

Ark Mechanical and Electrical Services Limited

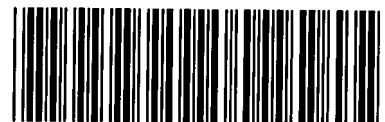
Annual Report and Financial Statements

Year Ended

31 December 2021

Company Number 08441858

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Ark Mechanical and Electrical Services Limited

Company Information

Directors	Mr R J Gleeson Mr K W Keegan Mr J J Reddington
Company secretary	Mr R J Gleeson
Registered number	08441858
Registered office	4 Elstree Way Borehamwood Hertfordshire WD6 1RN
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

Ark Mechanical and Electrical Services Limited

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Ark Mechanical and Electrical Services Limited

Strategic Report for the Year Ended 31 December 2021

Introduction

The directors present the strategic report of Ark Mechanical and Electrical Services Limited for the year ended 31 December 2021.

Business review

The company has experienced positive trading results during the year. The directors are satisfied that the business will continue to achieve profitability and contribute to the group's results going forward.

Principal risks and uncertainties

The company continues to operate specific policies, agreed by the board, to control and monitor risk. The primary areas of risk are as follows:

Credit risk

The company's principal financial assets are contract debtors and other receivables. All new clients are referenced with reputable credit reporting agencies. Across the company contract debtors are regularly reviewed, whereby, any variance from agreed terms is immediately reported. In addition, the company uses credit insurance to supplement an already robust credit control system.

Liquidity risk

The company maintains appropriate funding levels relative to the level of current and future requirements arising from the company's strategy. Cash flow forecasts are prepared on a weekly basis and are closely monitored. We maintain a proactive relationship with our panel of lenders to ensure transparency and appropriate levels of facilities are maintained. This is an area of detailed analysis on a very regular basis and we consider current arrangements are adequate.

Market risk

The principal risk facing the business is the uncertainty of the UK economy. This sustained period of difficult market conditions has allowed the company to develop robust monitoring processes, covering in particular the secured order book and flexed forecasts within a rolling 12-month period. Any variances which are identified as having a potential impact on profitability or liquidity are flagged immediately, to ensure remedial action is taken if, or when, required.

Ark Mechanical and Electrical Services Limited

Strategic Report (continued) for the Year Ended 31 December 2021

Financial key performance indicators

The key performance indicators of the company are as follows:

Revenue has increased when compared to the 2020 period, by 41% to £104.7m (2020 - £74.1m) due to several well managed and executed contracts.

The directors also consider the net assets of the company, which have increased to £10.4m from net assets of £0.5m.

The company achieved a profit before tax of £12.1m (2020 - £6.2m) with a gross profit margin of 17% (2020 - gross profit margin of 14%).

Business outlook

2021 represents a positive trading period for the business and the directors look forward with confidence.

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



Mr J J Reddington
Director

Date: 27/05/2022

Ark Mechanical and Electrical Services Limited

Directors' Report for the Year Ended 31 December 2021

The directors present their report together with the audited financial statements for the year ended 31 December 2021.

Directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 year.

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; and
- 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.

Principal activity

The company's principal activity is the design, engineering and construction of both permanent and temporary mechanical and electrical services to the construction industry.

Results and dividends

The profit for the year, after taxation, amounted to £9,866,823 (2020 - £5,006,781).

The directors do not recommend the payment of a dividend (2020 - £NIL).

Directors

The directors who served during the year were:

Mr R J Gleeson
Mr K W Keegan
Mr J J Reddington

Ark Mechanical and Electrical Services Limited

Directors' Report (continued) for the Year Ended 31 December 2021

Disclosure of information to auditor

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

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

Streamline energy and carbon report

The company has not presented a report on the grounds that the company's energy and carbon information has been included in the Streamlined Energy and Carbon Report presented in the company's parent company consolidated financial statements. For more information, see the JRL Group Holdings Limited financial statements which may be obtained from the address stated in note 15.

Other matters and going concern

On 11 March 2020 the World Health Organisation declared COVID-19 a global pandemic and recommended containment and mitigation measures.

The company does continue to monitor developments and address the impact of COVID-19 on its business. However, the directors note the success of the UK's COVID-19 vaccination and booster programmes as well as the Government's decision to lift all social distancing measures in 2022.

As such, the directors have considered the company's own financial position and prospects, alongside the economic landscape, and consider that the company continues to remain a going concern.

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



.....
Mr K W Keegan
Director

Date: 27/05/2022

Ark Mechanical and Electrical Services Limited

Independent Auditor's Report to the Members of Ark Mechanical and Electrical Services Limited

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Ark Mechanical and Electrical Services Limited ("the company") for the year ended 31 December 2021 which comprise the statement of comprehensive income, the statement of financial position, the 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

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

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

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

Ark Mechanical and Electrical Services Limited

Independent Auditor's Report to the Members of Ark Mechanical and 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 and financial statements, 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. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Responsibilities of directors

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

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

Ark Mechanical and Electrical Services Limited

Independent Auditor's Report to the Members of Ark Mechanical and Electrical Services Limited (continued)

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and tax legislation.

Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management, enquiries of the company's external legal advisers and we considered the adequacy of controls in place in the company.

We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

We challenged the estimates and judgements made by management in their significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Ark Mechanical and Electrical Services Limited

Independent Auditor's Report to the Members of Ark Mechanical and Electrical Services Limited (continued)

Use of our report

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

DocuSigned by:

Thomas Edward Goodworth

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Thomas Edward Goodworth (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

London

United Kingdom

Date: 27 May 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Ark Mechanical and Electrical Services Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	4	104,694,344	74,055,259
Cost of sales		(87,120,758)	(63,859,506)
Gross profit		17,573,586	10,195,753
Administrative expenses		(5,441,690)	(4,036,499)
Operating profit	5	12,131,896	6,159,254
Interest receivable and similar income	7	-	150
Profit before tax		12,131,896	6,159,404
Tax on profit	8	(2,265,073)	(1,152,623)
Profit for the year		9,866,823	5,006,781

All amounts relate to continuing operations.

There was no other comprehensive income for 2021 (2020 - £NIL).

The notes on pages 12 to 21 form part of these financial statements.

Ark Mechanical and Electrical Services Limited

Registered number: 08441858

Statement of Financial Position as at 31 December 2021

	Note	2021 £	2020 £
Current assets			
Debtors	9	34,729,026	17,353,076
Cash and cash equivalents		1,179,940	6,733,410
		<u>35,908,966</u>	<u>24,086,486</u>
Current liabilities			
Creditors: amounts falling due within one year	10	(25,551,892)	(23,596,235)
Net current assets		<u>10,357,074</u>	<u>490,251</u>
Net assets		<u>10,357,074</u>	<u>490,251</u>
Capital and reserves			
Called up share capital	11	1,000	1,000
Profit and loss account	12	10,356,074	489,251
Total equity		<u>10,357,074</u>	<u>490,251</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



.....
Mr R J Gleeson
Director

Date: 27/05/2022

The notes on pages 12 to 21 form part of these financial statements.

Ark Mechanical and Electrical Services Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2021	1,000	489,251	490,251
Comprehensive income for the year			
Profit for the year	-	9,866,823	9,866,823
At 31 December 2021	1,000	10,356,074	10,357,074

Statement of Changes in Equity for the Year Ended 31 December 2020

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2020	1,000	(4,517,530)	(4,516,530)
Comprehensive income for the year			
Profit for the year	-	5,006,781	5,006,781
At 31 December 2020	1,000	489,251	490,251

The notes on pages 12 to 21 form part of these financial statements.

Ark Mechanical and Electrical Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1. General information

Ark Mechanical and Electrical Services Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company Information page and the nature of the company's operations and principal activity are set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of JRL Group Holdings Limited as at 31 December 2021 and these financial statements may be obtained from 4 Elstree Way, Borehamwood, Hertfordshire, WD6 1RN.

Ark Mechanical and Electrical Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2. Accounting policies (continued)

2.3 Going concern

In making their assessment of the ability of the company to continue as a going concern, the directors have prepared financial forecasts for the ultimate parent undertaking, JRL Group Holdings Limited, on a consolidated group basis for a period in excess of twelve months from the date of these financial statements. These detailed forecasts together with supporting cash flow forecasts take into account the current performance of the group, the Group's existing forward order book and workload, assessments of current future market conditions and expected new business, together with other risks and uncertainties facing the business, including the ongoing impact of COVID-19 and Brexit. A number of different scenarios of escalating impact and duration have been evaluated in order to assess the impact on profitability, liquidity and the Group's borrowing covenants.

Under all scenarios that the directors evaluated, the Group has sufficient liquidity to meet its obligations as they fall due.

As such, the directors consider the group has sufficient cash reserves and strength in the balance sheet to demonstrate that the going concern method of preparing the accounts continues to be appropriate. The directors of JRL Group Holdings Limited concluded that the consolidated group and each individual subsidiary is also a going concern.

The directors have considered the company's own financial position and prospects, and also the ultimate parent company's position and assurances, and accordingly have concluded that it is appropriate for the company to prepare its own financial statements on a going concern basis.

In considering the ability of the company to continue as a going concern the directors have considered the availability of bank finance. Subsidiaries within the Group have bank loans of £8m, £6m and £2.4m falling due for repayment in November 2022, March 2023 and April 2023 respectively. The directors are currently in discussions with its lenders and fully expect that the Group will be able to extend or renew the bank loans if required. In the event that the Group is unable to extend or renew the loans the directors note that the loans are subject to a guarantee from the ultimate parent undertaking, JRL Group Holdings Limited, and repayment would fall on JRL Group Holdings Limited.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Ark Mechanical and Electrical Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2. Accounting policies (continued)

2.5 Debtors

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

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.7 Creditors

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

2.8 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each year end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'administrative expenses'.

2.9 Finance costs

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

Ark Mechanical and Electrical Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2. Accounting policies (continued)

2.10 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.11 Holiday pay adjustment

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

To the extent that the holiday pay adjustment gives rise to an asset balance at the reporting date the amount is reported in prepayments.

2.12 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.13 Current and deferred taxation

Tax is recognised in the statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

Ark Mechanical and Electrical Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

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

Key sources of estimation uncertainty:

- *Long term contracts*

Recognition of revenue and profit on long term contracts requires management judgement regarding the anticipated final outcome of individual contracts and of the proportion of works completed at the reporting date. Management undertakes detailed reviews on a monthly basis in order to exercise judgement over the outcome of each contract and the associated risks and opportunities.

The value of work completed at the reporting date is assessed by undertaking surveys and completing internal valuations on each element of works completed and in progress. Regular management reviews of contract progress include a comparison of internal valuations completed on behalf of clients. Any material variances are investigated and updates made where appropriate.

The age, nature and recoverability of all debtors and amounts recoverable on long term contracts are reviewed regularly by management and provisions made where appropriate.

Consistent procedures and management tools are in place to ensure that estimates are applied and results determined on a consistent basis.

- *Defects provision*

A provision in relation to defects arising post completion of contracts has been accrued based on management expectations of costs incurred from historical experience.

4. Analysis of revenue

All revenue is attributable to the design, engineering and construction of both permanent and temporary mechanical and electrical services to the construction industry and arises solely within the United Kingdom.

Ark Mechanical and Electrical Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

5. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	32,154	18,216
Exchange differences	882	-
Defined contribution pension cost	204,557	156,674

During the year, no director received any emoluments (2020 - £NIL). The directors are paid by fellow group company, J Reddington Limited.

6. Employees

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	6,797,653	5,077,129
Social security costs	736,346	557,514
Cost of defined contribution scheme	204,557	156,674
	<u>7,738,556</u>	<u>5,791,317</u>

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

	2021 No.	2020 No.
Employees	<u>119</u>	<u>101</u>

7. Interest receivable and similar income

	2021 £	2020 £
Other interest receivable	<u>-</u>	<u>150</u>

Ark Mechanical and Electrical Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

8. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	2,264,855	1,170,287
Adjustments in respect of previous periods	218	(17,664)
Total current tax	2,265,073	1,152,623

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	12,131,896	6,159,404
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%)	2,305,060	1,170,287
Effects of:		
Expenses not deductible for tax purposes	36	-
Allowances recognised	(40,241)	-
Prior year adjustments	218	(17,664)
Total tax charge for the year	2,265,073	1,152,623

9. Debtors

	2021 £	2020 £
Amounts owed by group undertakings	31,719,970	14,929,832
Other debtors	1,500	592
Prepayments and accrued income	2,725,233	1,006,147
VAT recoverable	282,323	1,416,505
	34,729,026	17,353,076

Amounts owed by group undertakings are interest free and repayable on demand.

Ark Mechanical and Electrical Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

10. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	17,312,287	18,482,326
Amounts owed to group undertakings	2,311,603	1,917,562
Amounts owed to other participating interests	827	1,789
Corporation tax	1,787,539	507,858
Other taxation and social security	16,761	9,927
Accruals and deferred income	4,122,875	2,676,773
	<u>25,551,892</u>	<u>23,596,235</u>

Amounts owed to group undertakings are interest free and repayable on demand.

11. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

12. Reserves

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

13. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £204,557 (2020 - £156,674). Contributions totalling £NIL (2020 - £NIL) were payable to the fund at the reporting date.

Ark Mechanical and Electrical Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

14. Related party transactions

The company has taken advantage of the exemption available under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose transactions with other wholly owned members of the group.

During the year ended 31 December 2021, the company entered into transactions and had outstanding balances with the following companies which are related by common control:

Related party transactions and balances

	Sales to related parties £	Purchases from related parties £	Amounts owed by related parties £	Amounts owed to related parties £
2021				
Estree Ink Limited	-	29,187	-	827
J Reddington Limited	316,507	7,775,198	-	1,953,645
JRL Plant and Logistics Limited	25,665	1,097,366	-	87,208
London Tower Crane Hire and Sales Limited		11,254	-	-
Midgard Limited	103,443,554	-	-	176
Trent Precast Concrete Limited	30,556	-	126	-
	<u>103,816,282</u>	<u>8,913,005</u>	<u>126</u>	<u>2,041,856</u>
2020				
Elstree Ink Limited	-	9,064	-	1,789
J Reddington Limited	1,378,657	5,819,706	383,163	1,805,913
JRL Plant and Logistics Limited	152,107	660,203	-	71,614
London Tower Crane Hire & Sales Limited	12,231	10,968	-	-
Midgard Limited	67,059,601	-	2,073,227	1,380
Stair Master Limited	2,097	-	-	-
	<u>68,604,693</u>	<u>6,499,941</u>	<u>2,456,390</u>	<u>1,880,696</u>

Ark Mechanical and Electrical Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

15. Ultimate parent undertaking and controlling party

The company is a subsidiary of JRL Group Limited, a company registered in England and Wales. The ultimate parent company is JRL Group Holdings Limited, a company registered in England and Wales.

The largest group in which the results of the company are consolidated is that headed by JRL Group Holdings Limited. The smallest group in which the results of the company are consolidated is that headed by JRL Group Limited. The consolidated accounts of both of these companies are available to the public and may be obtained from 4 Elstree Way, Borehamwood, Hertfordshire, WD6 1RN.

16. Guarantees

The company has entered into a cross guarantee with a number of other group companies to secure the group's overdraft facility.