

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2018
FOR
A & B ENGINEERING
(ELECTRICAL SERVICE DIVISION) LIMITED

Malthouse & Company

Chartered Accountants & Business Advisers

Malthouse & Company is the trading name of Malthouse & Company Limited
registered in England no. 3576518, VAT registration no. 926 7203 23
Registered office: America House, Rumford Court, Rumford Place, Liverpool L3 9DD

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A & B ENGINEERING
(ELECTRICAL SERVICE DIVISION) LIMITED

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FOR THE YEAR ENDED 28 FEBRUARY 2018

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A & B ENGINEERING
(ELECTRICAL SERVICE DIVISION) LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 28 FEBRUARY 2018

DIRECTORS:	A Stanley I Cooper P Kennils N Kennedy
SECRETARY:	Mrs K Pilkington
REGISTERED OFFICE:	11 Derby Lane Liverpool Merseyside L13 6QA
REGISTERED NUMBER:	01179302 (England and Wales)
SENIOR STATUTORY AUDITOR:	Samuel Evans BSc (Hons) ACA
AUDITORS:	Malthouse & Company Chartered Accountants and Statutory Auditors America House, Rumford Court Rumford Place Liverpool Merseyside L3 9DD
BANKERS:	Barclays Bank 265/267 Lord Street Southport Merseyside PR8 1PD
SOLICITORS:	Brabner Holden 1 Dale Street Liverpool Merseyside PR8 1PD

A & B ENGINEERING
(ELECTRICAL SERVICE DIVISION) LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2018

The directors present their strategic report for the year ended 28 February 2018.

REVIEW OF BUSINESS

A&B Engineering (Electrical Services Division) Limited provides design and installation of electrical services predominantly throughout the North West of England.

A large proportion of the Company's contract work is alongside A&B Engineering (Mechanical Services Division) Limited, and we have continued to successfully work in association on projects throughout the area and further afield with select clients.

Key financial and other performance indicators for the company are as follows:

	2018	2017
Turnover	£17,456,932	£13,895,6 89
Gross margin	21.37%	13.72%

The year to February 2018 proved to be an outstanding year with turnover up 25.6% and gross profit margin up by 7.7%. The increase in business was in line with the directors' expectations given the long term contracts secured in the previous financial year. The Company remains committed to the investment in the infrastructure and in the training and development of the team, both of which are considered vital to the continuing success of the Company.

Many exciting projects were secured during the year which continue to be closely monitored and managed, the results of which have helped the Company to achieve its best results in recent years. Our strong internal monitoring controls work well across all financial aspects of the business and ensure costs are tightly controlled to improve margins wherever possible.

Market conditions continue to be competitive; however we have maintained our strong relationships with local and national clients and suppliers. This puts us in a very strong position to ensure our opportunities within the industry continue to increase.

FUTURE DEVELOPMENTS

The Directors are optimistic for the future and there are already numerous contracts secured and in progress which we conservatively expect to result in turnover of circa £13m for 2019. Our forecasts indicate the return and Gross Profit margin will remain healthy, and by maintaining our excellent relationships with customers and suppliers we will ensure profitable contracts continue for the forthcoming periods.

The Company's reputation and expertise has grown over recent years and it has established itself as a leading contractor in the North West and surrounding areas. The Directors aims to continue building upon this and its trading success to achieve steady growth for the benefit of its shareholders.

A & B ENGINEERING
(ELECTRICAL SERVICE DIVISION) LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2018

PRINCIPAL RISKS AND UNCERTAINTIES

Going Concern:

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review above. The company has adequate financial resources together with long term contracts with a number of suppliers and customers across different geographic areas and industries. The company aims to continue building upon its already successful reputation with a view to a longer term objective of increasing the company's overall value for the benefit of its shareholders. As a consequence the directors believe that the company is well placed to manage its business risks successfully. The directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Commercial Relationships:

The company benefits from close commercial relationships with a number of key clients and suppliers. The loss of any of these key clients or suppliers, or a significant worsening in commercial terms could have a detrimental effect on the company's results. In order to minimise this risk, the company recognises the need to devote significant resources to supporting these relationships in order to ensure that they do continue to operate satisfactorily.

Competitor Risk:

The company operates in a highly competitive market. Significant price competition could adversely affect the operating results. To mitigate this risk the company has a policy of continually monitoring and reviewing its cost base to ensure that it does remain competitive.

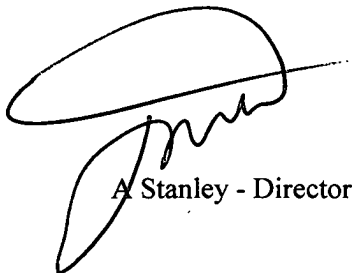
Litigation and Investigations:

The company is subject to a broad range of laws, regulations and standards. Non Compliance with any of these laws, regulations and standards could significantly damage the reputation and performance of the company. Rigorous quality control procedures are implemented and performed by the company on each contract in order to ensure that any such risks are minimised.

Credit Risk:

The company derives a significant proportion of its revenue from sales to large multi-national companies. The failure of any such company to honour its debts could materially impact on the company's own working capital. Credit control procedures are in place that constantly monitor debtor balances and the company's cashflow position in order to flag up any likely problems before they arise.

APPROVED BY THE BOARD AND SIGNED ON ITS BEHALF:



A Stanley - Director

1 June 2018

A & B ENGINEERING
(ELECTRICAL SERVICE DIVISION) LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 28 FEBRUARY 2018

The directors present their report with the financial statements of the company for the year ended 28 February 2018.

DIVIDENDS

Based on the results for the year, dividends of £2,184,000 were declared and paid after 28 February 2018.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 March 2017 to the date of this report.

A Stanley
I Cooper
P Kennils
N Kennedy

DISCLOSURE IN THE STRATEGIC REPORT

Information concerning the likely future developments and principal risks and uncertainties of the company are contained within the Strategic Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

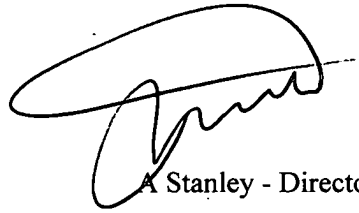
**A & B ENGINEERING
(ELECTRICAL SERVICE DIVISION) LIMITED**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 28 FEBRUARY 2018**

AUDITORS

The auditors, Malthouse & Company Chartered Accountants, will be proposed for re-appointment at the forthcoming Annual General Meeting.

APPROVED BY THE BOARD AND SIGNED ON ITS BEHALF:

A stylized handwritten signature in black ink, consisting of a large loop at the top and several smaller loops below it.

A Stanley - Director

1 June 2018

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
A & B ENGINEERING
(ELECTRICAL SERVICE DIVISION) LIMITED

Opinion

We have audited the financial statements of A & B Engineering (Electrical Service Division) Limited (the 'company') for the year ended 28 February 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the 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. 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
A & B ENGINEERING
(ELECTRICAL SERVICE DIVISION) LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, 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.

Opinion 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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors

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

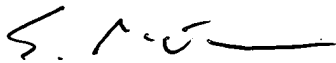
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
A & B ENGINEERING
(ELECTRICAL SERVICE DIVISION) LIMITED

Our responsibilities for the audit of the financial statements

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

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



Samuel Evans BSc (Hons) ACA (Senior Statutory Auditor)
for and on behalf of Malthouse & Company Chartered Accountants
and Statutory Auditors
America House, Rumford Court
Rumford Place
Liverpool
Merseyside
L3 9DD

Date: 7-6-18

A & B ENGINEERING
(ELECTRICAL SERVICE DIVISION) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2018

	Notes	28.2.18 £	28.2.17 £
TURNOVER		17,456,932	13,895,689
Cost of sales		<u>13,726,459</u>	<u>11,989,690</u>
GROSS PROFIT		3,730,473	1,905,999
Administrative expenses		<u>753,925</u>	<u>667,333</u>
OPERATING PROFIT	4	2,976,548	1,238,666
Interest receivable and similar income		<u>3,773</u>	<u>730</u>
PROFIT BEFORE TAXATION		2,980,321	1,239,396
Tax on profit	5	<u>569,620</u>	<u>258,187</u>
PROFIT FOR THE FINANCIAL YEAR		2,410,701	981,209
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>2,410,701</u></u>	<u><u>981,209</u></u>

The notes form part of these financial statements

A & B ENGINEERING
(ELECTRICAL SERVICE DIVISION) LIMITED (REGISTERED NUMBER: 01179302)

BALANCE SHEET
28 FEBRUARY 2018

	Notes	28.2.18 £	28.2.17 £
FIXED ASSETS			
Tangible assets	7	82,931	88,751
CURRENT ASSETS			
Stocks	8	280,893	69,273
Debtors	9	4,785,754	3,757,263
Cash at bank		<u>2,986,576</u>	<u>2,388,794</u>
		8,053,223	6,215,330
CREDITORS			
Amounts falling due within one year	10	<u>4,411,989</u>	<u>4,208,422</u>
NET CURRENT ASSETS		<u>3,641,234</u>	<u>2,006,908</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,724,165	2,095,659
PROVISIONS FOR LIABILITIES	12	<u>9,531</u>	<u>10,517</u>
NET ASSETS		<u><u>3,714,634</u></u>	<u><u>2,085,142</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	8,045	8,045
Share premium	14	405,205	405,205
Other reserves	14	41,748	41,748
Retained earnings	14	<u>3,259,636</u>	<u>1,630,144</u>
SHAREHOLDERS' FUNDS		<u><u>3,714,634</u></u>	<u><u>2,085,142</u></u>

The financial statements were approved by the Board of Directors on 1 June 2018 and were signed on its behalf by:



I Cooper - Director

The notes form part of these financial statements

A & B ENGINEERING
(ELECTRICAL SERVICE DIVISION) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2018

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Balance at 1 March 2016	8,045	1,367,059	405,205	41,748	1,822,057
Changes in equity					
Dividends	-	(718,124)	-	-	(718,124)
Total comprehensive income	-	981,209	-	-	981,209
Balance at 28 February 2017	<u>8,045</u>	<u>1,630,144</u>	<u>405,205</u>	<u>41,748</u>	<u>2,085,142</u>
Changes in equity					
Dividends	-	(781,209)	-	-	(781,209)
Total comprehensive income	-	2,410,701	-	-	2,410,701
Balance at 28 February 2018	<u>8,045</u>	<u>3,259,636</u>	<u>405,205</u>	<u>41,748</u>	<u>3,714,634</u>

The notes form part of these financial statements

A & B ENGINEERING
(ELECTRICAL SERVICE DIVISION) LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2018

	Notes	28.2.18 £	28.2.17 £
Cash flows from operating activities			
Cash generated from operations	1	1,749,372	2,451,975
Tax paid		<u>(253,525)</u>	<u>(191,063)</u>
Net cash from operating activities		<u>1,495,847</u>	<u>2,260,912</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(20,629)	(68,837)
Sale of tangible fixed assets		-	13,739
Interest received		<u>3,773</u>	<u>730</u>
Net cash from investing activities		<u>(16,856)</u>	<u>(54,368)</u>
Cash flows from financing activities			
Amount introduced by directors		150,000	-
Amount withdrawn by directors		(250,000)	(150,000)
Equity dividends paid		<u>(781,209)</u>	<u>(718,124)</u>
Net cash from financing activities		<u>(881,209)</u>	<u>(868,124)</u>
Increase in cash and cash equivalents		<u>597,782</u>	<u>1,338,420</u>
Cash and cash equivalents at beginning of year	2	<u>2,388,794</u>	<u>1,050,374</u>
Cash and cash equivalents at end of year	2	<u><u>2,986,576</u></u>	<u><u>2,388,794</u></u>

The notes form part of these financial statements

A & B ENGINEERING
(ELECTRICAL SERVICE DIVISION) LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2018

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

	28.2.18	28.2.17
	£	£
Profit before taxation	2,980,321	1,239,396
Depreciation charges	26,088	20,178
Loss on disposal of fixed assets	363	4,035
Finance income	<u>(3,773)</u>	<u>(730)</u>
	3,002,999	1,262,879
Increase in stocks	(211,620)	(24,097)
Increase in trade and other debtors	(928,491)	(333,314)
(Decrease)/increase in trade and other creditors	<u>(113,516)</u>	<u>1,546,507</u>
Cash generated from operations	<u><u>1,749,372</u></u>	<u><u>2,451,975</u></u>

2. **CASH AND CASH EQUIVALENTS**

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

Year ended 28 February 2018

	28.2.18	1.3.17
	£	£
Cash and cash equivalents	<u><u>2,986,576</u></u>	<u><u>2,388,794</u></u>

Year ended 28 February 2017

	28.2.17	1.3.16
	£	£
Cash and cash equivalents	<u><u>2,388,794</u></u>	<u><u>1,050,374</u></u>

The notes form part of these financial statements

A & B ENGINEERING
(ELECTRICAL SERVICE DIVISION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2018

1. **STATUTORY INFORMATION**

A & B Engineering (Electrical Service Division) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

BASIS OF PREPARING THE FINANCIAL STATEMENTS

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

The presentation currency is £ sterling.

TURNOVER AND LONG TERM CONTRACTS

Turnover is the amount derived from the provision of electrical building services, excluding VAT, and is recognised by reference to the percentage stage of completion on construction contracts.

The stage of completion is estimated by the directors, based on individual project financial forecasts for each contract, and results from detailed analysis work on each element of a contract.

Turnover is then recognised by the percentage stage of completion, as compared to the total agreed contract value (including any variations).

Operating profit attributable to each contract is calculated by applying the percentage stage of completion to the expected final contract profit, based on the forecasted project costings.

Cost of sales represents the difference between the turnover and operating profit for each contract. Actual contract costs in excess of cost of sales are included in the financial statements as work in progress, and where actual contract costs are below cost of sales, the difference is accrued into creditors.

Where it is considered probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognised as an expense in the income statement.

TANGIBLE FIXED ASSETS

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery - 25% on reducing balance and 20% on cost

Fixtures and fittings - 20% on cost

Motor vehicles - 25% on reducing balance

Tangible fixed assets are stated at historical cost less accumulated depreciation and any impairment losses.

A & B ENGINEERING
(ELECTRICAL SERVICE DIVISION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2018

2. **ACCOUNTING POLICIES - continued**

STOCKS AND WORK IN PROGRESS

Stocks of raw materials are valued at current cost. Work in progress is valued at the lower of cost and estimated net realisable value. The cost of work in progress and finished goods comprises materials, direct and sub-contract labour and attributable production overheads. Net realisable value is based on estimated selling price less further costs to completion and distribution.

TAXATION

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

Current or deferred taxation assets and liabilities are not discounted.

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

DEFERRED TAX

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

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

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

PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS

The company operates a defined contribution pension scheme. Contributions payable in the year are charged in the profit and loss. The pension contributions provided at the year end was £60,427.

OPERATING LEASES

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

A & B ENGINEERING
(ELECTRICAL SERVICE DIVISION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2018

3. EMPLOYEES AND DIRECTORS

Aggregate remuneration and related costs including directors was as follows:

	28.2.18	28.2.17
	£	£
Wages and salaries	4,635,162	3,175,682
Other pension costs	248,568	256,253
Employer's national insurance	<u>323,252</u>	<u>309,824</u>
	<u><u>5,206,982</u></u>	<u><u>4,281,759</u></u>

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

	28.02.18	28.2.17
Employees	108	108
Directors	<u>4</u>	<u>4</u>
	<u><u>112</u></u>	<u><u>112</u></u>

DIRECTORS' EMOLUMENTS

	28.2.18	28.2.17
	£	£
Directors' remuneration	193,931	142,082
Directors' pension contributions	103,461	150,025
Taxable benefits	<u>17,583</u>	<u>16,685</u>
	<u><u>314,975</u></u>	<u><u>308,792</u></u>

The number of directors to whom retirement benefits were accruing under a defined contribution pension scheme was 4 (2017: 4).

Information regarding the highest paid director is as follows:

	28.2.18
	£
Remuneration and benefits	52,383
Pension contributions to money purchase pension schemes	<u>35,000</u>
	<u><u>87,383</u></u>

A & B ENGINEERING
(ELECTRICAL SERVICE DIVISION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2018

	28.2.18	28.2.17
	£	£
Directors' remuneration	<u>193,931</u>	<u>142,082</u>

4. OPERATING PROFIT

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

	28.2.18	28.2.17
	£	£
Staff costs	5,206,982	4,281,758
Depreciation - owned assets	26,087	20,178
(Profit)/Loss on disposal of fixed assets	363	4,035
Auditors' remuneration	9,475	9,475
Auditors' remuneration for non audit services	10,707	11,032
Operating lease rentals- land and buildings	17,000	17,000
- other	<u>9,411</u>	<u>5,781</u>

5. TAXATION

Analysis of the tax charge

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

	28.2.18	28.2.17
	£	£
Current tax:		
UK corporation tax	570,606	253,496
Deferred tax	<u>(986)</u>	<u>4,691</u>
Tax on profit	<u>569,620</u>	<u>258,187</u>

UK corporation tax has been charged at 19%.

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NOTES TO THE FINANCIAL STATEMENTS - continued
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5. **TAXATION - continued**

RECONCILIATION OF TOTAL TAX CHARGE INCLUDED IN PROFIT AND LOSS

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

	28.2.18 £	28.2.17 £
Profit before tax	<u>2,980,321</u>	<u>1,239,396</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)	566,261	247,879
Effects of:		
Depreciation	4,957	4,036
Loss on disposal of assets	69	807
Disallowable expenditure	1,354	10,323
Timing differences	(986)	4,691
Capital Allowances	(4,566)	(9,533)
Early payment interest	-	(16)
Change in tax rate	<u>2,531</u>	<u>-</u>
Total tax charge	<u>569,620</u>	<u>258,187</u>

The main rate of Corporation tax has been reduced to 19% for financial years beginning 1 April 2017.

6. **DIVIDENDS**

	28.2.18 £	28.2.17 £
Ordinary shares of £1 each		
Final	<u>781,209</u>	<u>718,124</u>

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7. **TANGIBLE FIXED ASSETS**

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 March 2017	73,703	60,584	61,151	195,438
Additions	2,989	17,640	-	20,629
Disposals	<u>(2,647)</u>	<u>(11,895)</u>	<u>-</u>	<u>(14,542)</u>
At 28 February 2018	<u>74,045</u>	<u>66,329</u>	<u>61,151</u>	<u>201,525</u>
DEPRECIATION				
At 1 March 2017	55,857	37,403	13,427	106,687
Charge for year	4,767	10,665	10,654	26,086
Eliminated on disposal	<u>(2,642)</u>	<u>(11,537)</u>	<u>-</u>	<u>(14,179)</u>
At 28 February 2018	<u>57,982</u>	<u>36,531</u>	<u>24,081</u>	<u>118,594</u>
NET BOOK VALUE				
At 28 February 2018	<u>16,063</u>	<u>29,798</u>	<u>37,070</u>	<u>82,931</u>
At 28 February 2017	<u>17,846</u>	<u>23,181</u>	<u>47,724</u>	<u>88,751</u>

8. **STOCKS**

	28.2.18 £	28.2.17 £
Raw materials	42,151	37,533
Work in progress	<u>238,742</u>	<u>31,740</u>
	<u>280,893</u>	<u>69,273</u>

9. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	28.2.18 £	28.2.17 £
Amounts falling due within one year:		
Trade debtors	1,234,722	1,015,319
Amounts recoverable on long-term contracts	3,115,362	2,456,673
Other debtors	<u>435,671</u>	<u>285,271</u>
	<u>4,785,755</u>	<u>3,757,263</u>

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NOTES TO THE FINANCIAL STATEMENTS - continued
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10. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	28.2.18	28.2.17
	£	£
Trade creditors	2,290,477	1,837,647
Tax	570,577	253,496
Social security and other taxes	128,665	94,645
VAT	343,246	385,599
Other creditors and accruals	178,438	181,650
Long-term contract costs accrued	<u>900,586</u>	<u>1,455,385</u>
	<u>4,411,989</u>	<u>4,208,422</u>

11. **LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	28.2.18	28.2.17
	£	£
Within one year	7,496	4,732
Between one and five years	<u>9,261</u>	<u>3,601</u>
	<u>16,757</u>	<u>8,333</u>

12. **PROVISIONS FOR LIABILITIES**

	28.2.18	28.2.17
	£	£
Deferred Tax	9,531	10,517
	<u>9,531</u>	<u>10,517</u>

	Deferred Tax £
Balance at 1 March 2017	10,517
Movement	<u>(986)</u>
Balance at 28 February 2018	<u>9,531</u>

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13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal	28.2.18	28.2.17
		value:	£	£
8,045	Ordinary	£1	<u>8,045</u>	<u>8,045</u>

Ordinary shares particulars:

One vote per share (full voting rights);

Right to a dividend if declared for this class of share;

Right to participate in a distribution in a winding up;

Shares are not redeemable at the option of either the company or the shareholder.

14. RESERVES

	Retained earnings £	Share premium £	Other reserves £	Totals £
At 1 March 2017	1,630,144	405,205	41,748	2,077,097
Profit for the year	2,410,701			2,410,701
Dividends	<u>(781,209)</u>			<u>(781,209)</u>
At 28 February 2018	<u>3,259,636</u>	<u>405,205</u>	<u>41,748</u>	<u>3,706,589</u>

15. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

During the year ended 28 February 2018, A Stanley was provided with an interest free loan by the company. The loan was repaid during the year ended 28 February 2019. The maximum amount outstanding at any one time was £250,000.

16. RELATED PARTY DISCLOSURES

Dividends paid in the year of £781,209 (2017: £718,124) have been distributed to the shareholders who are also directors or key management of the company, in accordance with their shareholding.

Based on the results for the current year, dividends of £2,184,000 were declared and paid after 28 February 2018.

17. ULTIMATE CONTROLLING PARTY

It was considered that the company has no ultimate controlling party.