

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021
FOR
A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED**

**A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED (REGISTERED NUMBER: 01368342)**

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for the Year Ended 28 February 2021**

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**A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED**

**COMPANY INFORMATION
for the Year Ended 28 February 2021**

DIRECTORS:

A J Currie
M Hart
G Dwyer
I D Buxton

SECRETARY:

M Hart

REGISTERED OFFICE:

11 Derby Lane
Old Swan
Liverpool
Merseyside
L13 6QA

REGISTERED NUMBER:

01368342 (England and Wales)

INDEPENDENT AUDITORS:

Fairhurst
Statutory Auditor
Chartered Accountants
Douglas Bank House
Wigan Lane
Wigan
Lancashire
WN1 2TB

SOLICITORS:

Wafer Phillips
54 Muirhead Avenue East
Liverpool
L1 1EL

**A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED (REGISTERED NUMBER: 01368342)**

**STRATEGIC REPORT
for the Year Ended 28 February 2021**

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

A&B Engineering (Mechanical Service Division) Limited provides design, supply and installation of Mechanical, Electrical and Plumbing Services (MEP) predominantly throughout the North West of England, North Wales, South Yorkshire and occasionally further afield within the UK on select projects with select clients.

We work alongside our associate partner A&B Engineering (Electrical Service Division) Limited and we are based in the same buildings we own and have been based in for over 50 years, in Liverpool. All our operations are run from this office. We have made considerable investments in our Offices, acquiring adjacent buildings as they became available and this gives us extended office space, extended car park facilities and increased space for our plant, equipment, transport, storage and logistics requirements and indeed pre-fabrication space.

REVIEW OF BUSINESS

The year to February 2021 was another good year for us. With sales of £ 43,554,915 this was less than we planned for the business due to a number of projects slipping, although those projects that have slipped have moved into our 2022 workload.

Several prestigious projects were secured during the year: -

- New Bailey B7
- Wirral Growth Hub Offices
- Isle of Man Ferry Terminal
- The Castings Residential

With many others giving us continued spread in our sectors – Health, Education, Blue Light, Residential, Hotels and Offices.

We continue to work with a number of Blue Chip companies and End Users and we have secured a number of first time clients that will strengthen our portfolio

PRINCIPAL RISKS AND UNCERTAINTIES

With a number of projects secured running into 2022 and 2023 it brings a risk of inflation in Materials and Labour costs. This has become more of an issue than ever due to the Worldwide concerns of inflation and material and components availability. These schemes include a margin to cover increases we anticipate and with early appointment and engagement with our suppliers and partners, we have obtained fixed prices for specialist trades that greatly reduces our risk. We are having to re-assess Contract Sums on expired bids and re-negotiate contract values.

In an uncertain world and political changes, insolvency of some of our clients still remains a high risk. We have and continue to have Credit Insurance in place on all our customers. We are safe in the fact that we have full Credit Insurance on all exposure we have across the board.

**A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED (REGISTERED NUMBER: 01368342)**

**STRATEGIC REPORT
for the Year Ended 28 February 2021**

FUTURE DEVELOPMENTS

The Directors plan to maintain a strategy of Sales Targets at £ 50 Million (although due to slippage this was not achieved this year) with increase for growth. Several schemes are currently underway that will be complete and included in our February 2022 Accounts. The close intensive cost management of all these projects and picking up the projects that slipped this year into next year will help drive our projected profits.

We have continued to develop our client base and we have again a number of first time customers we hope to develop long term relationships.

Projects secured going forward are: -

- Portland Street Hotel - £6 million
- Chadderton Police Station - £ 2 Million
- New Bailey Net Carbon Office - £ 8 Million

These awards have given us a very healthy Order Book going forward into the coming Financial Years.

Year	Target	Secured	%
2022	£50,000,000	£45,000,000	90
2023	£50,000,000	£45,000,000	90
2024	£50,000,000	£45,000,000	90

Another factor is as the Company's reputation and expertise has grown, as has the value of Orders being secured. Larger contract values are more fitting of a business of our size and that is driving our bottom line. Having delivered several bigger value schemes gives us the marketing factor that we use to sell ourselves being able to deliver these bigger projects. The mix and range of different value jobs we undertake allows us to manage our target sales per month to help achieve our goals.

Our development and investment in our Design Department and in particular BIM Technologies and now virtual reality, allows us to design our schemes in-house and gives us a collaborative approach to Mechanical, Electrical and Public Health and to produce sustainable and Low Carbon Designs. Our highly qualified engineers are committed to providing the highest level of service through dedication and expertise and we continue to develop in order to remain at the forefront of our ever-changing industry. We believe that with our in-depth knowledge and with an early appointment our design engineers can influence the scheme from initial inception and together with our construction knowledge we can develop each project with an innovative and cost-effective approach to enable all solutions to be analysed for its commercial viability.

All our engineers offer an expertise in BIM Level 2 production using Autodesk Revit Platform and we continue to excel in this area with many projects having been completed. In 2017, we attained BIM Level 2 Accreditation. We have an expertise in renewables and we have designed and installed numerous schemes utilising Bio-mas Boilers, Photovoltaics, Combined Heat and Power (CHP), Air Source Heat Pumps (ASHP) and LED Lighting. We also have an expertise in the requirements of BREEAM accreditation and we have delivered many schemes achieving the required credits.

- o In House Qualified Design Engineers
- o Thermal / Energy Modelling
- o SBEM / Energy Performance Certificates
- o BIM / 3D Modelling
- o BREEAM
- o Low Carbon Consultants
- o Integrated Engineering Solutions
- o Innovative Solutions
- o Commercial Viability
- o Partnering larger schemes with M&E Consultants
- o Professional Indemnity Insurance @ £ 10 Million
- o Investment in Training / Engineering Apprentices

**A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED (REGISTERED NUMBER: 01368342)**

**STRATEGIC REPORT
for the Year Ended 28 February 2021**

We are also a Low Carbon Consultant and we are at the forefront in the production of Thermal Models, SBEM Calculations and producing Energy Performance Certificates and virtual reality.

We continue to invest in Health and Safety which is of paramount importance. The training in this respect in time and money continues and we are proud of our Health and Safety records across all our schemes.

SUMMARY

Business optimism remains very high and allows us to continue to recruit both new apprentices and qualified trades, to continue to invest in our future and develop further the skills and expertise we have and the reputation we have built.

We value client relationships and we continue to build on these. We value our workforce and continue to mentor and develop to ensure we have a passionate, on-board, highly skilled and highly motivated workforce for many years to come.

We seem geographically well placed with a number of considerable Construction / Development opportunities on our doorstep and we believe we are in a strong position to secure a number of these lucrative awards. The drive for Net Carbon Buildings is a positive factor for our industry and our business and we have already secured a number of De-Carbonisation Schemes in recent months, including the iconic and prestigious A3 Net Carbon Office Development at New Bailey.

ON BEHALF OF THE BOARD:

M Hart - Secretary

19 November 2021

**A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED (REGISTERED NUMBER: 01368342)**

**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.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of mechanical engineering contractors.

DIVIDENDS

Interim dividends totalling £21.26118 per share were paid during the year. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 28 February 2021 will be £ 2,359,931 .

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 March 2020 to the date of this report unless otherwise stated.

The beneficial interests of the directors holding office at 28 February 2021 in the shares of the company, according to the register of directors' interests, were as follows:

	28.2.21	1.3.20 or date of appointment if later
Ordinary shares of 10p each		
A J Currie	23,249	23,249
M Hart	35,149	35,149
G Dwyer	23,249	23,249
I D Buxton - appointed 4/1/2021	-	-

These directors did not hold any non-beneficial interests in the shares of the company.

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 (MECHANICAL
SERVICE DIVISION) LIMITED (REGISTERED NUMBER: 01368342)**

**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, Fairhurst, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

M Hart - Secretary

19 November 2021

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

Opinion

We have audited the financial statements of A. & B. Engineering (Mechanical 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.

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.

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

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 five, 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 (MECHANICAL
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:

- 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 obtained an understanding of laws and regulations that affect the company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we have identified included Companies Act 2006, Tax legislation, data protection, employment, environmental and health & safety legislation.
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting accreditations and legal correspondence.

In assessing the susceptibility of the company's financial statements to material misstatement, including obtaining and understanding of how fraud might occur;

- We gained an understanding of the controls that management have in place to prevent and detect fraud. We enquired of management about any instances of fraud that had taken place during the year.

To address the risk of fraud through management bias and override of controls;

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

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

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.

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

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.

James J Weston FCCA (Senior Statutory Auditor)
for and on behalf of Fairhurst
Statutory Auditor
Chartered Accountants
Douglas Bank House
Wigan Lane
Wigan
Lancashire
WN1 2TB

19 November 2021

**A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED (REGISTERED NUMBER: 01368342)**

**STATEMENT OF COMPREHENSIVE
INCOME
for the Year Ended 28 February 2021**

		2021	2020 as restated
	Notes	£	£
TURNOVER	3	43,554,915	49,583,333
Cost of sales		<u>37,116,396</u>	<u>42,972,842</u>
GROSS PROFIT		6,438,519	6,610,491
Administrative expenses		<u>3,592,992</u>	<u>3,050,132</u>
		2,845,527	3,560,359
Other operating income	4	<u>128,526</u>	<u>17,000</u>
OPERATING PROFIT	6	2,974,053	3,577,359
Interest receivable and similar income	7	<u>3,253</u>	<u>6,786</u>
		2,977,306	3,584,145
Interest payable and similar expenses	8	<u>5,657</u>	<u>57,831</u>
PROFIT BEFORE TAXATION		2,971,649	3,526,314
Tax on profit	9	<u>577,348</u>	<u>682,681</u>
PROFIT FOR THE FINANCIAL YEAR		2,394,301	2,843,633
OTHER COMPREHENSIVE INCOME			
Transfer between reserves		64,829	257
Transfer between reserves		(64,829)	(257)
Income tax relating to components of other comprehensive income		<u>-</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,394,301</u>	<u>2,843,633</u>

The notes form part of these financial statements

**A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED (REGISTERED NUMBER: 01368342)**

**BALANCE SHEET
28 February 2021**

		2021	2020 as restated
	Notes	£	£
FIXED ASSETS			
Tangible assets	12	702,851	736,847
Investment property	13	<u>304,000</u>	<u>304,000</u>
		1,006,851	1,040,847
CURRENT ASSETS			
Stocks	14	40,000	44,213
Debtors	15	6,743,409	7,262,625
Cash at bank		<u>1,408,189</u>	<u>1,403,418</u>
		8,191,598	8,710,256
CREDITORS			
Amounts falling due within one year	16	<u>7,141,559</u>	<u>7,871,637</u>
NET CURRENT ASSETS		<u>1,050,039</u>	<u>838,619</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,056,890	1,879,466
CREDITORS			
Amounts falling due after more than one year	17	(497,469)	(351,084)
PROVISIONS FOR LIABILITIES	18	<u>(14,761)</u>	<u>(18,092)</u>
NET ASSETS		<u><u>1,544,660</u></u>	<u><u>1,510,290</u></u>
CAPITAL AND RESERVES			
Called up share capital	19	11,126	11,126
Share premium	20	37,500	37,500
Revaluation reserve	20	89,399	24,570
Capital redemption reserve	20	43,874	43,874
Retained earnings	20	<u>1,362,761</u>	<u>1,393,220</u>
SHAREHOLDERS' FUNDS		<u><u>1,544,660</u></u>	<u><u>1,510,290</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 19 November 2021 and were signed on its behalf by:

A J Currie - Director

The notes form part of these financial statements

**A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED (REGISTERED NUMBER: 01368342)**

**STATEMENT OF CHANGES IN EQUITY
for the Year Ended 28 February 2021**

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 March 2019	11,126	1,399,330	37,500
Changes in equity			
Dividends	-	(2,850,000)	-
Total comprehensive income	-	2,843,890	-
Balance at 29 February 2020	11,126	1,393,220	37,500
Changes in equity			
Dividends	-	(2,359,931)	-
Total comprehensive income	-	2,329,472	-
Balance at 28 February 2021	11,126	1,362,761	37,500
	Revaluation reserve £	Capital redemption reserve £	Total equity £
Balance at 1 March 2019	24,827	43,874	1,516,657
Changes in equity			
Dividends	-	-	(2,850,000)
Total comprehensive income	(257)	-	2,843,633
Balance at 29 February 2020	24,570	43,874	1,510,290
Changes in equity			
Dividends	-	-	(2,359,931)
Total comprehensive income	64,829	-	2,394,301
Balance at 28 February 2021	89,399	43,874	1,544,660

The notes form part of these financial statements

**A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED (REGISTERED NUMBER: 01368342)**

**CASH FLOW STATEMENT
for the Year Ended 28 February 2021**

	Notes	2021 £	2020 as restated £
Cash flows from operating activities			
Cash generated from operations	1	3,241,631	4,253,694
Interest paid		(5,657)	(57,831)
Tax paid		(753,455)	(564,115)
Net cash from operating activities		<u>2,482,519</u>	<u>3,631,748</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(34,071)	(13,474)
Sale of tangible fixed assets		13,001	5,199
Interest received		3,253	6,786
Net cash from investing activities		<u>(17,817)</u>	<u>(1,489)</u>
Cash flows from financing activities			
Amount withdrawn by directors		(100,000)	(500,557)
Equity dividends paid		(2,359,931)	(2,850,000)
Net cash from financing activities		<u>(2,459,931)</u>	<u>(3,350,557)</u>
Increase in cash and cash equivalents		<u>4,771</u>	<u>279,702</u>
Cash and cash equivalents at beginning of year	2	1,403,418	1,123,716
Cash and cash equivalents at end of year	2	<u>1,408,189</u>	<u>1,403,418</u>

The notes form part of these financial statements

**A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED (REGISTERED NUMBER: 01368342)**

**NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 28 February 2021**

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

	2021	2020 as restated
	£	£
Profit before taxation	2,971,649	3,526,314
Depreciation charges	54,145	55,149
Loss/(profit) on disposal of fixed assets	922	(2,855)
Finance costs	5,657	57,831
Finance income	(3,253)	(6,786)
	<u>3,029,120</u>	<u>3,629,653</u>
Decrease in stocks	4,213	67,713
Decrease/(increase) in trade and other debtors	619,215	(1,504,101)
(Decrease)/increase in trade and other creditors	(410,917)	2,060,429
Cash generated from operations	<u><u>3,241,631</u></u>	<u><u>4,253,694</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>1,408,189</u>	<u>1,403,418</u>

Year ended 29 February 2020

	29/2/20	1/3/19
	as restated	
	£	£
Cash and cash equivalents	<u>1,403,418</u>	<u>1,123,716</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/3/20	Cash flow	At 28/2/21
	£	£	£
Net cash			
Cash at bank	<u>1,403,418</u>	<u>4,771</u>	<u>1,408,189</u>
	<u>1,403,418</u>	<u>4,771</u>	<u>1,408,189</u>
Total	<u><u>1,403,418</u></u>	<u><u>4,771</u></u>	<u><u>1,408,189</u></u>

The notes form part of these financial statements

**A. & B. ENGINEERING (MECHANICAL
SERVICE DIVISION) LIMITED (REGISTERED NUMBER: 01368342)**

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 28 February 2021**

1. STATUTORY INFORMATION

A. & B. Engineering (Mechanical 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.

The presentation currency of the financial statements is the Pound Sterling (£).

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 as modified by the revaluation of certain assets.

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Construction contracts

The directors have applied the percentage completion method to recognise contract revenue and contract costs for construction contracts. This is done by applying the proportion that costs incurred for work performed to date bear to the estimated total costs.

Where it is probable that total contract costs will exceed total contract revenue on a construction contract, the expected loss shall be recognised as an expense immediately, with a corresponding provision for an onerous contract.

Investment properties

Investment properties are recognised where areas of the land and buildings are used by third parties. The % allocation is dependent upon the % usage. This is determined by % of building area occupied, the total building area is calculated by an independent surveyor during valuation however the area used by the third party is subject to an element of judgement.

Principal or Agent

Determining whether an entity is acting as a principal or as an agent requires judgement and consideration of all the relevant facts and circumstances

Turnover

Turnover on long term contracts is recognised on the basis of percentage completion of contractual obligations plus agreement of variations to the contract., excluding value added tax.

**A. & B. ENGINEERING (MECHANICAL
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**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 28 February 2021**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

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

Freehold property	- 2% on cost
Fixtures and fittings	- 20% on cost and 10% on cost
Motor vehicles	- 20% on cost

The cost of property under construction is included within Freehold Property until it comes into use. At that point if subject to use by third parties the appropriate use % is transferred to Investment Property cost. Whilst property is under construction it is not depreciated.

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

Construction contracts

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

The company recognise contract revenue and contract costs associated with construction contracts as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period.

Where it is probable that total contract costs will exceed total contract revenue on a construction contract, the expected loss shall be recognised as an expense immediately, with a corresponding provision for an onerous contract.

Financial instruments

Short term debtors and amounts recoverable on contracts are measured at transaction price, less any impairment. Short term trade creditors are measured at the transaction price. The following assets and liabilities are classified as financial instruments; trade debtors (including amounts recoverable on contracts), Directors' loan accounts, trade creditors, accruals and hire purchase agreements.

Financial instruments that are payable or receivable within one year, typically Directors' loan accounts, trade creditors, accruals and trade debtors, are measured initially and subsequently at the undiscounted amount of the cash or other consideration that is expected to be paid or received.

Financial instruments repayable in more than one year such as hire purchase agreements are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method unless the effect of discounting would be immaterial.

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.

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**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 28 February 2021**

2. ACCOUNTING POLICIES - continued

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 to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

4. OTHER OPERATING INCOME

	2021 £	2020 £
Government grants relating to the Coronavirus Job Retention Scheme	111,526	-

5. EMPLOYEES AND DIRECTORS

	2021 £	2020 as restated £
Wages and salaries	3,894,202	3,537,281
Social security costs	403,321	334,272
Other pension costs	159,123	126,715
	<u>4,456,646</u>	<u>3,998,268</u>

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

	2021	2020 as restated
Operatives	35	35
Administration	31	31
Directors and management	6	6
	<u>72</u>	<u>72</u>

	2021 £	2020 as restated £
Directors' remuneration	763,332	300,000
Directors' pension contributions to money purchase schemes	<u>42,131</u>	<u>30,000</u>

**A. & B. ENGINEERING (MECHANICAL
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**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 28 February 2021**

5. EMPLOYEES AND DIRECTORS - continued

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>4</u>	<u>3</u>
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Information regarding the highest paid director is as follows:

	2021	2020 as restated
	£	£
Emoluments etc	250,000	100,000
Pension contributions to money purchase schemes	<u>13,166</u>	<u>10,000</u>

6. OPERATING PROFIT

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

	2021	2020 as restated
	£	£
Depreciation - owned assets	54,144	55,149
Loss/(profit) on disposal of fixed assets	922	(2,855)
Auditors' remuneration	<u>15,000</u>	<u>15,000</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021	2020 as restated
	£	£
Bank interest	<u>3,253</u>	<u>6,786</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020 as restated
	£	£
Interest on directors loans	<u>5,657</u>	<u>57,831</u>

**A. & B. ENGINEERING (MECHANICAL
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**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 28 February 2021**

9. TAXATION

Analysis of the tax charge

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

	2021	2020 as restated
	£	£
Current tax:		
UK corporation tax	577,587	692,263
Under provision in earlier years	<u>3,092</u>	<u>(2,587)</u>
Total current tax	580,679	689,676
Deferred tax	<u>(3,331)</u>	<u>(6,995)</u>
Tax on profit	<u><u>577,348</u></u>	<u><u>682,681</u></u>

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:

	2021	2020 as restated
	£	£
Profit before tax	<u>2,971,649</u>	<u>3,526,314</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	564,613	670,000
Effects of:		
Adjustments to tax charge in respect of previous periods	3,092	(2,587)
Depreciation on non qualifying assets	2,455	2,455
Disallowable items for taxation	8,138	15,244
Deferred tax movement relating to previous years	-	(2,431)
Accrued pension contributions	<u>(950)</u>	<u>-</u>
Total tax charge	<u><u>577,348</u></u>	<u><u>682,681</u></u>

Tax effects relating to effects of other comprehensive income

	2021	
	Gross £	Tax £
Transfer between reserves	64,829	-
Transfer between reserves	<u>(64,829)</u>	<u>-</u>
	<u>-</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 28 February 2021**

9. TAXATION - continued

	Gross £	2020 Tax £	Net £
Transfer between reserves	257	-	257
Transfer between reserves	(257)	-	(257)
	<u>-</u>	<u>-</u>	<u>-</u>

10. DIVIDENDS

	2021 £	2020 as restated £
Final	2,000,003	2,490,072
Interim	359,928	359,928
	<u>2,359,931</u>	<u>2,850,000</u>

11. PRIOR YEAR ADJUSTMENT

Construction contracts

The directors continue to apply the percentage completion method to recognise contract revenue and contract costs for construction contracts. The necessary adjustment to contract revenue should be adjusted through turnover and amounts recoverable under contracts. This has previously been adjusted through turnover and deferred income. This means that the comparative figures have been amended as follows: a reduction in deferred income due within one year of £126,549 and deferred income due over one year of £1,012,501 and an equal reduction to amounts recoverable under contracts of £1,139,050. There has been no change to turnover or profits as a result of this amendment.

12. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION				
At 1 March 2020	646,000	99,363	157,999	903,362
Additions	-	9,991	24,080	34,071
Disposals	-	(32,657)	(24,000)	(56,657)
At 28 February 2021	<u>646,000</u>	<u>76,697</u>	<u>158,079</u>	<u>880,776</u>
DEPRECIATION				
At 1 March 2020	12,920	49,534	104,061	166,515
Charge for year	12,920	16,064	25,160	54,144
Eliminated on disposal	-	(28,984)	(13,750)	(42,734)
At 28 February 2021	<u>25,840</u>	<u>36,614</u>	<u>115,471</u>	<u>177,925</u>
NET BOOK VALUE				
At 28 February 2021	<u>620,160</u>	<u>40,083</u>	<u>42,608</u>	<u>702,851</u>
At 29 February 2020	<u>633,080</u>	<u>49,829</u>	<u>53,938</u>	<u>736,847</u>

**A. & B. ENGINEERING (MECHANICAL
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**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 28 February 2021**

12. TANGIBLE FIXED ASSETS - continued

Cost or valuation at 28 February 2021 is represented by:

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 2005	344,568	-	-	344,568
Valuation in 2007	(48,000)	-	-	(48,000)
Valuation in 2010	(87,000)	-	-	(87,000)
Valuation in 2013	(25,477)	-	-	(25,477)
Valuation in 2016	(52,690)	-	-	(52,690)
Valuation in 2019	(143,516)	-	-	(143,516)
Cost	<u>658,115</u>	<u>76,697</u>	<u>158,079</u>	<u>892,891</u>
	<u>646,000</u>	<u>76,697</u>	<u>158,079</u>	<u>880,776</u>

If freehold property had not been revalued it would have been included at the following historical cost:

	2021 £	2020 as restated £
Cost	<u>658,115</u>	<u>658,115</u>
Aggregate depreciation	<u>114,433</u>	<u>114,433</u>

Freehold property was valued on an open market basis on 22 May 2019 by Phil Winckles BSc (Hons) MRICS .

The valuations have not been updating during the financial year ended 28th February 2021 as the directors are not aware of any material change in value.

13. INVESTMENT PROPERTY

	Total £
FAIR VALUE	
At 1 March 2020	
and 28 February 2021	<u>304,000</u>
NET BOOK VALUE	
At 28 February 2021	<u>304,000</u>
At 29 February 2020	<u>304,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS - continued
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13. INVESTMENT PROPERTY - continued

Fair value at 28 February 2021 is represented by:

	£
Valuation in 2005	229,712
Valuation in 2007	(32,000)
Valuation in 2010	(33,034)
Valuation in 2013	(16,984)
Valuation in 2016	(35,127)
Valuation in 2019	(81,553)
Cost	<u>272,986</u>
	<u>304,000</u>

If Investment property had not been revalued it would have been included at the following historical cost:

	2021	2020 as restated
	£	£
Cost	<u>272,986</u>	<u>272,986</u>

Investment property was valued on an open market basis on 22 May 2019 by Phil Winckles BSc (Hons) MRICS .

The valuations have not been updating during the financial year ended 28th February 2021 as the directors are not aware of any material change in value.

14. STOCKS

	2021	2020 as restated
	£	£
Small tools & consumables	<u>40,000</u>	<u>44,213</u>

15. DEBTORS

	2021	2020 as restated
	£	£
Amounts falling due within one year:		
Amounts recoverable on contract	5,541,632	6,195,970
Other debtors	9,042	16,000
Directors' loan accounts	100,000	-
Prepayments	<u>163,215</u>	<u>150,421</u>
	<u>5,813,889</u>	<u>6,362,391</u>
Amounts falling due after more than one year:		
Amounts recoverable on contract	<u>929,520</u>	<u>900,234</u>
Aggregate amounts	<u>6,743,409</u>	<u>7,262,625</u>

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**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 28 February 2021**

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020 as restated
	£	£
Trade creditors	6,051,952	7,107,041
Tax	225,142	397,918
Social security and other taxes	101,747	108,002
VAT	464,958	10,257
Other creditors	35,022	5,157
Accrued expenses	<u>262,738</u>	<u>243,262</u>
	<u><u>7,141,559</u></u>	<u><u>7,871,637</u></u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020 as restated
	£	£
Trade creditors	<u>497,469</u>	<u>351,084</u>

18. PROVISIONS FOR LIABILITIES

	2021	2020 as restated
	£	£
Deferred tax		
Accelerated capital allowances	<u>14,761</u>	<u>18,092</u>
		Deferred tax
		£
Balance at 1 March 2020		18,092
Credit to Statement of Comprehensive Income during year		<u>(3,331)</u>
Balance at 28 February 2021		<u><u>14,761</u></u>

19. CALLED UP SHARE CAPITAL

Allotted and issued:			2021	2020 as restated
Number:	Class:	Nominal value:		
			£	£
110,997	Ordinary shares	10p	<u>11,126</u>	<u>11,126</u>

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**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 28 February 2021**

20. RESERVES

	Retained earnings £	Share premium £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1 March 2020	1,393,220	37,500	24,570	43,874	1,499,164
Profit for the year	2,394,301				2,394,301
Dividends	(2,359,931)				(2,359,931)
Transfer between reserves	(64,829)	-	64,829	-	-
At 28 February 2021	<u>1,362,761</u>	<u>37,500</u>	<u>89,399</u>	<u>43,874</u>	<u>1,533,534</u>

Included in retained earnings are non-distributable reserves of £31,014 (2020 £31,014) relating to the revaluation of the investment property.

21. CONTINGENT LIABILITIES

There were no contingent liabilities as at 28 February 2021 (2020: £NIL).

22. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 28 February 2021 and 29 February 2020:

	2021 £	2020 as restated £
M Hart		
Balance outstanding at start of year	-	-
Amounts advanced	100,000	-
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>100,000</u>	<u>-</u>

The directors loan account was repaid in full on 7th April 2021.

23. RELATED PARTY DISCLOSURES

Other related parties

	2021 £	2020 as restated £
Dividends	<u>477,176</u>	<u>865,699</u>

During the year, a total of key management personnel compensation of £ 942,546 (2020 - £ 403,452) was paid.

24. POST BALANCE SHEET EVENTS

The COVID-19 pandemic has forced measures to be taken by various governments to contain the virus. At this stage, there has been no adverse impact on our business.

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**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 28 February 2021**

25. ULTIMATE CONTROLLING PARTY

There is no controlling party.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.