

A&M ENERGY GROUP LIMITED
GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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A&M ENERGY GROUP LIMITED
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FOR THE YEAR ENDED 31 DECEMBER 2022

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A&M ENERGY GROUP LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022

DIRECTORS:	Mr S Atherton Mr G K Mollard Mrs S L Roldaan Mr A R Laing Mr I M Holland Miss L A Mollard
SECRETARY:	Mr J J Mansfield
REGISTERED OFFICE:	Environmental House Sandwash Close Rainford Ind Estate Rainford Merseyside WA11 8LY
REGISTERED NUMBER:	09586545 (England and Wales)
AUDITORS:	Livesey Spottiswood Ltd Chartered Accountants and Statutory Auditors 17 George Street St Helens Merseyside WA10 1DB
BANKERS:	National Westminster Bank Plc 5 Ormskirk Street St Helens Merseyside WA10 1DR

A&M ENERGY GROUP LIMITED
GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

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

The principal activity of the group continues to be the supply and install of insulation products into domestic dwellings, predominantly loft and cavity wall insulation.

REVIEW OF BUSINESS

Turnover of the business for the year showed a significant improvement over the prior year at £32,221,222 (2021 - £26,818,180) principally due to continued growth in the commercial new build sector.

Operating profit percentage reduced over the prior period at 7.1% of turnover (2021 - 10.5%) reflecting significant inflationary pressures within the supply chain especially during the second half of the year.

Profit before tax showed a decline to £2,528,666 (2021 - £2,845,301) largely due to the increase in input costs partially offset by an increase in overall activity.

The group remains committed to building market share which is evidenced by the continued growth in the new build order bank supported by ongoing investment into regional sales and marketing teams to provide a localised support to customers.

The directors are pleased to report the ongoing development of the group's operations with the opening of two new locations to improve the service offering in the northeast and southwest regions.

Volumes within the retrofit sector remain low although the directors are pleased about the new Great British Insulation Scheme (GBIS) which is an energy supplier led obligation to deliver improvements to the least energy-efficient homes in Great Britain to tackle fuel poverty and help reduce energy bills and is intended to run from April 2023 until March 2026. The GBIS complements the Energy Company Obligation (ECO4) scheme, yet unlike ECO4's 'whole house' approach, this scheme will mostly deliver single insulation measures such as loft or cavity wall insulation.

The directors are also exploring opportunities to expand the products and services the group offers through funding available under ECO4.

PRINCIPAL RISKS AND UNCERTAINTIES

Credit risk is a key area of concern for the directors as the forecast downturn in volumes within the new build sector, principally due to rising interest rates and mortgage affordability, and general cost inflationary pressures are both expected to place significant pressure on the profitability and liquidity of housebuilding customers. Credit limits are continually under review and the directors have made a significant investment during the year into new systems and procedures to improve visibility over profitability and debt exposure on all individual contracts.

The directors are also concerned at the inflationary pressures felt throughout the construction industry generally and the effect on the group's supply chain and are proactively working with all major suppliers to find solutions to ensure continuity of supply and mitigate the effect on financial performance.

The directors are now satisfied that the risk associated with claims received alleging sub-standard survey or installation of cavity wall insulation has reduced significantly and the group continues to defend all claims.

Financial risk is mitigated by the group maintaining acceptable levels of cash resources further to recent periods of profitability however the directors closely assess the working capital requirements of the business.

ON BEHALF OF THE BOARD:



Mr J J Mansfield - Secretary

25 July 2023

A&M ENERGY GROUP LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022

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

DIVIDENDS

The total distribution of dividends for the period ended 31 December 2022 will be £1,156,800.

DIRECTORS

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

Mr S Atherton
Mr G K Mollard
Mrs S L Roldaan
Mr A R Laing
Mr I M Holland

Other changes in directors holding office are as follows:

Miss L A Mollard - appointed 20 April 2022

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

A qualifying third party indemnity provision as defined in section 234 of the Companies Act 2006, applicable to all of the company's directors was in place during the financial year and continues to be in force as at the date these financial statements were approved.

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:

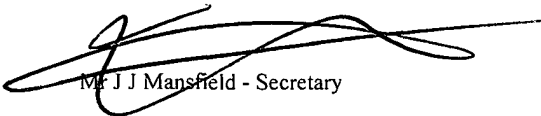
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD:



Mr J J Mansfield - Secretary

25 July 2023

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
A&M ENERGY GROUP LIMITED**

Opinion

We have audited the financial statements of A&M Energy Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Statement of 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 31 December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
A&M ENERGY GROUP LIMITED**

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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.

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 planned and performed to detect irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- Discussions with management and those involved in the financial reporting process including consideration of known or suspected instances of non-compliance with laws and regulations central to the company's ability to operate, and fraud;
 - Evaluation and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities; and
 - Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or of significant monetary amounts.
- Review of the rationale for the calculation of key accounting estimates in the financial statements and testing of the accuracy of these calculations.

There are inherent limitations in the audit procedures described above. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

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.



Mr Andrew McMinnis ACA FCCA (Senior Statutory Auditor)
for and on behalf of Livesey Spottiswood Ltd
Chartered Accountants and
Statutory Auditors
17 George Street
St Helens
Merseyside
WA10 1DB

Date: 1/8/2023

A&M ENERGY GROUP LIMITED

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

	Notes	2022 £	2021 £
TURNOVER	3	32,221,222	26,818,180
Cost of sales		(21,545,914)	(17,154,347)
GROSS PROFIT		10,675,308	9,663,833
Distribution costs		(1,462,006)	(912,361)
Administrative expenses		(6,915,567)	(5,926,097)
OPERATING PROFIT	5	2,297,735	2,825,375
Exceptional item	6	230,931	19,926
		2,528,666	2,845,301
Interest receivable and similar income		4,614	1,086
		2,533,280	2,846,387
Interest payable and similar expenses	7	-	(1)
PROFIT BEFORE TAXATION		2,533,280	2,846,386
Tax on profit	8	(545,323)	(555,255)
PROFIT FOR THE FINANCIAL YEAR		1,987,957	2,291,131
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,987,957</u>	<u>2,291,131</u>
Profit attributable to: Owners of the parent		<u>1,987,957</u>	<u>2,291,131</u>
Total comprehensive income attributable to: Owners of the parent		<u>1,987,957</u>	<u>2,291,131</u>

The notes form part of these financial statements

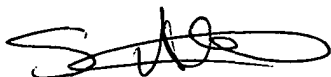
CONSOLIDATED BALANCE SHEET
31 DECEMBER 2022

	Notes	2022 £	2021 £
FIXED ASSETS			
Tangible assets	11	1,993,794	1,376,274
Investments	12	-	-
		<u>1,993,794</u>	<u>1,376,274</u>
CURRENT ASSETS			
Stocks	13	959,363	628,764
Debtors	14	10,477,505	7,551,985
Cash at bank and in hand		1,293,045	2,764,956
		<u>12,729,913</u>	<u>10,945,705</u>
CREDITORS			
Amounts falling due within one year	15	(3,701,902)	(2,139,948)
NET CURRENT ASSETS		<u>9,028,011</u>	<u>8,805,757</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,021,805</u>	<u>10,182,031</u>
PROVISIONS FOR LIABILITIES	17	(374,633)	(366,016)
NET ASSETS		<u><u>10,647,172</u></u>	<u><u>9,816,015</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	100	100
Merger reserve	19	4,253,841	4,253,841
Retained earnings	19	6,393,231	5,562,074
SHAREHOLDERS' FUNDS		<u><u>10,647,172</u></u>	<u><u>9,816,015</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 25 July 2023 and were signed on its behalf by:



Mr G K Mollard - Director

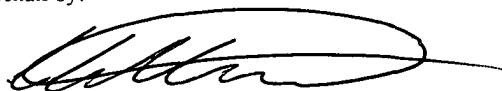


Mr S Atherton - Director

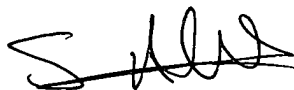
COMPANY BALANCE SHEET
31 DECEMBER 2022

	Notes	2022 £	2021 £
FIXED ASSETS			
Tangible assets	11	2,020,456	1,593,105
Investments	12	200	200
		<u>2,020,656</u>	<u>1,593,305</u>
CURRENT ASSETS			
Debtors	14	5,157,639	4,346,727
Cash at bank		606,283	1,063,727
		<u>5,763,922</u>	<u>5,410,454</u>
CREDITORS			
Amounts falling due within one year	15	(684,576)	(105,126)
NET CURRENT ASSETS		<u>5,079,346</u>	<u>5,305,328</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,100,002	6,898,633
PROVISIONS FOR LIABILITIES	17	(323,320)	(147,563)
NET ASSETS		<u>6,776,682</u>	<u>6,751,070</u>
CAPITAL AND RESERVES			
Called up share capital	18	100	100
Retained earnings	19	6,776,582	6,750,970
SHAREHOLDERS' FUNDS		<u>6,776,682</u>	<u>6,751,070</u>
Company's profit for the financial year		<u>1,182,412</u>	<u>4,344,018</u>

The financial statements were approved by the Board of Directors and authorised for issue on 25 July 2023 and were signed on its behalf by:



Mr G K Mollard - Director



Mr S Atherton - Director

A&M ENERGY GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £	Retained earnings £	Merger reserve £	Total equity £
Balance at 1 January 2021	100	4,879,043	4,253,841	9,132,984
Changes in equity				
Dividends	-	(1,608,100)	-	(1,608,100)
Total comprehensive income	-	2,291,131	-	2,291,131
Balance at 31 December 2021	100	5,562,074	4,253,841	9,816,015
Changes in equity				
Dividends	-	(1,156,800)	-	(1,156,800)
Total comprehensive income	-	1,987,957	-	1,987,957
Balance at 31 December 2022	100	6,393,231	4,253,841	10,647,172

The notes form part of these financial statements

A&M ENERGY GROUP LIMITED

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

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2021	100	4,015,052	4,015,152
Changes in equity			
Dividends	-	(1,608,100)	(1,608,100)
Total comprehensive income	-	4,344,018	4,344,018
Balance at 31 December 2021	<u>100</u>	<u>6,750,970</u>	<u>6,751,070</u>
Changes in equity			
Dividends	-	(1,156,800)	(1,156,800)
Total comprehensive income	-	1,182,412	1,182,412
Balance at 31 December 2022	<u><u>100</u></u>	<u><u>6,776,582</u></u>	<u><u>6,776,682</u></u>

The notes form part of these financial statements

A&M ENERGY GROUP LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	1,332,109	2,411,982
Interest paid		-	(1)
Tax paid		(390,059)	(120,422)
Net cash from operating activities		<u>942,050</u>	<u>2,291,559</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,318,424)	(506,603)
Sale of tangible fixed assets		56,649	58,312
Interest received		4,614	1,086
Net cash from investing activities		<u>(1,257,161)</u>	<u>(447,205)</u>
Cash flows from financing activities			
Equity dividends paid		(1,156,800)	(1,608,100)
Net cash from financing activities		<u>(1,156,800)</u>	<u>(1,608,100)</u>
(Decrease)/increase in cash and cash equivalents		<u>(1,471,911)</u>	<u>236,254</u>
Cash and cash equivalents at beginning of year	2	2,764,956	2,528,702
Cash and cash equivalents at end of year	2	<u><u>1,293,045</u></u>	<u><u>2,764,956</u></u>

The notes form part of these financial statements

A&M ENERGY GROUP LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

	2022	2021
	£	£
Profit before taxation	2,533,280	2,846,386
Depreciation charges	672,448	657,854
Profit on disposal of fixed assets	(28,191)	(49,803)
Historic claims provision movement	(197,572)	(532,498)
Finance costs	-	1
Finance income	(4,614)	(1,086)
	<u>2,975,351</u>	<u>2,920,854</u>
Increase in stocks	(330,599)	(162,310)
(Increase)/decrease in trade and other debtors	(2,930,735)	559,534
Increase/(decrease) in trade and other creditors	<u>1,618,092</u>	<u>(906,096)</u>
Cash generated from operations	<u><u>1,332,109</u></u>	<u><u>2,411,982</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 31 December 2022

	31/12/22	1/1/22
	£	£
Cash and cash equivalents	<u>1,293,045</u>	<u>2,764,956</u>

Year ended 31 December 2021

	31/12/21	1/1/21
	£	£
Cash and cash equivalents	<u>2,764,956</u>	<u>2,528,702</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/1/22	Cash flow	At 31/12/22
	£	£	£
Net cash			
Cash at bank and in hand	2,764,956	(1,471,911)	1,293,045
	<u>2,764,956</u>	<u>(1,471,911)</u>	<u>1,293,045</u>
Total	<u><u>2,764,956</u></u>	<u><u>(1,471,911)</u></u>	<u><u>1,293,045</u></u>

The notes form part of these financial statements

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

1. **STATUTORY INFORMATION**

A&M Energy Group Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. **ACCOUNTING POLICIES**

General information and basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention. The financial statements are presented in sterling which is the functional currency of the company.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

On 1 July 2015, a share for share exchange took place between A&M Energy Group Limited and the shareholders of A&M Energy Solutions Limited. This transaction was as a result of a group reorganisation and the creation of A&M Energy Group Limited as the new parent company of the group. The ultimate shareholders remained the same.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements. On consolidation, any excess of the cost of the acquisition over the group's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill.

Related party exemption

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

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

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

2. ACCOUNTING POLICIES - continued

Significant judgements and estimates

In the application of the company's accounting policies as set out below, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that may have a material effect on the amounts recognised in the financial statements are described below.

Provision for historic installation claims

In recent years the group has received numerous claims in respect of historic cavity wall insulation installations. The provision in respect of these claims is calculated based on the outcomes of previous claims that are now closed and the costs incurred in settling those claims.

Bad debt provision

The group provides against debtors when the directors are made aware of specific issues but also based on the ageing of the debts. All post year end information, including credit notes, are considered in the directors calculation and any amounts considered irrecoverable are provided against in full.

Dilapidation provision

The group has numerous property leases whereby a dilapidation provision is calculated on a straight line basis over the term of the lease, and is based on the evaluation of future estimated costs to restore such properties to their original condition.

Turnover and other income

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

The company recognises revenue when the amount of revenue can be measured reliably, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the company's activities described below.

Installations

Turnover from the installation of insulation materials is recognised upon completion of the installation, it is probable that the economic benefits associated with the transaction will flow to the business and the costs incurred or to be incurred in respect of the installation can be measured reliably.

Interest and dividends receivable

Interest income is recognised using the effective interest method and dividend income is recognised as the entity's right to receive payment is established.

Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Improvements to property	- Over the term of the lease
Plant and machinery	- Straight line over 5 years on original cost
Office equipment and computers	- Straight line over 3 years on original cost
Motor vehicles	- Straight line over 5 years on original cost

Assets are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss.

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

2. ACCOUNTING POLICIES - continued

Stocks

Stocks are stated 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 stock to its present location and condition. Cost is calculated using the first-in, first-out formula. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

Taxation

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements. 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.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences.

Hire purchase and leasing commitments

Assets acquired under hire purchase contracts or finance leases are capitalised and depreciated over the expected useful life of the asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability using the effective interest method. The related obligations, net of future finance charges, are included in creditors.

Rentals payable and receivable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Employee benefits

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The company operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in administrative expenses.

Provisions

Provisions are recognised when the company has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Related parties

For the purposes of these financial statements, a party is considered to be related to the company if:

1. the party has the ability, directly or indirectly, through one or more intermediaries, to control the company or exercise significant influence over the company in making financial and operating decisions, or has joint control over the company;
2. the company and the party are subject to common control;
3. the party is an associate of the company or a joint venture in which the company is a venturer;
4. the party is a member of key management personnel of the company or the company's parent, or close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
5. the party is a close family member of a party referred to in (1) or is an entity under the control, joint control or significant influence of such individuals; or
6. the party is a post-employment benefit plan which is for the benefit of employees of the company or of any entity that is a related party of the company.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3. TURNOVER

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

A&M ENERGY GROUP LIMITED

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

4. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	7,702,585	6,606,227
Social security costs	844,211	687,822
Other pension costs	145,815	128,313
	<u>8,692,611</u>	<u>7,422,362</u>

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

	2022	2021
Management and administration	89	97
Direct	106	88
	<u>195</u>	<u>185</u>

	2022	2021
	£	£
Directors' remuneration	<u>567,619</u>	<u>589,969</u>

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

	2022	2021
Money purchase schemes	<u>4</u>	<u>4</u>

Information regarding the highest paid director is as follows:

	2022	2021
	£	£
Emoluments etc	<u>173,671</u>	<u>171,616</u>

5. OPERATING PROFIT

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

	2022	2021
	£	£
Other operating leases	370,739	334,106
Depreciation - owned assets	672,446	657,853
Profit on disposal of fixed assets	(28,191)	(49,803)
Auditors' remuneration	7,650	7,075
Auditors' remuneration for non audit work	<u>18,338</u>	<u>29,415</u>

6. EXCEPTIONAL ITEM

The exceptional item relates to the net costs of defending and settling claims in respect of historic insulation installations.

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Bank interest	<u>-</u>	<u>1</u>

A&M ENERGY GROUP LIMITED

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

8. TAXATION

Analysis of the tax charge

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

	2022	2021
	£	£
Current tax:		
UK corporation tax	339,134	526,313
Prior periods	-	348
Total current tax	<u>339,134</u>	<u>526,661</u>
Deferred tax	<u>206,189</u>	<u>28,594</u>
Tax on profit	<u><u>545,323</u></u>	<u><u>555,255</u></u>

Reconciliation of total tax charge included in profit and loss

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

	2022	2021
	£	£
Profit before tax	<u>2,533,280</u>	<u>2,846,386</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	481,323	540,813
Effects of:		
Expenses not deductible for tax purposes	59	218
Capital allowances in excess of depreciation	(142,248)	(14,717)
Adjustments to tax charge in respect of previous periods	-	347
Movement in deferred tax	<u>206,189</u>	<u>28,594</u>
Total tax charge	<u><u>545,323</u></u>	<u><u>555,255</u></u>

9. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

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

10. DIVIDENDS

	2022	2021
	£	£
Dividends paid	<u><u>1,156,800</u></u>	<u><u>1,608,100</u></u>

A&M ENERGY GROUP LIMITED

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

11. TANGIBLE FIXED ASSETS

Group

	Improvements to property £	Plant and machinery £	Office equipment and computers £	Motor vehicles £	Totals £
COST					
At 1 January 2022	163,047	982,910	290,096	2,849,114	4,285,167
Additions	905	282,395	145,637	889,487	1,318,424
Disposals	-	-	-	(109,560)	(109,560)
At 31 December 2022	163,952	1,265,305	435,733	3,629,041	5,494,031
DEPRECIATION					
At 1 January 2022	81,901	743,103	226,148	1,857,741	2,908,893
Charge for year	28,162	132,382	43,389	468,513	672,446
Eliminated on disposal	-	-	-	(81,102)	(81,102)
At 31 December 2022	110,063	875,485	269,537	2,245,152	3,500,237
NET BOOK VALUE					
At 31 December 2022	53,889	389,820	166,196	1,383,889	1,993,794
At 31 December 2021	81,146	239,807	63,948	991,373	1,376,274

Company

	Improvements to property £	Plant and machinery £	Office equipment and computers £	Motor vehicles £	Totals £
COST					
At 1 January 2022	132,361	494,702	32,639	2,259,266	2,918,968
Additions	-	242,571	21,525	889,487	1,153,583
Disposals	-	-	-	(103,701)	(103,701)
At 31 December 2022	132,361	737,273	54,164	3,045,052	3,968,850
DEPRECIATION					
At 1 January 2022	54,161	236,267	12,893	1,022,542	1,325,863
Charge for year	26,472	117,594	12,983	520,902	677,951
Eliminated on disposal	-	-	-	(55,420)	(55,420)
At 31 December 2022	80,633	353,861	25,876	1,488,024	1,948,394
NET BOOK VALUE					
At 31 December 2022	51,728	383,412	28,288	1,557,028	2,020,456
At 31 December 2021	78,200	258,435	19,746	1,236,724	1,593,105

A&M ENERGY GROUP LIMITED

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

12. FIXED ASSET INVESTMENTS

Company	Shares in group undertakings £
COST	
At 1 January 2022	
and 31 December 2022	<u>200</u>
NET BOOK VALUE	
At 31 December 2022	<u>200</u>
At 31 December 2021	<u>200</u>

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

Subsidiaries

A & M Energy Solutions Limited

Registered office: United Kingdom

Nature of business: Insulation contractors

	% holding	2022 £	2021 £
Class of shares:	100.00		
Ordinary			
Aggregate capital and reserves		1,653,119	2,041,240
Profit for the year		<u>611,879</u>	<u>1,233,017</u>

A&M Insulations Limited

Registered office: United Kingdom

Nature of business: Insulation contractors

	% holding	2022 £	2021 £
Class of shares:	100.00		
Ordinary			
Aggregate capital and reserves		2,449,521	1,345,773
Profit for the year		<u>1,103,748</u>	<u>763,397</u>

Homewarm Limited

Registered office: United Kingdom

Nature of business: Dormant

	% holding	2022 £	2021 £
Class of shares:	100.00		
Ordinary			
Aggregate capital and reserves		<u>100</u>	<u>100</u>

13. STOCKS

	Group	
	2022 £	2021 £
Insulation stock and consumables	<u>959,363</u>	<u>628,764</u>

A&M ENERGY GROUP LIMITED

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

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	7,701,766	6,586,822	-	15,550
Other debtors	1,995,909	839,944	71,794	21,969
Amounts owed by group undertakings	-	-	4,550,035	4,278,343
Corporation tax	-	5,215	-	5,215
Prepayments and accrued income	779,830	120,004	535,810	25,650
	<u>10,477,505</u>	<u>7,551,985</u>	<u>5,157,639</u>	<u>4,346,727</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	2,675,430	1,208,774	558,919	8,079
Corporation tax	207,570	263,710	-	-
Social security and other taxes	250,136	203,133	41,301	35,228
Other creditors	38,229	15,579	3,119	465
Accruals and deferred income	530,537	448,752	81,237	61,354
	<u>3,701,902</u>	<u>2,139,948</u>	<u>684,576</u>	<u>105,126</u>

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2022	2021
	£	£
Within one year	6,750	21,750
Between one and five years	626,420	563,212
In more than five years	-	82,500
	<u>633,170</u>	<u>667,462</u>

Company

	Non-cancellable operating leases	
	2022	2021
	£	£
Within one year	6,750	6,750
Between one and five years	346,054	374,256
In more than five years	-	82,500
	<u>352,804</u>	<u>463,506</u>

A&M ENERGY GROUP LIMITED

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

17. PROVISIONS FOR LIABILITIES

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Deferred tax	374,633	168,444	323,320	147,563
Other provisions				
Provision for historic installation claims	-	197,572	-	-
Aggregate amounts	374,633	366,016	323,320	147,563
Group				
			Deferred tax	Other provisions
			£	£
Balance at 1 January 2022			168,444	197,572
Movement in the year			206,189	(197,572)
Balance at 31 December 2022			374,633	-
Company				
			Deferred tax	
			£	
Balance at 1 January 2022			147,563	
Movement in the year			175,757	
Balance at 31 December 2022			323,320	

Deferred tax is wholly in respect of accelerated capital allowances.

As described within the accounting policies, the provision for historic installation claims is calculated with reference to past experience in relation to the outcomes of previously closed claims and the final costs of those claims.

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2022	2021
			£	£
100	Ordinary	£1	100	100

19. RESERVES

Group	Retained earnings	Merger reserve	Totals
	£	£	£
At 1 January 2022	5,562,074	4,253,841	9,815,915
Profit for the year	1,987,957	-	1,987,957
Dividends	(1,156,800)	-	(1,156,800)
At 31 December 2022	6,393,231	4,253,841	10,647,072

A&M ENERGY GROUP LIMITED

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

19. RESERVES - continued

Company

	Retained earnings £
At 1 January 2022	6,750,970
Profit for the year	1,182,412
Dividends	<u>(1,156,800)</u>
At 31 December 2022	<u><u>6,776,582</u></u>

20. PENSION COMMITMENTS

During the period the group made contributions to a defined contribution pension scheme for the benefit of its employees. The total cost for the period amounted to £170,500 (2021 - £151,913). At 31 December 2022 £36,175 (2021 - £12,396) was payable in respect of outstanding pension contributions.

21. CONTINGENT ASSETS & LIABILITIES

The industry has been defending claims alleging sub-standard survey or installation of cavity wall insulation.

The group continues to successfully defend all claims with the support of its insurance partners and industry stakeholders.

The volume of claims has reduced significantly with negligible claims received recently and most of the current activity relating to claims is concerned with recovery of defence costs where claims have been discontinued by the claimants.

Whilst the directors have included accruals for known costs and cost recoveries, there could be further costs and cost recoveries in respect of installations carried out before the end of the reporting period.

22. CAPITAL COMMITMENTS

	2022 £	2021 £
Contracted but not provided for in the financial statements	<u>1,360,075</u>	<u>-</u>

23. RELATED PARTY DISCLOSURES

The group rents two of the premises from which it trades from certain directors and their close family members. The amount paid during the period amounted to £92,000 (2021 - £92,000).

During the year, a total of key management personnel compensation of £567,619 (2021 - £589,969) was paid.