

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 30 March 2020
for
Allied Mechanical Services Limited

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for the Year Ended 30 March 2020

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Allied Mechanical Services Limited

Company Information
for the Year Ended 30 March 2020

DIRECTORS: C D Carter
S Gandy

SECRETARY: J L Howard

REGISTERED OFFICE: Eldo House
Kempson Way
Suffolk Business Park
Bury St Edmunds
Suffolk
IP32 7AR

REGISTERED NUMBER: 01955725 (England and Wales)

AUDITORS: Knights Lowe Limited
Eldo House
Kempson Way
Suffolk Business Park
Bury St Edmunds
Suffolk
IP32 7AR

Strategic Report
for the Year Ended 30 March 2020

The directors present their strategic report for the year ended 30 March 2020.

REVIEW OF BUSINESS

The results for the year and the financial position of the company are shown in the following financial statements. The directors consider the state of the company's affairs to be satisfactory.

The directors are confident that with continued investment in well qualified, experienced staff they can continue to fully meet the expectations of customers in the future which will ultimately improve the turnover and continue to improve profitability of the company going forward.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the company continue to be largely based around the competitive trading conditions which exist in the industry as well as the industry's reliance on the economic climate. However the directors are still confident that the company has the ability to continue to trade through difficult market conditions.

The directors have also identified key risks in relation to going concern and cash flow of the company going forward. This is explained further in note 1 of the financial statements.

Further to this, in note 1 of the financial statements, the directors have addressed the current approach and risks faced by the company due to the Covid-19 pandemic.

FUTURE DEVELOPMENTS

The directors are confident that the company's financial position will improve going forward as the outlook for the future year is strong with the acquisition of many new contracts. The directors believe that the company will continue to grow going forward and build upon its reputation of providing a quality service to customers.

ON BEHALF OF THE BOARD:

C D Carter - Director

18 December 2020

Report of the Directors
for the Year Ended 30 March 2020

The directors present their report with the financial statements of the company for the year ended 30 March 2020.

DIVIDENDS

Interim dividends per share were paid as follows:

£1.87	- 6 April 2019
£1.87	- 6 July 2019
£1.87	- 6 October 2019
£1.87	- 6 January 2020
<u>£7.47</u>	

The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 30 March 2020 will be £ 186,666 .

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 shown below have held office during the whole of the period from 31 March 2019 to the date of this report.

C D Carter

S Gandy

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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

Report of the Directors
for the Year Ended 30 March 2020

AUDITORS

The auditors, Knights Lowe Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

C D Carter - Director

18 December 2020

Report of the Independent Auditors to the Members of
Allied Mechanical Services Limited

Opinion

We have audited the financial statements of Allied Mechanical Services Limited (the 'company') for the year ended 30 March 2020 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and 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 30 March 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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 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.

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
Allied Mechanical Services 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 three, 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.

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.

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.

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 Knights BSc ACA (Senior Statutory Auditor)
for and on behalf of Knights Lowe Limited
Eldo House
Kempson Way
Suffolk Business Park
Bury St Edmunds
Suffolk
IP32 7AR

18 December 2020

Income Statement
for the Year Ended 30 March 2020

	Notes	2020 £	2019 £
TURNOVER	4	8,312,513	10,478,970
Cost of sales		<u>7,347,794</u>	<u>9,176,972</u>
GROSS PROFIT		964,719	1,301,998
Administrative expenses		<u>704,036</u>	<u>588,608</u>
OPERATING PROFIT	6	260,683	713,390
Interest receivable and similar income		<u>444</u>	<u>167</u>
		261,127	713,557
Interest payable and similar expenses	7	<u>5,295</u>	<u>7,149</u>
PROFIT BEFORE TAXATION		255,832	706,408
Tax on profit	8	<u>(206,213)</u>	<u>94,288</u>
PROFIT FOR THE FINANCIAL YEAR		462,045	612,120

The notes form part of these financial statements

Allied Mechanical Services Limited (Registered number: 01955725)

Other Comprehensive Income
for the Year Ended 30 March 2020

	Notes	2020 £	2019 £
PROFIT FOR THE YEAR		462,045	612,120
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>462,045</u>	<u>612,120</u>

The notes form part of these financial statements

Allied Mechanical Services Limited (Registered number: 01955725)

Balance Sheet
30 March 2020

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Tangible assets	10		312,132		220,842
CURRENT ASSETS					
Debtors	11	6,338,028		6,103,251	
Cash at bank		141,241		564,979	
		6,479,269		6,668,230	
CREDITORS					
Amounts falling due within one year	12	3,803,233		4,550,527	
NET CURRENT ASSETS			2,676,036		2,117,703
TOTAL ASSETS LESS CURRENT LIABILITIES			2,988,168		2,338,545
CREDITORS					
Amounts falling due after more than one year	13		378,909		4,665
NET ASSETS			2,609,259		2,333,880
CAPITAL AND RESERVES					
Called up share capital	16		25,000		25,000
Retained earnings	17		2,584,259		2,308,880
SHAREHOLDERS' FUNDS			2,609,259		2,333,880

The financial statements were approved by the Board of Directors and authorised for issue on 18 December 2020 and were signed on its behalf by:

C D Carter - Director

S Gandy - Director

The notes form part of these financial statements

Statement of Changes in Equity
for the Year Ended 30 March 2020

	Called up share capital £	Retained earnings £	Total equity £
Balance at 31 March 2018	25,000	1,883,426	1,908,426
Changes in equity			
Dividends	-	(186,666)	(186,666)
Total comprehensive income	-	612,120	612,120
Balance at 30 March 2019	25,000	2,308,880	2,333,880
Changes in equity			
Dividends	-	(186,666)	(186,666)
Total comprehensive income	-	462,045	462,045
Balance at 30 March 2020	25,000	2,584,259	2,609,259

Notes to the Financial Statements
for the Year Ended 30 March 2020

1. GOING CONCERN

Covid-19 considerations

The Covid-19 pandemic has been seen to have a significant economic effect since the first lockdowns were imposed in March 2020. Like many businesses Allied Mechanical Services Limited were impacted initially due to site closures. During this difficult time the company has made use of the government Coronavirus Job Retention Scheme to fund the short term cash demand of site closures. However due to the implementation of new Covid-19 secure working practices the company is now back to full operational capacity and has been far less effected by secondary lockdowns for this reason. To further strengthen the financial position of the company and to deal with the challenges faced, in May 2020, the company obtained a bank loan of £750,000. With the support of this additional finance and the strong inflow of future work the directors are confident that the company is now in a strong position to trade through the pandemic and grow going forward.

Further information regarding the going concern basis of these financial statements

As at 30 March 2020 these financial statements contain a balance of £3,963,295 due from Allied Mechanical Services Holdings Limited, the 100% parent of Allied Mechanical Services Limited. The directors wish to specifically assess the recoverability of this loan and therefore the effect on the going concern basis of Allied Mechanical Services Limited. Given the structure of the group, the most appropriate method of assessing this from a group position is to consider the consolidated balance sheet of Allied Mechanical Services Holdings Limited, within which the main trading entity is Allied Mechanical Services Limited. This consolidated balance sheet of the group shows net assets of £1,050,537 (2019: £834,972) with net current liabilities of £634,594 (2019: £1,360,442). It can be seen that both of these positions have improved significantly since March 2019. The directors have considered the group's position in relation to going concern when identifying the basis on which the accounts should be prepared. The net current liabilities position means that the directors must consider whether the group is able to meet its cash requirements throughout the year to ensure current liabilities can be paid as they become due.

Having reviewed these uncertainties that may cause significant doubt on the group's ability to trade as a going concern the directors have concluded that the group's forecasts and projections, taking into account possible changes in trading performance, show that the group should be able to operate within the level of its current banking facilities and have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future.

In making this conclusion, and therefore determining the appropriateness of this basis, the directors have considered the following:

A key consideration that the directors wish to highlight is the additional bank loan finance of £750,000 that has been obtained in May 2020 to strengthen the financial position of the group and provide additional cash flow support to allow the group to continue to trade and grow going forward.

In addition to this the directors have effectively managed the cash flow of the group for the past four years during which time cash availability in the group has been restricted due to a change in business ownership, and during this time the net current liabilities position has improved significantly. The directors have achieved this through careful cash flow management involving detailed tracking of customer receipts as well as managing supplier payments/credit terms to ensure available cash is maintained so liabilities can be paid as they fall due. This careful management of cash flow is a focus of the directors who are confident that they can continue to manage this cash flow going forward to maintain the group's ability to trade.

The directors are confident that strong financial performance is set to continue with £6million of contracts already scheduled to be completed in the next 12 months, not including the company facilities management division, with further contracts in the pipeline. The directors believe that this flow of future income will provide adequate operating cash inflows to sustain the cash requirements of the group for the foreseeable future. Contract cash flows will be individually managed to ensure cash surplus is maintained throughout the life of the contract and therefore maintain positive cash movements going forward.

Notes to the Financial Statements - continued
for the Year Ended 30 March 2020

After considering the above points the directors conclude the going concern basis is the appropriate basis for these financial statements. Although the directors do accept there is always uncertainty when predicting future cash flows of the group, they are confident that cash and creditors can be managed in such a way as to sustain the group's ability to trade and allow the group to clear its net liability position over time through retained profit generation.

2. STATUTORY INFORMATION

Allied Mechanical Services 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 (£).

3. 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.

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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 33.7.

Preparation of consolidated financial statements

The financial statements contain information about Allied Mechanical Services Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Allied Mechanical Services Holdings Limited, Eldo House, Kempson Way, Bury St. Edmunds, Suffolk, IP32 7AR.

Allied Mechanical Services Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Notes to the Financial Statements - continued
for the Year Ended 30 March 2020

3. ACCOUNTING POLICIES - continued

Significant judgements and estimates

In the application of the Company's accounting policies, which are described below, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimated and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if revision affects only that and future periods.

The following are critical judgements including those involving estimations, that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Profitability of ongoing contracts

The expected profit margin of ongoing contracts is used to determine the value of accrued costs in the year end financial statements. The directors evaluate each contract individually and estimate the margin expected on completion of the contract. This estimate is made using the directors knowledge of the contracts and detailed records of each element of the contract.

Turnover

Income is recognised on construction contracts in line with the work completed on the contract. Expected profit margins on the completion of contracts are used to accrue for expected future costs on the contract. Therefore profit is only recognised on a contract in line with the work completed to date.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- not provided
Motor vehicles	- 4 years straight line and 3 years straight line
Computer equipment	- 4 years straight line and 2 years straight line

Freehold property has not been depreciated as it is wholly made up of land. Land is not considered to depreciate over time and is therefore held at cost.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

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

Notes to the Financial Statements - continued
for the Year Ended 30 March 2020

3. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in a independently administered fund. The pension cost charge represents contributions payable by the company to the fund and payments made to other personal pension funds.

Impairment

At each reporting date, goodwill and other fixed assets, including tangible fixed assets and investments but excluding investment properties, are assessed to determine whether there is an indication that the carrying amount of an asset may be more than its recoverable amount and that the asset should be impaired. If there is an indication of possible impairment, the recoverable amount of an asset, which is the higher of its value in use and its net realisable value, is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the income statement.

Notes to the Financial Statements - continued
for the Year Ended 30 March 2020

3. ACCOUNTING POLICIES - continued

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, and loans from banks or other related parties.

Debt instruments, like loans and other accounts receivable and payable, are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

4. TURNOVER

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

All turnover of the business is generated through construction contracts based in the United Kingdom.

5. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	<u>1,391,969</u>	<u>1,375,671</u>

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

	2020	2019
Employees	<u>56</u>	<u>53</u>

	2020	2019
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

Notes to the Financial Statements - continued
for the Year Ended 30 March 2020

6. OPERATING PROFIT

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

	2020	2019
	£	£
Hire of plant and machinery	98,539	141,906
Depreciation - owned assets	18,189	30,936
Depreciation - assets on hire purchase contracts	21,120	21,120
Profit on disposal of fixed assets	(855)	(833)
Auditors' remuneration	24,610	18,000
Remuneration paid to auditor for non-audit services	<u>3,985</u>	<u>-</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Bank charges	3,440	4,536
Corporation tax interest	-	131
Hire purchase interest	<u>1,855</u>	<u>2,482</u>
	<u>5,295</u>	<u>7,149</u>

8. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the profit for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	(64,086)	142,127
Prior Period Adj	<u>(142,127)</u>	<u>(42,806)</u>
Total current tax	<u>(206,213)</u>	<u>99,321</u>
Deferred tax	-	(5,033)
Tax on profit	<u>(206,213)</u>	<u>94,288</u>

UK corporation tax has been charged at 19% (2019 - 19%).

Notes to the Financial Statements - continued
for the Year Ended 30 March 2020

8. TAXATION - continued

Reconciliation of total tax (credit)/charge included in profit and loss

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

	2020	2019
	£	£
Profit before tax	<u>255,832</u>	<u>706,408</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	48,608	134,218
Effects of:		
Expenses not deductible for tax purposes	1,838	2,147
Depreciation in excess of capital allowances	5,183	5,920
Current year R&D claim	(55,467)	-
Prior year R&D Claim	(142,127)	(42,806)
Deferred Tax	-	(5,033)
Profit/(Loss) on disposal of fixed assets	(162)	(158)
Current year R&D tax credit receivable	(64,086)	-
Total tax (credit)/charge	<u>(206,213)</u>	<u>94,288</u>

9. DIVIDENDS

	2020	2019
	£	£
Ordinary shares shares of £1 each		
Interim	<u>186,666</u>	<u>186,666</u>

10. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 31 March 2019	165,000	217,422	43,059	425,481
Additions	-	127,742	17,857	145,599
Disposals	-	(20,250)	-	(20,250)
Impairments	(15,000)	-	-	(15,000)
At 30 March 2020	<u>150,000</u>	<u>324,914</u>	<u>60,916</u>	<u>535,830</u>
DEPRECIATION				
At 31 March 2019	-	173,240	31,399	204,639
Charge for year	-	25,759	13,550	39,309
Eliminated on disposal	-	(20,250)	-	(20,250)
At 30 March 2020	<u>-</u>	<u>178,749</u>	<u>44,949</u>	<u>223,698</u>
NET BOOK VALUE				
At 30 March 2020	<u>150,000</u>	<u>146,165</u>	<u>15,967</u>	<u>312,132</u>
At 30 March 2019	<u>165,000</u>	<u>44,182</u>	<u>11,660</u>	<u>220,842</u>

Notes to the Financial Statements - continued
for the Year Ended 30 March 2020

10. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 31 March 2019 and 30 March 2020	<u>84,482</u>
DEPRECIATION	
At 31 March 2019	44,938
Charge for year	<u>21,120</u>
At 30 March 2020	<u>66,058</u>
NET BOOK VALUE	
At 30 March 2020	<u>18,424</u>
At 30 March 2019	<u>39,544</u>

11. DEBTORS

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	1,644,537	1,515,234
Amounts owed by group undertakings	3,963,295	3,882,673
Other debtors	440,891	628,619
VAT	11,122	-
Prepayments	<u>121,247</u>	<u>76,725</u>
	<u>6,181,092</u>	<u>6,103,251</u>
 Amounts falling due after more than one year:		
Other debtors	<u>156,936</u>	<u>-</u>
 Aggregate amounts	<u>6,338,028</u>	<u>6,103,251</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Hire purchase contracts (see note 14)	51,604	19,134
Trade creditors	2,267,935	2,666,467
Amounts owed to group undertakings	591,352	404,686
Corporation tax	-	137,654
Social security and other taxes	127,398	63,938
VAT	-	124,991
Other creditors	139,794	203,318
Accruals	<u>625,150</u>	<u>930,339</u>
	<u>3,803,233</u>	<u>4,550,527</u>

**Notes to the Financial Statements - continued
for the Year Ended 30 March 2020**

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

	2020	2019
	£	£
Hire purchase contracts (see note 14)	97,659	4,665
Trade creditors	281,250	-
	<u>378,909</u>	<u>4,665</u>

14. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2020	2019
	£	£
Net obligations repayable:		
Within one year	51,604	19,134
Between one and five years	97,659	4,665
	<u>149,263</u>	<u>23,799</u>
	Non-cancellable	operating leases
	2020	2019
	£	£
Within one year	<u>-</u>	<u>27,500</u>

15. SECURED DEBTS

The following secured debts are included within creditors:

	2020	2019
	£	£
Hire purchase contracts	<u>149,263</u>	<u>23,799</u>

Hire purchase assets are secured over the assets financed.

A fixed and floating charge over all assets of the company is held by the bank.

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2020	2019
Number:	Class:	Nominal value:	£	£
25,000	Ordinary shares	£1	<u>25,000</u>	<u>25,000</u>

Notes to the Financial Statements - continued
for the Year Ended 30 March 2020

17. RESERVES

	Retained earnings £
At 31 March 2019	2,308,880
Profit for the year	462,045
Dividends	(186,666)
At 30 March 2020	<u>2,584,259</u>

18. ULTIMATE PARENT COMPANY

Allied Mechanical Services Holdings Limited is regarded by the directors as being the company's ultimate parent company.

The registered office of Allied Mechanical Services Holdings Limited is Eldo House, Kempson Way, Suffolk Business Park, Bury St Edmunds, IP32 7AR. Allied Mechanical Services Holdings Limited produces consolidated financial statements consolidating the results of Allied Mechanical Services Limited.

19. CONTINGENT LIABILITIES

A cross guarantee is held by the bank over the assets of the company supporting loan finance provided to Morecroft Developments Limited. At the balance sheet date the liability arising from this amounts to £NIL (2019 - £NIL).

20. CAPITAL COMMITMENTS

	2020 £	2019 £
Contracted but not provided for in the financial statements	<u>64,888</u>	<u>-</u>

21. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Entities which have common shareholders

	2020 £	2019 £
Purchases	94,832	342,606
Transfers	100,527	126,453
Amount due to related party	<u>119,261</u>	<u>232,192</u>

22. POST BALANCE SHEET EVENTS

After 30 March 2020, but before the date of this report, the company has obtained bank loan finance of £750,000 to strengthen the financial position of the company.

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.