

Group Strategic Report, Report of the Directors and
Consolidated Financial Statements for the Year Ended 30 September 2023
for
Sleaford Building Holdings Limited

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for the Year Ended 30 September 2023

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DIRECTORS:

R A White
B M Exton

SECRETARY:

R A White

REGISTERED OFFICE:

Amon House, Heckington Business Park
Station Road
Heckington
Sleaford
Lincolnshire
NG34 9JH

REGISTERED NUMBER:

09147870 (England and Wales)

AUDITORS:

Xeinadin Audit Limited t/a Xeinadin Auditing
12 Conqueror Court
Sittingbourne
Kent
ME10 5BH

Group Strategic Report
for the Year Ended 30 September 2023

The directors present their strategic report of the company and the group for the year ended 30 September 2023.

REVIEW OF BUSINESS

The Group's principle activity during the period was Mechanical and Electrical Engineering installations on both design and build contracts and pre designed installations. The Group continued to deliver a service and maintenance division of the business.

The primary focus of the management team is to deliver a high quality service to our customers.

Trading conditions remained challenging given the continued impact of the COVID pandemic along with Brexit, the Ukraine crisis and ongoing inflation concerns having all had an impact on material availability and prices, as well as general labour shortages and post COVID attitudes towards working routines. The Directors have focused on securing contracts that provided a baseline workload for the staff of the business, whilst limiting exposure to risks of these issues as far as possible.

Turnover over the 12 months period has increased on a pro-rated basis to £15,512,262 (2022 - 18 months £19,566,580), with a gross margin achieved of 26.1% (2022 - 21.0%).

The profit before taxation for the period was £1,036,980 (2022 - 670,058) which in the opinion of the Directors is a satisfactory performance given the trading conditions.

PRINCIPAL RISKS AND UNCERTAINTIES

Management continually monitors the key risks facing the Group, together with assessing the controls used for managing these risks. The board of Directors formally review the principle risks facing the business at least annually.

The principle risks and uncertainties facing the Group are as follows:

1. **Contract risk:** Significant time is invested in the tendering process to try and ensure that achievable margins and realistic programming of potential works reduce the risks throughout the contract works. Projects are closely monitored for performance and any indicators of issues are swiftly reviewed and monitored by a pro-active management team.
2. **Competitor risk:** Trading conditions remain competitive, and therefore competitor pressure can result in loss of sales to key competitors. The Group manages this risk by carrying out high quality work and maintaining strong relationships with its key customers. In the period an increased focus on repeat work for valued clients in specific sectors has been seen as a key factor in ensuring the Group manages its clients and their expectations to the best of our ability.
3. **People:** The Group depends upon its management team and highly skilled workforce but acknowledges the increasingly competitive market for people. Management seek to ensure that all personnel are appropriately remunerated and ensure that good performance is rewarded through flexible incentives and bonus scheme.
4. **Health and Safety issues:** The Group operates to a high standard of health and safety with regular training for all employees and subcontractors.

KEY PERFORMANCE INDICATORS

Management use a range of performance measures to monitor and manage the business. The KPIs used to determine the progress and performance of the Group are set out below:

1. **Gross profit margin** - The Group gross profit margin in the period under review was 26.1%.
2. **Net current assets** - Net current assets represent the liquidity of the Group and amounted to £773,120.
3. **Financing** - The Group continues to operate with minimal bank debt and aims to retain cash resources to provide for short term funding if required.

FUTURE DEVELOPMENTS

The Group has secured contracts continuing into 2024 since the year end and the Directors are confident of increasing trading activity in the forthcoming years.

ON BEHALF OF THE BOARD:

R A White - Director

11 March 2024

Report of the Directors
for the Year Ended 30 September 2023

The directors present their report with the financial statements of the company and the group for the year ended 30 September 2023.

DIVIDENDS

No dividends will be distributed for the year ended 30 September 2023.

DIRECTORS

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

R A White
B M Exton

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

The auditors, Xeinadin Audit Limited t/a Xeinadin Auditing, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

R A White - Director

11 March 2024

Opinion

We have audited the financial statements of Sleaford Building Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2023 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 30 September 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the 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 Group 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 Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

Auditors' responsibilities for the audit of the financial statements

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

Based on our understanding of the Group and industry, we identified that Health and Safety, and construction laws and regulations are the most significant to this business and we considered other laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and concluded that the principal risks were related to management bias in accounting for long-term contracts and revenue recognition. Audit procedures undertaken in response to these risks included:

- Enquiring of management and those charged with governance around actual and potential fraud, litigation, and claims;
- Reviewing internal health and safety records and correspondence with legal advisers for indications of any instances on non-compliance with laws and regulations;
- Reviewing non-ledger transactions for items of an unusual nature and further related party transactions;
- Testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of any significant transactions outside the normal course of business;
- Evaluating assumptions and judgements made by management in the estimates involved with accounting for long term contracts; and
- Reviewing a sample of sales around the year end and ensuring correct cut-off had been applied.

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

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

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.

Janet Charlton FCA (Senior Statutory Auditor)
for and on behalf of Xeinadin Audit Limited t/a Xeinadin Auditing
12 Conqueror Court
Sittingbourne
Kent
ME10 5BH

11 March 2024

Consolidated Income Statement
for the Year Ended 30 September 2023

		Year Ended 30.9.23 £	Period 1.4.21 to 30.9.22 £
	Notes		
TURNOVER	3	15,512,262	19,566,580
Cost of sales		11,467,354	15,461,368
GROSS PROFIT		4,044,908	4,105,212
Administrative expenses		3,006,255	3,487,216
		1,038,653	617,996
Other operating income	4	18,936	101,738
OPERATING PROFIT	6	1,057,589	719,734
Interest receivable and similar income		3,507	1,056
		1,061,096	720,790
Interest payable and similar expenses	7	24,116	50,732
PROFIT BEFORE TAXATION		1,036,980	670,058
Tax on profit	8	164,461	216,371
PROFIT FOR THE FINANCIAL YEAR		872,519	453,687
Profit attributable to:			
Owners of the parent		872,519	453,687

Consolidated Other Comprehensive Income
for the Year Ended 30 September 2023

	Notes	Year Ended 30.9.23 £	Period 1.4.21 to 30.9.22 £
PROFIT FOR THE YEAR		872,519	453,687
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>872,519</u>	<u>-</u>
Prior year adjustment			2,119,429
TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT			<u>2,573,116</u>
Total comprehensive income attributable to: Owners of the parent		<u>872,519</u>	<u>2,573,116</u>

Consolidated Balance Sheet
30 September 2023

	Notes	30.9.23 £	£	30.9.22 £	£
FIXED ASSETS					
Tangible assets	10		610,307		759,150
Investments	11		-		-
			<u>610,307</u>		<u>759,150</u>
CURRENT ASSETS					
Debtors	12	3,971,629		4,856,713	
Cash at bank and in hand		<u>639,260</u>		<u>544,328</u>	
		4,610,889		5,401,041	
CREDITORS					
Amounts falling due within one year	13	<u>3,837,769</u>		<u>2,744,896</u>	
NET CURRENT ASSETS			<u>773,120</u>		<u>2,656,145</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,383,427		3,415,295
CREDITORS					
Amounts falling due after more than one year	14		-		(219,562)
PROVISIONS FOR LIABILITIES	18		<u>(303,596)</u>		<u>(668,357)</u>
NET ASSETS			<u>1,079,831</u>		<u>2,527,376</u>
CAPITAL AND RESERVES					
Called up share capital	19		200		264
Retained earnings	20		<u>1,079,631</u>		<u>2,527,112</u>
SHAREHOLDERS' FUNDS			<u>1,079,831</u>		<u>2,527,376</u>

The financial statements were approved by the Board of Directors and authorised for issue on 11 March 2024 and were signed on its behalf by:

R A White - Director

Company Balance Sheet
30 September 2023

	Notes	30.9.23 £	£	30.9.22 £	£
FIXED ASSETS					
Tangible assets	10		-		-
Investments	11		<u>100</u>		<u>100</u>
			100		100
CURRENT ASSETS					
Debtors	12	100		100	
Cash in hand		<u>-</u>		<u>64</u>	
		100		164	
NET CURRENT ASSETS			<u>100</u>		<u>164</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>200</u>		<u>264</u>
CAPITAL AND RESERVES					
Called up share capital	19		<u>200</u>		<u>264</u>
SHAREHOLDERS' FUNDS			<u>200</u>		<u>264</u>
Company's profit for the financial year			<u>-</u>		<u>-</u>

The financial statements were approved by the Board of Directors and authorised for issue on 11 March 2024 and were signed on its behalf by:

R A White - Director

Consolidated Statement of Changes in Equity
for the Year Ended 30 September 2023

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2021	264	(46,004)	(45,740)
Prior year adjustment	-	2,119,429	2,119,429
As restated	264	2,073,425	2,073,689
Changes in equity			
Total comprehensive income	-	453,687	453,687
Balance at 30 September 2022	264	2,527,112	2,527,376
Changes in equity			
Issue of share capital	(64)	-	(64)
Total comprehensive income	-	872,519	872,519
Distributions to Employee	-	-	-
Ownership Trust	-	(2,320,000)	(2,320,000)
Balance at 30 September 2023	200	1,079,631	1,079,831

Company Statement of Changes in Equity
for the Year Ended 30 September 2023

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2021	264	-	264
Changes in equity			
Balance at 30 September 2022	264	-	264
Changes in equity			
Issue of share capital	(64)	-	(64)
Distributions to Employee Ownership Trust	-	(2,320,000)	(2,320,000)
Capital contributions received	-	2,320,000	2,320,000
Balance at 30 September 2023	200	-	200

Consolidated Cash Flow Statement
for the Year Ended 30 September 2023

		Year Ended 30.9.23 £	Period 1.4.21 to 30.9.22 £
	Notes		
Cash flows from operating activities			
Cash generated from operations	1	1,265,414	2,641,350
Interest paid		(18,915)	(35,337)
Interest element of hire purchase payments paid		(5,201)	(15,395)
Taxation paid		(357,426)	-
Taxation refunds		229,611	-
Net cash from operating activities		<u>1,113,483</u>	<u>2,590,618</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(408,632)	(179,676)
Sale of tangible fixed assets		26,668	61,863
Cash paid for the EOT distribution		(75,000)	-
Interest received		3,507	1,056
Net cash from investing activities		<u>(453,457)</u>	<u>(116,757)</u>
Cash flows from financing activities			
Loan repayments in year		(255,197)	(374,409)
Capital repayments in year		(37,966)	(135,317)
Amount withdrawn by directors		(271,867)	(1,465,261)
Share buyback		(64)	-
Net cash from financing activities		<u>(565,094)</u>	<u>(1,974,987)</u>
Increase in cash and cash equivalents		<u>94,932</u>	<u>498,874</u>
Cash and cash equivalents at beginning of year	2	544,328	45,454
Cash and cash equivalents at end of year	2	<u>639,260</u>	<u>544,328</u>

Notes to the Consolidated Cash Flow Statement
for the Year Ended 30 September 2023

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	Year Ended 30.9.23 £	Period 1.4.21 to 30.9.22 £
Profit before taxation	1,036,980	670,058
Depreciation charges	154,513	192,499
Profit on disposal of fixed assets	(138,706)	(15,284)
Movement in onerous contract provision	103,375	(389,158)
Movement in subcontractor cost provision	(500,000)	580,000
Finance costs	24,116	50,732
Finance income	(3,507)	(1,056)
	<u>676,771</u>	<u>1,087,791</u>
(Increase)/decrease in trade and other debtors	(714,851)	2,627,727
Increase/(decrease) in trade and other creditors	<u>1,303,494</u>	<u>(1,074,168)</u>
Cash generated from operations	<u><u>1,265,414</u></u>	<u><u>2,641,350</u></u>

2. **CASH AND CASH EQUIVALENTS**

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

Year ended 30 September 2023

	30.9.23 £	1.10.22 £
Cash and cash equivalents	<u>639,260</u>	<u>544,328</u>

Period ended 30 September 2022

	30.9.22 £	1.4.21 £
Cash and cash equivalents	<u>544,328</u>	<u>45,454</u>

Notes to the Consolidated Cash Flow Statement
for the Year Ended 30 September 2023

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.10.22 £	Cash flow £	At 30.9.23 £
Net cash			
Cash at bank and in hand	544,328	94,932	639,260
	<u>544,328</u>	<u>94,932</u>	<u>639,260</u>
Debt			
Finance leases	(37,966)	37,966	-
Debts falling due within 1 year	(36,357)	36,357	-
Debts falling due after 1 year	(218,840)	218,840	-
	<u>(293,163)</u>	<u>293,163</u>	<u>-</u>
Total	<u>251,165</u>	<u>388,095</u>	<u>639,260</u>

1. **STATUTORY INFORMATION**

Sleaford Building Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

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

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings made up to the year end.

Subsidiaries are included within the consolidation where the Company has control over such entities, thereby having the power to govern the financial and operating policies of the entity.

Turnover

Turnover, for small works and sundry sales, represents net invoiced sales of goods and services excluding value added tax. For long term contracts, income is recognised based on the level of practical completion attained, which is determined based on past experience and valuations performed by project managers. Contracts are broken down sufficiently to allow the directors, with reasonable certainty, to assess the level of profitability associated with them. Provision is made for losses on all long term contracts as soon as such losses become apparent.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 2% on cost
Plant and machinery	- 20% on cost
Motor vehicles	- 25% on reducing balance
Computer equipment	- 25% on reducing balance

Tangible fixed assets are initially recognised at cost which is the purchase price plus any directly attributable costs. Subsequently, tangible fixed assets are measured at cost less accumulated depreciation and impairment losses.

2. ACCOUNTING POLICIES - continued

Financial instruments

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the financial instrument. The Group holds only basic financial instruments, which comprise cash and cash equivalents, debtors, creditors and loans and borrowings. The Group has chosen to apply the provisions of Section 11 'Basic Financial Instruments' in full.

(i) Cash and cash equivalents;

Cash and cash equivalents include cash in hand, deposits held with banks, and other short term highly liquid investments with original maturities of three months or less.

(ii) Debtors;

Debtors are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount expected to be receivable, net of any impairment.

(iii) Creditors and loans and borrowings;

Creditors and loans and borrowings are initially measured at the transaction price, including any transaction costs, and are subsequently measured at amortised costs using the effective interest method. Amounts that are payable within one year are measured at the undiscounted amount expected to be payable.

Where a financial liability constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at the market rate of interest.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

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

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2023

2. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. 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 profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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

Assets obtained under hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful lives

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Pension costs and other post-retirement benefits

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

Sales retentions

Retentions outstanding on invoiced contract works are included within debtors. The ageing split of retentions is based upon contract completion dates and in accordance with contractor agreement terms and/or normal terms of contract works with the contractor for retention release.

Accounting estimates and judgements

In order to assess the appropriateness of the income and costs recognised on contracts, the group is required to make estimations of sales prices, costs and margins expected in order to determine whether any writedowns or reversals are required to ensure turnover and cost of sales are stated appropriately in the financial statements.

3. TURNOVER

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

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

	Year Ended 30.9.23 £	Period 1.4.21 to 30.9.22 £
Engineering installations	12,668,476	15,495,425
Housing development	2,843,786	4,071,155
	<u>15,512,262</u>	<u>19,566,580</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2023

4. OTHER OPERATING INCOME

	Year Ended 30.9.23	Period 1.4.21 to 30.9.22
	£	£
Sundry receipts	18,936	53,353
Government grants	-	48,385
	<u>18,936</u>	<u>101,738</u>

Government grants of £Nil (18 months period ended 2022 : £48,385) are comprised solely of monies received under the CJRS (Coronavirus job retention scheme).

5. EMPLOYEES AND DIRECTORS

	Year Ended 30.9.23	Period 1.4.21 to 30.9.22
	£	£
Wages and salaries	2,419,638	3,212,193
Social security costs	251,289	321,173
Other pension costs	43,570	138,531
	<u>2,714,497</u>	<u>3,671,897</u>

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

	Year Ended 30.9.23	Period 1.4.21 to 30.9.22
Office and management staff	29	29
Site staff	29	25
	<u>58</u>	<u>54</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 58 (2022 - 54) .

	Year Ended 30.9.23	Period 1.4.21 to 30.9.22
	£	£
Directors' remuneration	340,235	288,387
Directors' pension contributions to money purchase schemes	<u>4,293</u>	<u>83,302</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2023

5. EMPLOYEES AND DIRECTORS - continued

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	4	4
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Information regarding the highest paid director is as follows:

	Year Ended 30.9.23	Period 1.4.21 to 30.9.22
	£	£
Emoluments etc	91,835	122,381
Pension contributions to money purchase schemes	-	1,981

Key management personnel comprise the executive directors. Their aggregate remuneration is disclosed above.

6. OPERATING PROFIT

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

	Year Ended 30.9.23	Period 1.4.21 to 30.9.22
	£	£
Hire of plant and machinery	292,562	329,241
Other operating leases	26,333	34,494
Depreciation - owned assets	138,446	126,107
Depreciation - assets on hire purchase contracts	16,067	66,397
Profit on disposal of fixed assets	(138,706)	(15,284)
Auditors' remuneration	13,500	20,000
Bad debts	113,694	306,247

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year Ended 30.9.23	Period 1.4.21 to 30.9.22
	£	£
Bank interest	-	2,188
Bank loan interest	13,388	13,658
Other loan interest	5,527	17,486
Other interest payable	-	2,005
Hire purchase	5,201	15,395
	24,116	50,732

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2023

8. **TAXATION**

Analysis of the tax charge

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

	Year Ended 30.9.23 £	Period 1.4.21 to 30.9.22 £
Current tax:		
UK corporation tax	220,406	-
Prior year	(87,809)	128,014
Total current tax	132,597	128,014
Deferred tax	31,864	88,357
Tax on profit	164,461	216,371

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:

	Year Ended 30.9.23 £	Period 1.4.21 to 30.9.22 £
Profit before tax	1,036,980	670,058
Profit multiplied by the standard rate of corporation tax in the UK of 25 % (2022 - 19 %)	259,245	127,311
Effects of:		
Expenses not deductible for tax purposes	34,552	5,902
Income not taxable for tax purposes	(34,677)	-
Depreciation in excess of capital allowances	-	10,784
Utilisation of tax losses	-	(143,997)
Adjustments to tax charge in respect of previous periods	(87,809)	128,014
Brought forward accelerated capital allowances	-	77,492
Effect of profits taxed at old rate	(29,962)	-
Change in tax rate used for deferred tax	-	10,865
Capital disposals taxable	23,715	-
Effect of capital allowances super-deduction	(603)	-
Total tax charge	164,461	216,371

From 1 April 2023, the prevailing rate of UK corporation tax increased from 19% to 25%. As this took effect part-way through this financial year, the effective rate for this period has been 22%.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2023

9. **INDIVIDUAL INCOME STATEMENT**

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

10. **TANGIBLE FIXED ASSETS**

Group

	Freehold property £	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 October 2022	404,080	182,140	549,553	147,110	1,282,883
Additions	-	1,414	361,372	45,846	408,632
Disposals	(404,080)	-	(51,750)	(29,711)	(485,541)
At 30 September 2023	-	183,554	859,175	163,245	1,205,974
DEPRECIATION					
At 1 October 2022	28,285	92,501	301,147	101,800	523,733
Charge for year	7,438	31,909	101,349	13,817	154,513
Eliminated on disposal	(35,723)	-	(21,856)	(25,000)	(82,579)
At 30 September 2023	-	124,410	380,640	90,617	595,667
NET BOOK VALUE					
At 30 September 2023	-	59,144	478,535	72,628	610,307
At 30 September 2022	375,795	89,639	248,406	45,310	759,150

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1 October 2022	239,540
Transfer to ownership	(239,540)
At 30 September 2023	-
DEPRECIATION	
At 1 October 2022	135,265
Charge for year	16,067
Transfer to ownership	(151,332)
At 30 September 2023	-
NET BOOK VALUE	
At 30 September 2023	-
At 30 September 2022	104,275

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2023

11. **FIXED ASSET INVESTMENTS**

Company

Shares in
group
undertakings
£

COST

At 1 October 2022
and 30 September 2023

100

NET BOOK VALUE

At 30 September 2023
At 30 September 2022

100

100

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

Subsidiary

Sleaford Building Services Limited

Registered office: Same as parent - see company information page
Nature of business: Mechanical and electrical engineering

Class of shares:	% holding
Ordinary	100.00

The subsidiary is incorporated in England & Wales, and is included within the consolidation.

12. **DEBTORS**

	Group		Company	
	30.9.23 £	30.9.22 £	30.9.23 £	30.9.22 £
Amounts falling due within one year:				
Trade debtors	2,482,525	2,031,045	-	-
Applications	-	15,000	-	-
Work in progress	538,052	258,781	-	-
Sales retentions	112,624	159,247	-	-
Amounts owed by group undertakings	-	-	100	100
Other debtors	58,814	57,115	-	-
Directors' current accounts	2,172	1,460,305	-	-
Tax	479,298	621,100	-	-
VAT	87,063	-	-	-
Prepayments	146,092	149,346	-	-
	<u>3,906,640</u>	<u>4,751,939</u>	<u>100</u>	<u>100</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2023

12. **DEBTORS - continued**

	Group		Company	
	30.9.23	30.9.22	30.9.23	30.9.22
	£	£	£	£
Amounts falling due after more than one year:				
Sales retentions	64,989	104,774	-	-
Aggregate amounts	3,971,629	4,856,713	100	100

13. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group	
	30.9.23	30.9.22
	£	£
Bank loans and overdrafts (see note 15)	-	36,357
Hire purchase contracts (see note 16)	-	37,244
Trade creditors	2,113,616	512,129
Tax	612,094	749,114
Social security and other taxes	132,182	62,722
VAT	-	68,523
Other creditors	28,075	23,873
Purchase retentions	215,007	317,576
Accruals and deferred income	736,795	937,358
	<u>3,837,769</u>	<u>2,744,896</u>

14. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group	
	30.9.23	30.9.22
	£	£
Bank loans (see note 15)	-	218,840
Hire purchase contracts (see note 16)	-	722
	<u>-</u>	<u>219,562</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2023

15. **LOANS**

An analysis of the maturity of loans is given below:

	Group	
	30.9.23	30.9.22
	£	£
Amounts falling due within one year or on demand:		
Bank loans	-	36,357
Amounts falling due between one and two years:		
Bank loans - 1-2 years	-	36,357
Amounts falling due between two and five years:		
Bank loans - 2-5 years	-	181,791
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instal	-	692

16. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	30.9.23	30.9.22
	£	£
Net obligations repayable:		
Within one year	-	37,244
Between one and five years	-	722
	-	37,966

Group

	Non-cancellable operating leases	
	30.9.23	30.9.22
	£	£
Within one year	73,069	9,069
Between one and five years	258,447	11,516
In more than five years	58,667	-
	390,183	20,585

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2023

17. **SECURED DEBTS**

The following secured debts are included within creditors:

	Group	
	30.9.23	30.9.22
	£	£
Bank loans	-	255,197
Hire purchase contracts	-	37,966
	<u>-</u>	<u>293,163</u>

The bank loans were secured by fixed and floating charges over the assets of the company.

The other loans were secured over land owned by a company under common ownership.

The company has an existing, ongoing debenture with National Westminster Bank Plc with a fixed and floating charge over all property and assets of the company.

The obligations under hire purchase contracts were secured on the assets to which they relate.

18. **PROVISIONS FOR LIABILITIES**

	Group	
	30.9.23	30.9.22
	£	£
Deferred tax	120,221	88,357
Other provisions		
Onerous contract provisions	103,375	-
Subcontractor provision	80,000	580,000
	<u>183,375</u>	<u>580,000</u>
Aggregate amounts	<u>303,596</u>	<u>668,357</u>

Group

	Deferred tax	Other provisions
	£	£
Balance at 1 October 2022	88,357	580,000
Provided during year	-	103,375
Charge to Income Statement during year	31,864	-
Utilised during year	-	(395,587)
Unused amounts reversed during year	-	(104,413)
Balance at 30 September 2023	<u>120,221</u>	<u>183,375</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2023

18. **PROVISIONS FOR LIABILITIES - continued**

All deferred tax relates to accelerated capital allowances.

Included within other provisions are:

A subcontractor provision relating to anticipated costs payable pending the outcome of an ongoing legal dispute. They are expected to reverse within the next financial year. The amount utilised and unused amount reversing both relate to a separate subcontractor provision that was concluded in this financial year.

A provision for an onerous contract identified. The amount provided for is the remaining cost of fulfilling the contract. This is expected to reverse in full within the next financial year.

19. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.9.23	30.9.22
			£	£
20,000	Ordinary A	£0.01	200	200
57	Ordinary B	£1	-	57
7	Ordinary C	£1	-	7
			<u>200</u>	<u>264</u>

Ordinary A shares have full voting, dividend, and capital distribution rights.

During the year, Ordinary A shares have been sub-division from 200 shares at £1 each to 20,000 shares at £0.01 each.

In addition, Ordinary B and C shares have been cancelled.

20. **RESERVES**

Group

	Retained earnings £
At 1 October 2022	2,527,112
Profit for the year	872,519
Distributions to Employee Ownership Trust	(2,320,000)
At 30 September 2023	<u>1,079,631</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2023

20. **RESERVES - continued**

Company

	Retained earnings £
Profit for the year	-
Distributions to Employee Ownership Trust	(2,320,000)
Capital contributions received	2,320,000
At 30 September 2023	<u>-</u>

During the year, a sale was enacted of 69.75% of the Ordinary A shares to SBS EOT Limited, held on behalf of the newly established Employee Ownership Trust (EOT).

21. **PENSION COMMITMENTS**

The Group contributes to the individual personal pension plans of employees and directors. The assets of the schemes are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the personal pension plans. The company contributed £39,277 (2022: £55,229) in respect of employees and £4,293 (2022: £83,302) in respect of directors. As at the reporting date, amounts payable of £7,545 (2022: £8,817) had not been paid over to the plan.

22. **CONTINGENT LIABILITIES**

At 30 September 2023 there was a contingent liability in respect of a debenture to a previous owner, creating a fixed and floating charge over the assets of the company.

23. **DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

During the period, directors were advanced £271,867 (2022: £1,460,305) and repaid £1,730,000 (2022: £Nil). The balance outstanding to the company at the period end is £2,172 (2022: £1,460,305) and is included within other debtors.

The balance is interest free, unsecured and repayable on demand.

24. **RELATED PARTY DISCLOSURES**

Other related parties

	30.9.23 £	30.9.22 £
Sales (Related party 1)	2,808,919	3,803,180
Sales (Related party 3)	1,538	69
Purchases (Related party 1)	3,333	6,875
Purchases (Related party 2)	23,000	34,500
Purchases (Related party 3)	44,200	2,200
Loan repayment (Related party 2)	-	330,005
Amount due from related party (Related party 1)	110,812	706,090
Amount due from related party (Related party 3)	15,958	25,096
Disposal of freehold property (Related party 1)	<u>500,000</u>	<u>-</u>

24. RELATED PARTY DISCLOSURES - continued

Related Party 1

During the current and comparative periods the group entered into transactions with other entities under shared control, the aggregate of which are disclosed above. The balances owed to and from were unsecured, interest free, and repayable on demand.

Related Party 2

During the current and comparative periods the group repaid a loan and made purchases from a pension scheme for which it is a sponsoring employer. No balances were owed at the period end.

Related Party 3

During the current and comparative periods transactions were entered into with close family members of a person with significant influence over the group. The balances outstanding at the period end were unsecured, interest free, and repayable on demand.

25. ULTIMATE CONTROLLING PARTY

The company is controlled by SBS Employee Ownership Trust.

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