

Unaudited Financial Statements
for the Year Ended 31 December 2021
for
Southern Mechanical Services Limited

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for the Year Ended 31 December 2021

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Southern Mechanical Services Limited

Company Information
for the Year Ended 31 December 2021

DIRECTORS: P Martin
R Austin

SECRETARY: R Austin

REGISTERED OFFICE: 85
Gloucester Road
Croydon
CR0 2DN

REGISTERED NUMBER: 06448749 (England and Wales)

ACCOUNTANTS: Ledger Sparks Limited
Airport House
Suite 43-45
Purley Way
Croydon
CR0 0XZ

Balance Sheet
31 December 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Tangible assets	4	137,738	141,684
CURRENT ASSETS			
Debtors	5	44,477	126,115
Cash at bank		<u>326,703</u>	<u>403,185</u>
		371,180	529,300
CREDITORS			
Amounts falling due within one year	6	<u>(374,289)</u>	<u>(507,145)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(3,109)</u>	<u>22,155</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		134,629	163,839
PROVISIONS FOR LIABILITIES	8	<u>(19,477)</u>	<u>(20,227)</u>
NET ASSETS		<u><u>115,152</u></u>	<u><u>143,612</u></u>
CAPITAL AND RESERVES			
Called up share capital		100	100
Revaluation reserve	9	72,717	72,717
Retained earnings	9	<u>42,335</u>	<u>70,795</u>
		<u><u>115,152</u></u>	<u><u>143,612</u></u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2021.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2021 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

Balance Sheet - continued
31 December 2021

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 23 December 2022 and were signed on its behalf by:

R Austin - Director

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

1. **STATUTORY INFORMATION**

Southern Mechanical Services Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

The principal activity of the company continued to be that of supplying mechanical services for building installation.

2. **ACCOUNTING POLICIES**

BASIS OF PREPARING THE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

TURNOVER

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

TANGIBLE FIXED ASSETS

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Fixtures and fittings	25% on reducing balance
Motor vehicles	25% on reducing balance
Plant & machinery	25% on reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

No depreciation has been charged on freehold land and buildings, as it is the director's policy to maintain the buildings in a continual state of sound repair. The directors consider that the lives of these assets are so long and the residual values so high that depreciation is not material.

GOVERNMENT GRANTS

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the company will comply with conditions attaching to them and the grants will be received using the accrual model.

FINANCIAL INSTRUMENTS

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

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

2. **ACCOUNTING POLICIES - continued**

TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

CURRENT TAX

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

DEFERRED TAX

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

LEASES

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

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 the Statement of income 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.

GOING CONCERN

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 3 (2020 - 3) .

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

4. **TANGIBLE FIXED ASSETS**

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION					
At 1 January 2021	125,000	-	15,641	19,725	160,366
Additions	-	300	-	-	300
At 31 December 2021	<u>125,000</u>	<u>300</u>	<u>15,641</u>	<u>19,725</u>	<u>160,666</u>
DEPRECIATION					
At 1 January 2021	-	-	6,441	12,241	18,682
Charge for year	-	75	2,300	1,871	4,246
At 31 December 2021	<u>-</u>	<u>75</u>	<u>8,741</u>	<u>14,112</u>	<u>22,928</u>
NET BOOK VALUE					
At 31 December 2021	<u>125,000</u>	<u>225</u>	<u>6,900</u>	<u>5,613</u>	<u>137,738</u>
At 31 December 2020	<u>125,000</u>	<u>-</u>	<u>9,200</u>	<u>7,484</u>	<u>141,684</u>

Cost or valuation at 31 December 2021 is represented by:

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 2020	89,774	-	-	-	89,774
Cost	<u>35,226</u>	<u>300</u>	<u>15,641</u>	<u>19,725</u>	<u>70,892</u>
	<u>125,000</u>	<u>300</u>	<u>15,641</u>	<u>19,725</u>	<u>160,666</u>

The fair value of the property has been arrived at on the basis of a valuation carried out by the directors at the balance sheet date based on their opinion of the open market value at that date. Deferred tax has been calculated on the revalued amounts and provided for within the financial statements.

5. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021 £	2020 £
Trade debtors	16,217	95,316
Amounts owed by associates	14,339	14,339
Other debtors	<u>13,921</u>	<u>16,460</u>
	<u>44,477</u>	<u>126,115</u>

The directors consider the carrying value of trade and other receivables approximate to their fair values.

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

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Bank loans and overdrafts	-	39,910
Trade creditors	198,535	222,009
Taxation and social security	46,735	107,457
Other creditors	129,019	137,769
	<u>374,289</u>	<u>507,145</u>

The directors consider the carrying amounts of current liabilities approximate to their fair values.

7. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2021	2020
	£	£
Within one year	<u>-</u>	<u>2,451</u>

8. PROVISIONS FOR LIABILITIES

	2021	2020
	£	£
Deferred tax	<u>19,477</u>	<u>20,227</u>

	Deferred tax
	£
Balance at 1 January 2021	20,227
Provided during year	<u>(750)</u>
Balance at 31 December 2021	<u>19,477</u>

9. RESERVES

PROFIT AND LOSS RESERVES

The Profit and loss account comprises all current and prior period retained profit and losses after deducting any distributions made to the company's shareholders. This is a distributable reserve.

REVALUATION RESERVES

Revaluation reserves consists of fair value adjustments of £89,774 less the corresponding deferred tax calculated on the fair value of £17,057 in relation to freehold properties. This is a non-distributable reserve.

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

10. RELATED PARTY TRANSACTIONS

At the balance sheet date included in trade debtors are amounts due from Southern Industrial Pipeline Services Ltd of Nil (2020 - £81,096).

At the balance sheet date included in trade creditors are amounts due to Southern Industrial Pipeline Services Ltd of £31,707 (2020 - £43,707).

At the balance sheet date included in amount owed by associates were amounts of £14,339 (2020 - £14,339) due from Southern Industrial Pipeline Services Limited, a connected company in which R Austin is the director.

As at the balance sheet date, included in other creditors are amounts due to directors, R Austin of £65,771 (2020 - £48,271) and P Martin of £650 (2020 - £650).

11. EVENTS DURING THE REPORTING PERIOD

The Coronavirus (COVID-19) has emerged globally resulting in a significant impact on businesses worldwide and the UK government continued to impose restrictions in 2021. As a result some business operations have been restricted, however the company continues to operate using alternative methods and remote working. Hence financial statements do not include any adjustments that might result from the outcome of this uncertainty. The directors are continuing to monitor, assess and act to the current changing environment in order to position the company to ensure its future success.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.