Mercury Security & Facilities Management Limited

Annual report and financial statements

For the year ended 31 December 2021

Registered number: NI054346

Company Information

Directors	Mr F Cullen Mr L Cullen Mr C Emmott
Company secretary	Mr F Cullen
Registered number	NI054346
Registered office	Mercury House 7 Portman Business Park Lisburn Co. Antrim BT28 2XF
Independent auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Danske Bank Donegall Square West Belfast BT1 6JS
Solicitors	McCann & McCann Solicitors Cathedral Terrace 19 Church Street Belfast BT28 2XF

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Directors' report

For the year ended 31 December 2021

The directors present their report and the financial statements for Mercury Security & Facilities Management Limited ('the company') for the year ended 31 December 2021.

Principal activity

The principal activity of the company during the year was the provision of security and facilities management services.

Results and dividends

The profit for the year, after taxation, amounted to £206,961 (2020 - £397,935).

Directors

The directors who served during the year were:
Mr F Cullen
Mr L Cullen
Mr C Emmott

Directors' responsibilities statement

The directors are responsible for the annual report and the financial statements in accordance with applicable law and regulations.
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.
In preparing these financial statements, the directors are required to:

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

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

Employment of disabled employees

The company is an equal opportunities employer. It does not discriminate against disabled people in particular on the recruitment, selection & valuation process.

Directors' report (continued)

For the year ended 31 December 2021

Engagement with employees

In January 2020, the board of Mercury Security & Facilities Management made the proactive decision to introduce an employee mental health and wellbeing assistance programme that is accessible to all employees and their families. We felt it was important as an employer to ensure we are fully supportive of the wellbeing of staff in both their work and home life. This 24/7 independent, external, support service has proved to be a welcome addition for staff in what proved to be quite a unique year in terms of what the pandemic has created.

Matters covered in the Strategic report

The company has chosen in accordance with s.414C(11) Companies Act 2006 to set out in the company's Strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the Directors' report. It has done so in respect of financial risk management and future developments.

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.

This report was approved by the board on 30 September 2022 and signed on its behalf by:

Mr F Cullen
Director

Strategic report

For the year ended 31 December 2021

Introduction

The company is a provider of security and facilities management services to a wide client base in Northern Ireland, Republic of Ireland and Great Britain. The company operates its own NSI-Gold-rated Alarm Receiving Centre providing the highest quality of alarm and CCTV monitoring services and is also a leading installer of intruder and fire alarms as well as quality CCTV systems.

Business review and future developments

The facilities management division which began trading in September 2018 has continued to grow with a number of new prestigious clients added across the hospitality, industrial and commercial sectors. This growth has been supplemented by the commencement in the self-delivery of our industrial services offering from December 2020. This offering has proved successful within the market and a strong initial year has been supplemented with continued growth throughout 2022.

There has been a greater focus from management level down throughout the organisation on the importance of improving the cost efficiency of the business and increase of margin across all departments. This has seen us introduce departmental managers reporting KPIs throughout the year and incremental gains month on month from both a performance and reporting perspective.

A profit of £206,961 (2020: £397,935) was made in the year with EBITDA before management charges and deferred tax adjustments being £327,427 (2020: £289,215). 2021 was a year of consolidating on our performance in 2020 due to the continued confines of the local and global economy and everyday life being restricted due to the health crisis. Following the end of the financial year, we have seen a steady increase in new contracts won throughout 2022 across a variety of sectors and clients. As a company we hope to build on that for the remainder of the year and without fear of further lock-downs we can now initiate some of our sales strategy and business development that was curtailed due to the pandemic.

The continued delivery of profits and the continued support of Amcomri Limited Partnership in the form of equity investments during 2019 have significantly strengthened the company's balance sheet in the last 3 years and provided the additional capital required to ensure the continued expansion of the company's activities.

Principal risks and uncertainties

The directors have identified the following areas of risk and uncertainty:

Business performance risk

The business environment in which we operate continues to be challenging with the key commercial risks being market conditions, cost of materials and labour and customer credit risk.

Financial risk management

The company's operations expose it to a variety of risks that includes materials and labour price fluctuations, interest rate risk, credit risk, liquidity risk and market price risk. The directors review and agree policies for managing these risks and are detailed below.

The company uses various financial instruments including investments and cash and various items such as trade debtors, trade creditors and amounts owed to related undertakings that arise directly from it's operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks which are detailed below.

Strategic report (continued)

For the year ended 31 December 2021

Principal risks and uncertainties (continued)

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The company policy throughout the year has been to ensure continuity of funding by matching the source of funds to the intended use of those funds. Short term flexibility is achieve through the company's cash reserves.

Interest rate risk

The company finances its operations through a mixture of retained profits, bank loan and invoice financing. Interest rate risk is managed through planning expenditure within the confines of the company's banking facilities.

Credit risk

The company's principal financial assets are cash and amounts recoverable on contracts, whether included in debtors or stock. The credit risk associated with cash is limited. The principal credit risk therefore arises from contract balances. To manage the credit risk the directors, assess potential customers as part of the tender process, based on a mixture of past history, credit references and industry knowledge. Payment behaviour of clients are monitored on an ongoing basis after commencement of contracts.

Foreign exchange risk

A proportion of the company's revenue and expenses were denominated in Euro during the year which exposes the company to foreign exchange risk. The risk is managed by using a Euro bank account for said transactions.

Financial key performance indicators

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company, those being turnover, gross profit margin and net profit.

Other key performance indicators

We have internal KPIs in relation to individual contract audits and we are also in the process of expanding a new departmental set of KPIs that will assist us in assessing the performance from a commercial and service delivery view point.

This report was approved by the board on 30 September 2022 and signed on its behalf by:

Mr F Cullen
Director

Buzzacott

Independent auditor's report to the members of Mercury Security & Facilities Management Limited

For the year ended 31 December 2021

Opinion

We have audited the financial statements of Mercury Security and Facilities Management Limited ('the company') for the year ended 31 December 2021, which comprise the Statement of income and retained earnings, the Statement of financial position, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 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.

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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. 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.

Independent auditor's report to the members of Mercury Security & Facilities Management Limited (continued)

For the year ended 31 December 2021

Other information (continued)

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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

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

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

Independent auditor's report to the members of Mercury Security & Facilities Management Limited (continued)

For the year ended 31 December 2021

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:

How the audit was considered capable of detecting irregularities including fraud
Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we made enquiries of management as to where they considered there was susceptibility to fraud, and their knowledge of actual, suspected and alleged fraud;
- we identified the laws and regulations that could reasonably be expected to have a material effect on the financial statements of the company through discussions at the planning stage;
- the audit team held a discussion to identify any particular areas that were considered to be susceptible to misstatement, including with respect to fraud and non-compliance with laws and regulations; and
- we focused our planned audit work on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company including the Companies Act 2006.

We assessed the extent of compliance with the laws and regulations identified above through:
making enquiries of management;

- inspecting legal expenditure and correspondence throughout the year for any potential litigation or claims; and
- considering the internal controls in place that are designed to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- determined the susceptibility of the company to management override of controls by checking the implementation of controls and enquiring of individuals involved in the financial reporting process;
- reviewed journal entries at the year end to identify unusual transactions, particularly in relation to expenditure;
- performed analytical procedures to identify any large, unusual or unexpected transactions;
- reviewed accounting estimates and evaluated where judgements or decisions made by management indicated bias on the part of the company's management;
- tested the completeness of turnover through obtaining information from outside the accounting system and substantively tested this information to ensure the turnover is accurately included in the financial statements. Any material variances to expectations were investigated; and
- carried out substantive testing to check the occurrence and cut-off of expenditure.

Auditor's responsibilities for the audit of the financial statements (continued)

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error as they may involve deliberate concealment or collusion. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

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.

Peter Chapman (Senior statutory auditor)
for and on behalf of
Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

30 September 2022

Statement of income and retained earnings

For the year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	4	**11,496,808**	11,731,864
Cost of sales		**(10,500,944)**	(11,077,247)
Gross profit		**995,864**	654,617
Administrative expenses		**(1,247,509)**	(1,234,473)
Other operating income	5	**471,114**	798,787
Operating profit	6	**219,469**	218,931
Interest receivable and similar income	9	**24**	29
Interest payable and similar expenses	10	**(59,953)**	(69,772)
Profit before tax		**159,540**	149,188
Tax on profit	11	**47,421**	248,747
Profit after tax		**206,961**	397,935
Retained earnings at the beginning of the year		**(1,515,769)**	(1,913,704)
Profit for the year		**206,961**	397,935
Retained earnings at the end of the year		**(1,308,808)**	(1,515,769)

All amounts relate to continuing operations.
There was no other comprehensive income for 2021 or 2020.

The notes on pages 12 to 25 form part of these financial statements.

Statement of financial position

As at 31 December 2021

	Note		2021 £		2020 £
Fixed assets					
Intangible assets	12		-		1,799
Tangible assets	14		**518,035**		258,116
			518,035		259,915
Current assets					
Stocks		**67,338**		72,410	
Debtors	15	**4,442,680**		4,046,473	
Cash at bank and in hand	16	**13,449**		549,906	
		4,523,467		4,668,789	
Creditors: amounts falling due within one year	17	**(3,978,420)**		(4,230,586)	
Net current assets			**545,047**		438,203
Total assets less current liabilities			**1,063,082**		698,118
Creditors: amounts falling due after more than one year	18		**(236,755)**		(78,752)
Net assets			**826,327**		619,366
Capital and reserves					
Called up share capital	20		**1,135,135**		1,135,135
Share premium account	21		**1,000,000**		1,000,000
Profit and loss account	21		**(1,308,808)**		(1,515,769)
			826,327		619,366

The financial statements were approved and authorised for issue by the board on 30 September 2022 and were signed on its behalf by:

Mr F Cullen
Director

The notes on pages 12 to 25 form part of these financial statements.

Statement of cash flows
For the year ended 31 December 2021

	2021	2020
	£	£
Cash flows from operating activities		
Profit for the financial year	**206,961**	397,935
Adjustments for:		
Amortisation of intangible assets	**1,799**	6,960
Depreciation of tangible assets	**88,158**	56,124
Loss on disposal of tangible assets	**51,483**	33,307
Interest paid	**59,953**	69,772
Interest received	**(24)**	(29)
Taxation charge	**(47,421)**	(248,747)
Decrease/(increase) in stocks	**5,072**	(1,540)
(Increase) in debtors	**(348,786)**	(156,803)
(Decrease)/increase in creditors	**(344,136)**	411,657
Net cash generated from operating activities	**(326,941)**	568,636
Cash flows from investing activities		
Purchase of tangible fixed assets	**(399,559)**	(72,747)
Interest received	**24**	29
Net cash from investing activities	**(399,535)**	(72,718)
Cash flows from financing activities		
New secured loans	**-**	50,000
Repayment of loans	**(5,465)**	-
(Repayment of) new finance leases	**202,470**	(6,210)
Interest paid	**(59,953)**	(69,772)
Net cash used in financing activities	**137,052**	(25,982)
Net (decrease)/increase in cash and cash equivalents	**(589,424)**	469,936
Cash and cash equivalents at beginning of year	**549,906**	79,970
Cash and cash equivalents at the end of year	**(39,518)**	549,906

The notes on pages 12 to 25 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2021

1. General information

Mercury Security and Facilities Management Limited is a private company limited by shares and incorporated in Northern Ireland. Its registered office and principal place of business is Mercury House, 7 Portman Business Park, Lisburn Co. Antrim, BT28 2XF and its registered number is NI054346.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') 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's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 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 period 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.

Notes to the financial statements
For the year ended 31 December 2021

2. Accounting policies (continued)

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Rendering of services

Turnover 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 turnover 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.

2.4 Leased assets

The company has entered into some hire purchase agreements for certain vehicle assets that include the option to purchase the items at the end of the lease term for a nominal amount, which is expected to be much lower than their fair value at that date. The hire purchase agreements have been classified as finance leases as it is reasonably certain that the option will be exercised.
Lease payments are apportioned between finance charges and reduction of outstanding lease liabilities using the effective interest method, so as to produce a constant rate of interest on the remaining balance of the liabilities. Finance charges are recognised in profit or loss.
Assets held under finance leases are included in property, plant and equipment and are depreciated and reviewed for impairment in the same way as assets owned outright.
Payments received under operating leases are recognised as income over the lease term on a straight-line basis.

2.5 Government grants

Grants of a revenue nature are recognised in the Statement of income and retained earnings in the same period as the related expenditure.
Payments recevied from the government for furloughed employees are a form of grant. This grant money is receivable as compensation for expenses already incurred and, where this is not in respect of future related costs, is recognised in turnover in the period in which it becomes receivable and the related expense is incurred.

2.6 Interest income

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

Notes to the financial statements

For the year ended 31 December 2021

2. Accounting policies (continued)

2.7 Finance costs

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

2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.9 Pensions

Contributions to defined contribution plans are expensed in the period to which they relate. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit or loss account.

Defined contribution pension plan

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

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

2.10 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the 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.

Notes to the financial statements

For the year ended 31 December 2021

2. Accounting policies (continued)

2.11 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Statement of income and retained earnings over its useful economic life.

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

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

2.12 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Leasehold improvements	-	10%	straight line
Plant and machinery	-	20%	straight-line
Motor vehicles	-	20%	reducing balance
Fixtures and fittings	-	20%	reducing balance

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

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

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Notes to the financial statements
For the year ended 31 December 2021

2. Accounting policies (continued)

2.14 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.

2.15 Cash and cash equivalents

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

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

2.16 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.

2.17 Employee benefits

Short-term employee benefits are recognised as an expense in the period in which they are incurred.
Post-employment defined contribution plans
Amounts in respect of defined contributions plans are recognised as an expense as they are incurred.
Termination benefits
Provisions for termination benefits are recognised only when the company is demonstrably committed to terminate the employment of an employee or of a group of employees before their normal retirement date or to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy

2.18 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from other third parties and loans to related parties.
Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Notes to the financial statements

For the year ended 31 December 2021

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

The preparation of the financial statements requires that the directors make estimates and assumptions about the future, and are required to exercise their judgement in applying our accounting policies. Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectation of future events which we believe to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

- Deferred tax (see note 11)

The directors have elected to recognise a deferred tax asset of £296,168 as a result of forecasts showing the company being profitable in the future.

4. Turnover

The whole of the turnover is attributable to company's principal activity.

All turnover arose within the United Kingdom and Republic of Ireland.

5. Other operating income

	2021	2020
	£	£
Coronavirus Job Retention Scheme	**471,114**	798,787
	471,114	798,787

6. Operating profit

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

	2021	2020
	£	£
Exchange differences	**(86,467)**	20,360
Other operating lease rentals	**78,595**	78,769
Hire purchase rentals	**12,149**	31,019

7. Auditor's remuneration

Fees payable to the company's auditor for the audit of the company's annual financial statements totalled £ *(2020 -).*

Notes to the financial statements

For the year ended 31 December 2021

8. Employees

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	**8,489,301**	9,054,782
Social security costs	**666,035**	764,581
Cost of defined contribution scheme	**79,666**	147,846
	9,235,002	9,967,209

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

	2021 No.	2020 No.
Security	**224**	419
Administration	**24**	20
Mobile	**4**	-
Sales	**-**	2
Engineering Department	**16**	10
Facilities	**206**	103
	474	554

9. Interest receivable

	2021 £	2020 £
Other interest receivable	**24**	29

10. Interest payable and similar expenses

	2021 £	2020 £
Other loan interest payable	**59,953**	69,772

Notes to the financial statements

For the year ended 31 December 2021

11. Taxation

	2021 £	2020 £
Total current tax	**-**	-
Deferred tax		
Origination and reversal of timing differences	**(81,591)**	3,145
Loss and other deductions	**43,794**	(251,892)
Adjustment in respect of prior periods	**(9,624)**	-
Total deferred tax	**(47,421)**	(248,747)
Taxation on loss on ordinary activities	**(47,421)**	(248,747)

Notes to the financial statements

For the year ended 31 December 2021

11. Taxation (continued)

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% (2020 - 19%). The differences are explained below:

	2021	2020
	£	£
Profit on ordinary activities before tax	**159,540**	149,188
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**30,313**	28,346
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**4,462**	13,619
Capital allowances for year in excess of depreciation	**(1,600)**	(4,829)
R&D expenditure credits	**-**	1,454
Remeasurement of deferred tax	**(71,080)**	(30,247)
Movement in deferred tax recognised/not recognised	**-**	(257,090)
Adjustments to tax charge in respect of prior periods	**(9,624)**	-
Other permanent differences	**108**	-
Total tax charge for the year	**(47,421)**	(248,747)

Factors that may affect future tax charges

On 10 June 2021, the Finance Bill 2021 received Royal Assent. The Bill enacted an increase in the corporation tax rate from 1 April 2023, tapering from 19% from business with profits of less than £50,000 to 25% for business with profits over £250,000. On 23 September 2022, the government announced its intention to cancel this increase, keeping the rate at 19%.
The deferred taxes at the reporting date reflected in these financial statements have been measured at 25% being the tax rate that was substantively enacted at 31 December 2021. At 31 December 2021, the company had a deferred tax asset of £344,816 (2020: £259,200) relating to losses and short term timing differences and a deferred tax liablity of £48,648 (2020: £10,453) relating to fixed asset timing differences. The total deferred tax asset is £296,168 (2020: £248,747) recognised in debtors.

Notes to the financial statements

For the year ended 31 December 2021

12. Intangible assets

	Goodwill
	£
Cost	
At 1 January 2021	69,659
At 31 December 2021	69,659
Amortisation	
At 1 January 2021	67,860
Charge for the year	1,799
At 31 December 2021	69,659
Net book value	
At 31 December 2021	-
At 31 December 2020	1,799

13. Analysis of net debt

	At 1 January 2021	Cash flows	New finance leases	At 31 Decembe 202
	£	£	£	
Cash at bank and in hand	549,906	(536,457)	-	13,449
Bank overdrafts	-	(52,967)	-	(52,967)
Debt due within 1 year	(805,722)	(200,289)	-	(1,006,011)
Finance leases	(123,596)	(10,283)	(192,187)	(326,066)
	(379,412)	(799,996)	(192,187)	(1,371,595)

Notes to the financial statements
For the year ended 31 December 2021

14. Tangible fixed assets

	Leasehold improvements	Plant and machinery	Motor vehicles	Fixtures and fittings	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2021	20,833	73,892	303,464	247,656	645,845
Additions	-	37,825	334,641	27,093	399,559
Disposals	-	-	(110,680)	-	(110,680)
At 31 December 2021	20,833	111,717	527,425	274,749	934,724
Depreciation					
At 1 January 2021	694	39,484	155,870	191,681	387,729
Charge for the year	2,088	16,244	58,472	11,354	88,158
Disposals	-	-	(59,198)	-	(59,198)
At 31 December 2021	2,782	55,728	155,144	203,035	416,689
Net book value					
At 31 December 2021	18,051	55,989	372,281	71,714	518,035
At 31 December 2020	20,139	34,408	147,594	55,975	258,116

Included within the net book value of tangible fixed assets is £364,559 (2020 - £122,234) in respect of assets held under finance leases. Depreciation charged in the year on these assets was £39,072 (2020 - £23,674).

Notes to the financial statements

For the year ended 31 December 2021

15. Debtors

	2021 £	2020 £
Trade debtors	**2,360,815**	2,251,648
Amounts owed by related parties	**460,000**	460,000
Other debtors	**932,801**	719,273
Prepayments and accrued income	**392,896**	366,805
Deferred taxation	**296,168**	248,747
	4,442,680	4,046,473

16. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	**13,449**	549,906
Less: bank overdrafts	**(52,967)**	-
	(39,518)	549,906

17. Creditors: amounts falling due within one year

	2021 £	2020 £
Bank overdrafts	**52,967**	-
Bank loans	**44,535**	50,000
Trade creditors	**713,599**	646,231
Invoice discounting	**961,476**	755,722
Other taxation and social security	**1,275,766**	1,888,895
Obligations under finance lease and hire purchase contracts	**89,311**	44,844
Other creditors	**31,741**	6,838
Accruals and deferred income	**809,025**	838,056
	3,978,420	4,230,586

Included within bank loans is £44,535 (2020 - £50,000) that relates to Bounce Back loans that are interest free for 12 months and is 100% guaranteed by the government.

Close Brothers Commercial Finance and Amcomri LP have a floating charge over the company's assets to secure the invoice discounting and other loan balances to which they relate. The loans in respect of hire purchase agreements are secured against the assets to which they relate to.

Notes to the financial statements

For the year ended 31 December 2021

18. Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Net obligations under finance leases and hire purchase contracts	**236,755**	78,752

None of the amounts due after more than one year are due after more than five years.
The loans in respect of hire purchase agreements are secured against the assets to which they relate to.

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2021	2020
	£	£
Within one year	**89,311**	44,844
Between 1-5 years	**236,755**	78,752
	326,066	123,596

20. Share capital

	2021	2020
	£	£
Allotted, called up and fully paid		
101,000 (2020 - 101,000) Ordinary shares of £1.00 each	**101,000**	101,000
1,034,135 (2020 -1,034,135) Preference shares of £1.00 each	**1,034,135**	1,034,135
	1,135,135	1,135,135

At 31 December 2021, all redeemable preference shares remain unpaid.

21. Reserves

Profit and loss account

The profit and loss account represents current and prior period profit and losses.

22. Contingent liabilities

Other than the charges disclosed in notes 17 and 18, the company had no contingent liabilities at 31 December 2021 or 31 December 2020.

Notes to the financial statements

For the year ended 31 December 2021

23. Capital commitments

The company had no capital commitments at 31 December 2021 or 31 December 2020.

24. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £79,666 (2020 - £147,846). Contributions totalling £33,060 (2020 - £38,461) were payable to the fund at the reporting date and are included in accruals.

25. Commitments under operating leases

At 31 December 2021, the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021	2020
	£	£
Not later than 1 year	**65,000**	65,000
Later than 1 year and not later than 5 years	**173,333**	238,333
	238,333	303,333

26. Related party transactions

During the year ended 31 December 2021, the company provided a working capital loan to Amcomri LP amounting to £nil (2020: £500,000). No interest was charged on this balance (2020: £nil).
During the year ended 31 December 2021, Amcomri LP provided cash advances to the company of £nil (2020: £225,000). Amcomri LP charged interest of £nil (2020: £nil) on amounts outstanding from the company.
At 31 December 2021, the company was owed £460,000 from Amcomri LP (2020: £460,000 due to Amcomri LP).
Amcomri LP is a related party by virtue of having significant influence over the company.

27. Controlling party

In the opinion of the directors, the ultimate controlling party is Paul McGowan.