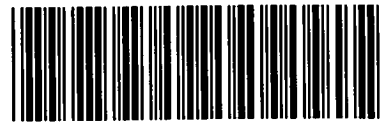


REGISTERED NUMBER: 04200625 (England and Wales)

M. B. HEATING LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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M.B. HEATING LIMITED (REGISTERED NUMBER: 04200625)

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FOR THE YEAR ENDED 31 DECEMBER 2022**

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M.B. HEATING LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022

DIRECTORS:

M Walmsley
S Griffiths

REGISTERED OFFICE:

Unit 1
Darby Lane
Hindley
Wigan
WN2 3DW

REGISTERED NUMBER:

04200625 (England and Wales)

AUDITORS:

DTE Business Advisers Limited
Chartered Accountants
Statutory Auditors
The Exchange
5 Bank Street
Bury
BL9 0DN

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors presents their strategic report for the year ended 31 December 2022.

REVIEW OF THE BUSINESS INCLUDING KEY PERFORMANCE INDICATORS

Overall performance in the year has remained consistent with last year. This has been achieved despite the impact of supply chain issues throughout the year, along with a tightening in the housing market towards the back end of 2022. Where possible, the businesses does everything possible to try and reduce the impact of supply chain issues.

The business maintains continual dialogue with customers and suppliers, to continue to manage through these turbulent times, maintaining excellent relationships and managing expectations on payment terms to ensure that these relationships remain strong with the business. All other costs are being controlled and where possible reduced.

The directors consider the underlying results to be a good result for the year considering the circumstances.

The Company has seen an increase in turnover of 11.6%, gross profit decreased from 18.9% to 18.6%.

Liquidity risks are constantly managed through the regular reviews of cashflow forecasts and control of asset purchases.

The Company will continue to invest in training and apprenticeships, as in the long term this will help increase our workforce and strengthen the business.

Our Customer Care Department continues to adapt to meet the ever changing demands from our customers helping us manage the business moving forward.

The decisions made by our management team has helped us to maintain a very strong position with the blue chip house builders that we have worked with for many years. Given this, the directors consider the underlying results to be satisfactory for the year.

KEY PERFORMANCE INDICATORS

The directors consider the key performance indicators of the Company to be turnover, gross profit percentage and EBITDA (earnings before interest, tax, depreciation and amortisation). Turnover being £12,841,635 (2021: £11,503,067), gross profit percentage being 18.6% (2021: 18.9%) and EBITDA £414,727 (2021: £419,690).

The directors consider the results to be satisfactory in light of the current trading environment.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is subject to the same general risks and uncertainties as any other business, for example, the changes in general economic conditions, interest rate and stock market fluctuations. The Company also considers the risks relating to the particular industry which include employment regulations, building regulations, the health and safety of staff and customers, the impact of changes in customer trends and public opinion.

CASHFLOW AND LIQUIDITY RISK

The Company's exposure to these risks is limited as substantial working capital is consistently maintained.

CREDIT RISK

The Company's exposure to credit risk is mainly via trade receivables. Risk in relation to trade receivables is considered to be low as receivables are spread over a large number of customers and occurrence of debt not being received are unusual. The amounts presented in the statement of financial position are net of provisions for doubtful debts.

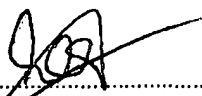
FUTURE DEVELOPMENTS

Whilst the directors cannot ignore the impact of higher mortgage rates, inflation, heightened market uncertainty and the end of reservations under Help to Buy in England, the directors remain confident that there is still an underlying demand for the nature of properties the businesses completes work on.

The risks regarding supply chain are anticipated to continue into 2023, and as with 2022 the business will look to manage these as they occur.

The messaging from the Government remains consistent regarding the national housing shortage, and the directors believe we can continue to remain focused on delivering a high-quality product, making most of opportunities presented to allow the business to maintain a satisfactory trading result for the forthcoming year.

ON BEHALF OF THE BOARD:


.....
M Wainsley - Director

Date: 27/07/23

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

PRINCIPAL ACTIVITY

The principal activity of the Company in the year under review was that of plumbing contractors working primarily on newly built properties.

DIVIDENDS

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

DIRECTORS

M Walmsley has held office during the whole of the period from 1 January 2022 to the date of this report.

Other changes in directors holding office are as follows:

J Dorsett - resigned 1 September 2022

B Seddon - resigned 22 December 2022

S Griffiths – appointed 1 January 2023

DIRECTORS INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

The majority of the work completed by the business is contractual work agreed in advanced, and at the time of signing this report, the current order book is at a satisfactory level. As with previous years, the directors will ensure to the best of their ability the order book is replenished at a rate as close to the rate at which the businesses completes work on the order book.

Further developments are included within the Strategic Report and further details with regards to the adoption of the going concern status can be found in note 2 of the financial statements.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

M.B. HEATING LIMITED (REGISTERED NUMBER: 04200625)

**REPORT OF THE DIRECTORS
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 company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

DTE Business Advisers Limited has indicated its willingness to be reappointed for another term and appropriate arrangements are being made for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
M Wamsley - Director

Date: 27/07/23

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
M.B. HEATING LIMITED (REGISTERED NUMBER: 04200625)**

Opinion

We have audited the financial statements of M.B. Heating Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity 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 company's affairs as at 31 December 2022 and of its 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

Our responsibilities and the responsibilities of the director 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 Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
M.B. HEATING LIMITED (REGISTERED NUMBER: 04200625)**

Matters on which we are required to report by exception

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

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or has no realistic alternative but to do so.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
M.B. HEATING LIMITED (REGISTERED NUMBER: 04200625)**

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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of our planning process:

- We enquired of management the systems and controls the Company has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The Company did not inform us of any known, suspected or alleged fraud.
- We obtained an understanding of the legal and regulatory frameworks applicable to the Company. We determined that the following were most relevant: FRS 102, Companies Act 2006, Gas Safety Regulations 1998, Health & Safety at Work 1974, Electricity at Work Act 1989, Employment Act 2008 and General Data Protection Regulations (GDPR).
- We considered the incentives and opportunities that exist in the Company, including the extent of management bias, which present a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- Using our knowledge of the Company, together with the discussions held with the Company at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations in particular those that are central to the entities ability to continue in operation.
- Testing key revenue lines, in particular cut-off, for evidence of management bias.
- Performing a physical verification of key assets, including inventories.
- Obtaining third-party confirmation of material bank and loan balances.
- Documenting and verifying all significant related party balances and transactions.
- Reviewing documentation such as the Company board minutes, for discussions of irregularities including fraud.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements even though we have properly planned and performed our audit in accordance with auditing standards. The primary responsibility for the prevention and detection of irregularities and fraud rests with the directors.

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 Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
M.B. HEATING LIMITED (REGISTERED NUMBER: 04200625)**

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 a Report of the Auditors 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.

DTE Business Advisers Limited

Richard Taylor (Senior Statutory Auditor)
for and on behalf of DTE Business Advisers Limited
Chartered Accountants
Statutory Auditors
The Exchange
5 Bank Street
Bury
BL9 0DN

Date: 27 July 2023

M.B. HEATING LIMITED (REGISTERED NUMBER: 04200625)

**STATEMENT OF COMPREHENSIVE
INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

| | Notes | 2022 £ | 2021 £ |
|--|----------|-----------------------|-----------------------|
| TURNOVER | 3 | 12,841,635 | 11,503,067 |
| Cost of sales | | <u>(10,458,164)</u> | <u>(9,328,343)</u> |
| GROSS PROFIT | | 2,383,471 | 2,174,724 |
| Administrative expenses | | (2,062,380) | (1,877,709) |
| Other operating income | | <u>-</u> | <u>27,886</u> |
| OPERATING PROFIT | 5 | 321,091 | 324,901 |
| Interest receivable and similar income | | 28 | 184 |
| Interest payable and similar expenses | 6 | <u>(131,012)</u> | <u>(81,738)</u> |
| PROFIT BEFORE TAXATION | | 190,107 | 243,347 |
| Tax on profit | 7 | <u>(31,044)</u> | <u>(49,418)</u> |
| PROFIT FOR THE FINANCIAL YEAR | | 159,063 | 193,929 |
| OTHER COMPREHENSIVE INCOME | | <u>-</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | <u>159,063</u> | <u>193,929</u> |

The notes form part of these financial statements

M.B. HEATING LIMITED (REGISTERED NUMBER: 04200625)

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2022

| | Notes | 2022 £ | 2021 £ |
|--|-------|--------------------|--------------------|
| FIXED ASSETS | | | |
| Property, plant and equipment | 9 | 231,344 | 219,910 |
| CURRENT ASSETS | | | |
| Inventories | 10 | 201,228 | 229,646 |
| Debtors | 11 | 5,992,129 | 5,662,098 |
| Cash at bank | | <u>972,992</u> | <u>1,147,011</u> |
| | | 7,166,349 | 7,038,755 |
| CREDITORS | | | |
| Amounts falling due within one year | 12 | <u>(3,469,062)</u> | <u>(3,318,368)</u> |
| NET CURRENT ASSETS | | <u>3,697,287</u> | <u>3,720,387</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 3,928,631 | 3,940,297 |
| CREDITORS | | | |
| Amounts falling due after more than one year | 13 | (761,976) | (945,258) |
| PROVISIONS FOR LIABILITIES | 17 | <u>(18,958)</u> | <u>(6,405)</u> |
| NET ASSETS | | <u>3,147,697</u> | <u>2,988,634</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 18 | 6,000 | 6,000 |
| Retained earnings | 19 | <u>3,141,697</u> | <u>2,982,634</u> |
| SHAREHOLDERS' FUNDS | | <u>3,147,697</u> | <u>2,988,634</u> |

The financial statements were approved by the directors and authorised for issue on 27/07/23 and were signed by:


M Walmesley - Director

The notes form part of these financial statements

M.B. HEATING LIMITED (REGISTERED NUMBER: 04200625)

**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 | 6,000 | 5,210,532 | 5,216,532 |
| Changes in equity | | | |
| Dividends | - | (2,421,827) | (2,421,827) |
| Total comprehensive income | - | 193,929 | 193,929 |
| Balance at 31 December 2021 | <u>6,000</u> | <u>2,982,634</u> | <u>2,988,634</u> |
| Changes in equity | | | |
| Total comprehensive income | - | 159,063 | 159,063 |
| Balance at 31 December 2022 | <u>6,000</u> | <u>3,141,697</u> | <u>3,147,697</u> |

The notes form part of these financial statements

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

1. **STATUTORY INFORMATION**

M.B. Heating Limited is a private company, limited by shares, registered in England and Wales. The company's registered number is 04200625. The registered office is Unit 1, Darby Lane, Hindley, Wigan, WN2 3DW.

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.

Going concern

The financial statements have been prepared using the going concern basis of accounting.

The directors believe that the business has positioned itself well to continue to trade through any remaining legacy impacts of the COVID-19 pandemic, no matter how long these might be.

The forward order book remains at a healthy manageable level, and the businesses will look to maintain this for the foreseeable.

The directors have considered the current working capital requirements of the business and believe that it is well placed to manage the risks at these challenging times to ensure the Company is in a strong financial position.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 33.7.

Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make estimates and judgements. The estimates are based on historical experience and other relevant factors. Actual results may differ from these estimates.

The estimates are continually evaluated. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

- Estimating the useful economic life of an asset and the anticipated residual value are considered key judgements in calculating an appropriate depreciation charge.
- Determining the expected outcome of long-term contracts prior to their conclusion and calculating the attributable profit that should be recognised in a manner appropriate to the stage of completion.
- Making judgement based on historical experience on the level of provision required for bad debts.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES - continued

Turnover

Turnover is recognised when a right to consideration has been obtained through performance under each contract. Consideration accrues as contract activity progresses by reference to the value of work performed. The turnover recognised is valued at the fair value of consideration expected to be received on contracts.

Retentions on contracts are recognised in accordance with Financial Reporting Standard 102 and are included in turnover upon completion of the work. Turnover is not recognised where the right to receive payment is contingent on events outside the control of the company.

Turnover is stated net of value added tax and trade discounts.

Unbilled turnover is included in debtors as 'Amounts recoverable on contracts'.

Property, plant and equipment

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

| | |
|--------------------------|---------------|
| Improvements to property | - 20% on cost |
| Plant and machinery | - 15% on cost |
| Fixtures and fittings | - 15% on cost |
| Motor vehicles | - 25% on cost |

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision are recognised in the income statement when the change arises.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.

Net realisable value is estimated selling price less costs to complete and sell. Cost represents actual purchase price.

Financial instruments

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the income statement.

Basic financial liabilities are initially measured at transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

2. **ACCOUNTING POLICIES - continued**

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in 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 statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position 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.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the statement of financial position. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the income statement over the relevant period. The capital element of the future payment is treated as a liability.

Rentals paid under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the costs of inventories or property, plant and equipment.

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

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES - continued

Construction contracts

Where the outcome of a construction contract can be estimated reliably, turnover and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract turnover is recognised to the extent of contract costs incurred where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When costs incurred in securing a contract are recognised as an expense in the period in which they are incurred, they are not included in contract costs if the contract is obtained in a subsequent period.

The "percentage completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as inventories, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

Dividends

Equity dividends are recognised when they become legally payable and are no longer at the discretion of the company.

3. TURNOVER

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

All turnover has been generated within the United Kingdom.

4. EMPLOYEES AND DIRECTORS

| | 2022 | 2021 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 3,060,956 | 2,777,586 |
| Social security costs | 307,058 | 265,337 |
| Other pension costs | 142,475 | 107,447 |
| | <u>3,510,489</u> | <u>3,150,370</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

4. EMPLOYEES AND DIRECTORS (continued)

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

| | 2022 | 2021 |
|----------------|-----------|-----------|
| Directors | 2 | 2 |
| Administration | 15 | 11 |
| Direct labour | 55 | 52 |
| | <u>72</u> | <u>65</u> |

| | 2022 £ | 2021 £ |
|----------------------------------|----------------|----------------|
| Directors' remuneration | 199,383 | 195,560 |
| Directors' pension contributions | 36,000 | 24,246 |
| | <u>235,383</u> | <u>219,806</u> |

Information regarding the highest paid director is as follows:

| | 2022 £ | 2021 £ |
|----------------|---------------|---------------|
| Emoluments etc | <u>99,691</u> | <u>98,280</u> |

5. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

| | 2022 £ | 2021 £ |
|---------------------------------------|-----------|---------------|
| Auditors' remuneration | 24,000 | 18,000 |
| Depreciation on tangible fixed assets | 93,636 | 94,789 |
| Profit on disposal of fixed assets | (21,911) | (5,680) |
| Government grants | - | (27,886) |
| Operating lease charges | - | 21,282 |
| | <u>-</u> | <u>21,282</u> |

6. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 2022 £ | 2021 £ |
|------------------------|----------------|---------------|
| Bank interest | 85,334 | 71,348 |
| Bank loan interest | 34,777 | - |
| Hire purchase interest | 10,901 | 10,390 |
| | <u>131,012</u> | <u>81,738</u> |

M.B. HEATING LIMITED (REGISTERED NUMBER: 04200625)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

7. TAXATION

Analysis of the tax charge

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

| | 2022 £ | 2021 £ |
|--|---------------|---------------|
| Current tax: | | |
| Current tax on profits for the year | 33,329 | 56,940 |
| Adjustments in respect of previous periods | (14,838) | (4,584) |
| | <hr/> | <hr/> |
| Total current tax | 18,491 | 52,356 |
| Deferred tax | 12,553 | (2,938) |
| | <hr/> | <hr/> |
| Tax on profit | <u>31,044</u> | <u>49,418</u> |

Reconciliation of total tax charge included in profit and loss

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

| | 2022 £ | 2021 £ |
|--|----------------|----------------|
| Profit before tax | <u>190,107</u> | <u>243,347</u> |
| Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%) | 36,120 | 46,236 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 1,541 | 1,584 |
| Income not taxable | (5,751) | - |
| Adjustments to tax charge in respect of previous periods | (3,291) | 61 |
| Tax rate changes | 2,425 | 1,537 |
| | <hr/> | <hr/> |
| Total tax charge | <u>31,044</u> | <u>49,418</u> |

The finance bill 2021 has set out measures to maintain the corporation tax rate for financial years beginning 1 April 2021 and 2022. For financial years beginning after 1 April 2023, the corporation tax rate will be increased to 25% for profits over £250,000. A small profits rate (SPR) will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by marginal relief. The directors are not aware of any other factors that will materially affect the future tax charge.

8. DIVIDENDS

| | 2022 £ | 2021 £ |
|--------------------------------------|-----------|------------------|
| Ordinary shares of £1 each - Interim | <u>-</u> | <u>2,421,827</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

9. PROPERTY, PLANT AND EQUIPMENT

| | Improvements to property £ | Plant and machinery £ | Fixtures and fittings £ | Motor vehicles £ | Totals £ |
|------------------------|-------------------------------------|-----------------------------|----------------------------------|------------------------|----------------|
| COST | | | | | |
| At 1 January 2022 | 25,285 | 154,685 | 28,123 | 706,491 | 914,584 |
| Additions | - | 264 | - | 119,847 | 120,111 |
| Disposals | - | - | - | (92,791) | (92,791) |
| At 31 December 2022 | <u>25,285</u> | <u>154,949</u> | <u>28,123</u> | <u>733,547</u> | <u>941,904</u> |
| DEPRECIATION | | | | | |
| At 1 January 2022 | 25,285 | 98,595 | 25,415 | 545,379 | 694,674 |
| Charge for year | - | 10,755 | 589 | 82,292 | 93,636 |
| Eliminated on disposal | - | - | - | (77,750) | (77,750) |
| At 31 December 2022 | <u>25,285</u> | <u>109,350</u> | <u>26,004</u> | <u>549,921</u> | <u>710,560</u> |
| NET BOOK VALUE | | | | | |
| At 31 December 2022 | <u>-</u> | <u>45,599</u> | <u>2,119</u> | <u>183,626</u> | <u>231,344</u> |
| At 31 December 2021 | <u>-</u> | <u>56,090</u> | <u>2,708</u> | <u>161,112</u> | <u>219,910</u> |

The net book value of property, plant and equipment included the following in respect of assets held under finance leases or hire purchase contracts:

| | 2022 £ | 2021 £ |
|--|---------------|----------------|
| Plant and machinery | 36,593 | 44,416 |
| Motor vehicles | <u>70,427</u> | <u>130,031</u> |
| Depreciation charge for the year in respect of leased assets | <u>46,728</u> | <u>43,570</u> |

10. INVENTORIES

| | 2022 £ | 2021 £ |
|-------------|----------------|----------------|
| Inventories | <u>201,228</u> | <u>229,646</u> |

M.B. HEATING LIMITED (REGISTERED NUMBER: 04200625)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

11. DEBTORS

| | 2022 | 2021 |
|---|------------------|------------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade debtors | 1,878,158 | 1,724,830 |
| Amounts owed by group undertakings | 2,683,647 | 2,583,647 |
| Amounts recoverable on contract | 824,893 | 656,614 |
| Other debtors | 146,137 | 141,365 |
| Prepayments and accrued income | <u>79,194</u> | <u>120,387</u> |
| | <u>5,612,029</u> | <u>5,226,843</u> |
| Amounts falling due after more than one year: | | |
| Trade debtors | <u>380,100</u> | <u>435,255</u> |
| Aggregate amounts | <u>5,992,129</u> | <u>5,662,098</u> |

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2022 | 2021 |
|---|------------------|------------------|
| | £ | £ |
| Bank loans and overdrafts (see note 14) | 200,000 | 116,667 |
| Hire purchase contracts (see note 15) | 66,201 | 86,333 |
| Trade creditors | 1,625,668 | 1,726,886 |
| Amounts owed to group undertakings | 209,203 | 144,148 |
| Corporation tax | 48,811 | 45,175 |
| Social security and other taxes | 37,282 | 94,363 |
| Other creditors | 1,085,627 | 995,124 |
| Accruals and deferred income | <u>196,270</u> | <u>109,672</u> |
| | <u>3,469,062</u> | <u>3,318,368</u> |

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2022 | 2021 |
|---------------------------------------|----------------|----------------|
| | £ | £ |
| Bank loans (see note 14) | 687,873 | 871,207 |
| Hire purchase contracts (see note 15) | <u>74,103</u> | <u>74,051</u> |
| | <u>761,976</u> | <u>945,258</u> |

M.B. HEATING LIMITED (REGISTERED NUMBER: 04200625)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. LOANS

An analysis of the maturity of loans is given below:

| | 2022 | 2021 |
|---|----------------|----------------|
| | £ | £ |
| Amounts falling due within one year or on demand: | | |
| Bank loans | <u>200,000</u> | <u>116,667</u> |
| Amounts falling due between one and two years: | | |
| Bank loans - 1-2 years | <u>200,000</u> | <u>200,000</u> |
| Amounts falling due between two and five years: | | |
| Bank loans - 2-5 years | <u>487,873</u> | <u>600,000</u> |
| Amounts falling due in more than five years: | | |
| Repayable by instalments | | |
| Bank loans more than 5 years | <u>-</u> | <u>71,207</u> |

15. LEASING AGREEMENTS -

Minimum lease payments fall due as follows:

| | Hire purchase contracts | |
|----------------------------|---|----------------|
| | 2022 | 2021 |
| | £ | £ |
| Net obligations repayable: | | |
| Within one year | 66,201 | 86,333 |
| Between one and five years | <u>74,103</u> | <u>74,051</u> |
| | <u>140,304</u> | <u>160,384</u> |
| | Non-cancellable operating leases | |
| | 2022 | 2021 |
| | £ | £ |
| Within one year | 41,642 | 43,537 |
| Between one and five years | <u>28,814</u> | <u>56,003</u> |
| | <u>70,456</u> | <u>99,540</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

16. SECURED DEBTS

The following secured debts are included within creditors:

| | 2022 £ | 2021 £ |
|------------------------------|------------------|------------------|
| Bank loans | 887,873 | 987,874 |
| Hire purchase contracts | 140,304 | 160,384 |
| Invoice discounting facility | <u>1,085,627</u> | <u>994,499</u> |
| | <u>2,113,804</u> | <u>2,142,757</u> |

Bank loan is secured on UK Government Recovery Loan Scheme.

Hire purchase contracts are secured on the assets concerned.

The invoice discounting facility is secured over the invoices to which it relates.

There is a fixed and floating charge by way of a debenture over all of the assets of the company.

17. PROVISIONS FOR LIABILITIES

| | 2022 £ | 2021 £ |
|--------------------------------|---------------|--------------|
| Deferred tax | | |
| Accelerated capital allowances | 18,958 | 8,588 |
| Other timing differences | - | (2,183) |
| | <u>18,958</u> | <u>6,405</u> |

| | Deferred tax £ |
|--|----------------------|
| Balance at 1 January 2022 | 6,405 |
| Charged to statement of comprehensive income | 12,553 |
| Balance at 31 December 2022 | <u>18,958</u> |

18. CALLED UP SHARE CAPITAL

| Allotted, issued and fully paid: | | | 2022 £ | 2021 £ |
|----------------------------------|-----------------|-------------------|--------------|--------------|
| Number: | Class: | Nominal value: | | |
| 6,000 | Ordinary shares | 1 | <u>6,000</u> | <u>6,000</u> |

M.B. HEATING LIMITED (REGISTERED NUMBER: 04200625)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

19. RESERVES

| | Retained earnings £ |
|---------------------|---------------------------|
| At 1 January 2022 | 2,982,634 |
| Profit for the year | 159,063 |
| | <hr/> |
| At 31 December 2022 | <u><u>3,141,697</u></u> |

20. ULTIMATE PARENT COMPANY

The immediate parent company is M B Heating (Holdings) Limited, registered in England and Wales at Unit 1 Darby Lane, Hindley, Wigan, Lancashire, WN2 3DW.

The ultimate parent company is Orange UK Holdings Limited, registered in England and Wales at CorpAcq House, 1 Goose Green, Altrincham, Cheshire, WA14 1DW.

The smallest group in which the result of the company are consolidated is that headed by CorpAcq Limited. The largest group in which the result of the company are consolidated is that headed by Orange Holdings UK Limited. The consolidated financial statements of both are available to the public and may be obtained from CorpAcq Limited at CorpAcq House, 1 Goose Green, Altrincham, Cheshire, WA14 1DW.

The directors consider that by virtue of his shareholding in the ultimate parent company, the ultimate controlling party is Mr S Orange.