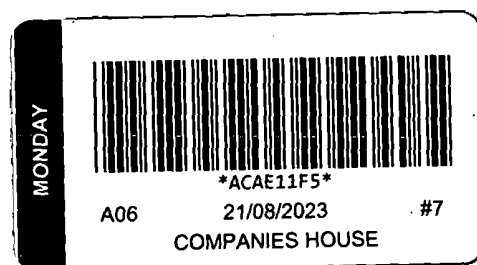


Company Registration Number 02876690

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2022



M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2022

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M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R P Crook
P D Cleaver
G Shannon

REGISTERED OFFICE

Unit 2 Rivermead Court
Kenn Business Park
Windmill Road
Kenn
Clevedon
BS21 6FT
United Kingdom

AUDITOR

BDO LLP
Bridgewater House,
Counterslip
Bristol
BS1 6BX
United Kingdom

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

STRATEGIC REPORT

The directors submit their annual report and the audited financial statements for the year ended 31 December 2022. The directors in preparing this strategic report, have complied with s414C of the Companies Act 2006.

STRATEGY, OBJECTIVES AND BUSINESS MODEL

BUSINESS REVIEW

The company recorded a loss after tax of £508,165 for the year (2021: loss of £185,945).

The core activity of the company is the repair and maintenance of mechanical and electrical wastewater filtration equipment within the UK utilities sector. Other revenue streams include the provision and installation of quality new equipment, replacements, spare parts and the installation and removal of temporary hire units.

As a market leader, the company supports all major Water Authorities and associated Tier 1 contractors across the UK to provide a unique blend of services, from basic Planned Preventative Maintenance (PPM) strategies and 365-day emergency cover, through to the full range of equipment replacement options. Combined with integral technical and design expertise the company offers a full turnkey solution for this industry which fully supports our customers meeting strict UK Environmental Act 2021 compliance targets and the efficient maintenance rigor demanded by Ofwat. The company has been awarded and is currently delivering on 36 separate Framework/Service agreements across the UK, which is testament to the strength of our service offering.

The company's growth strategy looks to build on the existing firm foundations of quality services and further drive product development to better support our customers in achieving improved River Health as part of the Water Industry National Environment Program (WINEP) and in reducing Carbon production as part of the Net Zero initiative by providing efficient well-managed engineering solutions.

The company has succeeded in growing orders and revenue through a difficult period, but profitability has been reduced in 2022 by significant investment in new IT systems for the business.

As part of the development of the company's offering a new branch was opened in Nottingham in January 2023. This will enable improved support for customers and their facilities in the East Midlands.

FUTURE DEVELOPMENTS

The company intends to continue its strategy of developing framework agreements with key water utility customers. UK Government plans published in 2023 set out measures to transform and integrate the water system, address sources of pollution and boost water supplies through more investment, tighter regulation and more effective enforcement. Looking ahead to the next AMP period, indications are that there will be a significant increase in spending by our customers over that five-year period.

KEY PERFORMANCE INDICATORS

The key performance indicators used by the company to measure performance are orders and revenue compared to prior year.

	2022	2021
Orders	£21.1m	£19.1m
Revenue	£19.9m	£17.6m

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

STRATEGIC REPORT (continued)

STAKEHOLDER CONSIDERATIONS (SECTION 172(1) STATEMENT)

The Companies (Miscellaneous Reporting) Regulations 2018 require directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This S172 statement explains how the Directors:

- have engaged with employees, suppliers, customers and others; and
- have had regard to employee interests, the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regards, including on the principal decisions taken by the company during the financial year.

The S172 statement focuses on matters of strategic importance to the company, and the level of information disclosed is consistent with the size and the complexity of the Group.

General confirmation of Directors' duties

The directors have a clear framework for determining the matters within their remit and have approved terms of reference for the matters delegated to local business management. Certain financial and strategic thresholds have been determined to identify matters requiring parent company consideration and approval.

When making decisions, each director ensures that he acts in the way he considers, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

S172(1) (A) "The likely consequences of any decision in the long term"

The directors understand the business and the evolving environment in which we operate, including the navigation of the challenges of the water management industry with particular regard to the company's social responsibility and the impact of our activities both on stakeholders and on society.

S172(1) (B) "The interests of the company's employees"

The Directors recognise that employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the Directors factor the implications of decisions on employees and the wider workforce.

S172(1) (C) "The need to foster the company's business relationships with suppliers, customers and others"

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers and joint-venture partners. The business seeks the promotion and application of certain general principles in such relationships. The ability to promote these principles effectively is an important factor in the decision to enter into or remain in such relationships and this alongside other standards are reviewed and approved by the directors periodically. The businesses continuously assess the priorities related to customers and those with whom we do business, and the directors engage with the businesses on these topics, for example, within the context of business strategy updates and investment proposals.

Moreover, the directors receive information updates on a variety of topics that indicate and inform how these stakeholders have been engaged. These range from information provided from the Projects & Technology function (on suppliers and joint-venture partners related to items such as project updates and supplier contract management topics) to information provided by the businesses (on customers and joint-venture partners related to, for example, business strategies, projects and investment or divestment proposals).

S172(1) (D) "The impact of the company's operations on the community and the environment"

Being a water management business, our products and services are by their nature designed to clean and protect the environment and have significant positive impact on the environment through both the management of water flow and the capture and cleaning of water-borne contaminants. As described above the important ISO14001 accreditation is testament to this commitment in a broader context.

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

STRATEGIC REPORT *(continued)*

S172(1) (E) "The desirability of the company maintaining a reputation for high standards of business conduct"

The business aims to meet the world's growing need for more and cleaner water management solutions in ways which are economically, environmentally and socially responsible. The directors periodically review and approve clear frameworks, such as the employee Code of Conduct, and its Modern Slavery Statements, to ensure that its high standards are maintained both within the businesses and the business relationships we maintain. This is complemented by the ways the directors are informed and monitor compliance with relevant governance standards help assure its decisions are taken and that group companies act in ways that promote high standards of business conduct.

S172(1) (F) "The need to act fairly as between members of the company"

After weighing up all relevant factors, the directors consider which course of action best enables delivery of our strategy through the long-term, taking into consideration the impact on stakeholders. In doing so, our Directors act fairly as between the Company's members but are not required to balance the Company's interest with those of other stakeholders, and this can sometimes mean that certain stakeholder interests may not be fully aligned.

Culture

The directors recognise that they play an important role in assessing and monitoring that our desired culture is embedded in the values, attitudes and behaviours we demonstrate, including in our activities and stakeholder relationships. The directors have established honesty, integrity and respect for people as core values. The General Business Principles, Code of Conduct, and Code of Ethics help everyone in the company act in line with these values and comply with relevant laws and regulations. The company Commitment and Policy on Health, Safety, Security, Environment & Social Performance applies across the company and is designed to help protect people and the environment. We relentlessly pursue Goal Zero, our safety goal to achieve no harm across all our operations. We also strive to maintain a diverse and inclusive culture.

Employment policies and engagement

The Company's businesses are founded upon the talent, expertise, commitment and enthusiasm of our employees. The directors believe that, in order to deliver excellent products and services to its customers, they need to provide a safe, stimulating and supportive environment for its people.

All employees participate in a performance management programme in which each employee receives detailed feedback from their line manager, including a review of progress against agreed goals and objectives, is used to assess performance and to set clear objectives and development plans for the following year, closely aligned with the Company's strategic priorities and values.

The Company uses an objectively assessed job evaluation process to ensure consistency and equity between roles. Elements of every role are assessed by looking at common factors including education, qualification requirements, proven ability and responsibilities. The results, together with periodic external benchmarking of salaries, are used to make sure that the Company provides a fair and competitive salary and benefits package to every employee, regardless of staff level or location.

Employees also participate in our businesses' success through the Group's profit-related annual bonus plan, which can typically provide a bonus for meeting performance targets.

The Company is an equal opportunity employer. The Company's policy is to provide equal opportunities for everyone in respect of recruitment, benefits, training, placement and advancement, respecting cultural diversity, encouraging inclusiveness and recognising the value and benefits of a diverse workforce. The Company's commitment to equal opportunity ensures that all employees, regardless of race, gender, nationality, age, disability, sexual orientation, religion and background, have the opportunity to develop to their full potentials.

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

STRATEGIC REPORT (*continued*)

This policy is enshrined within the Employee Handbook and all new employees are fully briefed on employment policies as part of their induction training.

The Company values open and constructive communication in our relationships with employees. The Company holds regular employee update meetings and encourages open working relationships between employees and their managers on a day-to-day basis. The intranet is used extensively for communications, showcasing a broad range of activities from across the business and promoting cross-organisational knowledge sharing and cooperation.

The directors consider the Employee Survey to be a key tool for measuring employee engagement, motivation, affiliation and commitment to the company. It provides insights into employee views and has a consistently high response rate. The directors also utilise this engagement to understand how survey outcomes are being leveraged to strengthen company culture and values.

Other Stakeholder engagement

The directors recognise the important role the business has to play in society and is deeply committed to public collaboration and stakeholder engagement. This commitment is at the heart of the businesses' strategic ambitions. The directors strongly believe that the businesses will only succeed by working with customers, suppliers, business partners, investors and other stakeholders. Working together is critical, particularly at a time when society, including businesses, governments and consumers, faces issues as complex and challenging as, for example, climate change.

We continue to build on our long track record of working with others, such as investors, industry and trade groups, universities and in some instances our competitors through our joint-venture operations or industry bodies. We believe that working together and sharing knowledge and experience with others offers us greater insight into our business. We also appreciate our long-term relationships with our investors and acknowledge the positive impact of ongoing engagement and dialogue.

CORPORATE AND SOCIAL RESPONSIBILITY

The Company takes its corporate responsibility seriously and is committed to minimising the adverse environmental impact of our operations as well as being a supportive and fulfilling employer, and supporting the communities in which it operates.

The business's core values are Working Collaboratively, Responding with Urgency, Rewarding Excellence, Learning and Improving, Embracing Innovation and Respecting our Community. All employees joining the Company are provided, as part of their induction programme, with a briefing on our approach, outlining what Hydro stands for and the values that we apply in our day-to-day business. In addition, employees are provided with a Policy Handbook, which defines and reinforces our core values and sets out our key policies on quality, health and safety and the environment.

We work hard to promote our core principles in all our relationships and dealings with our employees, customers, business partners and the environment.

Our business is founded upon the talent, commitment and enthusiasm of our employees. We believe that, in order to deliver an excellent product and service to our customers, we need to provide a safe, stimulating and supportive environment for our people.

All the Company's employees participate in a performance management programme in which each employee receives detailed feedback from their line manager and this, together with a review of progress against agreed goals and objectives, is used to assess performance and to set clear objectives and development plans for the following year.

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

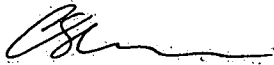
STRATEGIC REPORT (continued)

We use an objectively assessed job evaluation process to ensure consistency and equity between roles across the Company. Elements of every role are assessed by looking at common factors including education, qualification requirements, proven ability and responsibilities. The results are used to make sure that we provide a fair and competitive salary and benefits package to every employee, regardless of staff level or location.

Employees can also participate in our business success through our profit-related bonus scheme.

During the year the company did not make any charitable donations (2021: Nil).

Approved by the Board of Directors
and signed on behalf of the Board



G Shannon
Director
20 July 2023

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 December 2022.

PRINCIPAL ACTIVITY

The principal activity of the company continued to be that of electrical and mechanical wastewater services and sale of wastewater equipment.

DIRECTORS

The directors who served during the year and subsequently were as follows:

R P Crook
P Cleaver
G Shannon

DIVIDENDS

The company did not pay a dividend during the year (2021: Nil). The directors do not recommend payment of a final dividend.

GOING CONCERN

The company, as part of the Hydro International Group, is owned indirectly by Turner International Midco 2 Limited. As is normal in a group, debt facilities are shared with other group members and the going concern assessment is therefore carried out at group level – by considering the adequacy of group debt facilities to meet the needs of all group companies. As detailed in the Annual Report of Turner International Midco2 Limited, for the year ended 31 December 2022, this exercise has been carried out and the directors of the company are therefore satisfied that the continued adoption of the going concern principle is appropriate for the company in preparing these financial statements.

The company made a loss during the year due to a number of one off costs, including system improvements residual COVID pandemic inefficiencies and cost of living assistance. The company is part of the Hydro International Group's treasury and the group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group will be able to operate within the level of its current financial facilities.

After making enquiries, the directors have concluded that the group has adequate resources to allow the company to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

DIRECTORS' REPORT (continued)

FINANCIAL RISK MANAGEMENT

Credit risk:

The company's customers are typically public sector bodies and major water utilities. For this reason the directors consider the credit risk to be manageable. To minimise credit risk, on large orders, letters of credit are obtained from the bank in order to secure the funds from a customer before orders are placed directly with suppliers.

There is a regular review of the company's funding requirements to ensure these are adequate for its needs.

Judgement and estimates risk:

The company's principal financial assets are trade debtors and balances derived from judgements and estimates of the correct income and costs to recognise in the profit and loss account on contracts (including amounts recoverable under contracts, work-in-progress and retentions).

The risk of incorrect judgement of the recoverability of contract balances is managed through the regular review of each contract by the relevant project manager with senior financial and operational management in the company. Any foreseeable losses on contracts are recognised through the profit and loss account as soon as they become apparent.

Cash flow risk:

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, and raw material price fluctuations. Where practicable and economic to do so the company uses foreign exchange forward contracts to hedge these exposures, as it believes appropriate.

DISCLOSURE OF INFORMATION TO AUDITOR

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and BDO LLP will therefore continue in office.

Approved by the Board of Directors and signed on behalf of the Board



G Shannon
Director
20 July 2023

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), comprising FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of the Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance United Kingdom Generally Accepted Accounting Practise; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of M. & N. Electrical and Mechanical Services Limited ('the Company') for the year ended 31 December 2022 which comprise profit and loss account, balance sheet, statement of changes in equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

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

Our responsibilities and the responsibilities of the 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 included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED (CONTINUED)

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Director's report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies Act 2006, and the Corporation Tax Act 2010. We identified these areas of laws and regulations as those that could reasonably be expected to have a material effect on the financial statements from sector experience and through discussion with the Directors and other management.

We assessed compliance with these laws and regulations through enquiry with management and the Audit Committee, review of reporting to Directors with respect to compliance with laws and regulations, review of board meeting minutes and review of legal correspondence and confirmations.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. In addressing the risk of fraud including management override of controls, we have performed journals testing based on a set of fraud risk criteria and tested to supporting documentation also verifying the business rationale. We also incorporated unpredictability procedures as part of our response to the risk of management override of controls.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED (CONTINUED)

Extent to which the audit was capable of detecting irregularities, including fraud (continued)

We further addressed the susceptibility of the Company's financial statements to fraud occurring in revenue recognition. This is due to the judgements taken by the directors in determining revenue recognised for long term supply and installation contracts. We assessed the satisfaction of performance obligations of contracts by comparing to evidence obtained from sources outside of the finance function to ensure the appropriateness of revenue recognised in the period. To address the risk of revenue occurrence we tested a sample of product sales to delivery notes to ensure the existence of revenue and correct revenue recognition point. For service revenue streams we tested revenue recognised to appropriate third party evidence in the form of service reports to ensure the existence of revenue and the correct revenue recognition.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Sarah Applegate

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Sarah Applegate (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Bristol UK

21 July 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2022

	Note	Year ended 31 December 2022 £	Year ended 31 December 2021 £
TURNOVER	3	19,890,208	17,603,792
Cost of sales		(17,635,342)	(15,906,375)
GROSS PROFIT		2,254,866	1,697,417
Administrative expenses		(2,843,307)	(1,844,820)
OPERATING LOSS ON ORDINARY ACTIVITIES BEFORE FINANCE CHARGES		(588,441)	(147,403)
Interest payable	6	(37,955)	(32,440)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(626,396)	(179,843)
Tax credit/(charge) on (loss)/profit on ordinary activities	7	118,231	(6,102)
LOSS FOR THE FINANCIAL YEAR		(508,165)	(185,945)

There have been no recognised gains or losses during the current or prior financial year other than as stated in the profit and loss account, and accordingly, no separate statement of total comprehensive income is presented.

The notes on pages 16 to 33 form an integral part of the financial statements.

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

BALANCE SHEET
At 31 December 2022

		Year ended 31 December 2022 £	Year ended 31 December 2021 £
	Note		
NON-CURRENT ASSETS			
Tangible assets	8	1,605,156	1,438,088
		<u>1,605,156</u>	<u>1,438,088</u>
CURRENT ASSETS			
Inventory	10	2,828,488	2,529,148
Trade and other receivables	11	3,856,761	3,591,547
Current tax asset	12	-	166,994
Cash at bank and in hand		698,576	607,714
		<u>7,383,825</u>	<u>6,895,403</u>
TOTAL ASSETS		<u>8,988,981</u>	<u>8,333,491</u>
CURRENT LIABILITIES			
Other interest-bearing loans and borrowings	9	(210,410)	(175,804)
Trade and other payables	14	(4,929,408)	(3,693,091)
Provisions	14	(160,652)	(287,996)
		<u>(5,300,470)</u>	<u>(4,156,891)</u>
NON-CURRENT LIABILITIES			
Other interest-bearing loans and borrowings	9	(776,301)	(637,994)
Deferred tax liabilities	15	(82,437)	(200,668)
		<u>(858,738)</u>	<u>(838,662)</u>
TOTAL LIABILITIES		<u>(6,159,208)</u>	<u>(4,995,553)</u>
NET ASSETS		<u>2,829,773</u>	<u>3,337,938</u>
CAPITAL AND RESERVES			
Called up share capital	16	500	500
Capital redemption reserve	17	500	500
Profit and loss account	17	2,828,773	3,336,938
SHAREHOLDERS' FUNDS		<u>2,829,773</u>	<u>3,337,938</u>

The notes on pages 16 to 33 form an integral part of the financial statements.

The financial statements of M. & N. Electrical and Mechanical Services Limited, registered number 02876690, were approved by the Board of Directors and authorised for issue on 20 July 2023.

Signed on behalf of the Board of Directors



G Shannon
Director

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY
At 31 December 2022

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total £
Balance at 1 January 2021	500	500	3,522,883	3,523,883
Total comprehensive loss	-	-	(185,945)	(185,945)
Balance at 31 December 2021	500	500	3,336,938	3,337,938
Total comprehensive loss	-	-	(508,165)	(508,165)
Balance at 31 December 2022	500	500	2,828,773	2,929,773

The notes on pages 16 to 33 form an integral part of the financial statements.

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

Basis of Accounting

M. & N. Electrical and Mechanical Services Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act and registered in England and Wales. The address of the registered office is given on page 1. The nature of the company's principal activities are set out in the Strategic report on pages 2 to 6.

These financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using FRS 101 but makes amendments where necessary in order to comply Companies Act 2006 and set out below the advantage of the FRS101 disclosure exemption has been taken.

The financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to:

- business combinations – IFRS 3.62 and IFRS 3 B64(d), (e), (g), (h), (j), (m), (n)(ii), (o)(ii); (p), (q)(ii);
- financial instruments – All the disclosure requirements of IFRS 7 *Financial Instruments Disclosures*;
- presentation of comparative information in respect of certain assets – IAS 1.38;
- non-current assets held for sale and discontinued operations – IFRS 5.33(c);
- standards not yet effective – IAS 8.30-31;
- impairment of assets – IAS 36130(f)(ii) & (iii);
- the remuneration of key management personnel; and
- related party transactions – IAS 24.17

Where required, equivalent disclosures are given in the group financial statements of Turner International Holdco Limited. The group financial statements of Turner International Holdco Limited are available to the public and can be obtained as set out in note 22.

Going concern

The company, as part of the Hydro International Group, is owned indirectly by Turner International Midco 2 Limited. As is normal in a group, debt facilities are shared with other group members and the going concern assessment is therefore carried out at group level – by considering the adequacy of group debt facilities to meet the needs of all group companies. As detailed in the Annual Report of Turner International Midco2 Limited, for the year ended 31 December 2022, this exercise has been carried out and the directors of the company are therefore satisfied that the continued adoption of the going concern principle is appropriate for the company in preparing these financial statements.

The company made a loss during the year due to costs due to the ongoing impact of the pandemic that are not expected to be ongoing. The company is part of the Hydro International Group's treasury and the group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group will be able to operate within the level of its current financial facilities.

After making enquiries, the directors have concluded that the group has adequate resources to allow the company to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) **Year ended 31 December 2022**

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on cost in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Plant and machinery	20% per annum
Fixtures, fittings and equipment	20%-33% per annum
Vehicles	25% per annum
Leasehold property	Over the length of the lease

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred taxation is provided in full on timing differences which represent an asset or a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2022

1. ACCOUNTING POLICIES (continued)

Foreign exchange

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Turnover

Revenue is measured at the transaction price agreed with the customer on the sales order, net of discounts and value added tax.

Product revenue is recognised when the Company has satisfied its performance obligations to the customer and the customer has obtained control of the goods being transferred.

Service revenue is recognised either:

- annual contracts - over time in the accounting period when the services are rendered; and
- fixed fee arrangements - recognised based on the actual services provided to date as the provision and consumption of service occur simultaneously.

Customer rebates: Where the Group has rebate agreements with its customers, the value of customers rebates paid or payable, calculated in accordance with the agreements in place based on the most likely outcome, is deducted from turnover in the year in which the rebate is earned.

Turnover is stated net of VAT and trade discounts.

Pension costs

The company contributes to the personal pension schemes of certain employees. The assets of such schemes are held separately from those of the company. The pension cost charge as shown in note 4 represents contributions payable by the company to the schemes.

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) **Year ended 31 December 2022**

1. ACCOUNTING POLICIES (continued)

Leases

The company leases mainly vehicles where contracts are typically for fixed periods of 36 to 48 months, but may have extension options.

Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on information provided by the lessor.

Lease terms are negotiated on an individual basis but mainly are for a similar term of 48 months and have similar terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Amounts expected to be payable by the company under residual value guarantees;
- The exercise price of a purchase option if the company is reasonably certain to exercise that option; and
- Payment of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability, if applicable.

The lease payments are discounted using the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement dates less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right of use assets are depreciated over the shorter of the asset's life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise office equipment.

Information about critical accounting estimates and judgements in the application of lease accounting is disclosed in note 2.

No COVID-19 rent concessions were received or granted during the current or preceding year.

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) **Year ended 31 December 2022**

1. ACCOUNTING POLICIES (continued)

Financial instruments

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

Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets are assessed individually as to whether they are impaired. The individual circumstances of the debt and objective evidence is obtained and considered when deciding whether a debt is impaired.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) **Year ended 31 December 2022**

1. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. No derivative financial instruments have been entered into in the last 2 years.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges) or hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Warranties

Provisions for the expected cost of warranty obligations are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Company's obligation.

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) **Year ended 31 December 2022**

2. CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

In the application of the Company's accounting policies, which are described in note 1 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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.

Critical judgements in applying the company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Deferred tax assets

In making its judgement in relation to the appropriateness of recognising deferred tax assets, management considers the detailed criteria for the recognition of deferred tax assets set out in IAS 12 – Income Taxes and, in particular, whether it is probable that future taxable profit will be available against which they can be utilised. If the Directors are not satisfied that future taxable profits are probable against which deferred tax assets may be utilised then no such assets are recognised.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue and cost recognition

The calculation of the expected margin on a contract requires future anticipated costs to be estimated. This expected margin is used when determining the revenue and costs that the entity should include for individual phases of construction contracts.

Warranty provision

To ensure warranty costs are provided requires an estimation of future costs related to projects that are installed at the balance sheet date in accordance with IAS 37 – provisions.

Leases

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the company;

- Where possible, uses recent third-party financing received by the Group in which the lessee is a part as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
- Make adjustments specific to the lease, e.g. term currency and security.

The company used the incremental borrowing rate of 4.35% to September 2022, when it was increased to 6.25% based on the increase in cost of borrowing to the company. A 100-basis point increase/(decrease) in the rate would cause the lease liabilities to (reduce)/increase by an immaterial amount and a corresponding (decrease)/increase in the right-of-use assets by the same amount.

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2022

3. TURNOVER

Turnover is attributable to the one principal activity of the company and the geographical analysis, by destination, is as follows:

	2022 £	2021 £
United Kingdom	19,562,541	17,087,560
Europe	226,853	98,455
Rest of World	100,814	417,777
	<u>19,890,208</u>	<u>17,603,792</u>

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Directors' emoluments:		
Emoluments	-	90,075
	£	£
Contributions to personal pension schemes on behalf of the directors	-	9,458
	No.	No.
The number of directors who had contributions made to personal pension schemes	-	1

The directors of M&N Electrical and Mechanical Services Limited, received no emoluments for their services from the company. The directors receive remuneration from Turner International Bidco Limited and other subsidiaries within the Group. The amounts concerned are disclosed in the relevant financial statements and no allocation is made in relation to their services to the company.

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Employee costs (including directors) during the year:		
Wages and salaries	6,340,824	6,401,406
Social security costs	706,254	694,789
Other pension costs	301,012	274,064
	<u>7,348,090</u>	<u>7,370,259</u>
	No.	No.
Average number of persons employed:		
Management	4	3
Administration	8	8
Indirect	56	60
Direct	74	73
	<u>142</u>	<u>144</u>

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2022

5. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Auditor's remuneration:		
- for the auditing of the financial statements	29,689	21,750
- non-audit fees	4,350	5,273
Depreciation of tangible fixed asset	580,129	565,175
Profit of disposal of fixed asset	(660)	(1,138)
Net foreign exchange losses/(profit)	4,300	(19,814)

Non-audit fees relate to taxation services provided by auditors BDO LLP.

6. INTEREST PAYABLE

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Finance income		
Other interest	1,835	-
Finance cost		
Interest on finance leases and hire purchase contracts	(39,735)	(32,437)
Other interest on financial liabilities	(55)	(3)
Finance cost	(39,790)	(32,440)
Net finance cost	(37,955)	(32,440)

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2022

7. TAX ON LOSS ON ORDINARY ACTIVITIES

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Analysis of charge/(credit) for the year		
Adjustment in respect of prior years	-	1,005
Group relief	-	-
	-	1,005
Deferred tax		
Origination and reversal of timing differences	(88,865)	(57,085)
Adjustment in respect of prior years – deferred tax	(1,304)	321
Rate changes	(28,062)	61,861
Total deferred tax	(118,231)	5,097
Total tax on loss on ordinary activities	(118,231)	6,102

Factors affecting charge/(credit) for the year

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 19% (2021: 19%). The tax on loss on ordinary activities for the year differs from the blended standard rate for the reasons set out in the following reconciliation:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Loss on ordinary activities before tax	(626,396)	(179,843)
	£	£
Tax on (loss)/profit on ordinary activities at standard rate	(119,015)	(34,170)
Effect of:		
Expenses not deductible for tax purposes	30,151	(9,214)
Adjustment in respect of prior years	(1,304)	1,326
Rate differences	(28,063)	35,956
	(118,231)	6,102

The deferred tax asset at 31 December 2022 and 2021 has been calculated based on the UK rate of 25%. There are no expiry dates on timing differences. The UK Corporation tax rate increased from 19% to 25% in April 2023. As the deferred tax is not expected to crystallise until after the rate increase in April 2023, the higher rate has been used for the calculation of deferred tax balances.

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2022

8. TANGIBLE FIXED ASSETS

Year ending 31 December 2022

	Land and buildings – leasehold £	Plant and machinery £	Fixtures, fittings and equipment £	Computer and office equipment £	Motor Vehicles £	Total £
Cost						
At 1 January 2022	1,136,760	1,119,552	80,114	222,234	1,441,669	4,000,329
Additions	332,810	5,171	6,947	58,882	343,561	747,371
Disposals	-	(71,401)	(8,157)	(94,386)	(22,887)	(196,831)
At 31 December 2022	1,469,570	1,053,322	78,904	186,730	1,762,343	4,550,869
Depreciation and impairment						
At 1 January 2022	350,905	794,845	56,053	143,464	1,216,974	2,562,241
Depreciation charged in the year	169,563	165,676	13,039	49,929	181,922	580,129
Eliminated in respect of disposals	-	(71,401)	(8,157)	(94,212)	(22,887)	(196,657)
At 31 December 2022	520,468	889,120	60,935	99,181	1,376,009	2,945,713
Carrying amount						
At 31 December 2022	949,102	164,202	17,969	87,549	386,334	1,605,156

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2021

8. TANGIBLE FIXED ASSETS (continued)

Year ending 31 December 2021

	Land and buildings – leasehold £	Plant and machinery £	Fixtures, fittings and equipment £	Computer and office equipment £	Motor Vehicles £	Total £
Cost						
At 1 January 2021	1,123,573	1,071,765	77,199	163,059	1,362,203	3,797,799
Additions	13,187	68,476	2,915	59,175	98,667	242,420
Disposals	-	(20,689)	-	-	(19,201)	(39,890)
At 31 December 2021	1,136,760	1,119,552	80,114	222,234	1,441,669	4,000,329
Depreciation and impairment						
At 1 January 2021	223,252	609,416	43,364	96,148	1,044,087	2,016,267
Depreciation charged in the year	127,653	185,429	12,689	47,316	192,088	565,175
Eliminated in respect of disposals	-	-	-	-	(19,201)	(19,201)
At 31 December 2021	350,905	794,845	56,053	143,464	1,216,974	2,562,241
Carrying amount						
At 31 December 2021	785,855	324,707	24,061	78,770	224,695	1,438,088

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2022

9. LEASES

The company has lease contracts. The amounts recognised in the financial statements in relation to these leases are as follows:

i) Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

Right-of-use assets	Leasehold property £	Office equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2022	1,013,274	9,998	203,906	1,227,178
Additions	332,306	-	24,726	357,032
At 31 December 2022	1,345,580	9,998	228,632	1,584,210
Depreciation				
At 1 January 2022	306,774	2,967	146,455	456,196
Charge for the year	157,184	3,333	45,515	206,032
At 31 December 2022	463,958	6,300	191,970	662,228
Net book value At 31 December 2022	881,622	3,698	36,662	921,982
Right-of-use assets	Leasehold property £	Office equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2021	1,013,274	-	199,263	1,212,537
Additions	-	9,998	23,844	33,842
Disposals	-	-	(19,201)	(19,201)
At 31 December 2021	1,013,274	9,998	203,906	1,227,178
Depreciation				
At 1 January 2021	191,242	-	111,566	302,808
Charge for the year	115,532	2,967	54,090	172,589
Disposals	-	-	(19,201)	(19,201)
At 31 December 2021	306,774	2,967	146,455	456,196
Net book value At 31 December 2021	706,500	7,031	57,451	770,982

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2022

9. LEASES (continued)

	2022 £	2021 £
Lease Liabilities:		
Current	210,410	175,804
Non-current	776,301	637,994
	<u>986,711</u>	<u>813,798</u>

ii) Amounts recognised in the income statement

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Depreciation charge of right-of-use assets:		
Leasehold property	(157,184)	(115,532)
Office equipment	(3,333)	(2,967)
Motor vehicles	(45,515)	(54,090)
	<u>(39,735)</u>	<u>(32,049)</u>
Interest expense (included in finance cost)		
	<u>(39,735)</u>	<u>(32,049)</u>
Future minimum lease payments as at 31 December:		
No later than one year	204,997	191,319
Later than one year and not later than five years	691,050	758,167
More than five years	235,374	
	<u>1,131,421</u>	<u>949,486</u>
Total gross payments		
	<u>1,131,421</u>	<u>949,486</u>
Impact of finance expenses	(144,710)	(135,688)
	<u>986,711</u>	<u>813,798</u>

10. INVENTORY

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Raw materials and consumables	1,699,850	1,599,413
Work in progress	1,128,638	929,735
	<u>2,828,488</u>	<u>2,529,148</u>

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2022

11. TRADE AND OTHER RECEIVABLES

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Amounts due within one year:		
Trade debtors and retentions	2,895,872	2,940,987
Amount recoverable on contracts	758,313	496,870
Amounts owed by group undertakings	17,651	4,741
Prepayments	181,454	148,149
Other debtors	3,471	800
	<u>3,856,761</u>	<u>3,591,547</u>

No debtors are due in more than one year

Amounts owed by group undertakings are interest free and are expected to be settled within one year.

12. CURRENT TAX ASSET

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Current tax asset	-	166,994
	<u>-</u>	<u>166,994</u>

13. TRADE AND OTHER PAYABLES

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Amounts due within one year:		
Trade creditors	1,846,999	1,974,997
Amounts owed by group undertakings	1,136,676	598,491
Other taxes and social security	360,999	540,909
Other creditors	447,672	136,491
Accruals and deferred income	1,137,062	442,203
	<u>4,929,408</u>	<u>3,693,091</u>

Amounts owed to group undertakings are interest free and are expected to be settled within one year.

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2022

14. PROVISIONS FOR LIABILITIES

	Employees and property £	Product warranties £	Total £
At 1 January 2021	38,696	302,953	341,649
Charged/(credited) to the profit and loss account	300	(53,953)	(53,653)
At 31 December 2021	38,996	249,000	287,996
Charged/(credited) to the profit and loss account	32,741	(160,085)	(127,346)
At 31 December 2022	71,737	88,915	160,652

Employee and property

Employee provisions relate to potential claims in relation to the employment of employees from present or past employees and from HMRC, as no claims have been made and the date has passed for a claim to be made these have been released in the year. Property provisions relate to dilapidation provisions that are a requirement of the lease on the Portland property.

Product warranties

Provision is made for costs associated with potential product warranty claims. Whilst warranty periods are typically for one year, the duration of contracts is such that any cost associated with warranty claims may occur in a different period to that in which the related revenue was recognised. To address this issue, a provision is calculated as a percentage of sales over a five-year period, based on the experience of claims over that period, less warranty costs incurred to date in relation to the same five-year period. Additional provision is made for any additional contractual liability as such liability arises or becomes probable.

15. DEFERRED TAX

	Deferred tax liability £	Deferred tax asset £	Total £
At 1 January 2021	201,952	(6,381)	195,571
Charged/(credited) to the profit and loss account	31,675	(26,578)	5,097
At 31 December 2021	233,627	(32,959)	200,668
Charged/(credited) to the profit and loss account	12,049	(130,280)	(118,231)
At 31 December 2022	245,676	(163,239)	82,437

Deferred tax

Deferred tax relates to depreciation in excess of capital allowances; short-term timing differences and losses and other deductions (see note 6). All movements are charged/credited to the profit and loss account.

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2022

16. CALLED UP SHARE CAPITAL

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Issued and fully paid		
500 Ordinary shares of £1 each	500	500

17. RESERVES

Capital redemption reserve

The capital redemption reserve account includes the monies received from redemption of company shares.

Retained Earnings

Retained Earnings represents cumulative profits or losses net of dividends paid and other adjustments.

18. FINANCIAL INSTRUMENTS

At the year end the company has neither financial assets or financial liabilities measured at fair value through profit or loss (FVTPL) nor those measured at fair value through other comprehensive income (FVOCI).

19. CASH FLOW STATEMENT

As a wholly-owned subsidiary of a UK registered company, M. & N. Electrical and Mechanical Services Limited has taken advantage of the exemption from the requirement to produce a cash flow statement. A consolidated cash flow statement is included in the Turner International Holdco Limited group financial statements.

20. PENSION SCHEMES

The group operates a defined contribution pension scheme and contributes to personal pension plans for all qualifying employees. The assets of the scheme are held in separate trustee-administered funds. Contributions made during the year amounted to £301,012 (2021: £274,064). There were unpaid pension contributions of £37,577 (2021: £34,814) at the year end.

21. RELATED PARTY TRANSACTIONS

In accordance with FRS101 transactions with other 100% undertakings within the Turner International Holdco Limited group have not been disclosed in these financial statements.

22. ULTIMATE PARENT COMPANY AND CONTROLLING COMPANY

The immediate parent company is Hydro International Limited and the ultimate parent company and controlling company is considered to be Turner International Holdco Limited, a company incorporated and registered in England and Wales, due to its 80.6% ownership of share capital.

The largest in which the results of the group are consolidated is that headed by Turner International Holdco Limited. The smallest group in which the results of the group are consolidated is that headed by Turner International Midco 2 Limited. The consolidated accounts of this and the groups parent are available to the public and can be obtained from the registered office; 6th Floor, 125 London Wall, London, EC2Y 5AS.

M. & N. ELECTRICAL AND MECHANICAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) **Year ended 31 December 2022**

23. POST BALANCE SHEET EVENTS

In May 2023 Turner International Holdco Limited, together with all other shareholders of Turner International Topco Limited, signed a conditional agreement with a third party for the sale and purchase of the entire ordinary share capital of Turner International Topco Limited. On completion of this transaction the Company and the Group would become wholly owned subsidiaries of the third party. Due to strict confidentiality, further details cannot be disclosed at this stage. The directors are confident that this strategic move would be very positive for the outlook of the Hydro International businesses.