

Registered number: 04039888

ABM Technical Solutions Limited

Annual report and financial statements

For the year ended 31 October 2020



ABM Technical Solutions Limited

Company Information

Directors	M Bindeman C Stevenson
Company secretary	Oakwood Corporate Secretary Limited
Registered number	04039888
Registered office	Artemis Building Odyssey Business Park West End Road South Ruslip Middlesex HA4 6QE
Independent auditors	Kreston Reeves LLP Chartered Accountants & Statutory Auditor Second Floor 168 Shoreditch High Street London E1 6RA

ABM Technical Solutions Limited

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ABM Technical Solutions Limited

Strategic report

For the year ended 31 October 2020

Introduction

The principal activity of the company is the provision of technical services in air conditioning, heating, refrigeration and electrical maintenance. ABM Technical Solutions Limited offers a facilities management service for a range of blue-chip companies in the commercial, retail and industrial markets.

Business review

Prior to the COVID-19 pandemic, the Company saw a reduction in revenues from the loss of a significant contract in March 2019 which was not matched by contract or project gains. COVID 19 had a significant effect on the business during the second half of the financial year. The lockdown restrictions in March 2020 resulted in business slowdowns and shutdowns, as well as travel restrictions. The Company's employees, along with all of its customers, were impacted by recommendations and/or mandates from national and local authorities to practice social distancing, to refrain from gathering in groups, and, in some areas, to refrain from non essential movements outside of homes. The pandemic also created unanticipated circumstances and uncertainty, disruption, and significant volatility in the broader economy.

In March 2020 COVID 19 created a dynamic customer environment, with considerable work to ensure customers' changing staffing and service needs were met. The absence of new project works of all sizes was significant during the second half of the year as customers cancelled or delayed their plans.

The Company implemented various cost cutting actions, including temporary pay reductions for executives, certain employees, and furloughs or reduced working hours for certain staff. In addition, sales and marketing cost and discretionary spending on projects across the Company was reduced as was all travel and entertainment. These measures have remained in place to a greater or lesser extent throughout the time lockdown has been in place in the UK.

The business continues to be well placed, with the support of its US parent and co operation of the Group sister companies, to offer a wide range of facility services and the pipeline of potential new contracts continues to be good. However, competition for new business and on margins remains as intense as ever and the Directors are selective in the bids and tenders submitted to avoid potentially very low or loss-making contracts.

Principal risks and uncertainties

The Company operates in a diverse marketplace which helps to minimise its exposure to financial risk. The Company has a risk management programme in place as follows:

Foreign exchange risk

The Company is not exposed to foreign exchange risk as the Company operates wholly within the United Kingdom.

Interest rate risk

The Company is funded by borrowings from group companies and is exposed to changes in the cost of borrowing. This exposure is mitigated by the group companies hedging against the interest rate risk.

Credit rate risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The Company takes an aggressive approach to debtor management and liaises closely with its client base to minimize any risk of non payment of debts.

ABM Technical Solutions Limited

Strategic report (continued) For the year ended 31 October 2020

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Board has built an appropriate liquidity risk management framework for the management of the Company's short, medium, and long term funding and liquidity risk management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities through cash flow forecasting, acquisition planning and monitoring working capital and capital expenditure requirements on an ongoing basis.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders. The Company defines capital as share capital plus reserves. The Company is not subject to any externally imposed capital requirements.

Key performance indicators

The Directors consider that the Company's key performance indicators are those relating to the underlying financial performance of the Company, these being turnover and operating profit.

Turnover in the year shows a decrease of £10.3 million to £43.4 million. As well as the full year impact of the loss of a significant contract in March 2019, the reduction was also the result of lower ABM staffing levels required at customers' sites as they closed or substantially reduced their levels of activity due to the pandemic restrictions. The volume of both large and small project work declined dramatically from April and remained low whilst lockdowns and the risk of further lockdowns continued.

Gross profit reduced substantially as many of the direct field staff were retained within the business but on furlough. Their costs are included within gross margin but the grant received from the UK government covering much of the cost for those on furlough is shown within operating profit as Other operating income (£0.8 million). Further pressure on the margin came from the absence of higher margin project work in the second half of the year.

Although cost cutting actions reduced administrative expenses by 15%, operating profit decreased by nearly 50% to £1.0 million reflecting the reduced volumes and gross margins.

The Directors review variances in revenue, costs and contract profitability compared to budget, on a monthly basis. The company also tracks sales leads and pipeline growth, contract retention statistics and headcount statistics.

Directors' statement of compliance with duty to promote the success of the Company

In accordance with Section 172 of the Companies Act 2006, the Directors of the company have acted in a way they consider to be in good faith and would be most likely to promote the success of the company for the benefit of its members as a whole. In doing so they have regard (amongst other matters) to:

- a. the likely consequences of any decision in the long term,
- b. the interests of the company's employees,
- c. the need to foster the company's business relationships with suppliers, customers and others,
- d. the impact of the company's operations on the community and the environment,
- e. the desirability of the company maintaining a reputation for high standards of business conduct, and
- f. the need to act fairly as between members of the company.

The Company's business model and strategy is designed to have a long-term, beneficial impact on the company's success through growing the contractual revenue base and providing a superior experience to our customers.

The Company's employees are the cornerstone of its business and the Company ensures that the ABM Group's common values are shared and spread. The health, safety and well-being of team members is key.

ABM Technical Solutions Limited

Strategic report (continued) For the year ended 31 October 2020

Maintaining the customer base requires continuing dialogue often through regular performance meetings. Supplier forums are held to ensure expectations are aligned and to enable new innovation to be shared with the wider operational management team.

During the year, the Company worked on the implementation of ABM Cares, a programme encouraging volunteering in the community including paid time off and matching of fundraising. Sustainability is important both to the company and its customers and the importance of sustainability is emphasised in bids and tenders and in operational practices.

All Directors and employees are expected to operate within a formal Code of Ethics, re-emphasised through regular online training and local site meetings. This, together with a series of Policies and Procedures, enables the company to maintain high standards of business conduct, both in its internal and external dealings.

Streamlined Energy and Carbon Reporting

The Company continues to implement and maintain an Integrated Management System (IMS) certified to the International Organisation for Standardisation ISO9001:2015; ISO14001:2015; ISO45001:2018 and ISO50001:2011.

The following table provides further information on the energy and greenhouse gas emissions at the Company during November 2019 to October 2020.

Quantification and Reporting Methodology

The Company has followed the 2019 Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance. (March 2019).

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) has been used to complete calculations. The conversion factors used to evaluate Carbon dioxide equivalent emissions from activities in the UK, were those published by UK Government as GHG Conversion Factors for Company Reporting 2020: Standard set (published 01/06/2021).

Emissions

The financial control approach has been used. Carbon emissions in 2019/2020 have been significantly impacted by the Covid-19 pandemic which has significantly impacted business operations.

Reporting Requirement	Details	Unit	2019/2020
UK energy use*	Gas	kWh	16,209.00
	Electricity – renewable resource	kWh	0.00
	Electricity – Non-renewable resource	kWh	57,482.00
	Diesel	kWh	996,035.81
	Petrol	kWh	37,581.47
Green House Gas Emissions**	Scope 1 – Emissions from purchased Natural Gas and Vehicle Fuels	tCO2e	267.05
	Scope 2 – Emissions from purchased electricity	tCO2e	0.43
	Scope 3 – Emissions from business travel in cars, rail and air travel	tCO2e	299.44
Intensity Ratio***	Ratio of GHG emissions to a quantifiable business metric	tCO2e/£M Sales	6.90

*Source of information: invoices, and meter readings where appropriate.

** The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) were used in these calculations and the conversion factors provided by DEFRA.

*** The ABM Intensity Ratio is that based on industry norms of tCO2e/£M sales from these accounts

ABM Technical Solutions Limited

Strategic report (continued) For the year ended 31 October 2020

Implemented Improvement Activities

In the year, the Company took the following energy efficiency actions:

- Guaranteed that the vehicles are properly maintained to ensure lower fuel consumption and toxic emission levels;
- Recorded and analysed individual fuel consumption data to encourage fuel-efficient driving;
- Promoted satellite navigation and telematics to help drivers avoid congestion and utilise the most efficient route to reach their destination;
- Avoided unnecessary business travel by prioritising conference call meetings;
- Promoted the use of rail travel for long distance travelling;
- Sought to use materials with recycled content and with environmental certifications (EU Ecolabel, FSC);
- When possible, switched to LED lighting;
- The Company has started to make a transition to more sustainable fuels or vehicles including hybrids and electric vehicles through the development of a revised fleet policy. It is currently developing a roadmap and public commitment to implement a transition to a more sustainable fleet. So far, we have evaluated the vehicles eligible for transition based on available market options. As the market evolves, it is expected that more of the Company's vehicles will transition.

Post Balance Sheet Events

The financial statements have been prepared on a going concern basis. COVID 19 has created an unprecedented situation which is continuously evolving. Even after the pandemic has moderated and the business and social distancing restrictions have eased, the Company may continue to experience adverse effects on its business, on results of operations, financial position, and cash flows resulting from a recessionary economic environment that may persist.

The ultimate extent of the effects of the pandemic on the Company is uncertain and will depend on future developments, and such effects could exist for an extended period of time even after the pandemic subsides.

The priority remains the health, safety, and support of employees, clients, and the communities that are served.

This report was approved by the board on 22 July 2021 and signed on its behalf.



C Stevenson
Director

ABM Technical Solutions Limited

Directors' report

For the year ended 31 October 2020

The directors present their report and the financial statements for the year ended 31 October 2020.

Results and dividends

The profit for the year, after taxation, amounted to £818,383 (2019 - £1,731,356).

The directors do not recommend the payment of a dividend in the year (2019: £Nil).

Directors

The directors who served during the year were:

M Bindeman
C Stevenson

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

ABM Technical Solutions Limited

Directors' report (continued) For the year ended 31 October 2020

Future developments

The company continues to increase its investment in business development within the technical services sector.

Employee involvement

The company encourages innovation at every level through open communication with employees. Regularly meetings are held around the UK which allow all employees to discuss their concerns and ideas with the senior management in an open forum. We also identify employee aspirations for promotion and development through yearly appraisals.

Directors and senior operational management are incentivised through participation in the ABM Group's share scheme. A wider group of managers, supervisors and administrators benefit from formal and discretionary bonus schemes.

Growth of a profitable contract base drives the success of the Company and employees are updated on both contract gains and losses through a combination of team meetings and internal communications.

The Directors would like to express their thanks to all the employees throughout the Company for their ongoing hard work and commitment in a demanding market place.

Engagement with suppliers, customers and others

The company's customers and suppliers are fundamental to the success of the business and as a leading provider of a national facilities management service, it is essential that the company maintains its reputation of delivering high quality standards. The company strives to continually improve and strengthen its quality of service for the mutual benefit of all stakeholders.

The Board of Directors' intentions are to behave responsibly towards all stakeholders and to treat them fairly and equally, to ensure they all benefit from the long term success of the company.

Disabled employees

The Company is committed to an equal opportunities policy in respect of serving customers and employing staff. Within this policy ABM Technical Solutions Limited will endeavour to ensure that disabled customers receive the same standards of service as all other customers, and that disabled employees and potential employees will be afforded the same treatment and opportunities as all other employees and potential employees. The company will not tolerate discrimination on the grounds of disability and undertakes to:

- Provide disability awareness and equality training where appropriate.
- Consult and engage with disabled people as appropriate.
- Make reasonable adjustments to facilities, services and information including the provision of assistive devices
- Regularly review the accessibility of goods, services, facilities and information.
- Make all employees aware of this policy.
- Regularly review the implementation and effectiveness of this policy.

Matters covered in the strategic report

Items required under Schedule 7 to be disclosed in the Directors' report are set out in the strategic report in accordance with s.414C(11) CA 2006.

ABM Technical Solutions Limited

Directors' report (continued)

For the year ended 31 October 2020

Disclosure of information to auditors


Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Kreston Reeves LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 22 July 2021 and signed on its behalf.



C Stevenson
Director

ABM Technical Solutions Limited

Independent auditors' report to the members of ABM Technical Solutions Limited

Opinion

We have audited the financial statements of ABM Technical Solutions Limited (the 'Company') for the year ended 31 October 2020, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, 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 31 October 2020 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 United Kingdom, including the Financial Reporting Council'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.

ABM Technical Solutions Limited

Independent auditors' report to the members of ABM Technical Solutions Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report 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 Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditors' report to the members of ABM Technical Solutions Limited (continued)

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

ABM Technical Solutions Limited

Independent auditors' report to the members of ABM Technical Solutions Limited (continued)

Use of our report

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

A handwritten signature in black ink, appearing to read "Kreston Reeves LLP".

Michael Cook BA(Hons) FCA (Senior statutory auditor)
for and on behalf of
Kreston Reeves LLP
Chartered Accountants
Statutory Auditor
London
Date: 23 July 2021

ABM Technical Solutions Limited

Statement of comprehensive income For the year ended 31 October 2020

	Note	2020 £	2019 £
Turnover	4	43,374,450	53,673,213
Cost of sales		(38,649,007)	(46,423,421)
Gross profit		4,725,443	7,249,792
Administrative expenses		(4,466,008)	(5,163,922)
Other operating income	5	786,593	-
Operating profit	6	1,046,028	2,085,870
Interest receivable and similar income	10	7,355	21,810
Interest payable and expenses	11	-	(137)
Profit before tax		1,053,383	2,107,543
Tax on profit	12	(235,000)	(376,187)
Profit for the financial year		818,383	1,731,356

There was no other comprehensive income for 2020 (2019: £NIL).

The notes on pages 15 to 28 form part of these financial statements.

ABM Technical Solutions Limited
Registered number: 04039888

Balance sheet
As at 31 October 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	56,444	241,526
Tangible assets	14	27,458	41,028
		<u>83,902</u>	<u>282,554</u>
Current assets			
Stocks	15	-	113,100
Debtors: amounts falling due within one year	16	35,959,920	38,099,862
Cash at bank and in hand	17	7,944,169	4,849,213
		<u>43,904,089</u>	<u>43,062,175</u>
Creditors: amounts falling due within one year	18	(10,711,733)	(10,910,964)
Net current assets		<u>33,192,356</u>	<u>32,151,211</u>
Total assets less current liabilities		<u>33,276,258</u>	<u>32,433,765</u>
Provisions for liabilities			
Deferred tax	20	(23,506)	(23,506)
		<u>(23,506)</u>	<u>(23,506)</u>
Net assets		<u><u>33,252,752</u></u>	<u><u>32,410,259</u></u>
Capital and reserves			
Called up share capital	21	1,000	1,000
Capital contribution	22	4,006,878	3,982,768
Profit and loss account	22	29,244,874	28,426,491
		<u><u>33,252,752</u></u>	<u><u>32,410,259</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 July 2021.



C Stevenson
Director

The notes on pages 15 to 28 form part of these financial statements.

ABM Technical Solutions Limited

**Statement of changes in equity
For the year ended 31 October 2020**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 November 2018	1,000	3,970,385	26,695,135	30,666,520
Comprehensive income for the year				
Profit for the year	-	-	1,731,356	1,731,356
Net share option expense for the year	-	12,383	-	12,383
At 1 November 2019	1,000	3,982,768	28,426,491	32,410,259
Comprehensive income for the year				
Profit for the year	-	-	818,383	818,383
Net share option expense for the year	-	24,110	-	24,110
At 31 October 2020	1,000	4,006,878	29,244,874	33,252,752

The notes on pages 15 to 28 form part of these financial statements.

ABM Technical Solutions Limited

Notes to the financial statements For the year ended 31 October 2020

1. General information

ABM Technical Solutions Limited is a private company, limited by shares, incorporated in England and Wales and domiciled in the United Kingdom under the Companies Act. The address of the registered office is given on the company information page. The registered address is also the company's principal place of business. The nature of the company's operations and its principal activities are set out in the Strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. They have also considered the on-going economic impact of the COVID-19 global pandemic, and consider this to not have an impact on the entity's ability to continue to trade profitably. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of ABM Industries Inc as at 31 October 2020 and these financial statements may be obtained from 557 Fifth Avenue, Suite 300, New York, NY10176.

2.4 Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax, plus an assessment of the value of works carried out to the end of the financial period for which no invoice or application for payment has been made. These amounts recognised but not invoiced by the period end date are included in accrued income.

**Notes to the financial statements
For the year ended 31 October 2020**

2. Accounting policies (continued)

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**Notes to the financial statements
For the year ended 31 October 2020**

2. Accounting policies (continued)

2.10 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Notes to the financial statements
For the year ended 31 October 2020**

2. Accounting policies (continued)

2.12 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Computer software	-	3	years
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Gains and losses on disposal of intangible assets are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-	33%
Fixtures and fittings	-	33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Stocks

Stocks are valued at the lower of cost and net realisable value.

2.15 Long term contracts

Long-term contracts are assessed on a contract by contract basis and are reflected in the Statement of comprehensive income by recording turnover and related costs as contract activity progresses. Where the outcome of each long-term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the Statement of comprehensive income as the difference between the reported turnover and related costs for the contract. Where a loss is anticipated, it is recognised in full immediately in the Statement of comprehensive income.

2.16 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**Notes to the financial statements
For the year ended 31 October 2020**

2. Accounting policies (continued)

2.17 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.18 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.19 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance sheet date.

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.21 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

ABM Technical Solutions Limited

Notes to the financial statements For the year ended 31 October 2020

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, be likely to differ from the related actual results.

Estimates and judgements are continually evaluated and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

Recoverability of debtors

The directors consider the recoverability of accrued income and debtors based on their knowledge of the projects and customer specific situations.

3.2 Critical judgements in applying the entity's accounting policies

Leases

The directors make a judgement in determining whether leases entered by the company as lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Going concern

In the judgement of the directors, it is appropriate to prepare the financial statements in accordance with the going concern basis of accounting. See note 2.2 for further details.

4. Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

5. Other operating income

	2020 £	2019 £
Government grant	786,593	-
	<u>786,593</u>	<u>-</u>

ABM Technical Solutions Limited

**Notes to the financial statements
For the year ended 31 October 2020**

6. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation	18,580	70,186
Exchange differences	185,082	227,453
Other operating lease rentals	435,362	927,831
	<u>639,024</u>	<u>1,225,470</u>

7. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	31,500	30,000
	<u>31,500</u>	<u>30,000</u>

Fees payable to the Company's auditor and its associates in respect of:

Taxation compliance services	5,200	5,000
All other services	1,100	1,000
	<u>6,300</u>	<u>6,000</u>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2020 £	2019 £
Wages and salaries	13,267,682	16,547,135
Social security costs	1,467,501	1,850,353
Cost of defined contribution scheme	343,646	328,030
	<u>15,078,829</u>	<u>18,725,518</u>

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

	2020 No.	2019 No.
Manufacturing and servicing	284	346
Office and management	55	90
	<u>339</u>	<u>436</u>

ABM Technical Solutions Limited**Notes to the financial statements
For the year ended 31 October 2020****9. Directors' emoluments**

	2020	2019
	£	£
Directors' emoluments	-	142,519
Company contributions to defined contribution pension schemes	-	3,953
	<u>-</u>	<u>146,472</u>

During the year retirement benefits were accruing to no directors (2019 - 1) in respect of defined contribution pension schemes.

During the year no directors (2019: Nil) received share options in the ultimate parent company under long term incentive schemes. No share options were exercised during the year (2019: Nil).

10. Interest receivable

	2020	2019
	£	£
Bank interest and other interest receivable	<u>7,355</u>	<u>21,810</u>

11. Interest payable and similar expenses

	2020	2019
	£	£
Bank interest payable	<u>-</u>	<u>137</u>

12. Taxation

	2020	2019
	£	£
Corporation tax		
Current tax on profits for the year	235,000	440,000
Adjustments in respect of previous periods	-	(63,813)
Taxation on profit on ordinary activities	<u>235,000</u>	<u>376,187</u>

Notes to the financial statements
For the year ended 31 October 2020

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>1,053,383</u>	<u>2,107,543</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	200,143	400,433
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	-	43,216
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,635	23,920
Capital allowances for year in excess of depreciation	614	6,344
Adjustments to tax charge in respect of prior periods	-	(63,813)
Short term timing difference leading to an increase (decrease) in taxation	29,915	-
Trade intangible fixed assets	-	(42,870)
Other differences leading to an increase (decrease) in the tax charge	693	8,957
Total tax charge for the year	<u><u>235,000</u></u>	<u><u>376,187</u></u>

Factors that may affect future tax charges

Following the end of the accounting period, on 11 March 2021 the Finance Bill 2021 was published but will be substantively enacted in June 2021. This will increase the rate of corporation tax that will apply for financial year 2023 onwards to 25% (on taxable profits above £250,000).

ABM Technical Solutions Limited

**Notes to the financial statements
For the year ended 31 October 2020**

13. Intangible assets

	Computer software £
Cost	
At 1 November 2019	785,033
Disposals	(27,725)
At 31 October 2020	757,308
Amortisation	
At 1 November 2019	543,507
Charge for the year on owned assets	185,082
On disposals	(27,725)
At 31 October 2020	700,864
Net book value	
At 31 October 2020	56,444
At 31 October 2019	241,526

ABM Technical Solutions Limited

Notes to the financial statements For the year ended 31 October 2020

14. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Total £
Cost			
At 1 November 2019	305,122	52,427	357,549
Additions	5,010	-	5,010
Disposals	(20,092)	(604)	(20,696)
At 31 October 2020	290,040	51,823	341,863
Depreciation			
At 1 November 2019	264,094	52,427	316,521
Charge for the year on owned assets	18,580	-	18,580
Disposals	(20,092)	(604)	(20,696)
At 31 October 2020	262,582	51,823	314,405
Net book value			
At 31 October 2020	27,458	-	27,458
At 31 October 2019	41,028	-	41,028

15. Stocks

	2020 £	2019 £
Finished goods and goods for resale	-	113,100

Stock recognised in cost of sales during the year as an expense was £4,950,872 (2019: £6,076,057).

16. Debtors

	2020 £	2019 £
Trade debtors	8,322,116	8,520,505
Amounts owed by group undertakings	25,824,736	27,171,203
Other debtors	661,351	456,178
Prepayments and accrued income	1,151,717	1,951,976
	35,959,920	38,099,862

ABM Technical Solutions Limited

Notes to the financial statements For the year ended 31 October 2020

17. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>7,944,169</u>	<u>4,849,213</u>

18. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	2,901,358	2,796,135
Amounts owed to group undertakings	180,030	26,112
Other taxation and social security	475,275	1,421,979
Other creditors	96,888	84,465
Accruals and deferred income	7,058,182	6,582,273
	<u>10,711,733</u>	<u>10,910,964</u>

There is a fixed charge held with The Royal Bank of Scotland Plc over a deposit which the bank holds on behalf of the company.

19. Financial instruments

	2020 £	2019 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>35,520,506</u>	<u>37,888,877</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>8,601,494</u>	<u>8,041,184</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors, accrued income and amounts owed by group companies.

Financial liabilities measured at amortised cost comprise of trade creditors, other taxation and social security, other creditors, accruals and amounts owed to group undertakings.

ABM Technical Solutions Limited

Notes to the financial statements For the year ended 31 October 2020

20. Deferred taxation

	2020 £	2019 £
At beginning of year	(23,506)	(23,506)
At end of year	(23,506)	(23,506)

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(23,506)	(23,506)
	(23,506)	(23,506)

21. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1,000 (2019 - 1,000) Ordinary shares of £1.00 each	1,000	1,000

22. Reserves

Profit and loss account

Profit and loss accounts represent cumulative profits or losses net of other adjustments.

Capital contributions

Capital contribution represents amounts contributed to the company by the parent company

ABM Technical Solutions Limited

Notes to the financial statements For the year ended 31 October 2020

23. Share based payments

The company set up two share option schemes for the Directors of the company in 2017. The two schemes are called Performance Share Units (PSU) and Restricted Stock Units (RSU).

1,185 (2019: 2,771) PSU options were exercised during the year and there were no PSU options exercisable at the balance sheet date (2019: Nil). The company granted 2,192 (2019: 2,058) PSU options during the year. 2,207 (2019: 1,200) PSU options were outstanding at the balance sheet date.

753 (2019: 2,564) RSU options were exercised during the year and there were no RSU options exercisable at the balance sheet date. The company granted 1,850 (2019: 1,419) RSU options during the year. 1,901 (2019: 804) RSU options were outstanding at the balance sheet date.

The value of the share options has been determined by the closing price at which the shares are traded on such date.

The total expense for the period was £24,110 (2019: £12,383) in respect of share-based payments at the balance sheet date.

24. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £343,646 (2019: £328,030). Contributions totalling £64,338 (2019: £60,716) were payable to the fund at the balance sheet date and are included in creditors.

25. Commitments under operating leases

At 31 October 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	250,345	263,249
Later than 1 year and not later than 5 years	516,102	540,277
	<u>766,447</u>	<u>803,526</u>

26. Controlling party

At 31 October 2020, the company's immediate parent company was Westway Services Holdings (2010) Limited, a company registered in England and Wales.

The company's ultimate parent company is ABM Industries Inc., a company incorporated in the United States of America. ABM Industries Inc. will be the largest group of undertakings for which consolidated accounts including results of the company are prepared. The consolidated financial statements of ABM Industries Inc. are available to the public and can be obtained from 557 Fifth Avenue, Suite 300, New York, NY10176.