

Registered number: 04039888

ABM Technical Solutions Limited

Annual report and financial statements

For the year ended 31 October 2021



ABM Technical Solutions Limited

Company Information

Directors	M Bindeman (resigned 8 October 2021) C Stevenson J King (appointed 8 October 2021) J Mcpherson (appointed 8 October 2021)
Company secretary	Oakwood Corporate Secretary Limited
Registered number	04039888
Registered office	Artemis Building Odyssey Business Park West End Road South Ruslip Middlesex HA4 6QE
Independent auditors	Kreston Reeves LLP Chartered Accountants & Statutory Auditor Second Floor 168 Shoreditch High Street London E1 6RA

ABM Technical Solutions Limited

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ABM Technical Solutions Limited

Strategic report

For the year ended 31 October 2021

Introduction

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

Business review

The activity of the Company during the year reflected the level of business re-openings as Covid restrictions were gradually relaxed by central and local government.

The company posted strong financial results on the back of customers increasing project activity and a number of successful new contract wins secured during the year.

Cost cutting measures remained in place to a greater or lesser extent throughout the time lockdown was in place in the UK

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

Principal risks and uncertainties

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

Foreign exchange risk

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

Interest rate risk

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

Credit rate risk

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

Liquidity risk

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

Capital risk management

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

ABM Technical Solutions Limited

Strategic report (continued) For the year ended 31 October 2021

Key performance indicators

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

Turnover in the year shows an increase of £6.1 million to £49.5 million. This increase was largely due to organic growth of both contractual and project related activity.

Gross profit margin increased from 10.9% in 2020 to 12.6% in 2021. Costs were tightly controlled as business activity returned. However, the grant received from the UK government covering much of the cost for those on furlough is shown within operating profit as Other operating income of £153 thousand (2020: £787 thousand).

Operating profit increased from £1.0 million in 2020 to £2.6 million in 2021. This increase was due to the growth in revenue as business returned together with new contract awards together with tight control over costs.

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

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

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

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

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

The Company's employees are the cornerstone of its activity and the Company ensures that the ABM Group's common values are shared and spread. The health, safety and well-being of team members is key. Operations are conducted in accordance with ISO accredited systems ISO45001 for Occupational Health and Safety Management to ensure the wellbeing of all team members, ISO14001 Environmental Management to minimise the impact on the environment and ISO 50001 Energy Management.

In support of this we work with our supply chain to a defined Code of Conduct and ensure that all suppliers are either operating in accordance with their own policies and procedures or where they are small companies work in accordance with our own ISO Accredited systems and in accordance with the regulations in the UK.

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

During the year, the company has continued its commitment to a whole range of Social Value initiatives across the UK and linked to our ABM Cares strategy. Many staff have volunteered for charitable activity as well as made financial contributions to charities that the company has match funded. Alongside this we have developed a number of community relationships to support people from a range of backgrounds and social settings back into employment. We continue to recognise the value of social value in attracting and retaining employees as well as supporting the communities in which we operate. We have formed relationships with schools and provide training experiences on the opportunities available to young people provided through joining apprenticeship programmes in our industry.

ABM Technical Solutions Limited

Strategic report (continued) For the year ended 31 October 2021

We manage our environmental impacts in accordance with ISO 14001 and accordingly are reducing our emissions, waste and water consumption in our activities through the introduction of innovations in our activities, together with revised company policies and procedures for use to reduce our use of fossil fuels. Innovation forums and collaboration with our customers has been key as we work to support our clients to their own net zero plans. We also actively undertake measures to reduce waste to landfill by reducing our packaging requirements and working with our customers to sort, segregate and minimise the waste to landfill.

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

Streamlined Energy and Carbon Reporting

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

The following table provides further information on the energy and greenhouse gas emissions at the Company during November 2020 to October 2021.

Quantification and Reporting Methodology

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

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) has been used to complete calculations. The conversion factors used to evaluate Carbon dioxide equivalent emissions from activities in the UK, were those published by UK Government as GHG Conversion Factors for Company Reporting 2020: Standard set (published 01/06/2021 and revised January 2022).

Emissions

We have used the operational control approach. Our carbon emissions in 2020/2021 have been significantly impacted by the Covid-19 pandemic which has significantly impacted our business operations as we worked to maintain the health and wellbeing of our employees whilst deliver essential cleaning services.

Reporting Requirement	Details	Unit	2019/2020	2020/2021
UK energy use*	Gas	kWh	16,209	0
	Electricity – renewable resource	kWh	0	0
	Electricity – Non-renewable resource	kWh	57,482	45,134
	Diesel	kWh	996,036	587,463
	Petrol	kWh	37,581	7,029
Green House Gas Emissions**	Scope 1 – Emissions from purchased Natural Gas and Vehicle Fuels	tCO2e	267.05	149.54
	Scope 2 – Emissions from purchased electricity	tCO2e	0.43	0.00
	Scope 3 – Emissions from business travel in cars, rail and air travel & Landlord Energy Supplies	tCO2e	31.96	26.25
Intensity Ratio***	Ratio of GHG emissions to a quantifiable business metric	tCO2e/£M Sales	6.90	3.55

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

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

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

ABM Technical Solutions Limited

Strategic report (continued) For the year ended 31 October 2021

Implemented Improvement Activities

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

- Guaranteed that the vehicles were properly maintained to ensure efficient fuel consumption and lower emission levels;
- Recorded and analysed individual fuel consumption data to encourage fuel-efficient driving;
- The Company's revised fleet policy and company car list now reverts to Electric Vehicle choices including petrol hybrid Electric Vehicles and fully Electric vehicles. We have developed a roadmap and public commitment to implement a transition to a more sustainable fleet. So far, we have evaluated the vehicles eligible for transition based on available market options. As the market evolves, we expect to continue the transition with more of our vehicles. We are ahead of our replacement schedule;
- Trialled satellite navigation and telematics systems to help drivers avoid congestion and utilise the most efficient route to reach their destination;
- Where electric vehicle options are not available, replacement vehicles have been procured ensuring that fuel consumption is a priority in the investment choice, including vehicle running and start/stop technology;
- Vehicles operating in Low Emissions zones are systematically replaced with ULEZ compliant vehicles with the added benefit of reducing operating costs;
- Unnecessary business travel is avoided by encouraging meetings via conference call;
- Rail travel is preferred for long distance travelling when necessary;
- Sought to use materials with recycled content and with environmental certifications (EU Ecolabel, FSC);
- Significantly reduced the use of air travel in the business.

Post Balance Sheet Events

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

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

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

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



C Stevenson

Director

Date: 26 May 2022

ABM Technical Solutions Limited

Directors' report

For the year ended 31 October 2021

The directors present their report and the financial statements for the year ended 31 October 2021.

Results and dividends

The profit for the year, after taxation, amounted to £2,112,082 (2020 - £818,383).

The directors do not recommend the payment of a dividend in the year (2020: £Nil).

Directors

The directors who served during the year were:

M Bindeman (resigned 8 October 2021)

C Stevenson

J King (appointed 8 October 2021)

J Mcpherson (appointed 8 October 2021)

Directors' responsibilities statement

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Future developments

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

ABM Technical Solutions Limited

Directors' report (continued) For the year ended 31 October 2021

Employee involvement

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

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

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

During the year employees were informed about the financial and economic factors affecting the company through regular employee communications including newsletters, regular management and team meetings, a virtual conference and business updates.

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

Engagement with suppliers, customers and others

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

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

Disabled employees

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

- Recruit without consideration of disability and ensure equal opportunities to join the company by using multiple recruitment channels including those that work with underrepresented groups including those excluded from workplaces through disability.
- Provide disability awareness and equality training across the whole business.
- Consult and engage with disabled people as appropriate identifying and implementing specific requirements to support their employment, continued employment and development, ensuring they are not disadvantaged. Personal development is unconscious of disability, and everyone is afforded opportunities to develop their career or be promoted without consideration of any disability.
- Make reasonable adjustments to facilities, services and information including the provision of assistive devices for employees with pre-existing disabilities and those who may become disabled during employment.
- Regularly review the accessibility of goods, services, facilities and information.
- Make all employees aware of this policy.
- Regularly review the implementation and effectiveness of this policy.

ABM Technical Solutions Limited

**Directors' report (continued)
For the year ended 31 October 2021**

Matters covered in the Strategic report

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

Disclosure of information to auditors


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

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

Auditors

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

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



C Stevenson
Director

Date: 26 May 2022

ABM Technical Solutions Limited

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

Opinion

We have audited the financial statements of ABM Technical Solutions Limited (the 'Company') for the year ended 31 October 2021, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 Auditors' 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. 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.

ABM Technical Solutions Limited

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

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

Responsibilities of directors

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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:

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the company and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and taxation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or duplicate employees. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud; and
- Assessment of identified fraud risk factors; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Performing analytical procedures with automated data analytics tools to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Reading minutes of meetings of those charged with governance; and
- Reviewing the payroll records for evidence of duplicate employees.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

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.

ABM Technical Solutions Limited

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Use of our report

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



Michael Cook BA(Hons) FCA (Senior Statutory Auditor)
for and on behalf of
Kreston Reeves LLP
Chartered Accountants
Statutory Auditor
London
Date: 27 May 2022

ABM Technical Solutions Limited

**Statement of comprehensive income
For the year ended 31 October 2021**

	Note	2021 £	2020 £
Turnover	4	49,458,383	43,374,450
Cost of sales		(43,164,940)	(38,649,007)
Gross profit		6,293,443	4,725,443
Administrative expenses		(3,812,381)	(4,466,008)
Other operating income	5	152,594	786,593
Operating profit	6	2,633,656	1,046,028
Interest receivable and similar income	10	1,684	7,355
Profit before tax		2,635,340	1,053,383
Tax on profit	11	(523,258)	(235,000)
Profit for the financial year		2,112,082	818,383

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


The notes on pages 15 to 27 form part of these financial statements.

ABM Technical Solutions Limited
Registered number: 04039888

Balance sheet
As at 31 October 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	12	1,068	56,444
Tangible assets	13	16,878	27,458
		<u>17,946</u>	<u>83,902</u>
Current assets			
Debtors: amounts falling due within one year	14	42,330,747	35,959,920
Cash at bank and in hand	15	5,270,810	7,944,169
		<u>47,601,557</u>	<u>43,904,089</u>
Creditors: amounts falling due within one year	16	(12,240,693)	(10,711,733)
Net current assets		<u>35,360,864</u>	<u>33,192,356</u>
Total assets less current liabilities		<u>35,378,810</u>	<u>33,276,258</u>
Provisions for liabilities			
Deferred tax	17	(27,623)	(23,506)
		<u>(27,623)</u>	<u>(23,506)</u>
Net assets		<u>35,351,187</u>	<u>33,252,752</u>
Capital and reserves			
Called up share capital	18	1,000	1,000
Other reserves	19	3,993,231	4,006,878
Profit and loss account	19	31,356,956	29,244,874
		<u>35,351,187</u>	<u>33,252,752</u>

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



C Stevenson

Director

Date: 26 May 2022

The notes on pages 15 to 27 form part of these financial statements.

ABM Technical Solutions Limited

**Statement of changes in equity
For the year ended 31 October 2021**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 November 2019	1,000	3,982,768	28,426,491	32,410,259
Comprehensive income for the year				
Profit for the year	-	-	818,383	818,383
Net share option expense for the year	-	24,110	-	24,110
At 1 November 2020	1,000	4,006,878	29,244,874	33,252,752
Comprehensive income for the year				
Profit for the year	-	-	2,112,082	2,112,082
Net share option expense for the year	-	(13,647)	-	(13,647)
At 31 October 2021	1,000	3,993,231	31,356,956	35,351,187

The notes on pages 15 to 27 form part of these financial statements.

ABM Technical Solutions Limited

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

1. General information

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

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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

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

This information is included in the consolidated financial statements of ABM Industries Inc as at 31 October 2021 and these financial statements may be obtained from 557 Fifth Avenue, Suite 300, New York, NY10176.

2.3 Turnover

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

2.4 Operating leases: the Company as lessee

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

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

**Notes to the financial statements
For the year ended 31 October 2021**

2. Accounting policies (continued)

2.5 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

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

2.6 Interest income

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

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 Pensions

Defined contribution pension plan

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

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

2.9 Share based payments

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

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

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

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

**Notes to the financial statements
For the year ended 31 October 2021**

2. Accounting policies (continued)

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 balance sheet date in the countries where the Company operates and generates income.

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

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

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

2.11 Intangible assets

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

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

The estimated useful lives range as follows:

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

2.12 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.

**Notes to the financial statements
For the year ended 31 October 2021**

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

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

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

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

2.13 Long term contracts

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

2.14 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.

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 Holiday pay accrual

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

**Notes to the financial statements
For the year ended 31 October 2021**

2. Accounting policies (continued)

2.18 Provisions for liabilities

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

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

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

2.19 Financial instruments

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

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

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

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

3.1 Critical accounting estimates and assumptions

Recoverability of debtors

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

3.2 Critical judgements in applying the entity's accounting policies

Leases

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

Going concern

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

4. Turnover

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

ABM Technical Solutions Limited

**Notes to the financial statements
For the year ended 31 October 2021**

5. Other operating income

	2021 £	2020 £
Government grant	<u>152,594</u>	<u>786,593</u>

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation	-	18,580
Exchange differences	(6,011)	185,082
Other operating lease rentals	<u>606,821</u>	<u>435,362</u>

7. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>33,500</u>	<u>31,500</u>

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

Taxation compliance services	5,500	5,200
All other services	<u>1,150</u>	<u>1,100</u>
	<u>6,650</u>	<u>6,300</u>

ABM Technical Solutions Limited**Notes to the financial statements
For the year ended 31 October 2021****8. Employees**

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	14,196,614	13,267,682
Social security costs	1,584,086	1,467,501
Cost of defined contribution scheme	356,087	343,646
	<u>16,136,787</u>	<u>15,078,829</u>

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

	2021 No.	2020 No.
Manufacturing and servicing	304	284
Office and management	51	55
	<u>355</u>	<u>339</u>

9. Directors' remuneration

During the year retirement benefits were accruing to no directors (2020 - Nil) in respect of defined contribution pension schemes.

During the year no directors (2020: Nil) received share options in the ultimate parent company under long term incentive schemes. No share options were exercised during the year (2020: Nil).

10. Interest receivable

	2021 £	2020 £
Bank interest and other interest receivable	<u>1,684</u>	<u>7,355</u>

11. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	519,141	235,000
Origination and reversal of timing differences	4,117	-
Taxation on profit on ordinary activities	<u>523,258</u>	<u>235,000</u>

ABM Technical Solutions Limited

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

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - *higher 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	<u>2,635,340</u>	<u>1,053,383</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	500,715	200,143
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,074	3,635
Capital allowances for year in excess of depreciation	(381)	614
Short-term timing difference leading to an increase (decrease) in taxation	7,512	29,915
Other differences leading to an increase (decrease) in the tax charge	8,221	693
Movement in deferred tax for the year	<u>4,117</u>	<u>-</u>
Total tax charge for the year	<u>523,258</u>	<u>235,000</u>

Factors that may affect future tax charges

Since 1 April 2017 there has been a single rate of corporation tax of 19% in place. From 1 April 2023, the main rate of corporation tax will rise to 25% for companies with profits over £250,000. For companies with profits of £50,000 or less, they will pay corporation tax at the small profits rate of 19%. Where a company's profits fall between £50,000 and £250,000, they will pay corporation tax at the main rate reduced by marginal relief. The upper and lower limits will be proportionally reduced for short accounting periods and where there are associated companies.

ABM Technical Solutions Limited

**Notes to the financial statements
For the year ended 31 October 2021**

12. Intangible assets

	Computer software £
Cost	
At 1 November 2020	757,308
At 31 October 2021	757,308
Amortisation	
At 1 November 2020	700,864
Charge for the year on owned assets	55,376
At 31 October 2021	756,240
Net book value	
At 31 October 2021	1,068
At 31 October 2020	56,444

ABM Technical Solutions Limited

**Notes to the financial statements
For the year ended 31 October 2021**

13. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 November 2020	290,040	51,823	341,863
Additions	-	12,132	12,132
Disposals	-	(5,010)	(5,010)
At 31 October 2021	290,040	58,945	348,985
Depreciation			
At 1 November 2020	262,582	51,823	314,405
Charge for the year on owned assets	-	17,702	17,702
Transfers between classes	27,458	(27,458)	-
At 31 October 2021	290,040	42,067	332,107
Net book value			
At 31 October 2021	-	16,878	16,878
At 31 October 2020	27,458	-	27,458

14. Debtors

	2021 £	2020 £
Trade debtors	7,280,970	8,322,116
Amounts owed by group undertakings	32,125,157	25,824,736
Other debtors	424,539	661,351
Prepayments and accrued income	2,500,081	1,151,717
	42,330,747	35,959,920

15. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	5,270,810	7,944,169

ABM Technical Solutions Limited

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

16. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	4,871,781	2,901,358
Amounts owed to group undertakings	337,448	180,030
Other taxation and social security	339,852	475,275
Other creditors	137,297	96,888
Accruals and deferred income	6,554,315	7,058,182
	<u>12,240,693</u>	<u>10,711,733</u>

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

17. Deferred taxation

	2021 £	2020 £
At beginning of year	(23,506)	(23,506)
Charged to profit or loss	(4,117)	-
At end of year	<u>(27,623)</u>	<u>(23,506)</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(27,623)	(23,506)
	<u>(27,623)</u>	<u>(23,506)</u>

18. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1,000 (2020 - 1,000) Ordinary shares of £1.00 each	<u>1,000</u>	<u>1,000</u>

ABM Technical Solutions Limited

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

19. Reserves

Profit and loss account

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

Capital contributions

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

20. Share based payments

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

Nil (2020: 1,185) PSU options were exercised during the year and there were no PSU options exercisable at the balance sheet date (2020: Nil). The company granted 246 (2020: 2,192) PSU options during the year and 4 (2020: nil) were decreased for their performance adjustment. 946 (2020: 2,207) PSU options were outstanding at the balance sheet date.

262 (2020: 753) RSU options were exercised during the year and there were no RSU options exercisable at the balance sheet date. The company granted 254 (2020: 1,850) RSU options during the year. 598 (2020: 1,901) RSU options were outstanding at the balance sheet date.

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

The total credit for the period was £13,647 (2020: expense of £24,110) in respect of share-based payments at the balance sheet date.

21. 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 £356,087 (2020: £343,646). Contributions totalling £69,656 (2020: £64,338) were payable to the fund at the balance sheet date and are included in creditors.

22. Commitments under operating leases

At 31 October 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	291,515	250,345
Later than 1 year and not later than 5 years	336,733	516,102
	628,248	766,447

ABM Technical Solutions Limited

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

23. Controlling party

At 31. October 2021, the company's immediate parent company was Westway Services Holdings (2010) Limited, a company registered in England and Wales.

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