

**REGISTERED NUMBER: 01179302 (England and Wales)**

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021  
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

Registered to carry on audit work in the UK and Ireland, regulated for a range of investment business  
activities, and licensed to carry out the reserved legal activity of non-contentious probate  
in England and Wales by the Institute of Chartered Accountants in England and Wales.

[www.malthouse.com](http://www.malthouse.com)

THURSDAY



\*AA7CC8P4\*

A12

24/06/2021

#162

COMPANIES HOUSE

A & B ENGINEERING  
(ELECTRICAL SERVICE DIVISION) LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2021

---

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	6
Statement of Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Cash Flow Statement	13
Notes to the Cash Flow Statement	14
Notes to the Financial Statements	15
Trading and Profit and Loss Account	24

A & B ENGINEERING  
(ELECTRICAL SERVICE DIVISION) LIMITED

COMPANY INFORMATION  
FOR THE YEAR ENDED 28 FEBRUARY 2021

---

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

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

**STRATEGIC REPORT  
FOR THE YEAR ENDED 28 FEBRUARY 2021**

---

The directors present their strategic report for the year ended 28 February 2021.

**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:

	<b>2021</b>	<b>2020</b>
Turnover	£16,103,466	£20,139,830
Gross margin	17.97%	16.07%

The year ended February 2021 was considered by the directors to be an exceptionally good year. There was a reduction in turnover, albeit with an increase in the gross profit margin. The level of business was in line with the directors' expectations given the nature of the long term contracts secured in each 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 record results. Our stringent 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 as competitive as ever; however, we have maintained our close relationships with local and national clients and suppliers. We are confident that this puts us in a healthy position to ensure our opportunities within the industry continue to increase.

Along with the normal trading issues involved with our business this year, we have had to address and deal with the added restriction and effect of continuing operations with the presence of the COVID-19 outbreak. Although a small number of sites did make the decision to cease works, this only remained in place for a matter of days and all other projects continued with additional measures implemented, so as a result we have continued to service all of our sites throughout this period of the virus being prevalent, and continue to do so.

We have made the necessary changes to the operating procedures of the business to alleviate the on going effect of the COVID-19 situation to minimise any loss of the productivity of the installation works and therefore profit, and on the whole we have maintained our business extremely well and expect the forthcoming year to be another good one..

**FUTURE DEVELOPMENTS**

The directors continue to be optimistic for the future and there are already numerous beneficial contracts secured, and in progress, which we conservatively expect to result in a turnover level of circa £15m for our February 2022 trading year. 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.

A & B ENGINEERING  
(ELECTRICAL SERVICE DIVISION) LIMITED

STRATEGIC REPORT  
FOR THE YEAR ENDED 28 FEBRUARY 2021

---

**FUTURE DEVELOPMENTS (CONT...)**

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

**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 very strong 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 clients or suppliers, or a significant worsening in commercial terms could have a detrimental effect on the company's results. To minimise this risk, the company recognises the need to use significant resources in supporting these relationships to ensure that they 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.

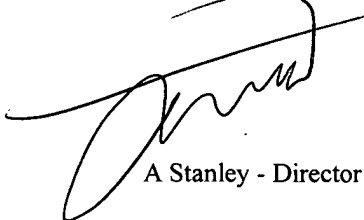
**Litigation and Investigations:**

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

11 June 2021

A & B ENGINEERING  
(ELECTRICAL SERVICE DIVISION) LIMITED

REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 28 FEBRUARY 2021

---

The directors present their report with the financial statements of the company for the year ended 28 February 2021.

**DIVIDENDS**

Based on the results for the year, interim dividends totalling £1,177,400 have been paid after 28 February 2021.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 March 2020 to the date of this report.

A Stanley  
I Cooper  
N Kennedy

Other changes in directors holding office are as follows:

P Kennils - resigned 7 May 2020  
M Borlase - appointed 9 April 2020

**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.

A & B ENGINEERING  
(ELECTRICAL SERVICE DIVISION) LIMITED

REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 28 FEBRUARY 2021

---

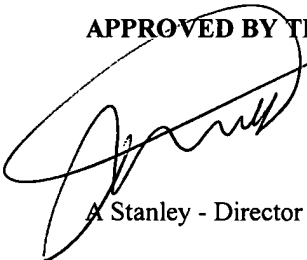
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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.

**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 Stanley - Director

11 June 2021

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 2021 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2021 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**

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.

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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the 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

---

**Auditors' responsibilities for the audit of the financial statements**

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the company's sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company;
- we assessed the extent of compliance with the laws and regulations identified through making enquiries of management and inspecting legal correspondence.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions and investigated the rationale behind them;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;

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

---

- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

**Use of our report**

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



Samuel Evans BSc (Hons) FCA (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: 16-06-2021

A & B ENGINEERING  
(ELECTRICAL SERVICE DIVISION) LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 28 FEBRUARY 2021

		28.2.21	29.2.20 as restated
	Notes	£	£
<b>TURNOVER</b>		16,103,466	20,139,830
Cost of sales		<u>13,210,383</u>	<u>16,902,789</u>
<b>GROSS PROFIT</b>		2,893,083	3,237,041
Administrative expenses		<u>834,056</u>	<u>854,919</u>
		2,059,027	2,382,122
Other operating income		<u>127,154</u>	<u>-</u>
<b>OPERATING PROFIT</b>	4	2,186,181	2,382,122
Interest receivable and similar income		<u>1,594</u>	<u>10,247</u>
<b>PROFIT BEFORE TAXATION</b>		2,187,775	2,392,369
Tax on profit	5	<u>412,831</u>	<u>468,654</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		1,774,944	1,923,715
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			<u><u>1,923,715</u></u>
Prior year adjustment	7	<u>275,025</u>	
<b>TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT</b>		<u><u>2,049,969</u></u>	

The notes form part of these financial statements

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

BALANCE SHEET  
28 FEBRUARY 2021

		28.2.21	29.2.20 as restated	1.3.19
	Notes	£	£	£
<b>FIXED ASSETS</b>				
Tangible assets	8	<u>79,715</u>	<u>101,286</u>	<u>84,693</u>
<b>CURRENT ASSETS</b>				
Stocks	9	232,334	46,625	53,529
Debtors	10	3,815,130	4,160,039	2,918,397
Cash at bank		<u>4,291,051</u>	<u>4,377,929</u>	<u>3,033,571</u>
		<u>8,338,515</u>	<u>8,584,593</u>	<u>6,005,497</u>
<b>CREDITORS</b>				
Amounts falling due within one year	11	<u>(5,007,510)</u>	<u>(5,244,210)</u>	<u>(2,986,878)</u>
<b>NET CURRENT ASSETS</b>		<u>3,331,005</u>	<u>3,340,383</u>	<u>3,018,619</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,410,720	3,441,669	3,103,312
<b>PROVISIONS FOR LIABILITIES</b>	13	<u>(10,612)</u>	<u>(14,021)</u>	<u>(10,443)</u>
<b>NET ASSETS</b>		<u>3,400,108</u>	<u>3,427,648</u>	<u>3,092,869</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	14	8,045	8,045	8,045
Share premium	15	405,205	405,205	405,205
Other reserves	15	41,748	41,748	41,748
Retained earnings	15	<u>2,945,110</u>	<u>2,972,650</u>	<u>2,637,871</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>3,400,108</u>	<u>3,427,648</u>	<u>3,092,869</u>

The financial statements were approved by the Board of Directors and authorised for issue on 11 June 2021 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 2021

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
<b>Balance at 1 March 2019</b>	8,045	2,637,871	405,205	41,748	3,092,869
<b>Changes in equity</b>					
Dividends	-	(1,588,936)	-	-	(1,588,936)
Total comprehensive income	-	<u>1,648,690</u>	-	-	<u>1,648,690</u>
<b>Balance at 29 February 2020</b>	<u>8,045</u>	<u>2,697,625</u>	<u>405,205</u>	<u>41,748</u>	<u>3,152,623</u>
Prior year adjustment	-	<u>275,025</u>	-	-	<u>275,025</u>
As restated	<u>8,045</u>	<u>2,972,650</u>	<u>405,205</u>	<u>41,748</u>	<u>3,427,648</u>
<b>Changes in equity</b>					
Dividends	-	(1,802,484)	-	-	(1,802,484)
Total comprehensive income	-	<u>1,774,944</u>	-	-	<u>1,774,944</u>
<b>Balance at 28 February 2021</b>	<u>8,045</u>	<u>2,945,110</u>	<u>405,205</u>	<u>41,748</u>	<u>3,400,108</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 2021

		28.2.21	29.2.20 as restated
	Notes	£	£
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,703,920	3,577,371
Tax paid		<u>(359,143)</u>	<u>(431,014)</u>
Net cash from operating activities		<u>1,344,777</u>	<u>3,146,357</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(22,950)	(43,310)
Sale of tangible fixed assets		2,000	-
Interest received		<u>1,594</u>	<u>10,247</u>
Net cash from investing activities		<u>(19,356)</u>	<u>(33,063)</u>
<b>Cash flows from financing activities</b>			
Amount introduced by directors		390,185	-
Amount withdrawn by directors		-	(180,000)
Equity dividends paid		<u>(1,802,484)</u>	<u>(1,588,936)</u>
Net cash from financing activities		<u>(1,412,299)</u>	<u>(1,768,936)</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		<u>(86,878)</u>	<u>1,344,358</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>4,377,929</u>	<u>3,033,571</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>4,291,051</u></u>	<u><u>4,377,929</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 2021

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

	28.2.21	29.2.20 as restated
	£	£
Profit before taxation	2,187,775	2,392,369
Depreciation charges	25,440	25,120
Loss on disposal of fixed assets	17,081	1,596
Finance income	<u>(1,594)</u>	<u>(10,247)</u>
	2,228,702	2,408,838
(Increase)/decrease in stocks	(185,709)	6,904
Decrease/(increase) in trade and other debtors	164,909	(1,061,642)
(Decrease)/increase in trade and other creditors	<u>(503,982)</u>	<u>2,223,271</u>
<b>Cash generated from operations</b>	<u><u>1,703,920</u></u>	<u><u>3,577,371</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 2021**

	28.2.21	1.3.20
	£	£
Cash and cash equivalents	<u><u>4,291,051</u></u>	<u><u>4,377,929</u></u>

**Year ended 29 February 2020**

	29.2.20	1.3.19
	£	£
Cash and cash equivalents	<u><u>4,377,929</u></u>	<u><u>3,033,571</u></u>

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.3.20 £	Cash flow £	At 28.2.21 £ -
<b>Net cash</b>			
Cash at bank	<u><u>4,377,929</u></u>	<u><u>(86,878)</u></u>	<u><u>4,291,051</u></u>
	<u><u>4,377,929</u></u>	<u><u>(86,878)</u></u>	<u><u>4,291,051</u></u>
<b>Total</b>	<u><u>4,377,929</u></u>	<u><u>(86,878)</u></u>	<u><u>4,291,051</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 2021**

---

**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 2021

---

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 £55,547 (2020: £75,553).

**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 2021

---

3. **EMPLOYEES AND DIRECTORS**

Aggregate remuneration and related costs including directors was as follows:

	28.2.21	29.2.20
	£	£
Wages and salaries	4,000,879	3,905,629
Other pension costs	211,566	262,062
Employer's national insurance	<u>388,658</u>	<u>362,018</u>
	<u><u>4,601,103</u></u>	<u><u>4,529,709</u></u>

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

	28.02.21	29.2.20
Employees	105	106
Directors	<u>4</u>	<u>4</u>
	<u><u>109</u></u>	<u><u>110</u></u>

A & B ENGINEERING  
(ELECTRICAL SERVICE DIVISION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 28 FEBRUARY 2021

**DIRECTORS' EMOLUMENTS**

	28.2.21	29.2.20
	£	£
Directors' remuneration	314,460	242,897
Directors' pension contributions	33,477	96,588
Taxable benefits	<u>8,291</u>	<u>4,236</u>
	<u><u>356,228</u></u>	<u><u>343,721</u></u>

The number of directors to whom retirement benefits were accruing under a defined contribution pension scheme was 4 (2020: 4).

Information regarding the highest paid director is as follows:

	28.2.21	29.2.20
	£	£
Remuneration and benefits	91,137	83,381
Pension contributions to money purchase pension schemes	<u>6,440</u>	<u>9,131</u>
	<u><u>97,577</u></u>	<u><u>92,512</u></u>

**4. OPERATING PROFIT**

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

	28.2.21	29.2.20
	£	£
Staff and subcontractor costs	5,526,806	5,675,864
Depreciation - owned assets	25,440	25,120
(Profit)/Loss on disposal of fixed assets	17,081	1,596
Auditors' remuneration	10,000	10,000
Auditors' remuneration for non audit services	14,785	11,507
Operating lease rentals- land and buildings	17,000	17,000
- other	<u>12,095</u>	<u>9,330</u>

A & B ENGINEERING  
(ELECTRICAL SERVICE DIVISION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 28 FEBRUARY 2021

5. **TAXATION**

**Analysis of the tax charge**

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

	28.2.21	29.2.20 as restated
	£	£
Current tax:		
UK corporation tax	416,240	465,076
Deferred tax	<u>(3,409)</u>	<u>3,578</u>
Tax on profit	<u>412,831</u>	<u>468,654</u>

**RECONCILIATION OF TOTAL TAX CHARGE INCLUDED IN PROFIT AND LOSS**

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

	28.2.21	29.2.20 as restated
	£	£
Profit before tax	<u>2,187,775</u>	<u>2,392,369</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	415,677	454,550
Effects of:		
Depreciation	4,834	4,773
Loss on disposal of assets	3,245	303
Disallowable expenditure	1,873	11,843
Timing differences	(3,801)	3,578
Capital Allowances	(4,669)	(8,654)
Other adjustments	<u>(4,328)</u>	<u>2,261</u>
Total tax charge	<u>412,831</u>	<u>468,654</u>

6. **DIVIDENDS**

	28.2.21	29.2.20 as restated
	£	£
Ordinary shares of £1 each		
Final	<u>1,802,484</u>	<u>1,588,936</u>

A & B ENGINEERING  
(ELECTRICAL SERVICE DIVISION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 28 FEBRUARY 2021

7. **PRIOR YEAR ADJUSTMENT**

A prior year adjustment has been made to correct an accounting error in respect of long term contracts.

8. **TANGIBLE FIXED ASSETS**

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>				
At 1 March 2020	78,885	108,189	61,151	248,225
Additions	4,266	18,684	-	22,950
Disposals	<u>(18,235)</u>	<u>(39,619)</u>	<u>(42,641)</u>	<u>(100,495)</u>
At 28 February 2021	<u>64,916</u>	<u>87,254</u>	<u>18,510</u>	<u>170,680</u>
<b>DEPRECIATION</b>				
At 1 March 2020	66,093	42,061	38,785	146,939
Charge for year	3,629	18,750	3,061	25,440
Eliminated on disposal	<u>(18,187)</u>	<u>(33,153)</u>	<u>(30,074)</u>	<u>(81,414)</u>
At 28 February 2021	<u>51,535</u>	<u>27,658</u>	<u>11,772</u>	<u>90,965</u>
<b>NET BOOK VALUE</b>				
At 28 February 2021	<u>13,381</u>	<u>59,596</u>	<u>6,738</u>	<u>79,715</u>
At 29 February 2020	<u>12,792</u>	<u>66,128</u>	<u>22,366</u>	<u>101,286</u>

9. **STOCKS**

	28.2.21 £	29.2.20 as restated £
Raw materials	47,854	44,553
Work in progress	<u>184,480</u>	<u>2,072</u>
	<u>232,334</u>	<u>46,625</u>

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

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 28 FEBRUARY 2021**

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

	28.2.21	29.2.20
	£	£
Amounts falling due within one year:		
Trade debtors	1,383,583	1,056,833
Amounts recoverable on long-term contracts	2,289,175	2,773,938
Other debtors	<u>142,372</u>	<u>329,268</u>
	<u>3,815,130</u>	<u>4,160,039</u>

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	28.2.21	29.2.20 as restated
	£	£
Trade creditors	2,108,212	1,905,733
Tax	329,171	272,074
Social security and other taxes	171,717	181,606
VAT	513,992	746,778
Other creditors and accruals	219,544	177,434
Long-term contract costs accrued	1,454,689	1,960,585
Directors' current accounts	<u>210,185</u>	<u>-</u>
	<u>5,007,510</u>	<u>5,244,210</u>

**12. LEASING AGREEMENTS**

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

	28.2.21	29.2.20 as restated
	£	£
Within one year	10,727	5,747
Between one and five years	<u>17,502</u>	<u>4,552</u>
	<u>28,229</u>	<u>10,299</u>

A & B ENGINEERING  
(ELECTRICAL SERVICE DIVISION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 28 FEBRUARY 2021

13. PROVISIONS FOR LIABILITIES

	28.2.21	29.2.20
	£	£
Deferred Tax	10,612	14,021
	<u>10,612</u>	<u>14,021</u>
	Deferred Tax £	
Balance at 1 March 2020	14,021	
Movement	<u>(3,409)</u>	
Balance at 28 February 2021	<u>10,612</u>	

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			28.2.21	29.2.20
Number:	Class:	Nominal value:		as restated
			£	£
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.

A & B ENGINEERING  
(ELECTRICAL SERVICE DIVISION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 28 FEBRUARY 2021

**15. RESERVES**

	Retained earnings £	Share premium £	Other reserves £	Totals £
At 1 March 2020	2,697,625	405,205	41,748	3,144,578
Prior year adjustment	<u>275,025</u>			<u>275,025</u>
Profit for the year	2,972,650			3,419,603
Dividends	1,774,944			1,774,944
	<u>(1,802,484)</u>			<u>(1,802,484)</u>
At 28 February 2021	<u>2,945,110</u>	<u>405,205</u>	<u>41,748</u>	<u>3,392,063</u>

**16. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

During the year ended 29 February 2020, I Cooper was provided with an interest free loan by the company. The loan was repaid during the year ended 28 February 2021. The maximum amount outstanding at any one time was £180,000.

**17. RELATED PARTY DISCLOSURES**

Dividends paid in the year of £1,802,484 (2020: £1,588,936) 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, interim dividends totalling £1,177,400 have been paid after 28 February 2021.

**18. ULTIMATE CONTROLLING PARTY**

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