Professional Engineering Projects Limited

Annual Report and Financial Statements

For the year ended 31 December 2025

Company Registration No. 01103638 (England and Wales)

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Professional Engineering Projects Limited

Company Information

Directors	Nigel Wallbridge (resigned on 30th September 2025) James McKnight (resigned on 30th September 2025) Heather Ann Clarke (appointed on 30th September 2025) James Anthony Collinson (appointed on 30th September 2025)
Company number	01103638
Registered office	1 Birdcage Walk London SW1H 9JJ
Independent Auditor	MHA 6th Floor 2 London Wall Place, London EC2Y 5AU
Bankers	National Westminster Bank PLC P o Box 113, Cavell House, 2A Charing Cross Road, London WC2H 0PD
Solicitors	Mills & Reeve LLP Botanic House, 100 Hills Road Cambridge CB2 1PH Bristows LLP 100 Victoria Embankment London EC4Y 0DH

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Professional Engineering Projects Limited

Directors' Report

For the year ended 31 December 2025

The directors present the annual report and financial statements for the year ended 31 December 2025.

Principal activities

The principal activities of the company are:

- the provision of training, consultancy and qualifications services in the UK, Europe, the Middle East and Asia from training businesses based in London; and
- the provision of venue hire and catering services in London.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Nigel Wallbridge (resigned on 30th September 2025)

James McKnight (resigned on 30th September 2025)

Heather Ann Clarke (appointed 30th September 2025)

James Anthony Collinson (appointed 30th September 2025)

Results and dividends

The results of the year are set out on page 10. The directors have not recommended payment of a dividend for the 2025 financial year.

Statement of directors' responsibilities

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to safeguarding the assets of the company and to preventing and detecting fraud and other irregularities.

Statement of disclosure to auditor

Each of the directors in office at the date of approval of this annual report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Directors' indemnity insurance

Indemnity insurance for the company directors is covered by the IMechE group policy. This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Strategic Report Exemption

In preparing this report, the directors have taken advantage of the strategic report exemption provided by section 414B of the Companies Act 2006.

Review of business

The results for the year are set out in the profit and loss account.

There has been growth in the Learning & Development and External Room Hire & Catering businesses. The External Room Hire & Catering operation showed a strong performance in 2025, demonstrated by revenue growth year on year. This business operates in a highly seasonal market and generates strong revenue from catering compared with other years. Learning & Development continued on an upward trajectory, driven by growth in the Business-to-Customer channels. Business-to-Customer (B2C) revenue growth in 2025 was driven by a strategic focus on expanding the training portfolio and new product development aligned to where key industries are based (see note 2 for more information).

Following a strategic review, future ownership options were finalised for the Sonaspection businesses, trading through the 'Sonaspection International Limited' and 'Sonaspection Inc' subsidiaries under the 'Sonaspection Worldwide Limited' holding company. This divestment concluded in February 2025.

As reported in 2024, an application to strike off two of its wholly owned non-trading subsidiaries, namely IMechE Services Limited (Reg N 01361114) and Siantonas Ball Limited (Reg N 01655732) was made to the Companies House and accepted by them on 24 December 2024. These subsidiaries have since been dissolved in March 2025 and are no longer part of the IMechE group.

Intercompany loan

Following the sale of subsidiary companies during 2025 a repayment of £1.2m was made to the parent company. This has left an outstanding loan amount of £3.9m.

Specific industry risks

The directors continually assess and monitor the risks that are perceived to offer the greatest threat to the business. The reduction in the training budgets of UK engineering firms remains the key risk that is arising from the macro-economic environment combined with increasing geo-political uncertainty which, in all probability, will result in increased costs.

Going concern

The company meets its working capital requirements through management of its own working capital. The directors prepare annual budgets and forecasts in order to ensure that they have sufficient facilities in place. In addition, the Board, in formulating its plan and strategy for the future development of the business, has considered a period beyond that for which formal budgets and forecasts are prepared.

A specific cash flow forecast has been prepared to December 2027 for the company. This forecast shows that the company has adequate cash resources available to it without any need for parental support or external funding, despite the negative net assets shown in the balance sheet.

The Directors are aware there is agreement from Membership that allows sale of the HQ, no firm decision has been taken to sell, and a business plan has yet to be developed.

Accordingly, the directors have identified no material uncertainties that may cause significant doubt over the company's ability to continue as a going concern and believe it is appropriate to prepare the accounts on a going concern basis. More details are provided in note 1.2.

Financial risk

The directors consider annually the risks facing the company and are satisfied that wherever possible steps have been taken to mitigate those risks.

Key Performance Indicators

The directors assessed the performance indicators and considered that the following are key within the decision-making process. As at the 31 December 2025:

- Turnover increased by 6% to £4,821k (2024: £4,535k) following the sale of Sonaspection entities,
- Profit before interest and tax rose to £1,055k (2024: £519k profit). Net of proceeds from the sale of Sonaspection Limited subsidiaries.
- Profit for the financial year after interest and tax was £655k (2024: £15k profit).
- Cash at bank and in hand was rebuilt to £1,058k, a growth of 46% (2024: £725k).
- Individual divisions have their own KPIs such as number of course attendees, number of courses and attendees per course. The venue and room hire business is measured on occupancy rates.

Approved by the Board on 10 April 2026 and signed on its behalf by:

H A Clarke | **J A Collinson**

Director | **Director**

Professional Engineering Projects Limited

Independent Auditor's Report

To the Members of Professional Engineering Projects Limited

Opinion

We have audited the financial statements of Professional Engineering Projects Limited (the 'Company') for the year ended 31 December 2025 which comprise the Statement of Income and Retained Earnings, Balance Sheet, Statement of Changes in Equity, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the company's financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2025 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

Matters on which we are required to report by exception

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Obtaining an understanding of the legal and regulatory frameworks that the entity operates in, focusing on those laws and regulations that had a direct effect on the financial statements;
- Enquiry of management and those charged with governance to identify any instances of
- known or suspected instances of fraud;
- Enquiry of management around actual and potential litigation and claims;
- Enquiry of management to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness;
- Evaluating the business rationale of significant transactions outside the normal course of business;
- Reviewing accounting estimates for bias;

- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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

A further description of our responsibilities for the financial statements is located on the FRC'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.

Stuart McKay BSc FCA DChA (Senior Statutory Auditor)

For and on behalf of

MHA

Statutory Auditor

London, United Kingdom

Date: 08/05/2026

MHA is the trading name of MHA Audit Services LLP, a limited liability partnership in England and Wales (registered number OC455542).

Professional Engineering Projects Limited

Statement of Income and Retained Earnings

For the year ended 31 December 2025

	Notes	2025 £	Restated 2024 £
Turnover	2	4,820,564	4,535,270
Cost of sales		(2,285,365)	(2,079,657)
Gross profit		**2,535,199**	**2,455,613**
Administrative expenses		(1,790,730)	(1,920,142)
Other income		39,128	14,750
Operating profit	4	**783,597**	**550,221**
Gain / (loss) on disposal of subsidiary		196,307	(30,950)
Write down of investment value	10	-	(222,692)
Dividends receivable	3	75,000	222,392
Profit/(Loss) before interest & tax		**1,054,904**	**518,971**
Interest payable and similar expenses	6	(288,787)	(450,119)
Profit / (Loss) before taxation		**766,117**	**68,852**
Taxation	7	(110,837)	(54,220)
Profit/(Loss) for the financial year	16	**655,280**	**14,632**
Total comprehensive profit/(loss) for the year		655,280	14,632
Retained earnings at 1 January		(4,014,484)	(3,186,824)
Reinstatement of FY22 Loan write off		-	(842,292)
Retained earnings at 31 December		**(3,359,204)**	**(4,014,484)**

Note: The 2024 comparatives have been restated to show the loss on disposal of Fife NDT, which was previously included in administrative expenses.

The notes on pages 12 to 22 form part of the financial statements.

Professional Engineering Projects Limited

Balance Sheet

As at 31 December 2025

	Notes	2025	2025	2024	2024
		£	£	£	£
Fixed assets					
Intangible assets	8		32,412		41,584
Tangible assets	9		2,190		8,765
Investments	10		-		1,100,234
			34,602		1,150,583
Current assets					
Debtors	11	541,771		781,895	
Cash at bank and in hand		1,058,495		725,481	
		1,600,266		1,507,376	
Debtors: amounts falling due after one year	12	292,315		353,500	
Creditors: amounts falling due within one year	13	(1,393,458)		(1,893,645)	
Net current assets / (liabilities)			499,123		(32,769)
Total assets less current liabilities			533,725		1,117,814
Creditors: amounts falling due after one year	14		(3,892,927)		(5,132,296)
Total liabilities			**(3,359,202)**		**(4,014,482)**
Capital and reserves					
Called up share capital	15		2		2
Reserves	16		(3,359,204)		(4,014,484)
Total equity			**(3,359,202)**		**(4,014,482)**

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

The financial statements were approved by the board of directors and authorized for issue on 10 April 2026.

Signed on its behalf by:

H A Clarke
Director

J A Collinson
Director

Company Registration No. 01103638

The notes on pages 13 to 22 form part of the financial statements.

Professional Engineering Projects Limited

Statement of Changes in Equity

As at 31 December 2025

	Share Capital	Profit and loss reserves	Total
	£	£	£
For the year ended 31 December 2025:			
Balance as at 1 January 2024	2	(4,014,484)	(4,014,482)
Profit for the year	-	655,280	655,280
Balance as at 31 December 2025	**2**	**(3,359,204)**	**(3,359,202)**
For the year ended 31 December 2024:			
Balance as at 1 January 2024	2	(3,186,824)	(3,186,822)
Profit for the year	-	14,632	14,632
Reinstatement of IMechE Loan	-	(842,292)	(842,292)
Balance as at 31 December 2024	**2**	**(4,014,484)**	**(4,014,482)**

The notes on pages 13 to 22 form part of the financial statements.

1 Accounting policies

Company information

Professional Engineering Projects Limited is a private company limited by shares (Registered number 01103638) incorporated and domiciled in England and Wales. The registered office is 1 Birdcage Walk, London, SW1H 9JJ. The principal activities of the company are set out in the Directors' Report.

1.1 Basis of preparation

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.

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 pound.

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

A Statement of Cash Flows has not been prepared on the grounds that the company is exempt from preparing such a statement under FRS102 as a wholly owned subsidiary of the Institution of Mechanical Engineers (IMechE).

1.2 Going concern

The directors have identified no material uncertainties that may cause significant doubt over the company's ability to continue as a going concern and believe it is appropriate to prepare the accounts on a going concern basis but also to update to reflect foreseeable future.

The company returned to making a trading profit in 2024 and its longer-term forecasts for 2026 and 2027 demonstrate that the remaining underlying investments and activities are forecast to continue to deliver positive profitability and cashflow.

Additionally, following the business rationalisation, in 2025, there has been a significant reduction in the loan from the parent charity and that the underlying business model is sufficiently sound to generate future profits that will facilitate further debt reductions.

Although there is agreement from Membership that allows sale of the HQ, no firm decision has been taken to sell, and a business plan has yet to be developed. Therefore, there is no basis to modify assumptions about future venue hire activities at this time. However, no change is expected for at least the next 12 months, though this will be closely monitored for its impact on Venue and Room hire revenue streams.

The directors, therefore, believe that the going-concern basis of accounting continues to be appropriate in preparing the financial statements.

1.3 Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Revenue for room hire and catering is recognised at the time of the event to which they relate.

Revenue for training is recognised at the time the training is delivered.

Revenue from contracts for the provision of professional services is recognized by reference to the stage of completion when the stage of completion, cost incurred and costs to complete can be estimated reliably. When the outcome cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

1.4 Intangible fixed assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably. Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives to 5 years.

Intangible assets created internally are recognised where they are expected to lead to future revenues in excess of cost and amortised over a useful life of five years. Values are reviewed annually for impairment.

Acquired goodwill is written off in equal annual installments over its estimated useful economic life.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation.

Expenditure below £1,000 is not capitalised.

Depreciation is calculated so as to write off the cost of fixed assets on a straight-line basis at the following rates:

1. Leasehold buildings: over the life of the lease
2. Furniture and equipment: 20% to 33.3% per annum
3. Plant and equipment: 10 to 20% per annum
4. Fixed assets are regularly reviewed to consider whether they have been impaired and to ensure that the depreciation costs reflect their working life.

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 the profit and loss.

1.6 Fixed asset investments

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating polices of the entity so as to benefits from its activities.

Investments in subsidiaries are measured at cost less impairment, an annual assessment is completed to identify whether there has been an impairment to the carrying value of the investment.

1.7 Financial assets

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 recognized in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Basic financial assets, which include debtors and cash bank balances, are initially measured at transaction price including transaction cost and are subsequently carried at amortized cost

1 Accounting policies (continued)

Financial assets (continued)

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.

Loans and receivables

Trade debtors, 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 amortized cost using the effective interest method, less any impairment.

Interest is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount of initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end 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 assets, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognized only when 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 flow have been affected. The impairment loss is recognized in profit or loss.

1.8 Financial liabilities

Basic financial liabilities are initially recognized at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payment discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

Financial liabilities at fair value through Statement of Income and Retained Earnings

Financial liabilities classified as other financial liabilities are stated at fair value with any gains or losses arising on remeasurement recognized in profit or loss.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognized when, and only when, the company's obligations are discharged, cancelled or they expire.

Employee benefits

The cost 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.

1 Accounting policies (continued)

Financial liabilities (continued)

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.

Retirement benefits
The company operates a defined contribution scheme for the benefit of its employees. Contributions are charged to the profit and loss account in the year are payable.

1.9 Foreign exchange
Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.10 Related party transactions
As the Company is a wholly owned subsidiary of the Institution of Mechanical Engineers, the Company has taken advantage of the exemption contained in FRS 102 and has therefore not disclosed transactions or balances with entities which from part of the group (or investees of the group qualifying as related parties).

1.11 Group accounts
The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of the Institution of Mechanical Engineers, incorporated by Royal Charter in England and Wales, and is included in the consolidated accounts of that entity. Details of the subsidiary companies are set out in Note 11.

The consolidated financial statements of the Institution of Mechanical Engineers, within which this company is included, can be obtained from the address given in Note 19.

1.12 Critical accounting estimates and judgements
Investments
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 estimates is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Investments
The company makes an annual assessment of the carrying value of investments. For dormant companies the investment value is limited to the balance sheet value of the subsidiary. For active trading companies a judgement is applied based on the balance sheet value, profitability and dividend history and forecasts.

Accounting policies (continued)

Critical accounting estimates and judgements Investments (continued)

Bad debt provision

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 12 for the net carrying amount of the debtors.

2 Turnover

An analysis of the company's turnover is as follows:

	2025	2024
	£	£
External Room Hire & Catering	1,589,840	1,530,533
Internal Room Hire & Catering	750	375
Training Income – 'Learning & Development'	3,229,974	3,004,362
	4,820,564	4,535,270

3 Dividend Receivable

	2025	2024
	£	£
Siantonas Ball Ltd	-	222,392
Sonaspection International Ltd	75,000	-
	75,000	222,392

A Dividend of £75,000 was received from Sonaspection International Limited, a wholly owned subsidiary, during the year. (2024: £222,392 from Siantonas Ball Ltd)

4 Operating profit

	2025	2024
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	3,462	11,572
Audit Fee	26,535	15,185
Depreciation of tangible fixed assets	6,575	8,547
Amortisation of intangible assets	15,863	14,109
	52,435	49,413

5 Employment costs

The average monthly number of persons (including directors) employed by the company during the year was 19 (2024 - 24).

Their aggregate remuneration comprised:

	2025	2024
	£	£
Wages and salaries	963,192	1,147,846
Social security costs	114,672	116,533
Pension costs	41,229	53,205
Benefits in kind	-	25
Total	**1,119,093**	**1,317,609**
Directors' remuneration	3,750	4,500

Remuneration was paid to one director in 2025 (2024: 1). A balance of £2,250 was outstanding at year-end.

6 Interest payable and similar expenses

	2025	2024
Interest on financial liabilities measured at amortised cost:	£	£
Interest payable to group undertakings	288,547	449,444
Interest payable on COVID Bounce Back bank loan	240	675
	288,787	450,119

7 Taxation

	2025	2024
	£	£
Current tax		
UK corporation tax on profits for the current period	110,837	54,220

The actual charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2025	2024
Profit/(loss) before taxation	766,117	68,852
Expected tax charge based on the standard rate of corporation tax in the UK of 25% (2024: 25%)	191,529	17,213
Fixed asset differences	(857)	894
Disallowable costs	5,557	87,801
Dividends received	(18,750)	(55,598)
Impairment of investment		55,673
Gain on disposal of subsidiary	(49,077)	(48,075)
Use of losses brought forward	(9,782)	(3,688)
Prior year over provision of corporation tax	(7,783)	-
	110,837	**54,220**

8 Fixed assets (Intangible)

	Software	Total
	£	£
Cost		
At 1 January 2025	63,640	63,640
Additions in the year	6,690	6,690
Disposals in the year	-	-
At 31 December 2025	**70,330**	**70,330**
Amortisation		-
At 1 January 2025	22,056	22,056
Amortisation charged for the year	15,863	15,863
Disposals in the year	-	-
At 31 December 2025	**37,919**	**37,919**
Net Book Value		
At 31 December 2025	32,412	32,412
At 31 December 2024	**41,584**	**41,584**

9 Fixed assets (Tangible)

	Fixtures, fitting & equipment £	Total £
Cost		
At 1 January 2025	27,232	27,232
At 31 December 2025	**27,232**	**27,232**
Depreciation		
At 1 January 2025	18,467	18,467
Depreciation charged for the year	6,575	6,575
At 31 December 2025	**25,042**	**25,042**
Net Book Value		
At 31 December 2025	2,190	2,190
At 31 December 2024	**8,765**	**8,765**

10 Fixed Assets (Investments)

	2025	2024
Cost or valuation	£	£
At 1 January	1,100,234	1,380,671
Write off for the year Siantonas Ball	-	(222,692)
Write off for the year Fife- shown in net disposal proceeds	-	(57,745)
Cost of disposal of Sonaspection	(1,100,234)	-
Carrying amount		
At 31 December 2025	-	**1,100,234**

11 Debtors: amounts falling due within one year

	2025	2024
	£	£
Trade debtors	378,812	560,385
Provision for bad debt	-	(2,448)
Prepayments and accrued income	27,419	39,135
Amounts due from fellow group undertakings	-	59,823
Other Debtor	135,540	125,000
	541,771	781,895

12 Debtors: amounts falling due after more than one year

Other debtors	292,315	353,500
	292,315	353,500

13 Creditors: amounts falling due within one year

	2025	2024
	£	£
Bank loan	-	10,225
Trade creditors	176,288	345,592
Accruals	259,797	232,447
Deferred Income	470,688	297,549
Other creditors	18,021	(5,401)
Taxation & social security	(1,473)	(1,473)
Corporation tax	110,837	54,220
Amounts due to parent undertaking	359,300	960,486
Amounts due to other group undertakings	-	-
Total	1,393,458	1,893,645

14 Creditors: amounts falling due after more than one year

	2025	2024
	£	£
Bank loan	-	11,369
Loan from parent undertaking	3,892,927	5,120,927
Total	3,892,927	5,132,296

The bank loan was issued under the Covid-19 ‘Bounce-back’ scheme in January 2021. The loan was interest-free for the first 12 months, after which it attracted interest at 2.5% and was repayable over five years. The loan was fully repaid during the financial year.

The loan from the parent undertaking is interest bearing at 2% above the base rate of NatWest bank and is repayable on 53 weeks' notice by either party. It is secured by a general charge over all the assets of the company and its subsidiaries by means of a debenture. Part of the loan was reinstated in 2024 after it was concluded that a decision made in 2022, to write-off a debt of £842k owed to IMechE was incorrect.

15 Called up share capital

	2025	2024
	£	£
Ordinary share capital		
Issued and fully paid		
2 Ordinary Shares of £1 each	2	2

16 Reserves

	2025	2024
	£	£
At the beginning of the year	(4,014,484)	(3,186,824)
Reinstatement of FY22 Loan write off	-	(842,292)
Profit/(loss) for the year	655,280	14,632
At the end of the year	**(3,359,204)**	**(4,014,484)**

As a result of legal advice sought in 2023, it was concluded that a decision made in 2022, to write-off a debt of £842k owed to IMechE by IMechE's trading subsidiary Professional Engineering Projects Limited ('PEP Limited'), was incorrect. Based on additional professional advice the loan has been reinstated in the 2024 accounts following the issuance of a new loan agreement and now restores the financial position, including interest to the same state as it would have been had the write-off never taken place.

17 Parent undertaking

The company's ultimate parent company and controlling party is the Institution of Mechanical Engineers (IMechE) which is incorporated in England and Wales by Royal Charter. The IMechE is a registered charity. It heads the smallest and largest group for which group accounts are prepared.

Copies of the parent's consolidated financial statements may be obtained from the Finance Director, 1 Birdcage Walk, London SW1H 9JJ.