</u>	<u>—</u>
	<u>48,975</u>	<u>70,040</u>	<u>10,898</u>	<u>8,860</u>

M1 Engineering Holdings Limited

Notes to the Financial Statements (continued)

Year ended 30 September 2022

23. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £75,052 (2021: £79,446).

24. Government grants

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

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Government grants recognised directly in other operating income	<u>—</u>	<u>80,133</u>	<u>—</u>	<u>—</u>

25. Called up share capital

Issued, called up and fully paid

	2022		2021	
	No.	£	No.	£
Ordinary 'A' shares of £1 each	53,320	53,320	53,320	53,320
Ordinary 'B' shares of £1 each	<u>2,222</u>	<u>2,222</u>	<u>2,222</u>	<u>2,222</u>
	<u>55,542</u>	<u>55,542</u>	<u>55,542</u>	<u>55,542</u>

Ordinary 'A' £1 shares and ordinary 'B' £1 shares rank pari passu in terms of entitlement to dividends and voting rights.

26. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve - This reserve records the nominal value of shares repurchased.

Revaluation reserve - this reserve records movements on the valuation of the freehold property.

Profit and loss account - this reserve records retained earnings and accumulated losses net of dividends and other adjustments.

27. Analysis of changes in net debt

	At 1 Oct 2021	Cash flows	At 30 Sep 2022
	£	£	£
Cash at bank and in hand	471,304	(163,046)	308,258
Debt due within one year	(22,206)	546	(21,660)
Debt due after one year	<u>(62,210)</u>	<u>21,661</u>	<u>(40,549)</u>
	<u>386,888</u>	<u>(140,839)</u>	<u>246,049</u>

M1 Engineering Holdings Limited

Notes to the Financial Statements (continued)

Year ended 30 September 2022

28. Contingencies

The group's bankers hold an unlimited cross guarantee and debenture between the parent company M1 Engineering Holdings Limited and its subsidiary undertaking M1 Engineering Limited supported by a legal charge over land and buildings situated on the south side of Commondale Way. As at the year end the parent company had borrowings totalling £62,209 (2021: £83,870).

At 30 September 2022 the subsidiary was committed to pay £680,192 (2021: £285,547) under foreign exchange contracts in place with the group's bankers.

At 30 September 2022 the subsidiary had in place a guarantee of £40,000 (2021: £40,000 and £55,590) with the company's bankers for the deferment of VAT and guarantee of the customer's stage payment.

29. Related party transactions

Group

The group has taken advantage of an exemption provided in section 35 of FRS 102 not to disclose employment benefits provided to key management personnel.

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the group was £345,808 (2021: £338,725).

Company

The company has taken advantage of the exemption under paragraph 33.1A from the provisions of section 33 of FRS 102, Related party disclosures, from disclosing transactions with subsidiary undertakings.

30. Controlling party

The group was under the control of the Peter Fox Residuary Trust throughout the accounting period.