Company registration number 03742805 (England and Wales)

LOGISTICAL BUILDING SERVICES (ELECTRICAL) LTD

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023

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LOGISTICAL BUILDING SERVICES (ELECTRICAL) LTD

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LOGISTICAL BUILDING SERVICES (ELECTRICAL) LTD

CHAIRMAN'S STATEMENT

FOR THE PERIOD ENDED 31 MARCH 2023

The chairman of Logistical Building Services (Electrical) Ltd presents his report for the eighteen months ended 31 March 2023.

Logistical Building Services (Electrical) Ltd is recognised as a leading mechanical and electrical subcontractor in the residential sector for London and the South of England. The company specialises in new build luxury apartments and centralised energy centres but also has an extensive knowledge in relation to both refurbishment and commercial developments. The company has an excellent reputation within the industry for being proactive and has been recognised with awards for being both co-operative and innovative and was included in the list of 1000 Companies to Inspire Britain in 2019.
The company ethos aims to be that of a family run business, with a particular emphasis on the health, welfare, and training of its workforce and the production of a quality installation. The directors of the business have an extensive knowledge of the industry and have invested in the training of the next generation of managers in quality management, building services, renewable energy, health and safety, project management, and design.

Results
The results for the eighteen months ended March 2023 show a turnover of £17,610,483 and a loss for the financial period of £601,702.

Administrative expenses were reduced slightly over the eighteen month period to £1,040,866 (£57,826 a month) compared to £712,515 for the year ended 2021 (£59,376 a month).

During the eighteen-month reporting period, Logistical Building Services (Electrical) Ltd has had to navigate a number of risks and uncertainties as outlined below.

COVID-19
At the outbreak of the COVID-19 pandemic in March 2020, the company had work in hand of some £6,479,117 and orders of £14,948,477 about to be agreed on lump sum contracts. Due to the national lockdown and the slow staggered return to work on site, the predicted programme dates for the existing projects were extended and the start dates for new projects were delayed, ultimately having a resulting effect on the predicted turnover and profit.
As sites began to reopen, on-site operative numbers were greatly reduced and therefore production was far below the estimated values, with site preliminaries and management still being necessary to meet contractual and health and safety obligations. Logistical Building Services (Electrical) Ltd took all possible steps to mitigate the risk to employees during this period by implementing strict health and safety precautions and the constant monitoring and adaption of procedures to ensure a safe workplace for all.

Brexit
As outlined above, the company signed new lump sum contractual agreements of £14,947,477 between October 2020 and February 2021, with a standard allowance built in within each tender price for predicted increased costs over the project programme periods. The company directors could not have envisaged the unprecedented material price increases and shortages experienced, along with the significant increase of delivery costs, following Brexit.

Some of the materials affected by Brexit included:

- Copper Tube
- Sanitaryware & Brassware
- Plumbing items
- Insulation
- Cable
- Electrical components
- Steel

Whilst nationally the construction industry found a severe lack of skilled labour available after Brexit, Logistical Building Services (Electrical) Ltd was thankfully not affected as the company retained many professional European workers, who decided to apply for their right to work in the UK following the decision to leave the European Union.

Russian-Ukrainian War
The company again suffered significant unrecoverable costs due to the impact of the Russian-Ukrainian war on both the availability and costs of construction materials. With fuel prices being at a record high for a prolonged period of time, both deliveries and travel to the sites exceeded any expectations.

During the eighteen-month financial period, the company made further progress in a number of the strategic objectives initiated by the company directors.
1. In 2019, plans were made to improve and streamline the company’s IT infrastructure, with an aim to reduce paper wastage and implement further cost control of orders.

a. Phase 1 was completed in March 2020 just as COVID-19 hit, with a new accounting software going live and involving core financials being moved to a cloud based server.

b. Phase 2 was completed in January 2023, allowing for remote access for the production of business analytic reporting.

c. Phase 3 is ongoing and involves the development of a new cloud based hosted environment for the saving of all documents within a centralised document management system. This phase is on target, with completion set for the last quarter of 2023.

d. Phase 4 has been ongoing throughout 2023 and will see the transfer of all QA sign offs, health & safety, and HR documents to a cloud based system for easy access on site via a tablet.

e. Phase 5 will commence in 2024 and will involve the transitioning of all ordering and invoicing to an integrated accounts based software.

2. Workforce training and the education of the new generation is a significant part of the company’s objectives and Logistical Building Services (Electrical) Ltd has implemented the following:

a. Back in 2021, a shortage of new management training in buildings services was identified. With the view of future management having the knowledge of both mechanical and electrical rather than just one trade, two managers have recently completed a Level 4 Building Services Engineering course.

b. All electrical managers were asked to complete their 18th Edition amendment qualification.

c. In late 2022, a need for new skilled site labour was noted by the directors and, with the new sites commencing, both plumbing and electrical apprentices were retained. The goal is for eight apprentices to be working on site by the end of 2023.

d. Early in 2023, the directors agreed to employee three apprentices within the office to gain experience in quantity surveying, accounts, and design. At the time of this report, an accounts apprentice has been hired.

e. Renewable energy training has been ongoing, with a director and manager completing the BPEC ASHP course in May 2023.

f. Continued professional development of the existing workforce remains a priority, with site based training continuing to be carried out and professional body training in site management, health & safety, and work related operations ongoing.

3. The review of and training in all quality assurance procedures to allow for the introduction of the Building Safety Act in 2022 has resulted in the following:

a. New standard templates

b. Manager training

c. On site training

d. Alteration of installation

4. Logistical Building Services (Electrical) Ltd’s key aims for the next financial period will focus on the following areas:

a. Strengthen the company’s reputation by building on the company’s good name in the industry

b. Recognising and rewarding experienced and loyal workforce, developing the company’s pool of talent

c. Cost reporting

d. Developing lasting relationships by investing further in the working relationships with suppliers, sub-contractors, and clients

e. Diversifying what the company can offer, with an emphasis on renewable energy…

f. Attracting new clients whilst retaining positive relationships with current clients

Logistical Building Services (Electrical) Ltd remains positive for the future, with secured contracts of £27m (£11m in 2023), orders in final negotiation for £18m (£2m in 2023), and future tenders of £19m currently in place. All of the contract pricing has been calculated at both post COVID-19 and Brexit prices, with healthy margins expected. Over the next twelve months, the company will continue to place high importance on its obligations to deliver a quality cost effective installation in line with the contractual programmes for its clients.

The company directors have prepared detailed project cash flow information for the financial year ended March 2024 that demonstrate that Logistical Building Services (Electrical) Ltd is able to meet its liabilities. The company’s projections indicate that a profit will be made during this period

Colin Hiscock
Chairman

7 August 2023

LOGISTICAL BUILDING SERVICES (ELECTRICAL) LTD

BALANCE SHEET

AS AT 31 MARCH 2023

		31 March 2023		30 September 2021	
	Notes	**£**	**£**	**£**	**£**
Fixed assets					
Tangible assets	**4**		87,558		105,200
Current assets					
Stocks		231,418		236,160	
Debtors	**5**	2,592,081		2,401,114	
Cash at bank and in hand		2		557,774	
		2,823,501		3,195,048	
Creditors: amounts falling due within one year	**6**	(2,274,227)		(1,896,969)	
Net current assets			549,274		1,298,079
Total assets less current liabilities			636,832		1,403,279
Creditors: amounts falling due after more than one year	**7**		(186,802)		(233,334)
Provisions for liabilities			(29,250)		(134,795)
Net assets			420,780		1,035,150
Capital and reserves					
Called up share capital			130,102		130,102
Profit and loss reserves			290,678		905,048
Total equity			420,780		1,035,150

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial Period ended 31 March 2023 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The member has not required the company to obtain an audit of its financial statements for the Period in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

LOGISTICAL BUILDING SERVICES (ELECTRICAL) LTD

BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2023

The financial statements were approved by the board of directors and authorised for issue on 7 August 2023 and are signed on its behalf by:

Colin Hiscock	Hilary Williams
Director	**Director**

Company Registration No. 03742805

1 Accounting policies

Company information
Logistical Building Services (Electrical) Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Five Oaks Farm, Shedfield, Southampton, Hampshire, SO32 2HS.

1.1 Reporting period
The financial year end has been changed to 31 March to bring it into line with the fiscal year and these financial statements present the results for the 18 month period ended on 31 March 2023. The comparative amounts presented in the financial statements (including the related notes) are for the year ended 30 September 2021 and are therefore not entirely comparable

1.2 Accounting convention
These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.3 Turnover
Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Tangible fixed assets
Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

1 Accounting policies **(Continued)**

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	15% reducing balance
Fixtures, fittings & equipment	15% reducing balance
Computer equipment	20% straight line
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end 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 in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1 Accounting policies **(Continued)**

1.7 Construction contracts

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

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

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

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

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

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

1 Accounting policies **(Continued)**

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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. The company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation 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 reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1 Accounting policies **(Continued)**

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

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

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company’s accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Employees

The average monthly number of persons (including directors) employed by the company during the Period was:

	2023	**2021**
	Number	**Number**
Total	13	14

4 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 October 2021	253,439
Additions	13,186
Disposals	(14,357)
At 31 March 2023	252,268
Depreciation and impairment	
At 1 October 2021	148,239
Depreciation charged in the Period	27,272
Eliminated in respect of disposals	(10,801)
At 31 March 2023	164,710
Carrying amount	
At 31 March 2023	87,558
At 30 September 2021	105,200

5 Debtors

Amounts falling due within one year:	2023 £	2021 £
Trade debtors	697,262	755,492
Corporation tax recoverable	-	3,705
Amounts owed by group undertakings	37,902	182,762
Other debtors	1,685,300	1,459,155
	2,420,464	2,401,114

Amounts falling due after more than one year:	2023 £	2021 £
Deferred tax asset	171,617	-
Total debtors	2,592,081	2,401,114

Trade debtors include an amount of £477,717 (2021: £512,606) which is due after more than one year.

6 Creditors: amounts falling due within one year

	2023	2021
	£	£
Bank loans and overdrafts	309,407	63,636
Trade creditors	1,794,170	1,508,854
Taxation and social security	21,577	22,006
Other creditors	149,073	302,473
	2,274,227	1,896,969

The bank loan is secured by a debenture over the assets of the company.

7 Creditors: amounts falling due after more than one year

	2023	2021
	£	£
Bank loans and overdrafts	137,879	233,334
Other creditors	48,923	-
	186,802	233,334

The bank loan is secured by a debenture over the assets of the company.

8 Related party transactions

The director C Hiscock has provided an interest free loan to the company, the balance due to him at the period end is £118,923 (2021: £nil)