

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

Directors' Report and Consolidated Financial Statements

for the year ended 30 September 2021



SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

Directors, officers and advisors

Directors	Edward Mc Master Philip Edward McMaster
Secretary	Edward McMaster
Company Number	NI011704
Registered Office	57 Sydenham Road Belfast BT3 9DJ
Auditors	McDaid McCullough Moore Chartered Accountants and Statutory Auditor 28/32 Clarendon Street Derry BT48 7HD Northern Ireland
Business Address	57 Sydenham Road Belfast BT3 9DJ
Bankers	Allied Irish Bank Meadowbank Strand Road L'Derry BT48 7TN
Solicitors	MacKenzie & Dorman 94/96 Holywood Road Belfast BT4 1NN

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

Directors Report and Consolidated Financial Statements for the year ended 30 September 2021

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SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

Strategic Report for the year ended 30 September 2021

This report has been prepared by the directors in accordance with the requirements of Section 414 of the Companies Act 2006.

Business review

The principal activity of the group in the year under review was that of heating, plumbing, ventilation and electrical engineers.

The group has performed strongly during the year ended 30 September 2021. Turnover has increased in the year and the directors believe that significant progress has been made towards achieving sustainable growth for the future.

The directors are satisfied with the performance of the group which is in line with forecasts and expectations for the period.

Principal Risks and Uncertainties

Financial risk management objectives and policies

The group's operations expose it to a variety of financial risks that include the effects of credit risk and resulting liquidity risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by implementing policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to individual customers is reviewed regularly by the board. In addition the group also actively manages its cash flows to ensure it has sufficient available funds for operations and any planned expansions.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk to a sub committee of the board. The policies set by the board of directors are implemented by the group's finance department.

Foreign Exchange Risk

While the greater part of the group's revenues and expenses are denominated in sterling, the group is exposed to some foreign exchange risk in the normal course of the business, principally monies held in Euro bank accounts. While the group has not used financial instruments to date to hedge foreign exchange exposure, this position is kept constantly under review.

Development and Performance

The group performed as expected during the Year Ended 30 September 2021. Turnover has increased by 6.4% on the previous year. At 30 September 2021 the group's Statement of Financial Position showed net assets of £3,663,844 (2020 - £3,565,600). The directors consider the results for the year and the position of the group at the year end to be satisfactory.

The group's strategic focus continues to be the growth of its existing core business.

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

**Strategic Report
for the year ended 30 September 2021**

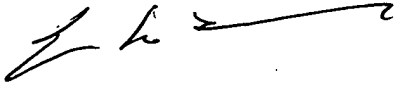
Financial Key Performance Indicators

The group uses the following key performance indicators to support the development, performance and position of the business:-

- Operating profit margin
- Gross margin contribution
- Sales growth
- Current ratio

All of these indicators were satisfactory in the opinion of the directors for the year.

This report was approved and authorised for issue by the Board of Directors on 21 February 2022 and signed below on its behalf by



**Edward Mc Master
Director**

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

Directors' Report for the year ended 30 September 2021

Group Directors' Report for the year ended 30 September 2021

The directors present their report, together with the audited financial statements of the company and the group, for the year ended 30 September 2021.

Change of Group Name

The group changed its name from Sharpe Mechanical Services Limited to Sharpe Mechanical & Electrical Services Limited on 25 October 2021.

Directors

The directors who served during the year are as stated below:

Edward Mc Master

Philip Edward McMaster

Future Developments

The directors are consistently on the look out for new contracts, and fully expect the organic growth of the business to continue into 2022 and beyond.

Results and Dividends

The results for the year are set out on pages 10 and 11. The profit for the year after taxation was £478,244.

The directors do not recommend payment of a final dividend.

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, Director's 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 group and parent company 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 group and the company and of the profit or loss of the group 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 and the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and of the group 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 of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

**Directors' Report
for the year ended 30 September 2021**

Statement of disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group's auditors are unaware, and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Auditors

McDaid McCullough Moore are deemed to be reappointed in accordance with Section 487 of the Companies Act 2006.

This report was approved and authorised for issue by the Board of Directors on 21 February 2022 and signed on its behalf by



Edward McMaster
Secretary

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

Independent auditors' report to the members of SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

Opinion

We have audited the financial statements of Sharpe Mechanical and Electrical Services Limited (the parent company) and its subsidiaries (the 'group') for the year ended 30 September 2021, which comprise the Group Statement of Comprehensive Income, the Group and Parent Company Statements of Financial Position, the Group Statement of Changes in Equity, the Group Cash Flow Statement 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 FRS 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 group's and of the parent company's affairs as at 30 September 2021 and of the group's 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 of 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors use of going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

Independent auditors' report to the members of SHARPE MECHANICAL & ELECTRICAL SERVICES 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 auditor's 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.

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 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 our knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and 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 parent company 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.

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

Independent auditors' report to the members of SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

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

Based on our understanding of the group and parent company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to those standard to medium sized groups and companies, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, corporation tax, vat and payroll tax.

Audit procedures included the following:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations;
- Identifying and testing journals and the rationale behind significant or unusual transactions, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;
- Challenging assumptions and judgements made by management in their critical accounting estimates.

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 on the effectiveness of the group and parent 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 group's or the parent 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 auditor's 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 auditor's report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED


**Independent auditors' report to the members of
SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED (continued)**

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Use of our report

This report is made solely to the group'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 group'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 group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.



Terence McCullough (Senior Statutory Auditor)
For and on behalf of McDaid McCullough Moore
Chartered Accountants and
Statutory Auditor
28/32 Clarendon Street
Derry
BT48 7HD
Northern Ireland

21 February 2022

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

**Consolidated Statement of Comprehensive Income
for the year ended 30 September 2021**

		Continuing operations	
		2021	2020
	Notes	£	£
Turnover	2	24,573,959	23,089,437
Cost of sales		(22,232,049)	(20,930,823)
Gross profit		2,341,910	2,158,614
Administrative expenses		(1,803,467)	(1,636,710)
Other operating income		59,685	224,407
Group operating profit	4	598,128	746,311
Income from other fixed asset investments	6	8,188	(4,112)
Other Interest receivable and similar income	7	106	912
Interest payable and similar expenses	8	(5,678)	(3,640)
Profit on ordinary activities before taxation		600,744	739,471
Tax on profit	11	(122,500)	(158,724)
Profit for the financial year and total comprehensive income		<u>478,244</u>	<u>580,747</u>

All the activities of the company are from continuing operations.

The notes on pages 15 to 38 form an integral part of these financial statements.


SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

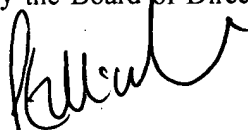
Company No. NI011704

**Consolidated Statement of Financial Position
as at 30 September 2021**

	Notes	2021		2020	
		£	£	£	£
Fixed Assets					
Intangible assets	14		4,217		5,421
Tangible assets	15		1,125,829		1,141,477
Investments	16		9,319		11,471
			<u>1,139,365</u>		<u>1,158,369</u>
Current Assets					
Stocks	18	370,393		212,520	
Debtors	19	3,108,499		5,009,411	
Cash at bank and in hand	20	1,632,251		2,330,705	
			<u>5,111,143</u>	<u>7,552,636</u>	
Creditors: amounts falling due within one year	21	(2,420,277)		(4,982,119)	
Net Current Assets			<u>2,690,866</u>		<u>2,570,517</u>
Total Assets less Current Liabilities			3,830,231		3,728,886
Creditors: amounts falling due after more than one year	22		(7,450)		(7,450)
Provisions for Liabilities	23		(158,937)		(155,836)
Net Assets			<u>3,663,844</u>		<u>3,565,600</u>
Capital and Reserves					
Called up share capital	26		2,551		2,551
Revaluation reserve	27		567,907		570,950
Profit and loss account	27		3,093,386		2,992,099
Equity Shareholders' Funds			<u>3,663,844</u>		<u>3,565,600</u>

The financial statements were approved and authorised for issue by the Board of Directors on 21 February 2022 and were signed below on its behalf by


Edward Mc Master
Director


Philip Edward McMaster
Director

The notes on pages 15 to 38 form an integral part of these financial statements.

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED


Company No. NI011704

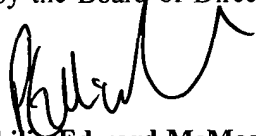
**Company Statement of Financial Position
as at 30 September 2021**

	Notes	2021	2020
		£	£
Fixed Assets			
Tangible assets	15	494,827	476,181
Investments	17	<u>137,385</u>	<u>139,537</u>
		632,212	615,718
Current Assets			
Stocks	18	157,833	121,496
Debtors	19	8,772,260	10,552,555
Cash at bank and in hand	20	<u>1,512,201</u>	<u>2,233,350</u>
		10,442,294	12,907,401
Creditors: amounts falling due within one year	21	<u>(8,618,450)</u>	<u>(11,142,414)</u>
Net Current Assets		<u>1,823,844</u>	<u>1,764,987</u>
Total Assets less Current Liabilities		2,456,056	2,380,705
Creditors: amounts falling due after more than one year	22	(7,450)	(7,450)
Provisions for Liabilities	23	<u>(49,904)</u>	<u>(47,047)</u>
Net Assets		<u><u>2,398,702</u></u>	<u><u>2,326,208</u></u>
Capital and Reserves			
Called up share capital	26	2,551	2,551
Revaluation reserve	27	123,222	126,265
Profit and loss account	27	<u>2,272,929</u>	<u>2,197,392</u>
Equity Shareholders' Funds		<u><u>2,398,702</u></u>	<u><u>2,326,208</u></u>

The profit for the financial year dealt with in the financial statements of the parent company was £452,494 (2020: profit - £547,319).

The financial statements were approved and authorised for issue by the Board of Directors on 21 February 2022 and were signed below on its behalf by


Edward Mc Master
Director


Philip Edward McMaster
Director

The notes on pages 15 to 38 form an integral part of these financial statements.

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

**Consolidated Statement of Changes in Equity
as at 30 September 2021**

	Called up share capital £	Revaluation Reserve £	Profit and loss account £	Total £
At 1 October 2019	2,551	581,930	2,795,372	3,379,853
Profit for the year			580,747	580,747
Other comprehensive income for the year:				
Reclassification from revaluation reserve to profit and loss account			10,980	10,980
Tax relating to components of other comprehensive income		(10,980)		(10,980)
Total comprehensive income for the year	-	(10,980)	591,727	580,747
Dividends paid and payable			(395,000)	(395,000)
Total investments by and distributions to owners	-	-	(395,000)	(395,000)
At 30 September 2020 and 1 October 2020	2,551	570,950	2,992,099	3,565,600
Profit/(Loss) for the year			478,244	478,244
Other comprehensive income for the year:				
Reclassification from revaluation reserve to profit and loss account			3,043	3,043
Tax relating to components of other comprehensive income		(3,043)		(3,043)
Total comprehensive income for the year	-	(3,043)	481,287	478,244
Dividends paid and payable			(380,000)	(380,000)
Total investments by and distributions to owners	-	-	(380,000)	(380,000)
At 30 September 2021	<u>2,551</u>	<u>567,907</u>	<u>3,093,386</u>	<u>3,663,844</u>

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

**Consolidated Cash Flow Statement
for the year ended 30 September 2021**

	2021	2020
	Notes £	£
Cash flows from operating activities		
Profit for the financial year	478,244	580,747
Adjustments for:		
Depreciation of tangible assets	136,046	128,168
Government grant income	(59,685)	(224,407)
Income from other fixed asset investments	(8,188)	4,112
Other interest receivable and similar income	(106)	(912)
Interest payable and similar expenses	5,678	3,640
Tax on profit on ordinary activities	122,500	158,724
Accrued expenses/(income)	9,845	1,981
Changes in:		
Stocks	(157,873)	18,972
Trade and other debtors	1,900,908	(1,530,546)
Trade and other creditors	(2,213,008)	1,114,609
Government grant released	81	81
	<u>214,442</u>	<u>255,169</u>
Interest paid	(5,678)	(3,640)
Interest received	106	912
Tax paid	(341,814)	3,575
Net cash from/(used in) operating activities	<u>(132,944)</u>	<u>256,016</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(119,273)	(154,848)
Proceeds from sale of other investments	10,179	-
Dividends received	161	536
Net cash (used in)/from investing activities	<u>(108,933)</u>	<u>(154,312)</u>
Cash flows from financing activities		
Government grant income	59,685	224,407
Equity Dividends paid	(380,000)	(395,000)
Net cash used in financing activities	<u>(320,315)</u>	<u>(170,593)</u>
Net increase/(decrease) in cash and cash equivalents	(562,192)	(68,889)
Cash and cash equivalents at beginning of year	20 <u>2,177,678</u>	<u>2,246,567</u>
Cash and cash equivalents at end of year	20 <u>1,615,486</u>	<u>2,177,678</u>

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

Notes to Financial Statements for the year ended 30 September 2021

Statement of Compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.'

1. Accounting Policies

The principle accounting policies adopted in the preparation of the financial statements are set out below. They have all been applied consistently throughout the year and to the preceding year.

1.1. General Information and basis of accounting

Sharpe Mechanical & Electrical Services Limited is a private company limited by shares and is incorporated in Northern Ireland. The address of the registered office and principal place of business is 57 Sydenham Road, Belfast. The nature of the group's operations and its principal activities are set out in the strategic report on pages 1 to 2.

The consolidated financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the requirements of the Companies Act 2006, and under the historical cost convention, modified to include certain items at fair value.

The consolidated financial statements are presented in sterling, which is the functional currency of the entity.

1.2. Basis of Consolidation

The group financial statements consolidate the financial statements of Sharpe Mechanical & Electrical Services Limited and its subsidiaries Sharpe Ventilation Services Limited and Sharpe Air Conditioning Limited made up to 30 September 2021. The Consolidated Statement of Comprehensive Income includes the results of its subsidiary undertakings. The financial statements of its subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

A subsidiary is an entity controlled, either directly or indirectly, by the Company, where control is the power to govern the financial and operating policies of the entity so as to obtain benefit from its activities.

All inter company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

As permitted by Section 408 of the Companies Act 2006 the Statement of Comprehensive Income of Sharpe Mechanical & Electrical Services Limited has not been presented with the financial statements.

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

Notes to Financial Statements for the year ended 30 September 2021

..... continued

1.3. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year to external customers and excluding intercompany sales.

Turnover is measured at the fair value of the consideration received or receivable net of VAT and trade discounts.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer, usually on despatch of the goods; the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity and the costs incurred or to be incurred in respect of transactions can be measured reliably.

When the outcome of a contract can be estimated reliably, contract costs and turnover are recognised by reference to the stage of completion at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

1.4. Goodwill

Goodwill may arise on the acquisition of subsidiary and associated undertakings and interests in joint ventures. It represents the excess of cost over fair value of the group share of tangible assets acquired. In accordance with Financial Reporting Standard (FRS) 102 such goodwill is capitalised as an intangible asset and amortised by equal instalments against profit over its expected life. The expected life of purchased goodwill is 10 years. Provision is made for any impairment.

1.5. Taxation

The tax expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

**Notes to Financial Statements
for the year ended 30 September 2021**

..... continued

1.6. Tangible fixed assets

Tangible fixed assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Any tangible assets carried at revalued amounts are recorded at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in capital and reserves, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in capital and reserves in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in capital and reserves in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	Straight Line over fifty years
Plant and machinery	-	10% Straight Line
Fixtures, fittings and equipment	-	10% & 20% Straight Line
Motor vehicles	-	20% Straight Line

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

Notes to Financial Statements for the year ended 30 September 2021

..... continued

1.7. Fixed Asset Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit and loss.

1.8. Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Where it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash generating unit to which the asset belongs, the cash generating unit which is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

1.9. Stock

Stocks are stated at the lower of cost and estimated selling price less costs to completion and sale. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing stock to its present location and condition. Cost is calculated on a first in first out basis. Provision is made for damaged, obsolete and slow moving stock where appropriate.

Work in progress is valued at the lower of cost and net realisable value. Net realisable value is the amount at which work in progress can be expected to be realised less all further costs to completion and sale.

1.10. Financial Instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

1.11. Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other administrative expenses.

1.12. Cash and Cash Equivalents

Cash consists of cash and demand deposits. Cash equivalents consist of short term highly liquid investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of change in value.

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

**Notes to Financial Statements
for the year ended 30 September 2021**

..... continued

1.13. Operating leases

Lease payments are recognised as an expense over the lease term on a straight line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

1.14. Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

1.15. Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of the transactions. All differences are taken to the Profit and Loss account.

1.16. Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

Notes to Financial Statements for the year ended 30 September 2021

..... continued

1.17. Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

1.18. Significant judgements and estimates

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

Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually and are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the asset.

Impairment of investments

The company makes an annual assessment of the possible impairment of its investments in subsidiary undertakings. When assessing impairment of investments in subsidiary undertakings, management considers the net asset value of its investments as well as the future projected cash flows from these investments.

Impairment of Debtors

Debtors are reviewed periodically and assumptions are based on historical experience and expectation of future events. Any judgements made regarding provisions for bad debts are specific.

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

**Notes to Financial Statements
for the year ended 30 September 2021**

..... continued

2. Turnover

Turnover arises from:

	2021	2020
	£	£
Contracts	24,573,959	23,089,437

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

3. Other operating income

	2021	2020
	£	£
Coronavirus Job Retention Scheme	34,685	224,407
Government Grants	25,000	-
	<u>59,685</u>	<u>224,407</u>

4. Group operating profit

	2021	2020
	£	£
Group operating profit is stated after charging:		
Depreciation of intangible assets	1,205	1,205
Depreciation of tangible assets	134,841	126,963
(Profit)/Loss on foreign currencies	100	(50)
Cost of stocks recognised as an expense	20,033,775	18,805,264
Operating lease rentals		
- Motor Vehicles	45,241	52,503
Fees payable for the audit of the financial statements	29,430	28,805
	<u>29,430</u>	<u>28,805</u>
and after crediting:		
Government grants	59,685	224,407
	<u>59,685</u>	<u>224,407</u>

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

**Notes to Financial Statements
for the year ended 30 September 2021**

..... continued

5. Auditors' remuneration	2021	2020
	£	£
Auditors' remuneration		
- audit of the financial statements of the parent company	13,990	13,685
- audit of the financial statements of subsidiary undertakings	15,440	15,120
	<u>29,430</u>	<u>28,805</u>
6. Group income from other fixed asset investments	2021	2020
	£	£
Dividends from other FA investments	161	536
Loss on disposal of investments	(2,349)	-
Gain/loss on FV adj to other FA investments	10,376	(4,648)
	<u>8,188</u>	<u>(4,112)</u>
7. Group other interest receivable and similar income	2021	2020
	£	£
Bank interest	106	910
Other interest	-	2
	<u>106</u>	<u>912</u>
8. Group interest payable and similar expenses	2021	2020
	£	£
On bank loans and overdrafts	45	62
On overdue tax	5,633	3,578
	<u>5,678</u>	<u>3,640</u>

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

**Notes to Financial Statements
for the year ended 30 September 2021**

..... continued

9. Employees

Number of employees

The average monthly numbers of employees of the group (including the directors) during the year were:

	2021	2020
Construction	40	44
Administration & Directors	14	15
	54	59
	54	59

Employment costs

	2021	2020
	£	£
Wages and salaries	2,436,363	2,488,112
Social security costs	264,278	267,997
Other pension costs	60,836	69,069
	2,761,477	2,825,178
	2,761,477	2,825,178

9.1. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2021	2020
	£	£
Remuneration and other emoluments	68,484	69,426
Company contributions to pension schemes in respect of qualifying services	5,213	5,236
	73,697	74,662
	73,697	74,662

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	2	2
	2	2
	2	2

10. Employee Benefits

The group operates a defined contribution pension scheme in respect of the staff and directors. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the group and amounted to £60,836 (2020 - £69,069).

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

**Notes to Financial Statements
for the year ended 30 September 2021**

..... continued

11. Tax on profit

Analysis of charge in period	2021	2020
	£	£
Current tax		
UK corporation tax at 19.0% (2020 - 19.0%)	119,020	135,166
Adjustments in respect of previous periods	379	204
	<u>119,399</u>	<u>135,370</u>
Group current tax charge	<u>119,399</u>	<u>135,370</u>
 Deferred tax		
Timing differences, origination and reversal	3,101	23,354
Total deferred tax	<u>3,101</u>	<u>23,354</u>
Tax on profit on ordinary activities	<u>122,500</u>	<u>158,724</u>

Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (19.00 per cent). The differences are explained below:

	2021	2020
	£	£
Group Profit on ordinary activities before taxation	<u>600,744</u>	<u>739,471</u>
Group Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (30 September 2020 : 19.00%)	114,140	140,498
Effects of:		
Expenses not deductible for tax purposes	1,285	1,792
Depreciation for period in excess of Capital Allowances	6,281	1,773
Adjustments to tax charge in respect of previous periods	379	204
Change in Tax Rates for deferred tax	-	14,559
Income not Taxable	(31)	(102)
Capital Loss	446	-
Group current tax charge for period	<u>122,500</u>	<u>158,724</u>

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

**Notes to Financial Statements
for the year ended 30 September 2021**

..... continued

12. Dividends		2021	2020
		£	£
Dividends:			
Dividends Paid		<u>380,000</u>	<u>395,000</u>
Total dividends		<u>380,000</u>	<u>395,000</u>

13. Profit for the year attributable to shareholders

As permitted by Section 408 of the Companies Act 2006 the Statement of Comprehensive Income of Sharpe Mechanical & Electrical Services Limited has not been presented with the financial statements.

The results after taxation of the parent undertaking for the year ended 30 September 2021 showed a profit of £452,494 (30 September 2020: profit - £547,319).

14. Intangible fixed assets

	Goodwill	Total
	£	£
Group		
Cost		
At 1 October 2020		
At 30 September 2021	<u>12,048</u>	<u>12,048</u>
Provision for diminution in value		
At 1 October 2020	6,626	6,626
Charge for year	<u>1,205</u>	<u>1,205</u>
At 30 September 2021	<u>7,831</u>	<u>7,831</u>
Net book values		
At 30 September 2021	<u>4,217</u>	<u>4,217</u>
At 30 September 2020	<u>5,422</u>	<u>5,422</u>

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

**Notes to Financial Statements
for the year ended 30 September 2021**

..... continued

15. Tangible fixed assets

	Land and buildings freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
Group	£	£	£	£	£
Cost					
At 1 October 2020	944,713	331,432	1,251,164	196,005	2,723,314
Additions	-	-	93,907	25,366	119,273
At 30 September 2021	<u>944,713</u>	<u>331,432</u>	<u>1,345,071</u>	<u>221,371</u>	<u>2,842,587</u>
Depreciation					
At 1 October 2020	264,518	293,902	882,894	140,524	1,581,838
Charge for the year	18,894	4,412	84,081	27,533	134,920
At 30 September 2021	<u>283,412</u>	<u>298,314</u>	<u>966,975</u>	<u>168,057</u>	<u>1,716,758</u>
Net book values					
At 30 September 2021	<u>661,301</u>	<u>33,118</u>	<u>378,096</u>	<u>53,314</u>	<u>1,125,829</u>
At 30 September 2020	<u>680,195</u>	<u>37,530</u>	<u>368,270</u>	<u>55,481</u>	<u>1,141,476</u>
Company					
Cost					
At 1 October 2020	144,713	26,568	1,034,847	106,108	1,312,236
Additions	-	-	93,237	25,366	118,603
At 30 September 2021	<u>144,713</u>	<u>26,568</u>	<u>1,128,084</u>	<u>131,474</u>	<u>1,430,839</u>
Depreciation					
At 1 October 2020	40,519	26,567	689,829	79,140	836,055
Charge for the year	2,894	-	79,980	17,083	99,957
At 30 September 2021	<u>43,413</u>	<u>26,567</u>	<u>769,809</u>	<u>96,223</u>	<u>936,012</u>
Net book values					
At 30 September 2021	<u>101,300</u>	<u>1</u>	<u>358,275</u>	<u>35,251</u>	<u>494,827</u>
At 30 September 2020	<u>104,194</u>	<u>1</u>	<u>345,018</u>	<u>26,968</u>	<u>476,181</u>

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

**Notes to Financial Statements
for the year ended 30 September 2021**

..... continued

16. Fixed Asset Investments

Group

	Other Investments other than loans	Total
	£	£
Cost		
At 1 October 2020	11,471	11,471
Disposals	(12,528)	(12,528)
Fair value adjustment	10,376	10,376
At 30 September 2021	<u>9,319</u>	<u>9,319</u>
Net book values		
At 30 September 2021	<u>9,319</u>	<u>9,319</u>
At 30 September 2020	<u>11,471</u>	<u>11,471</u>

Listed investments included in the above with a carrying amount of £9,319 (2020 - £11,471) have an aggregate market value of £9,319 (2020 - £11,471). The fair value of listed investments was determined with reference to the quoted market price at the reporting date.

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

**Notes to Financial Statements
for the year ended 30 September 2021**

..... continued

17. Fixed Asset Investments

Company	2021	2020
	£	£
Subsidiary undertakings	128,066	128,066
Listed investments	9,319	11,471
	<u>137,385</u>	<u>139,537</u>

Holdings of 20% or more

The company holds 20% or more of the share capital of the following company:

Company	Country of incorporation or operation	Holding	Proportion Held
Subsidiary undertaking			
Sharpe Ventilation Services Limited	Northern Ireland	Ordinary	100%
Sharpe Air Conditioning Limited	Northern Ireland	Ordinary	100%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit/(Loss) the year
	£	£
Sharpe Ventilation Services Limited	1,169,836	125,663
Sharpe Air Conditioning Limited	219,153	51,284

The principal business activity of the above companies in the year under review was that of suppliers of ventilation, heating and dust extractor systems, hoppers, boiler flues, chimneys and general sheet metal work.

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

**Notes to Financial Statements
for the year ended 30 September 2021**

..... continued

18. Stocks	2021	2020
	£	£
Group		
Raw materials and consumables	20,000	20,000
Work in progress	350,393	192,520
	<u>370,393</u>	<u>212,520</u>
Company		
Raw materials and consumables	10,000	10,000
Work in progress	147,833	111,496
	<u>157,833</u>	<u>121,496</u>

The current replacement value of stocks does not differ materially from the historical costs stated above.

19. Debtors	2021	2020
	£	£
Group		
Trade debtors	2,685,130	4,806,988
Other debtors	323,902	133,155
Prepayments and accrued income	99,467	69,268
	<u>3,108,499</u>	<u>5,009,411</u>
	2021	2020
	£	£
Company		
Trade debtors	2,694,488	4,768,118
Amounts owed by group undertakings	5,849,744	5,591,099
Other debtors	182,243	157,198
Prepayments and accrued income	45,785	36,140
	<u>8,772,260</u>	<u>10,552,555</u>

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

**Notes to Financial Statements
for the year ended 30 September 2021**

..... continued

20. Cash and cash equivalents	2021	2020
	£	£
Group		
Cash at bank and in hand	1,632,251	2,330,705
Bank overdrafts	<u>(16,765)</u>	<u>(153,027)</u>
	<u>1,615,486</u>	<u>2,177,678</u>
	2021	2020
	£	£
Company		
Cash at bank and in hand	1,512,201	2,233,350
Bank overdrafts	<u>-</u>	<u>-</u>
	<u>1,512,201</u>	<u>2,233,350</u>

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

**Notes to Financial Statements
for the year ended 30 September 2021**

..... continued

21. Creditors: amounts falling due within one year	2021	2020
	£	£
Group		
Bank overdraft	16,765	153,027
Trade creditors	2,087,839	4,216,977
Corporation tax	110,059	332,476
Other taxes and social security costs	114,461	200,333
Other creditors	14,377	12,294
Accruals and deferred income	76,776	67,012
	<u>2,420,277</u>	<u>4,982,119</u>

Group Bank Borrowings are secured by:

- 1) Mortgage debenture incorporating a fixed and floating charge over all company assets present and future.
- 2) Letter of Guarantee dated 27/02/2018.
- 3) Letter of Set Off.
- 4) Legal Mortgage/Charge dated 07/04/2004.
- 5) Assignment of Keyman life cover on the life of Philip McMaster for £750,000.

	2021	2020
	£	£
Company		
Trade creditors	8,416,249	10,758,703
Corporation tax	69,600	185,503
Other taxes and social security costs	84,390	159,576
Accruals and deferred income	48,211	38,632
	<u>8,618,450</u>	<u>11,142,414</u>

Company Bank Borrowings are secured by:

- 1) Mortgage debenture incorporating a fixed and floating charge over all company assets present and future dated 23/06/1997.
- 2) Letter of Guarantee dated 27/02/2018.
- 3) Letter of Set Off dated 20/02/2018.
- 4) Assignment of Keyman life cover on the life of Philip McMaster for £750,000.

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

**Notes to Financial Statements
for the year ended 30 September 2021**

..... continued

22.	Creditors: amounts falling due after more than one year	2021	2020
		£	£
	(a) The Group		
	Shares classed as financial liabilities > 1 year	<u>7,450</u>	<u>7,450</u>

The preference share capital consists of 8% Redeemable Shares of £1 each.

		2021	2020
		£	£
	(b) The Company		
	Shares classed as financial liabilities > 1 year	<u>7,450</u>	<u>7,450</u>

The preference share capital consists of 8% Redeemable Shares of £1 each.

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

**Notes to Financial Statements
for the year ended 30 September 2021**

..... continued

23. Provisions for liabilities

Deferred tax is analysed over the following timing differences:

(a) The Group	Provided	
	2021	2020
	£	£
Accelerated capital allowances	62,446	61,317
FV adj of financial assets	(36,722)	(38,694)
Revaluation of tangible assets	133,213	133,213
	<u>158,937</u>	<u>155,836</u>

Movements on the provision for deferred taxation are:

	2021	2020
	£	£
At 1 October 2020	155,836	132,482
Movements in the year	3,101	23,354
At 30 September 2021	<u>158,937</u>	<u>155,836</u>

(b) The Company	Provided	
	2021	2020
	£	£
Accelerated capital allowances	57,722	56,837
FV adj of financial assets	(36,722)	(38,694)
Revaluation of tangible assets	28,904	28,904
	<u>49,904</u>	<u>47,047</u>

Movements on the provision for deferred taxation are:

	2021	2020
	£	£
At 1 October 2020	47,047	34,431
Movements in the year	2,857	12,616
At 30 September 2021	<u>49,904</u>	<u>47,047</u>

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

**Notes to Financial Statements
for the year ended 30 September 2021**

..... continued

24. Accruals and deferred income	2021	2020
	£	£
(a) The Group		
Government grants		
At 1 October 2020	1,703	1,784
Released in year	(81)	(81)
At 30 September 2021	<u>1,622</u>	<u>1,703</u>

The amounts recognised in the financial statements for government grants are as follows:

	2021	2020
	£	£
Recognised in creditors:		
Deferred government grants due within one year	<u>1,622</u>	<u>1,703</u>
Recognised in other operating income:		
Government grants recognised directly in income	<u>59,685</u>	<u>224,407</u>

	2021	2020
	£	£
(b) The Company		
Government grants		
At 1 October 2020	1,703	1,784
Released in year	(81)	(81)
At 30 September 2021	<u>1,622</u>	<u>1,703</u>

The amounts recognised in the financial statements for government grants are as follows:

	2021	2020
	£	£
Recognised in creditors:		
Deferred government grants due within one year	<u>1,622</u>	<u>1,703</u>
Recognised in other operating income:		
Government grants recognised directly in income	<u>29,800</u>	<u>134,711</u>

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

**Notes to Financial Statements
for the year ended 30 September 2021**

..... continued

25. Financial Instruments

Group

The carrying amount for each category of financial instrument is as follows:

	2021	2020
	£	£
Financial assets measured at fair value through profit and loss		
Listed investments	9,319	11,471
	<u>9,319</u>	<u>11,471</u>
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	2,685,130	4,806,988
Other debtors	323,902	133,155
Cash at bank and in hand	1,632,251	2,330,705
	<u>4,641,283</u>	<u>7,270,848</u>
Financial liabilities measured at amortised cost		
Bank and other loans	16,765	153,027
Trade Creditors	2,087,839	4,216,977
Other creditors	14,377	12,294
	<u>2,118,981</u>	<u>4,382,298</u>

Company

The carrying amount for each category of financial instrument is as follows:

	2021	2020
	£	£
Financial assets measured at fair value through profit and loss		
Listed investments	9,319	11,471
	<u>9,319</u>	<u>11,471</u>
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	2,694,488	4,768,118
Other debtors	6,031,987	5,748,297
Cash at bank and in hand	1,512,201	2,233,350
	<u>10,238,676</u>	<u>12,749,765</u>
Financial liabilities measured at amortised cost		
Trade Creditors	8,416,249	10,758,703
	<u>8,416,249</u>	<u>10,758,703</u>

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

**Notes to Financial Statements
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26. Share capital	2021	2020
	£	£
Group and Company		
Authorised equity		
5,000 Ordinary shares of £1 each	5,000	5,000
7,500 Preference shares of £1 each	7,500	7,500
	<u>12,500</u>	<u>12,500</u>
Equity interest	5,000	5,000
Non-equity interest	<u>7,500</u>	<u>7,500</u>
Allotted, called up and fully paid equity		
2,551 Ordinary shares of £1 each	2,551	2,551
7,450 Preference shares of £1 each	7,450	7,450
	<u>10,001</u>	<u>10,001</u>
Equity shares		
2,551 Ordinary shares of £1 each	<u>2,551</u>	<u>2,551</u>
Shares classed as financial liabilities		
7,450 Preference shares of £1 each	<u>7,450</u>	<u>7,450</u>

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

**Notes to Financial Statements
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27. Equity Reserves

	Revaluation reserve	Profit and loss account	Total
	£	£	£
Group			
At 1 October 2020	570,950	2,992,099	3,563,049
Deferred tax on revaluation of property	(3,043)		(3,043)
Dividends		(380,000)	(380,000)
Retained profit for the year		478,244	478,244
Other movements	-	3,043	3,043
At 30 September 2021	<u>567,907</u>	<u>3,093,386</u>	<u>3,661,293</u>
Company			
At 1 October 2020	126,265	2,197,392	2,323,657
Deferred tax on revaluation of property	(3,043)		(3,043)
Dividends		(380,000)	(380,000)
Retained profit for the year		452,494	452,494
Other movements	-	3,043	3,043
At 30 September 2021	<u>123,222</u>	<u>2,272,929</u>	<u>2,396,151</u>

Revaluation Reserve

This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Profit and loss account

This reserve records cumulative profits or losses, including unrealised profits and losses on the remeasurement of listed investments, net of dividends paid and other adjustments.

28. Transactions with directors

Bank borrowings are secured by Letters of Guarantee signed personally by Edward McMaster, the controlling director, and the assignment of Keyman life cover on the life of Philip McMaster for £750,000.

SHARPE MECHANICAL & ELECTRICAL SERVICES LIMITED

**Notes to Financial Statements
for the year ended 30 September 2021**

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29. Key Management Personnel

The total remuneration for key management personnel for the period totalled £73,697 (2020 - £74,662) being remuneration disclosed in note 9.

30. Controlling interest

The Group is controlled by Mr Edward McMaster, a director and majority shareholder.