

A · B · E

· ASSOCIATED BRITISH ENGINEERING PLC ·

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2022

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

CONTENTS	Page
Financial highlights	1
Chairmen's statement	2
Directors' report	3
Strategic report	6
Report of the independent auditor - Group	9
Group and Parent Company accounting policies	15
Consolidated income statement	21
Consolidated statement of comprehensive income	22
Group statement of financial position	23
Group statement of changes in equity	24
Group cash flow statement	25
Notes to the Group financial statements	26
Company statement of financial position	36
Company statement of changes in equity	37
Company cash flow statement	38
Notes to the Company financial statements	39
Statement of directors' responsibilities	45
Corporate governance report	46
Directors' remuneration report	51
Directors, registered office and advisers	54

The Directors' Report on pages 3 to 5 and the Directors' Remuneration Report on pages 51 to 53 have each been drawn up in accordance with the requirements of English law and liability in respect thereof is also governed by English law. In particular, the responsibility of the directors for these reports is owed solely to Associated British Engineering plc.

The directors submit to the members their Report and Accounts for the Group for the year ended 30 September 2022. Pages 1 to 8 and 46 to 54, including the Financial Highlights, Chairmen's Statement, Directors' Report, Strategic Report, Corporate Governance Report, Directors' Remuneration Report and the Directors, Registered Office and Advisers page form part of the Report of the Directors.

ASSOCIATED BRITISH ENGINEERING PLC

FINANCIAL HIGHLIGHTS

	Year ended 30 Sep 2022 £'000	Year ended 30 Sep 2021 £'000
REVENUE	-	-
OPERATING PROFIT/(LOSS)	5	(88)
PROFIT/(LOSS) BEFORE TAXATION	5	(87)
OTHER COMPREHENSIVE (EXPENSES)/INCOME	(237)	385
NET ASSETS	657	889
BASIC PROFIT/(LOSS) PER 2.5p ORDINARY SHARE	0.26p	(4.25p)
EQUITY SHAREHOLDERS' FUNDS PER 2.5p ORDINARY SHARE	£0.32	£0.43

ASSOCIATED BRITISH ENGINEERING PLC

CHAIRMEN'S STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2022

As you will be aware, in August 2020 we disposed of our subsidiary British Polar Engines Limited (BPE) and as part of the process we recovered assets for the Company and the Pension Fund. In addition the Company was also able to remove from the Group balance sheet as at September 2020 the liability for the Pension Fund; and the final section of the Pension Fund has now been accepted into the Pension Protection Fund. The net result was to create cash and positive assets in the Company. In 2021 we managed to sell some of the investments and by reducing the costs that cash has been maintained.

Unfortunately some of the listed investments that were retained have not maintained their value and as a result the net assets reported in these Financial statements have fallen by £232k. When combined with operating gains and netting off the costs the net result is a gain of £5k. Group operating costs have benefited both by further reductions and a significant exchange gain from our holdings of US Dollars.

During the year to September 2022 the Company did not realise any more of its investments as the relevant markets remained depressed. The BPE Pension Fund, some of whose assets the Directors monitor on their behalf, was also unable to avail itself of the opportunity to realise any of the joint assets.

As the Company currently has no trading activity and only two directors and one employee within the group, the group has not been affected by the COVID Pandemic or Brexit in either 2022 or in the first part of 2023.

As you will note in the balance sheet, the Group continued to hold Assets for Sale, which included a material quoted holding in one entity, the valuation of which is subject to the market for biotech companies on NASDAQ. Over the past 12 months this holding has ranged from around \$10 to \$12 per share and the current price is around \$5 per share, representing a further significant decline. Colin Weinberg was a director of the parent company of the investment and was instrumental in the development of that business. He resigned his directorship in January 2019 and, in view of the potential conflicts of interest that may arise, he is not participating in decisions regarding the sale of that investment and its parent company.

It is pleasing to note that the Auditor has been able to give a "Clean Opinion" as you will note in their report attached. Consequently, the Directors will now be looking for the suspension in trading of the shares to be lifted and to restart trading as soon as possible.

In the meantime the directors are containing all costs and are not taking any remuneration from the Company for their services as directors. They continue to review any possible corporate developments as they arise with a view to developing or acquiring a new business activity within the Group.

We wish all our shareholders good health and we look forward to new developments in 2023.

Colin Weinberg and Rupert Pearce Gould
Chairmen

Date: 30 January 2023

ASSOCIATED BRITISH ENGINEERING PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

The directors submit their report and audited accounts for the year ended 30 September 2022.

RESULTS AND DIVIDENDS

The Group's profit before tax amounted to £5,440 (2021: £86,572 loss). The directors are unable to recommend a dividend on the ordinary shares for the year (2021: £Nil per ordinary share).

DIRECTORS

The names of the directors who served during the year from 1 October 2021 to 30 September 2022 are:

Mr C Weinberg	Director
Mr R Pearce Gould	Director

Biographical details of the directors are set out on page 54.

With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association, the Corporate Governance Code, the Companies Act 2006 and related legislation.

In accordance with the Articles of Association Mr C Weinberg retires by rotation and, being eligible, offers himself for re-election.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The group has, as permitted by s.234 and s.235 of the Companies Act 2006, maintained insurance cover on behalf of the directors and secretary indemnifying them against certain liabilities which may be incurred by them in relation to the company.

SUBSTANTIAL HOLDINGS

As at 30 September 2022 the Company had been notified of the following substantial interests, in excess of 3%, in the issued ordinary share capital of the Company:

Shareholders	Notes
The Bank of New York Nominees Limited	The Bank of New York Nominees owns 12.98% of issued ordinary shares, of which Colin Weinberg. owns 3.44% of issued share capital.
Fiske Nominees Limited FISKPOOL	FISKPOOL owns 12.87% of issued ordinary shares, of which Stephen Cockburn has a combined beneficial and non beneficial interest in 7.53% of issued share capital.
R A Pearce Gould	Mr Pearce Gould's overall holding is 12.89% of issued ordinary shares, which includes Rulegale below.
Stephen Cockburn	Mr Cockburn's overall beneficial and non beneficial interest is 9.18% of issued ordinary shares, including Fiske Nominees above.
C Weinberg	Mr Weinberg's overall holding is 8.22% of issued ordinary shares, including Bank of New York above.

ASSOCIATED BRITISH ENGINEERING PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

Lynchwood Nominees Limited (2006420)	Lynchwood owns 6.74% of issued ordinary shares
Rulegale Nominees Limited (JAMSCLT)	JAMSCLT owns 5.28% of which Mr R A Pearce Gould has all of the issued ordinary shares.
Hargreaves Lansdown (Nominees) Ltd (VRA)	Hargreaves Lansdown owns 5.43% of issued ordinary shares.
W B Nominees Limited	W B Nominees Limited owns 3.51% of issued ordinary shares.
Interactive Investor Services Nominees Limited	Interactive Investor Services Nominees Limited owns 3.64% of issued ordinary shares.
Barclays Direct Investing Nominees Ltd (Clients)	Barclays Direct owns 3.68% of issued ordinary shares.
Vidacos Nominees Limited (UCCC)	UCCC owns 3.40% of which Graeme Marshall owns all of the issued ordinary shares.
Winterflood Securities Limited (WINSCREENP)	Winterflood Securities owns 3.04% of issued share capital.

BENEFICIAL INTERESTS IN SIGNIFICANT CONTRACTS

None of the directors had a material interest in any contract of significance to which the Company or any of its subsidiaries was party during the period.

BENEFICIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

The beneficial interests of the directors, who served during the year, their spouses and dependents in the share capital of the Company according to the register kept by the Company as at 30 September 2022 were as follows:

	Ordinary shares of	
	2.5p 2022 No.	2.5p 2021 No.
Mr C Weinberg	168,404	168,404
Mr R Pearce Gould	264,049	264,049

No share options or derivatives were held by any of the directors at 30 September 2022.

Since 30 September 2021 and up to and including 30 September 2022 there have been no changes in the directors' interests in the share capital of the Company.

FINANCIAL INSTRUMENTS

The Group uses various financial instruments and these include cash, equity investments and various others, such as trade receivables and trade payables which arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

ASSOCIATED BRITISH ENGINEERING PLC

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2022

FINANCIAL INTERESTS - CAPITAL

The structure of the Group's and Company's capital, at nominal value, is as follows:

	No. in issue	Nominal Value £	Total Value £	% of Capital £
Ordinary shares	2,048,990	0.025	51,255	1.9
Deferred shares	1,313,427	1.975	2,594,018	98.1

The Deferred Shares are considered to be of negligible value as they have no votes and only a limited right to assets on a liquidation and therefore have not been reported on in the holdings of directors - see note 13.

DISABLED PERSONS

It is the Group's policy to give sympathetic consideration to the recruitment, continuing employment, training, career development and promotion of disabled persons.

EMPLOYEES

The Group recognises the importance of employees to the success of the business and ensures that they are fully informed of events that directly affect them and their working environment.

ENERGY AND EMISSIONS DATA

As the Group has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

GOING CONCERN

After making appropriate enquiries, the Directors have a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future.

AUDITOR AND DISCLOSURE OF INFORMATION TO THE AUDITOR

The auditor, Bright Grahame Murray, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

So far as the Directors are aware, there is no relevant audit information that has not been brought to the attention of the Company's auditor. Each Director has taken all reasonable steps to make himself aware of any relevant audit information and to establish that such information was provided to the auditor.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

ASSOCIATED BRITISH ENGINEERING PLC

**DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

A resolution to confirm the reappointment of Bright Grahame Murray as auditor of the Company will be proposed at the 2022 AGM. The confirmation has been recommended to the Board by its Audit Committee and Bright Grahame Murray have indicated their willingness to remain in office.

By order of the Board

Rupert Pearce Gould

For and on behalf of the Board of Directors

Date: 30 January 2023

ASSOCIATED BRITISH ENGINEERING PLC

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

BUSINESS REVIEW

A review of the business and of events during the year is contained in the Chairmen's Statement on page 2 which forms part of the Strategic Report.

BUSINESS MODEL AND STRATEGY

The Associated British Engineering Group has one subsidiary undertaking: Akoris Trading Limited ("Akoris").

On 4 August 2020, the Group disposed of its investment in British Polar Engines Limited ("BPE"), as outlined in note 9, page 41 of these financial statements.

S.172 STATEMENT

The directors of the Company are required under section 172 of the Companies Act 2006 ('s.172') to act in a way that promotes the success of the Company for the benefit of its shareholders as a whole, whilst having regard to the following matters (amongst other things): the likely long term consequences; the interests of the Company's employees; the business relationships with suppliers and customers; the impact on the community and the environment; reputation for high standards of business conduct; and acting fairly between shareholders.

The governance framework adopted by the Associated British Engineering Group has been applied by the Company and its subsidiary, Akoris Trading Limited, and the matters that the directors of the Company are responsible for considering under s.172 have been considered to an appropriate extent by the Board in relation to both Company and its subsidiary. Further details of how the Board has considered the matters set out in s.172 (for the Group and for the Company) are set out in the Associated British Engineering Plc Annual Report and Accounts, which does not form part of this report. During the year, the directors have also considered, both individually and together, relevant matters where appropriate.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE BUSINESS

The Group's main operating business was its subsidiary Akoris.

The Board controls risks by adopting appropriate strategies and maintaining strong systems of internal control.

These strategies however cannot attempt to eliminate all risk, but control the risks that we believe are appropriate to take to maintain the group. Details of the group's risk management processes are given in the Corporate Governance report on page 46.

We have considered below the current risk factors that are considered by the Board to be material. However, in a changing world, new risks may appear or immaterial risks may become more important, and the directors will develop appropriate strategies.

The Board is looking to identify additional business to acquire with either high profitability or with the prospect of significant profitability.

Market conditions

The company has currently no significant trade. There remains a risk regarding the marketability of some of its investments and the ability to liquidate them.

ASSOCIATED BRITISH ENGINEERING PLC

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Reputational risk

Over many periods the Group has built up a reputation for integrity and is aware that this can be easily damaged with the consequential cost. To mitigate this risk, policies are in place which, cover standards of behaviour and good governance.

COVID-19 risk

Considering the low number of employees, COVID-19 does not affect the Group.

Brexit risk

As the service we provide is predominantly delivered to UK-based customers, the impact of Brexit on our business is not as significant as it is to other businesses. As a Board, we will continue to closely monitor developments in the UK Government's Brexit plans and any potential impacts on the company and so like most businesses we are keen to have certainty over how Brexit will be implemented.

Defined Benefit pension scheme funding

As from 4 August 2020, the date of sale of the subsidiary, the Group no longer had any exposure to any defined benefit scheme.

Cyclical nature of the business

The trading outlook for the Group remains unpredictable due to the requirement to identify a trading business in the midst of a Global pandemic

Further consideration of risks and uncertainties in respect of financial instruments that face the Group and Company is contained in note 17 to the Group financial statements.

KEY PERFORMANCE INDICATORS

The Group uses various indicators to monitor its progress but in view of the low level of trade providing a report does not aid any understanding.

Our employees

Whilst the Group does not have a specific human rights policy, it has a strong commitment to upholding the principles of human rights across our business.

CORPORATE GOVERNANCE

Details of corporate governance, which is part of this report for the year to 30 September 2022, are disclosed in the Corporate Governance report on page 46.

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to the protection of the environment and the development of processes which ensure that any adverse impact on the environment arising from its trading activities is minimised by encouraging reduction in waste, awareness of recycling, and encouraging employees to pay regard to environmental issues.

ASSOCIATED BRITISH ENGINEERING PLC

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Employees

The Group's ability to achieve its commercial objectives and to service the needs of society and its customers in a profitable and competitive manner depends on the contribution of its employees. Employees are encouraged to develop their contribution to the business wherever they happen to work. The Group regularly keeps employees up to date with financial and other information.

The Group currently employs three people, made up of two male part time executives and one male part time administrator.

	Total no. of officers/employees	Number of males %	Number of females %
Senior Management	2	100	0
Whole Workforce	1	100	0

By order of the Board

Rupert Pearce Gould

For and on behalf of the Board of Directors

Date: 30 January 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSOCIATED BRITISH ENGINEERING PLC

Independent auditor's report to the members of Associated British Engineering PLC

Opinion

We have audited the financial statements of Associated British Engineering PLC (the "parent company") and its subsidiary companies (the "Group") for the year ended 30 September 2022 which comprise of the consolidated income statement, the consolidated statement of comprehensive income, the Group statement of financial position, the Group statement of cash flows, the Group statement of changes in equity, the Company statement of financial position, the Company statement of changes in equity, the Company statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and company's affairs as at 30 September 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained on page 16 to the group financial statements, the group in addition to complying with its legal obligation to apply UK adopted international accounting standards, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the group financial statements give a true and fair view of the consolidated financial position of the group as at 30 September 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended with IFRSs as issued by the IASB.

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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, 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.

**INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF
ASSOCIATED BRITISH ENGINEERING PLC**

Our approach to the audit

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group includes the listed parent Company (Associated British Engineering PLC) and its only subsidiary, Akoris Trading Limited. The Group’s accounting process is structured around a finance team based in Cambridge, maintaining their own accounting records and controls.

The main focus of our audit has been the parent company as the subsidiary is currently not trading.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

	Key Audit Matter- Group	How the matter was addressed in the audit- Group
	<p>Risk of management over ride of internal controls</p> <p>ISAs (UK) require that we consider this.</p>	<p>We performed a fraud risk assessment in order to identify specific areas of risk relating to management over ride of controls.</p> <p>We preformed testing of journals, with particular focus on manual adjustments to the income statement, to mitigate the risk of manipulation of revenue and the loss figures.</p> <p>We independently assessed and challenged accounting estimates relevant to the financial statements for evidence of bias by the Directors that may represent a risk of material misstatement due to fraud for example accruals and provisions.</p> <p>We assessed the overall control environment of the Group and held meetings with the directors.</p>

We have determined there are no other key audit matters to be communicated in our report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSOCIATED BRITISH ENGINEERING PLC

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced.

We determined materiality for the Group to be £20,860, which is 2.98% of gross assets. Gross assets is used as the benchmark for materiality as it is considered the critical performance measure of the Group. We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 83.33% of financial statement materiality for the audit of the group financial statements.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £750 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- Testing the model used for management's going concern assessment which is primarily a cash flow forecast. Management's assessment covered the 24 month period ended September 2024. We assessed this process by reviewing the assumptions and whether there was adequate support for these assumptions.
- We considered the potential mitigating actions that management may have available to it to reduce costs, manage cash flows or raise additional financing and assessed whether these were within the control of management and possible in the period of assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

In relation to the group's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the director's considered it appropriate to adopt the going concern basis of accounting.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSOCIATED BRITISH ENGINEERING PLC

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.

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 statement 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 on that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with 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 those reports 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 group and the parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited 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; or
- a corporate governance statement has not been prepared by the parent company.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 48, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSOCIATED BRITISH ENGINEERING PLC

view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- We obtained an understanding of laws and regulations that affect the group, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the UK Companies Act, IFRS, Listing rules, tax legislation and employment legislation.
- We enquired of the directors and reviewed ' meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the directors have in place to ensure compliance.
- We gained an understanding of the controls that the directors have in place to prevent and detect fraud. We enquired of the directors about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: revenue recognition, related parties outside normal course of business, management override and misappropriation of cash and other assets.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the directors about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSOCIATED BRITISH ENGINEERING PLC

In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

A further description of our responsibilities is available on the FRC's website at:

<https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>

This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the directors on 29 January 2021 to audit the financial statements for the period ending 30 September 2022. Our total uninterrupted period of engagement is 3 years, covering the periods ending 30 September 2020 to date.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

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.

MATTHEW EADE

Senior Statutory Auditor

For and on behalf of Bright Grahame Murray

Chartered Accountants and Statutory Auditor

Emperor's Gate

114a Cromwell Road

Kensington

London SW7 4AG

Date: 30 January 2023

BASIS OF PREPARATION

The Company is a public limited company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on the final page of this annual report.

The financial statements have been prepared on the going concern basis.

These Group consolidated accounts and the company accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Company's ordinary shares are listed on the London Stock Exchange (LSE) under the ticker (ASBE) albeit that at the date of preparation of these accounts the ordinary share trading was suspended. These financial statements are presented in pound sterling because that is the currency of the primary economic environment in which the Group operates and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

The Company's accounting reference date is 30 September. These financial statements are for the year 1 October 2021 to 30 September 2022. The comparative figures are for the period 1 October 2020 to 30 September 2021.

The following amendments to existing standards have been issued, and will become effective for annual periods beginning on or after 1 January 2022.

- Amendments to IAS 1, Disclosure of Accounting policies. Amendments to IAS 1 and the Materiality Practice Statement, to accounting policies which require disclosure.
- Amendments to IAS 37, Onerous contracts (Cost of fulfilling a contract). The amendments clarify the meaning of 'cost to fulfil a contract'.
- Amendments to IAS 12, Deferred Tax related to Assets and Liabilities. The amendment narrowed the scope of the recognition exemption, so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The adoption of the above new and revised standards are not expected to impact on the financial statements of the Group.

GOING CONCERN

The Company has sufficient financial resources. As a consequence, the Directors believe the Company is well placed to manage its business risks successfully, including the impact of Covid-19 and Brexit. The Directors regularly review the forecasts.

In accordance with their responsibilities, the Directors of the Company have considered the appropriateness of the going concern basis, which has been used in the preparation of these financial statements. The Directors have prepared trading and cash flow forecasts for the Company, which take into account the future performance of the Company and consider the impact of the Covid-19 pandemic. The forecasts, including allowance for reasonable possible changes in trading performance indicate that the Company should be able to operate for at least 12 months from the approval of these financial statements. The Strategic Report and Directors Report includes further disclosure on the Covid-19 impact.

The forecasts for the 12 months from approval of these financial statements have been considered. As a result of the above assessment, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a minimum period of 12 months from the date of signing these financial statements. Thus, they are adopting the going concern basis in preparing the annual financial statements.

ASSOCIATED BRITISH ENGINEERING PLC

GROUP AND PARENT COMPANY ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2022

BASIS OF CONSOLIDATION

The consolidated accounts include the Company and its subsidiary undertaking (from the date of acquisition or to the date of disposal where applicable). Intra group sales and profits are eliminated on consolidation. The accounts of the subsidiary undertaking are made up to 30 September 2022.

A subsidiary is an entity controlled, either directly or indirectly, by the Company, where control is the power to govern the financial and operating policies of the entity so as to obtain benefit from its activities. The acquisition method of accounting is used to account for acquisition of subsidiaries by the Group. The cost on an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Acquisition costs are expensed in the consolidated income statement for the period in which they are incurred.

The consolidated financial statements consist of the results of the following entities:

<u>Entity</u>	<u>Summary Description</u>
Associated British Engineering Plc (ABE)	Holding Company
Akoris Trading Ltd (AT)	Trading Company

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration receivable by the Group for goods supplied and services provided, excluding value added tax and trade discounts. Revenue from the sale of spare and reworked parts is recognised when the goods are dispatched or, if under a bill and hold arrangement, when they are available for despatch to a specific customer. Revenue from the sale of goods is recognised in accordance with the performance of contractual terms and specifically when large equipment has been satisfactorily tested in accordance with contractual terms. Revenue from servicing and repair work is recognised when the work is completed.

Management are required, in accordance with IFRS, to exercise judgement and to make estimates and assumptions regarding the application of accounting policies and the resulting effect on reported amounts of assets, liabilities, income and expenses. These estimates and assumptions are based on historical experience and a review of current conditions prevailing at the time but actual results may differ from these estimates. Any such revision is recognised in the financial statements in the period in which the change in circumstance is detected.

ACCOUNTING JUDGEMENTS

The key areas where management have exercised judgement in the period, and the thought processes undertaken, are as follows:

Deferred Tax

Judgement is applied by management in determining the extent to which the recovery of carried forward tax losses is probable for the purpose of meeting the criteria for recognition as deferred tax assets. Note 18 sets out information on carried forward tax losses for which a deferred tax asset has not been recognised.

ACCOUNTING ESTIMATES

The key accounting estimates having an impact on carrying amounts of assets and liabilities in the reporting period are as follows:

Inventories

Inventories are stated at the lower of cost (including an appropriate proportion of attributable supplier rebates and discounts) and net realisable values.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision is made for obsolete or slow-moving inventories where appropriate.

ASSOCIATED BRITISH ENGINEERING PLC

GROUP AND PARENT COMPANY ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Inventories and Impairment of Inventories

Inventories of raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value. Work in progress and finished goods include an appropriate allocation of overheads.

Cost is on a first in, first out basis. Net realisable value is the estimated selling price in the normal course of business, less estimated costs of completion and provision is made for obsolete, slow moving and defective inventories.

Provision for doubtful debts

At the balance sheet date, each subsidiary evaluates the recoverability of trade receivables and records provisions for doubtful or disputed debts based on experience including comparisons of the relative age of accounts and consideration of the history. The actual level of debt collected may differ from the estimated levels of recovery and could impact future operating results positively or negatively. As at 30 September 2022 the Group has provided £Nil (2021: £Nil) against its trade receivables.

LEASED ASSETS

Leases of property and plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Assets held under finance leases are capitalised at lease inception at the lower of the asset's fair value and the present value of the minimum lease payments. Obligations related to finance leases, net of finance charges in respect of future periods, are included as appropriate within borrowings. The interest element of the finance cost is charged to the income statement over the life of the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment is depreciated on the same basis as owned plant and equipment or over the life of the lease, if shorter.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease rentals (net of any related lease incentives) are charged against profit on a straight line basis over the period of the lease.

FOREIGN CURRENCIES

The functional and presentational currency of the parent company and its subsidiaries is UK Pound Sterling, rounded to the nearest thousand. Transactions in currencies other than the functional currency are translated at the rate ruling at the date of the transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Any gains or losses arising from the transactions are taken to the income statement.

PROPERTY, PLANT AND EQUIPMENT

Plant and equipment are stated at cost less depreciation and any impairment in value. Depreciation is calculated to write down the cost of all plant and equipment less its residual value by annual instalments over their expected useful lives on the following bases:

Plant and machinery	7½- 33⅓ per cent straight line
---------------------	--------------------------------

These useful lives and residual values are reviewed in each financial period.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or where shorter, over the term of the relevant lease. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised as income.

The carrying values of plant and machinery are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amounts.

TAXATION

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

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

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short term deposits with a maturity of three months or less which are subject to an insignificant risk of changes in value.

FINANCIAL ASSETS

Financial assets are recognised initially at fair value, normally being the transaction price. In the case of financial assets not at fair value through profit or loss, directly attributable transaction costs are also included. The subsequent measurement of financial assets depends on their classification. The group derecognises financial assets when the contractual rights to the cash flows expire or the financial asset is transferred to a third party. This includes the de-recognition of receivables for which discounting arrangements are entered into.

FINANCIAL INSTRUMENTS

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the income statement. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability. Where none of the contractual terms of share capital meet the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Further analysis of the Group's financial instruments, and the relevant exposure to risks and uncertainties, is stated in note 17 and the various classifications of financial assets and liabilities are identified and explained.

Trade and other receivables

At the balance sheet date, the Company and its subsidiary evaluate the recoverability of trade receivables and record provisions for doubtful or disputed debts based on experience including comparisons of the relative age of accounts and consideration of history. The actual level of debt collected may differ from the estimated levels of recovery and could impact future operating results positively or negatively.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term highly liquid investments that have maturities of three months or less from inception, are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other payables

Trade and other payables are originally recognised at fair value, net of transaction costs. Subsequent measurement is at amortised cost using the effective interest rate method.

Investments in securities

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, with all transaction costs being written off to the income statement as incurred.

Investments are classified as available for sale and are measured at subsequent reporting dates at fair value. Gains and losses arising from changes in fair value of available for sale financial assets are included in other comprehensive income for the period. When the asset is disposed of or deemed to be impaired, the cumulative gain or loss is reclassified from equity reserve to income statement.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

At each balance sheet date the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods.

SEGMENTAL REPORTING

The standard requires financial information to be disclosed in the financial statements in the same format in which it is disclosed to the chief operating decision-maker. The chief decision-maker has been identified as the Board, at which level strategic decisions are made.

EQUITY AND RESERVES

Share capital represents the nominal value of shares that have been issued except for the preference shares classified as debt. Deferred shares represent shares arising from the sub-division of ordinary shares of £2.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits. Retained earnings include all current and prior period retained profits and losses. Available for sale reserve includes all gains and losses relating to Available for Sale financial assets. Other reserves relate to movements not classified in any of the reserves detailed above. Revaluation reserve includes all gains and losses relating to Property, Plant and Equipment. All transactions with owners of the parent are recorded separately within equity.

ASSOCIATED BRITISH ENGINEERING PLC

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Note	Year ended 30 Sep 2022 £'000	Year ended 30 Sep 2021 £'000
REVENUE	1	-	-
Operating costs	2	<u>5</u>	<u>(88)</u>
OPERATING PROFIT/(LOSS)	3	5	(88)
Finance income	6	-	-
Other income		<u>-</u>	<u>1</u>
PROFIT/(LOSS) BEFORE TAXATION		5	(87)
Taxation	7	<u>-</u>	<u>-</u>
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUOUS OPERATIONS		<u>5</u>	<u>(87)</u>
PROFIT ON DISPOSAL OF DISCONTINUED OPERATIONS (PAGE 41)	9	-	-
TOTAL PROFIT/(LOSS) FOR THE YEAR		<u>5</u>	<u>(87)</u>
PROFIT/(LOSS) PER SHARE ON PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
BASIC AND DILUTED PROFIT/(LOSS)	8	<u>0.26p</u>	<u>(4.25p)</u>
Profit/(Loss) for the year attributable to:			
Owners of the Company		5	(87)
Non-controlling interests		<u>-</u>	<u>-</u>
		<u>5</u>	<u>(87)</u>

The accounting policies on pages 16 to 20 and the notes on pages 26 to 35 form part of these accounts.

ASSOCIATED BRITISH ENGINEERING PLC

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Year ended 30 Sep 2022 £'000	Year ended 30 Sep 2021 £'000
Profit/(Loss) in the year	<u>5</u>	<u>(87)</u>
Other comprehensive income		
(Loss)/gain on available for sale financial assets		
Unrealised (loss)/gains (*)	(237)	236
Gains released to Retained Earnings	<u>-</u>	<u>149</u>
Other comprehensive (loss)/profit in the year	<u>(237)</u>	<u>385</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME IN THE YEAR	<u>(232)</u>	<u>298</u>
Total comprehensive (loss)/income attributable to:		
Owners of the Company	(232)	298
Non-controlling interests	<u>-</u>	<u>-</u>
	<u>(232)</u>	<u>298</u>

(*) = Items which may subsequently be reclassified to the Income Statement.

All activities are classified as continuing.

The accounting policies on pages 16 to 20 and the notes on pages 26 to 35 form part of these accounts.

**GROUP STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022**

	Note	2022 £'000	2021 £'000
ASSETS			
Non-current assets			
Available for sale financial assets	12	<u>182</u>	<u>419</u>
		182	419
Current assets			
Trade and other receivables	11	21	21
Cash and cash equivalents		<u>497</u>	<u>489</u>
		518	510
Total assets		<u><u>700</u></u>	<u><u>929</u></u>
EQUITY AND LIABILITIES			
Called up share capital	13	51	51
Deferred shares	13	2,594	2,594
Share premium account		5,370	5,370
Other reserves		11	11
Available for Sale reserve		123	360
Retained earnings		<u>(7,492)</u>	<u>(7,497)</u>
Equity attributable to the Parent Company's Equity shareholders		<u>657</u>	<u>889</u>
Total equity		<u>657</u>	<u>889</u>
LIABILITIES			
Current liabilities			
Trade and other payables	16	<u>43</u>	<u>40</u>
		43	40
Total liabilities		<u>43</u>	<u>40</u>
Total equity and liabilities		<u><u>700</u></u>	<u><u>929</u></u>

The financial statements were approved and authorised for issue by the Board of Directors on 30 January 2023 and were signed below on its behalf by:

Colin Weinberg

Director

The accounting policies on pages 16 to 20 and the notes on pages 26 to 35 form part of these accounts.

ASSOCIATED BRITISH ENGINEERING PLC

**GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Share capital	Share premium	Deferred shares	Other reserve	Available for Sale reserve	Retained earnings	Attributable to owners of the parent	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 October 2020	51	5,370	2,594	11	270	(7,705)	591	591
Loss for the period	-	-	-	-	-	(87)	(87)	(87)
Other comprehensive income								
Disposal of subsidiary	-	-	-	-	-	-	-	-
Unrealised gain on Available for Sale financial assets (*)	-	-	-	-	385	-	385	385
Fair Value adjustments					55	(55)		
Realised Gains					(350)	350		
Balance at 1 October 2021	<u>51</u>	<u>5,370</u>	<u>2,594</u>	<u>11</u>	<u>360</u>	<u>(7,497)</u>	<u>889</u>	<u>889</u>
Profit for the year	-	-	-	-	-	5	5	5
Other comprehensive income								
Unrealised (loss)/gain on Available for Sale financial assets (*)	-	-	-	-	(237)	-	(237)	(237)
Balance at 30 September 2022	<u><u>51</u></u>	<u><u>5,370</u></u>	<u><u>2,594</u></u>	<u><u>11</u></u>	<u><u>123</u></u>	<u><u>(7,492)</u></u>	<u><u>657</u></u>	<u><u>657</u></u>

(*) Items which may subsequently be reclassified to the Income Statement.

The accounting policies on pages 16 to 20 and the notes on pages 26 to 35 form part of these accounts.

ASSOCIATED BRITISH ENGINEERING PLC

**GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	2022	2021
	£'000	£'000
Cash flows from operating activities		
Cash used in operations	<u>8</u>	<u>(77)</u>
Net cash used in operating activities	<u>8</u>	<u>(77)</u>
Cash flows from investing activities		
Exchange gain	-	-
Sale proceeds from trading investments	-	380
Net cash increase from investing activities	<u>8</u>	<u>380</u>
Net increase in cash and cash equivalents	8	303
Cash decrease on disposal of subsidiary	-	0
Cash and cash equivalents at beginning of period	<u>489</u>	<u>186</u>
Cash and cash equivalents at end of period	<u>497</u>	<u>489</u>
CASH FLOW FROM OPERATING ACTIVITIES		
	2022	2021
	£'000	£'000
Profit/(loss) from continuous operations	5	(87)
Adjustments for changes in working capital:		
Decrease/(increase) in trade and other receivables	-	3
Increase/(decrease) in payables	3	7
	<u>8</u>	<u>(77)</u>
Cash used in operations	<u>8</u>	<u>(77)</u>

The accounting policies on pages 16 to 20 and the notes on pages 26 to 35 form part of these accounts.

ASSOCIATED BRITISH ENGINEERING PLC

NOTES TO THE ACCOUNTS - GROUP FOR THE YEAR ENDED 30 SEPTEMBER 2022

1. SEGMENTAL REPORTING

All sales made in the prior periods were within the United Kingdom and relate to the rendering of services.

In the year ended 30 September 2022 save for dollar bank accounts and overseas securities, all of the assets held by the Group were located in the United Kingdom and all capital expenditure was incurred within the United Kingdom.

Operating segments

The following segment information has been prepared in accordance with IFRS 8, "Operating Segments", which defines requirements for the disclosure of financial information of an entity's operating segments.

The Board consider the Group on an individual company basis. Reports by individual companies are used by the chief decision-maker in the Group. Significant operating segments are Associated British Engineering Plc and Akoris Trading Limited.

The Group's operations are located in the United Kingdom. Any transactions between business units are on normal commercial terms and conditions.

Akoris Trading Limited is a commodity and natural resource trading, finance and investment company.

Associated British Engineering Plc is the Group's holding company.

Year ending 30 September 2022	Associated British Engineering Plc £'000	Akoris Trading Limited £'000	Consolidated £'000
External sales	-	-	-
Segment result PBIT/(LBIT)	6	(1)	5
Net finance expenses			-
Taxation			-
Profit after tax			5
Balance sheet Segment assets	672	28	700

ASSOCIATED BRITISH ENGINEERING PLC

NOTES TO THE ACCOUNTS – GROUP (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2022

1. SEGMENTAL REPORTING (continued)

Period ended 30 September 2021	Associated British Engineering Plc £'000	Akoris Trading Limited £'000	Consolidated £'000
External sales	-	-	-
Segment result PBIT/(LBIT)	(84)	(3)	(87)
Net finance expenses			-
Taxation			-
Profit after tax	(84)	(3)	(87)
Other information			
Capital additions	-	-	-
Balance sheet			
Segment assets	900	29	929

British Polar Engines was sold on 4 August 2020, for further details please see note 9 (page 41).

All of the revenue recognised by the Group during the prior period arose from contracts from customers as defined in IFRS 15.

2. OPERATING COSTS

	Year ended 30 Sep 2022 £'000	Year ended 30 Sep 2021 £'000
Staff costs (note 4)	5	5
Exchange Gain	(68)	-
Other expenses	58	83
	(5)	88

3. OPERATING PROFIT/(LOSS)

	Year ended 30 Sep 2022 £'000	Year ended 30 Sep 2021 £'000
Operating profit/ (loss) is stated after charging		

Fees payable to the Company's auditor for the audit of the Company's annual accounts:

PLC audit costs	10	10
The audit of the Company's subsidiaries pursuant to legislation	1	1

ASSOCIATED BRITISH ENGINEERING PLC

**NOTES TO THE ACCOUNTS - GROUP (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

4. STAFF COSTS AND EMPLOYEES

	Year ended 30 Sep 2022 £'000	Year ended 30 Sep 2021 £'000
Wages and salaries	5	5
Social security costs	-	-
	<u>5</u>	<u>5</u>

The average monthly number of persons employed by the Group during the period was:

	Year ended 30 Sep 2022 Number	Year ended 30 Sep 2021 Number
By activity		
Administration	3	3
	<u>3</u>	<u>3</u>

5. DIRECTORS' REMUNERATION

Directors received no emoluments. One director received £7,763 (2021: £1,050) in relation to services provided to a related company. Further details can be found on page 52.

	Year ended 30 Sep 2022 £'000	Year ended 30 Sep 2021 £'000
KEY MANAGEMENT COMPENSATION		
Remuneration of Group directors	<u>-</u>	<u>-</u>

The Group made no pension contributions in respect of Group directors during the year ended 30 September 2022 (2021: £ nil).

6. INTEREST RECEIVED

	Year ended 30 Sep 2022 £'000	Year ended 30 Sep 2021 £'000
Interest receivable on cash and cash equivalents	<u>-</u>	<u>-</u>

ASSOCIATED BRITISH ENGINEERING PLC

NOTES TO THE ACCOUNTS - GROUP (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2022

7. TAXATION	30 Sep 2022 £'000	30 Sep 2021 £'000
The tax charge is set out below:	-	
Current tax:		
United Kingdom corporation tax at 19% (2020: 19%)	-	-
Total current tax and tax on profit on ordinary activities	-	-

The tax assessed for the period is different from the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained as follows:

	30 Sep 2022 £'000	30 Sep 2021 £'000
Profit/(loss) on ordinary activities before tax	<u>5</u>	<u>(87)</u>
(Loss)/profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 19% (2020: 19%)	1	(17)
Effects of:		
Losses carried forward	(1)	17
Taxation credit in the consolidated income statement	<u>-</u>	<u>-</u>

The Group has trading losses of approximately £1.5 million (2021: £1.5 million) and capital losses of £8.0 million (2021: £8.0 million). These are available to set against future taxable profits, taxation liabilities and capital gains respectively. The trading losses are available to be used against future profits arising from the same trade within the Group. These amounts are subject to agreement with His Majesty's Revenue and Customs. Deferred tax assets have not been recognised in the Group accounts. As the timing and extent of taxable profits are uncertain, a deferred tax asset of £517k (2021: £278k) arising on the trading losses has not been recognised in the financial statements.

8. PROFIT/(LOSS) PER SHARE

The calculation of loss per ordinary share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

	Profit £'000	2022 Weighted Average number of shares	Per shares amount pence	Loss £'000	2021 Weighted Average number of shares	Per shares amount pence
Basic and diluted profit/(loss) per share	<u>5</u>	<u>2,048,990</u>	<u>0.26</u>	<u>(87)</u>	<u>2,048,990</u>	<u>(4.25p)</u>

ASSOCIATED BRITISH ENGINEERING PLC

**NOTES TO THE ACCOUNTS – GROUP (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

9. PROPERTY, PLANT AND EQUIPMENT	Freehold land and buildings £'000	Plant and machinery £'000	Total £'000
COST			
At 1 October 2020	-	2	2
Additions	-	-	-
	-	2	2
At 30 September 2021	-	2	2
Additions	-	-	-
At 30 SEPTEMBER 2022	-	2	2
ACCUMULATED DEPRECIATION			
At 1 October 2020	-	2	2
Charge for period	-	-	-
	-	2	2
At 30 September 2021	-	2	2
Charge for period	-	-	-
At 30 September 2022	-	2	2
CARRYING AMOUNTS			
At 30 SEPTEMBER 2022	-	-	-
At 30 September 2021	-	-	-
At 30 September 2020	-	-	-

10. CAPITAL COMMITMENTS

At 30 September 2022 the Group had capital commitments of £Nil (2021: £Nil).

11. TRADE AND OTHER RECEIVABLES	2022 £'000	2021 £'000
Other receivables	21	21
Prepayments and accrued income	-	-
	21	21

Trade and other receivables disclosed above are classified as loans and receivables and are measured at amortised cost.

ASSOCIATED BRITISH ENGINEERING PLC

**NOTES TO THE ACCOUNTS – GROUP (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

12. AVAILABLE FOR SALE INVESTMENTS	2022	2021
	£'000	£'000
Listed Securities (quoted and unquoted)	<u>182</u>	<u>419</u>

	£'000
Opening balance	419
Revaluations	(237)
Disposals	<u>-</u>
Closing balance	<u><u>182</u></u>

Gains or losses on available for sale investments are presented within other comprehensive income.

IFRS 13 requires that the fair value reflects "exit price" and is valued in line with the relevant "unit of account" and the fair value of the equity investments held is calculated by reference to the quoted market price at the year end. Available for sale investments are valued based on active markets' prices. As at 30 September 2022, the investments are reported under Level 1 in the fair value hierarchy.

As described in prior financial statements the Group held an investment in SalvaRx Group plc. That entity disposed of its interest in its subsidiary, SalvaRx Limited to Portage Biotech Inc. Subsequently as part of a demerger, SalvaRx Group plc transferred 12,600,000 shares in Portage Biotech Inc, to the Group. As part of the sale of BPE in 2020, 40% of those shares and the shares in SalvaRx Group plc were transferred to the Company.

13. CALLED UP SHARE CAPITAL	2022	2021
	£'000	£'000
Nominal value:		
Allotted and fully paid:		
2,048,990 ordinary shares of £0.025 each	51	51
1,313,427 deferred shares of £1.975 each	<u>2,594</u>	<u>2,594</u>
	<u><u>2,645</u></u>	<u><u>2,645</u></u>
Carrying value:		
Equity shares:		
2,048,990 ordinary shares of £0.025 each	<u><u>51</u></u>	<u><u>51</u></u>

ASSOCIATED BRITISH ENGINEERING PLC

NOTES TO THE ACCOUNTS – GROUP (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2022

13. CALLED UP SHARE CAPITAL (Continued)

The structure of the Group and Company's capital is as follows:

	Ordinary Shares No.	Ordinary Shares £'000	Deferred Shares No.	Deferred Shares £'000	Share Premium £'000
Balance at 30 September 2022 (£0.025/£1.9752 shares)	2,048,990	51	1,313,427	2,594	5,370

Further to the Extraordinary General Meeting held on 1 September 1999 the ordinary shares have 200 votes per share.

The deferred shares do not have voting rights and do not carry any entitlement to attend general meetings of the Company; they are not admitted to any Stock Exchange and carry a right to participate in any return of capital once an amount of £100 has been paid in respect of each new ordinary share.

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of called up share capital, deferred shares, share premium account, other reserves and retained earnings. The Group is not subject to any externally imposed capital requirements.

14. NON-CONTROLLING INTERESTS

At the period-end, the Group held 99.7% of Akoris Trading Limited's Ordinary Share capital.

15. RETIREMENT BENEFIT SCHEMES

The Group has, as a result of the disposal of British Polar Engines Ltd in August 2020 no retirement benefit scheme.

16. PAYABLES	2022 £'000	2021 £'000
Current		
Trade payables	2	1
Other payables	21	21
Accruals	20	18
	43	40

All current payables are expected to mature within a period of 6 months.

17. FINANCIAL INSTRUMENTS

The fair value of financial assets and liabilities, together with the carrying amounts shown in the Group balance sheet, are as follows.

No financial assets or liabilities have been reclassified during the period.

	2022		2021	
	Loans and Receivables	Fair value Profit or loss	Loans and receivables	Fair value Profit or loss
	£'000	£'000	£'000	£'000
Financial assets:				
Trade and other receivables	21	-	21	-
Total current	21	-	21	-
Total	21	-	21	-
Trade and other payables	43	-	40	-
Total current	43	-	40	-
Total	43	-	40	-

Trade and other receivables exclude the value of any prepayments or accrued income. Trade and other payables exclude the value of deferred income. All financial assets and liabilities have a carrying value that approximates to fair value. For trade and other receivables, allowances are made within the book value for credit risk.

RISKS

The main risks arising from the Group's financial instruments are market risk, liquidity risk and credit risk. Market risk includes price commodity risk, foreign exchange risk and interest rate risk. The Group has an exposure to foreign exchange risk to the extent that investments may be priced in US dollars or other currencies and has no loans, therefore limited exposure to interest rate risk.

Cash and cash equivalents held at floating rates expose the entity to cash flow risk. Interest rate risk is limited to the cash and cash equivalents.

Based on the balance sheet value of cash and cash equivalents, a 1% change in interest base rates would lead to an increase or decrease in income and equity of £4,970 (2021 - £4,894).

The Board reviews and agrees policies for managing each of the above risks and they are summarised below and in the accounting policies to the Group financial statements. These policies have been consistently applied throughout the period.

COMMODITY PRICE RISK

The Group holds no stock at the year end and as such has no exposure to commodities.

17. FINANCIAL INSTRUMENTS (continued)

LIQUIDITY RISK

The Group's liquidity is dependent on the cash balances available and it is the Group's policy to place surplus cash on deposit to ensure it has an appropriate rate of return. The Board reviews an annual 12 month financial projection as well as information regarding cash balances.

CREDIT RISK

The Group's principal financial assets are cash deposits, available for sale financial assets and trade and other receivables. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade and other receivables and available for sale financial assets.

In order to manage credit risk the directors of the subsidiary company set limits for customers based on a combination of payment history, third party credit references and knowledge of the customers. Credit limits are reviewed by the subsidiary's directors on a regular basis in conjunction with debt ageing and experience. In 2021 there were a limited number of concentrations of credit risk. There were no such large debtors as at 30 September 2022.

Where appropriate, the subsidiary company requests payment or part-payment in advance of shipment. In connection with the trade receivables, there is a risk of warranty claims, which the subsidiary company tries to minimise. The carrying value of the trade receivables represents the maximum credit risk exposure and therefore sensitivity analysis has not been performed.

Collection procedures in relation to receivables are initiated once the credit terms are exceeded and trade receivables both due and not yet due are reviewed on a line by line basis, with adequate provision being made against period end balances where appropriate. During the period an additional provision of £Nil (2021: Nil) has been included in the financial statements.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Available for sale financial assets				
Quoted and unquoted securities	<u>182</u>	<u>-</u>	<u>-</u>	<u>182</u>

In the prior period, the fair value of financial instruments was observed to be Level 1 (2021:£Nil). However, during the current period this has subsequently changed given that they are now held at a discount to the quoted market price. The directors consider it appropriate to apply a discount due to a lack of liquidity in the markets.

ASSOCIATED BRITISH ENGINEERING PLC

NOTES TO THE ACCOUNTS – GROUP (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2022

18. DEFERRED TAXATION

The deferred taxation liability at 30 September 2022 was £Nil (2021: £Nil).

No provision has been made for the potential deferred tax assets on the trading losses carried forward as they are not sufficiently certain to crystallise in the foreseeable future. This assumption will be revisited on an annual basis or as and when circumstances change. The amounts not recognised, all of which have been calculated at 25% (2021: 25%) are set out below:

Group	2022	2021
	£'000	£'000
Arising from trading losses	517	518
Arising from capital losses	1,989	1,989
	<u>2,506</u>	<u>2,507</u>

19. CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 30 September 2022 (2021: £Nil).

20. COMMITMENTS UNDER OPERATING LEASES

The Group had no commitments under non-cancellable operating leases as at 30 September 2022 (2021: £Nil).

21. SUBSIDIARIES

At 30 September 2022 the Company held share capital in the following subsidiaries:

Company	% Holding	Activity	Registered office	Country of Incorporation
Akoris Trading Limited	99.7%	Commodity, natural resource finance, trading and investment	61-65 Church Street, Harston Cambridge CB22 7NP	England & Wales

The investment in Akoris Trading Limited was fully provided against at 30 September 2022 and 2021.

**COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022**

	Note	2022 £'000	2021 £'000
ASSETS			
Non-current assets			
Available for sale financial assets	10	<u>182</u>	<u>419</u>
		<u>182</u>	<u>419</u>
Current assets			
Trade and other receivables	11	21	21
Cash and cash equivalents		<u>469</u>	<u>460</u>
		<u>490</u>	<u>481</u>
Total assets		<u>672</u>	<u>900</u>
EQUITY AND LIABILITIES			
Called up share capital	15	51	51
Deferred shares	15	2,594	2,594
Share premium account		5,370	5,370
Other reserve		212	212
Available for sale reserve		123	360
Retained earnings		<u>(7,720)</u>	<u>(7,725)</u>
Total equity		<u>630</u>	<u>862</u>
LIABILITIES			
Current liabilities			
Trade and other payables	12	<u>42</u>	<u>38</u>
Total liabilities		<u>42</u>	<u>38</u>
Total equity and liabilities		<u>672</u>	<u>900</u>

Under section 408 of the Companies Act 2006, the company is exempt from the requirements to present its own Income statement. The profit/(loss) after tax for the period was £6,633 (2021: £84,452 loss)

The financial statements were approved and authorised for issue by the Board of Directors on 30 January 2023 and were signed below on its behalf by:

C Weinberg

Director

The accounting policies on pages 16 and 20 and the notes on pages 39 to 44 form part of these accounts.

ASSOCIATED BRITISH ENGINEERING PLC

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Share capital	Share premium	Deferred shares	Other reserve	Available for Sale Financial Assets	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£000
Balance at 1 October 2020	51	5,370	2,594	212	270	(7,936)	561
Loss for the period	-	-	-	-	-	(84)	(84)
Other comprehensive income							
Unrealised gain on Available for Sale financial assets (*)	-	-	-	-	385	-	385
Realised gain on Available for Sale financial assets							
Fair value adjustments					55	(55)	
Realised gains					(350)	350	
Balance at 1 October 2021	51	5,370	2,594	212	360	(7,725)	862
Profit for the year	-	-	-	-	-	5	5
Other comprehensive income							
Unrealised (loss)/gain on Available for Sale financial assets (*)	-	-	-	-	(237)	-	(237)
Balance at 30 September 2022	51	5,370	2,594	212	123	(7,720)	630

(*) Items which may subsequently be reclassified to the Income Statement.

The accounting policies on pages 16 and 20 and the notes on pages 39 to 44 form part of these accounts.

ASSOCIATED BRITISH ENGINEERING PLC**COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	2022	2021
	£'000	£'000
Cash flows from operating activities		
Cash generated /(used) in operations	<u>9</u>	<u>(74)</u>
Net cash generated/(used) in operating activities	<u>9</u>	<u>(74)</u>
Cash flows from investing activities		
New investments		-
Sale proceeds from trading investments	-	380
Net cash derived from investing activities	<u>9</u>	<u>380</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net cash used in financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	9	306
Cash and cash equivalents at beginning of period	<u>460</u>	<u>154</u>
Cash and cash equivalents at end of period	<u>469</u>	<u>460</u>

CASH FLOW FROM OPERATING ACTIVITIES

	2022	2021
	£'000	£'000
Profit/(loss) before taxation	6	(84)
Adjustments for:		
Changes in working capital:		
Decrease/(increase) in trade and other receivables	-	3
Increase/(decrease) in trade and other payables	3	7
Taxes paid	<u>-</u>	<u>-</u>
Cash used in operations	<u>9</u>	<u>(74)</u>

The accounting policies on pages 16 and 20 and the notes on pages 39 to 44 form part of these accounts.

ASSOCIATED BRITISH ENGINEERING PLC

**NOTES TO THE ACCOUNTS - COMPANY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

1. OPERATING COSTS AND OPERATING LOSS	Year ended 30 Sep 2022 £'000	Year ended 30 Sep 2021 £'000
Operating loss is stated after charging		
Fees payable to the Company's auditor for the audit of the company's annual accounts	10	10

2. STAFF COSTS AND EMPLOYEES	Year ended 30 Sep 2022 £'000	Year ended 30 Sep 2021 £'000
Wages and salaries	5	5
Social security costs	-	-
	<u>5</u>	<u>5</u>

The average monthly number of persons employed by the Company during the period was:

	Year ended 30 Sep 2022 Number	Year ended 30 Sep 2021 Number
By activity		
Directors	2	2
Administration	1	1
	<u>3</u>	<u>3</u>

3. DIRECTORS' REMUNERATION	Year ended 30 Sep 2022 £'000	Year ended 30 Sep 2021 £'000
Remuneration in respect of directors was as follows:		
Remuneration	-	-

4. KEY MANAGEMENT COMPENSATION	Year ended 30 Sep 2022 £'000	Year ended 30 Sep 2021 £'000
Remuneration of Company directors	-	-

The Company made no pension contributions in respect of Company directors during the period ended 30 September 2022 or 30 September 2021

5. TAXATION
There is no taxation liability at 30 September 2022 due to losses carried forward (30 September 2021: £Nil)

ASSOCIATED BRITISH ENGINEERING PLC

**NOTES TO THE ACCOUNTS - COMPANY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

6. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment £'000	Total £'000
COST		
At 1 October 2020	2	2
At 30 September 2021	2	2
At 1 October 2021	2	2
At 30 September 2022	2	2
ACCUMULATED DEPRECIATION		
At 1 October 2020	2	2
At 31 September 2021	2	2
At 1 October 2021	2	2
At 30 September 2022	2	2
CARRYING AMOUNTS		
At 30 September 2022	-	-
At 30 September 2021	-	-
At 30 September 2020	-	-

7. CAPITAL COMMITMENTS

At 30 September 2022 the Company has no capital commitments (30 September 2021: £Nil).

8. INVESTMENTS IN SUBSIDIARIES

Company	% Holding	Activity	Registered office	Country of Incorporation
Akoris Trading Limited	99.7%	Commodity, natural resource trading and investment	61-65 Church Street Harston Cambridge CB22 7NP	England & Wales

The investment in Akoris Trading Limited was fully provided against at 30 September 2022 and 2021.

ASSOCIATED BRITISH ENGINEERING PLC

NOTES TO THE ACCOUNTS - COMPANY FOR THE YEAR ENDED 30 SEPTEMBER 2022

9. DISPOSAL OF SUBSIDIARY

The Board of Associated British Engineering Plc disposed of its loans and shareholding in its subsidiary British Polar Engines Limited ("BPE") on the 4 August 2020. The Company completed the sale of all the ordinary share capital in its Principal Trading subsidiary BPE for £1 and also assigned the balance of its remaining debt due from BPE to its parent company, Associated British Engineering Plc for £100,000. Consequently the results of BPE had no impact on the accounts set out in these financial statements.

On 6 December 2022, with the agreement of the Pension Regulator, Independent Trustee Services Limited were appointed the sole trustee of the ABE Pension Fund and has started the process of assessment prior to the BPE Section of the scheme entering the Pension Protection Fund and its final closure.

10. AVAILABLE FOR SALE INVESTMENTS

	2022 £'000	2021 £'000
Listed securities	<u>182</u>	<u>419</u>
		Available For Sale financial assets £
Opening balance		419
Net fair value (loss)/gain		(237)
Disposals		-
Closing balance		<u>182</u>

Gains or losses on available for sale investments are presented within other comprehensive income.

IFRS 13 requires that the fair value reflects "exit price" and is valued in line with the relevant "unit of account" and the fair value of the equity investments held is calculated by reference to the quoted market price at the period end.

Available for sale investments, which are valued based on active markets' prices, are reported under Level 1 in the fair value hierarchy.

11. TRADE AND OTHER RECEIVABLES

	2022 £'000	2021 £'000
Amounts falling due within one period		
Trade and other receivables	<u>21</u>	<u>21</u>
	<u>21</u>	<u>21</u>

12. TRADE AND OTHER PAYABLES	2022 £'000	2021 £'000
Amounts falling due within one period		
Trade and other payables	22	21
Accruals and deferred income	20	17
	42	38

13. FINANCIAL INSTRUMENTS

The fair values of cash and cash equivalents, available for sale financial assets, receivables and payables are assumed to approximate to their carrying values.

The Company's financial instruments comprise cash and various items, such as trade and other receivables, available for sale financial assets and trade and other payables that arise directly from its operations. The main purpose of these financial instruments is to finance the Company's operations. At 30 September 2022 the Company has cash balances of £469,914 (2021: £459,604) and no bank overdraft (2021: £Nil).

RISKS

The main risks arising from the Company's financial instruments are market risk, liquidity risk and credit risk. Market risk includes foreign exchange risk and interest rate risk. The Company has limited exposure to foreign exchange risk and also has no loans, therefore limited exposure to interest rate risk.

Cash and cash equivalents held at floating rates expose the entity to cash flow risk. Interest rate risk is limited to the cash and cash equivalents.

Based on the balance sheet value of cash and cash equivalents, a 1% change in interest base rates would lead to an increase or decrease in income and equity of £4,690 (2021: £4,596).

The Board reviews and agrees policies for managing each of the above risks and they are summarised overleaf and in the accounting policies to the Company financial statements. These policies have been consistently applied throughout the period.

LIQUIDITY RISK

The Company's liquidity is dependent on the cash balances available and it is the Company's policy to place surplus cash on deposit to ensure as high a rate of return as possible. The Board reviews an annual 12 month financial projection as well as information regarding cash balances on a monthly basis.

CREDIT RISK

The Company's principal financial assets are cash deposits, available for sale financial assets and trade and other receivables. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The credit risk arising from its trade and other receivables is negligible.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Available for sale financial assets				
Quoted and unquoted securities (2022)	<u>182</u>	<u>-</u>	<u>-</u>	<u>182</u>
Available for sale financial assets				
Quoted securities (2021)	<u>419</u>	<u>-</u>	<u>-</u>	<u>419</u>

14. DEFERRED TAXATION

	2022 £'000	2021 £'000
Arising from trading losses	365	366
Arising from capital losses	<u>1,989</u>	<u>1,989</u>
	<u>2,354</u>	<u>2,355</u>

The trading losses are available to be used against future profits.

Deferred tax assets on the trading losses have not been provided in the financial statements as they are not sufficiently certain to crystallise in the foreseeable future. The amounts not recognised are set out above.

15. CALLED UP SHARE CAPITAL	2022 £'000	2021 £'000
Nominal value:		
Allotted and fully paid:		
2,048,990 ordinary shares of £0.025 each	51	51
1,313,427 deferred shares of £1.975 each share premium	<u>2,594</u>	<u>2,594</u>
	<u>2,645</u>	<u>2,645</u>
Carrying value:		
Equity shares:		
2,048,990 ordinary shares of £0.025 each	<u>51</u>	<u>51</u>

Further to the Extraordinary General Meeting held on 1 September 1999 the ordinary shares have 200 votes per share.

The deferred shares do not have voting rights and do not carry any entitlement to attend general meetings of the Company; they are not admitted to any Stock Exchange and carry a right to participate in any return of capital once an amount of £100 has been paid in respect of each new ordinary share.

16. CONTINGENT LIABILITIES

There were no contingent liabilities at 30 September 2022.

17. RELATED PARTY TRANSACTIONS

The Company uses the services of Cambridge Corporate Consultants Limited, which is a regulated company and of which R A Pearce Gould is the controlling shareholder and a director, to provide company secretarial services and registered office at market rates – see Director's Remuneration Report page 52.

The Company has taken advantage of the exemption with regard to disclosing transactions with wholly-owned subsidiaries, on the grounds that the results of the subsidiaries are included in the publicly available consolidated financial statements of Associated British Engineering Plc.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report, the Remuneration 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 are required to prepare financial statements in accordance with UK-adopted International Financial Reporting Standards, (IFRSs) and have also been chosen to prepare the parent company financial statements under IFRS. Under Company Law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and profit or loss of the Group for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable accounting standards, UK-adopted IFRS 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
- prepare a directors' reports, strategic report and directors' remuneration report which comply with the requirements of the Companies Act 2006.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the directors remuneration report comply with the Companies Act 2006 and Article 4 of the IAS Regulations. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.
- the directors are responsible for preparing the annual report in accordance with applicable law and regulations. The directors consider the annual report and the financial statements, taken as a whole, provides the information necessary to assess the company's performance, business model and strategy and is fair, balanced and understandable

WEBSITE PUBLICATION

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 may differ from legislation in other jurisdictions.

DIRECTORS' RESPONSIBILITIES PURSUANT TO DTR4

To the best of their knowledge, the directors confirm:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position of the Group and Company and profit or loss of the Group as at 30 September 2022; and
- the annual report, including the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties faced.

C Weinberg

Director

Date: 30 January 2023

ASSOCIATED BRITISH ENGINEERING PLC

CORPORATE GOVERNANCE REPORT (AS REFERRED TO IN THE DIRECTORS' REPORT)

In accordance with the requirements of the Listing Rules of the Financial Conduct Authority, set out below are details of the Company's corporate governance arrangements, including a statement as to how the Company applies the main principles of the UK Corporate Governance Code ("the Code"), together with a statement regarding its compliance with specific provisions. The Code is publicly available on the Financial Reporting Council's website www.frc.org.uk. Whilst welcoming the principles contained within the Code, the Board considers that it should be recognised that what may be appropriate for a large Company may not necessarily be so appropriate for a smaller company and the Company's current circumstances. As a result, the Company has been in compliance throughout the period with the provisions set out in the UK Corporate Governance Code with the following exceptions:-

- The division of responsibilities between the roles of chairman and chief executive have not been clearly established, set out in writing and agreed by the Board. This is contrary to provision A.2.1. This has not been put in place because there is no chief executive on the Board but the appointment of joint-chairmen provides checks and balances;
- The Company does not have a Nomination Committee, this is contrary to provisions B2.1–B2.2 and B2.4. This has not been considered necessary due to the size and nature of the Board which consists of two part time executive directors;
- The non-executive director of the Company has not been appointed for specific terms as required by provision B2.3. This has not been considered necessary as the sole incumbent resigned and a new non-executive director has not been appointed;
- There is no formal training programme for new directors on joining the Board. This is contrary to provision B4.2. This has not been considered necessary to date but will be actively considered by the Board for new appointments;
- The Board has not undertaken a formal and rigorous annual evaluation of its own performance and the individual directors. This is contrary to provision B.6.1. When a new non-executive director is appointed this will be implemented.
- The Board has not appointed independent non-executive directors as required by B1.2, C.3.1, A4 and D2.1. The Board is actively pursuing suitable candidates for the position(s).

Board of Directors

The Board comprises two part time executive directors, as detailed in the Directors' Report.

The Board of Directors is responsible for formulating strategy and monitoring financial performance. The directors are in frequent contact throughout the period with the Group's management, meet as required and also attend formal Board meetings. The strategies proposed by management of the company and its subsidiaries are fully discussed, critically examined against the best and long term interests of not only the shareholders, but also customers, employees, suppliers and various communities and environments within which the Company operates. During the period, all serving directors were in attendance at Board meetings.

The Board retains full responsibility for the direction and control of the Group and has a formal schedule of matters in respect of which decisions are reserved to it, covering key areas including strategy formulation, acquisitions or disposals, approval of the budget for the subsidiary, financial results, board appointments and proposals for dividend payments.

The Board has full and timely access to relevant information throughout the Group.

All directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are complied with. There is also formal agreed procedure for directors in the furtherance of their duties to take independent professional advice as necessary at the Group's expense.

The business address of each of the directors is 61-65 Church Street, Harston, Cambridge CB22 7NP.

ASSOCIATED BRITISH ENGINEERING PLC

CORPORATE GOVERNANCE REPORT (continued) (AS REFERRED TO IN THE DIRECTORS' REPORT)

The board has been supported by Peter Morton the ABE Office Administrator.

The Current Directors

Rupert Pearce Gould
Colin Weinberg

Short biographies of the directors appear on page 54 and show considerable and varied experience in the business world and the City.

Under the Company's Articles of Association, new directors and at least one third of the directors retire from office each period. The retiring director is eligible for re-election.

At the year end, there were no independent non-executive directors. The directors continue to search for a suitable candidate for the role and intend to appoint a non- executive director in the near future.

Nominations Committee

The appointment of directors will be discussed by the full Board until such time as there are two non-executive directors to form an effective committee. Potential new non-executive directors are proposed by all the members of the Board and major shareholders; the Board considers these in the light of the Company's business requirements and the need to have a balanced Board. The Board will then implement an appropriate review committee.

Audit Committee

The Company's audit committee comprises the full Board. The audit committee meets at least twice a year to monitor the financial reporting process, including its annual and interim accounts; the effectiveness of the Company's internal controls and risk management systems; statutory audit of the annual accounts; and to review and monitor the independence of the statutory auditor and provision of additional services to the Company.

There is no internal audit function. Due to the size of the finance function and the close involvement of directors, the Board and the Audit Committee do not consider there to be a need for a separate internal audit function.

As part of this process, the performance of the Group's major division is considered, with key judgements, estimates and accounting policies being approved by the subsidiary Board ahead of recommendation to the Group board. The primary areas of financial reporting judgement considered by the Committee in relation to the 2022 financial statements and how they were addressed are outlined below:

Going concern

The audit committee has considered and approves of the changes in the company's policy of reducing the forecast period of the business insofar as it has exempted management from producing three-period projections. This will be reviewed annually.

Revenue Recognition and Management Override

The Committee have reviewed the systems and control processes in place during the financial year to 30 September 2022 and concluded that, given the resources available, appropriate procedures are in place. There is sufficient level of supervisory oversight in place to ensure that revenue is not materially misstated and the risk of management override has been reduced.

Recoverability of receivables

The Committee have reviewed the policy for providing for doubtful debts and believe them to be both robust and adequate.

ASSOCIATED BRITISH ENGINEERING PLC

CORPORATE GOVERNANCE REPORT (continued) (AS REFERRED TO IN THE DIRECTORS' REPORT)

Reappointing the auditor

The auditor, Bright Grahame Murray, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Safeguards on non-audit services

Bright Grahame Murray do not provide any prohibited non-audit services. In accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Assessing external audit effectiveness

The Audit Committee reviews audit quality every year using feedback from the Auditors and Senior Management Team. The effectiveness and quality of the audit process is considered by focussing on the scope of the audit and auditor independence in order to ensure that the quality of the audit process is not compromised and remains effective.

The Board consider the independence and objectivity of the external auditor on an annual basis, with particular regard to non-audit services. There were no prohibited non-audit fees incurred from the auditor during the period. The Board also receive an annual confirmation of independence from the auditors.

The committee has overseen the preparation of the viability statement and has conducted a robust examination of the risks identified, the resulting actions that may be required and the project outcomes.

Remuneration

The Company's remuneration committee comprises Rupert Pearce Gould and Colin Weinberg. The remuneration committee is to meet at least twice a year and has as its remit the determination and review of, amongst others, the remuneration of directors including company directors together with any incentive plans adopted, or to be adopted, by the Company and the Group.

Communication with Shareholders

The Board believes it is important to respond adequately to the queries of both private and institutional shareholders. The Chairman's Statement in the Annual Report contains a business review. An interim business review is also provided with the half-period announcement. The Chairmen are available to shareholders at any time to discuss strategy and governance matters.

AUDIT AND INTERNAL CONTROL

The Board seeks to ensure that its report and accounts and other financial statements provide a clear assessment of the Group's business. All shareholders have the opportunity to ask questions and express their views at the Company's Annual General Meeting, at which all directors are available to take questions.

The directors are responsible for the Group's system of internal control and reviewing its effectiveness and the processes in place for risk management.

These controls can only ever provide reasonable but not absolute assurance that assets are safeguarded against material misstatement or loss, that proper accounting records are maintained, and that the information used internally, or for publication, is accurate and reliable. The key procedures, which existed to provide external control, are as follows:

- A regular review is undertaken to assess the risks facing the trading subsidiary and to enhance the systems which manage the risk identified. Management establishes control procedures for each of the risks identified and reports whether the key controls have operated effectively
- Agreement of Group short term financial objectives and business plans
- Review by the Board of monthly Group Financial Statements and monitoring of results against budget. The executive directors attend regular Board meetings of the subsidiary

ASSOCIATED BRITISH ENGINEERING PLC

CORPORATE GOVERNANCE REPORT (continued) (AS REFERRED TO IN THE DIRECTORS' REPORT)

AUDIT AND INTERNAL CONTROL (continued)

- The acquisition or disposal of a business may not be completed without the approval of the Board.
- The operational responsibility for preparing the consolidated accounts is delegated to a third party service provider with the Board retaining responsibility for overall content, presentation and final review of the consolidated accounts.
- Clearly defined organisation structures with segregation of duties wherever practicable. Operating and financial responsibilities for the subsidiary Companies are delegated to the subsidiary Board and there are limits which apply to capital expenditure and significant contracts.
- The executive directors attend regular Board meetings of the subsidiary
- Board control over treasury, taxation, legal, insurance and personnel issues
- The acquisition or disposal of a business may not be completed without the approval of the Board.
- The operational responsibility for preparing the consolidated accounts is delegated to a third party service provider with the Board retaining responsibility for overall content, presentation and final review of the consolidated accounts.

Risk Management

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant business risks faced by the Group, including those risks relating to social, environmental and ethical matters. This process was in place throughout the period under review and up to the date of approval of this report. The Audit Committee has kept under review the effectiveness of the system of internal control and has reported regularly to the Board.

Through these mechanisms, Group performance is continually monitored, risks identified in a timely manner via a robust risk assessment, their financial implication assessed, control procedure re-evaluated and corrective actions agreed and where possible implemented

The Board believes that it is not currently appropriate for the Group to maintain an internal audit function due to the size of the Group and the manner in which the Group operates.

Fair, Balanced and Understandable

We consistently seek to improve the process of compiling the Annual Report to give the Board more time to assess whether it was fair, balanced and understandable, as required by the Code. The Board considered whether the Annual Report contained the necessary information for shareholders to assess the Group's performance, business model and strategy. The tone was reviewed to ensure a balanced approach and, with the support of the Audit Committee, the Board made sure the narrative at the front end of the report was consistent with the financial statements.

VIABILITY STATEMENT

In accordance with provision C2.2 of the UK Corporate Governance Code, published by the Financial Reporting Council ("FRC") in September 2015, the directors have assessed the viability of the Group over the immediate and foreseeable future and in consideration of its sales and marketing projections. This assessment has been made taking account of the current position of the Group, the present immediate plan, the corporate planning process, a budget for the operating company and the Group's principal risks associated with the current plan.

The provision C2.2 of the UK Corporate Governance Code and Appendix B of the FRC Guidance state that the period covered for longer term viability statement should be significantly longer than 12 months from approval of the financial statements as set out in the basis of preparation in the account policies of these financial statements.

VIABILITY STATEMENT (continued)

In assessing the prospects of the Group, the directors noted that such assessment is subject to a degree of uncertainty that can be expected to increase looking out over time and, accordingly, that future outcomes cannot be guaranteed or predicted with certainty. The Board have concluded that, at the time of these financial statements being signed, there is adequate visibility of the 12 months ahead for these financial statements to be prepared on the going concern basis.

On behalf of the Board

C Weinberg

Director

Date: 30 January 2023

ASSOCIATED BRITISH ENGINEERING PLC

DIRECTORS' REMUNERATION REPORT

Introduction

This report is submitted in accordance with Schedule 8 of the Large and Medium sized Companies (accounts and Reports) (Amendment) Regulations 2014 in respect of the year ended 30 September 2022. The reporting requirements entail two sections to be included, a Policy Report and an Annual Remuneration Report which are presented below.

The Company's auditor, Bright Grahame Murray, is required to give its opinion on certain information included in this report, this comprises of the Directors Remuneration – single figure table on page 52 and the information on directors shareholdings which is contained in the directors' report on page 4 and also forms part of this directors' remuneration report. Their report on these and other matters is set out on pages 3 to 5.

Consideration by the Directors of Matters Relating to Directors' Remuneration

The Company's Remuneration Committee considers Directors' remuneration and has not sought advice or services from any person in respect of its consideration of Directors' remuneration during the year although the Directors expect from time to time to review the fees against those paid to boards of directors of comparable organisations and appointments. The Company does not have a Chief Executive Officer, Senior Management or any full time employees and relies on senior management in each subsidiary.

DIRECTORS' REMUNERATION POLICY REPORT

The roles of the directors are as follows:-

Joint Chairman and Deputy Chairman – Rupert Pearce Gould (part time executive - operational)
Joint Chairman and Deputy Chairman – Colin Weinberg (part time executive - finance)

The Company's policy is for the Directors not to be remunerated in the form of fees, which are immediately payable, until such time as there is a trading business in the group. The two directors will be granted warrants or options when a new business is reversed into the company and as then agreed by the Remuneration Committee after reviewing comparable organisations and appointments. None of the directors receive a pension or other benefit from the Company, nor do they participate in any agreed bonus or incentive schemes or share option schemes.

The fees are not specifically related to the Directors' performance, either individually or collectively. The Board is also entitled to be repaid all reasonable travelling subsistence and other expenses incurred by them respectively whilst conducting their duties as Directors, however no other remuneration or compensation was paid or payable by the company during the period to any of the current Directors. There will be no payment for loss of office unless approved by a separate shareholder resolution.

Major decisions on Remuneration

The Company's policy is that the fees payable to each director should reflect the time spent by the directors on the Company's affairs and the responsibilities borne by each of the directors. They should be sufficient to attract candidates of high calibre to be recruited. The policy is for the Chairmen of the Board to be paid higher fees than the other directors in recognition of the more onerous role. The Remuneration policy is to review the director's fee rates from time to time, benchmarking the fees against comparable organisations and appointments, although such review will not necessarily result in any change. Due to the nature of the Company, there are no full time employees and therefore the requirement to consider the percentage change in remuneration of all employees when determining the Directors' remuneration is not considered to be relevant.

The directors have agreements with the company that may be terminated on one year's notice. In accordance with the Articles of Association each director retires from office at the third annual general meeting after the annual general meeting at which he was last elected. A retiring director is eligible for re-election.

ASSOCIATED BRITISH ENGINEERING PLC

DIRECTORS' REMUNERATION REPORT (Continued)

A Director may resign by notice in writing to the Board at any time giving one month's notice. None of the Directors are entitled to compensation payable upon early termination of their arrangements other than in respect of any unexpired notice period.

In accordance with the reporting requirements of Large and Medium sized Companies (accounts and Reports) (Amendment) Regulations 2014, an Ordinary resolution for the approval of the remuneration policy of the Company to remain in force for a three-period period, was put to the members of the Annual General Meeting and was effective from that date.

DIRECTORS' REMUNERATION – SINGLE FIGURE TABLE (AUDITED)

	30 Sep 2022 Total £'000	30 Sep 2021 Total £'000
Mr R Pearce Gould	-	-
Mr C Weinberg	-	-
	-	-

The amounts above all relate to directors fees and represent the total remuneration of the company's directors but excludes fees of £1,763 for secretarial and financial services and £6,000 for preparation of the accounts (including VAT) (2021: £1,050) paid by the Group to Cambridge Corporate Consultants Limited, a company in which Mr Pearce Gould is a director and has a beneficial interest.

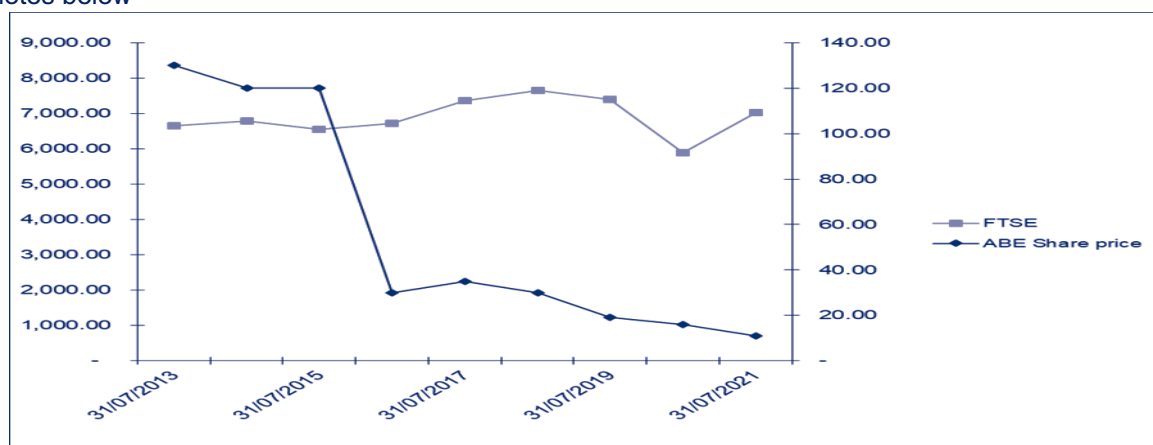
This section of the report is subject to approval by a simple majority of shareholders at the AGM in 2022, as in previous periods.

Statement of Voting at the Annual General Meeting (AGM)

The 2021 Remuneration Report was presented to the AGM on 25 March 2022 and received shareholder approval following a vote on a show of hands. Less than 3% of ordinary shareholders who filled in proxy forms and/or cast their voted against any of the Resolutions. The proxy forms returned contained no explanation for the votes against any of the resolutions.

Total Shareholder Return (TSR)

See notes below



Source: Yahoo UK finance

The graph on page 51 shows the Company's TSR performance compared to the FTSE All Share index over the past ten periods up to September 2021. TSR is defined as share price growth plus reinvested dividends. This provides a basis for comparison with a relevant equity index but should be treated with caution in view of the small market in the Company's shares and the fact that the ordinary shares were suspended for the full period of financial year of these accounts. Later figures have not been calculated or reported due to the suspension in the trading of the shares.

A statement of directors' shareholdings and interest is reported in the directors' report on page 4.

Company Performance

The Board is responsible for the Company's business strategy and performance.

The Statement of Directors' responsibilities, Corporate Governance report and the Directors' Remuneration report on pages 45 to 53 form part of the Directors' report.

On behalf of the Board

C Weinberg

Director

Date : 30 January 2023

ASSOCIATED BRITISH ENGINEERING PLC

DIRECTORS, REGISTERED OFFICE AND ADVISERS

The Board comprises two directors:

COLIN WEINBERG (72) became a non-executive director on 10 November 2003. He was a member of the London Stock Exchange from 1980 to 1987 and was admitted to fellowship of the Securities Institute in 1995. He was previously a non-executive director of Peckham Building Society.

RUPERT PEARCE GOULD (71) was appointed as non-executive director on 18 September 2016. Rupert has a degree in engineering and has served as an executive director and chairman in both the public and private sector. He was chairman of BPE from 2000 to 2020.

SECRETARY & REGISTERED OFFICE

Mr R A Pearce Gould
61-65 Church Street
Harston
Cambridge
CB22 7NP
Registered No.110663
rpg@cmc-group.co.uk

BANKERS

The Royal Bank of Scotland plc
Glasgow Cardonald B Branch
2139 Paisley Road West
Glasgow
G52 3JW

AUDITOR

Bright Grahame Murray
Emperor's Gate
114a Cromwell Road
Kensington
London
SW7 6AG

CORPORATE ADVISERS

Beaumont Cornish Limited
2nd Floor
Bowman House
29 Wilson Street
London
EC2M 2SJ

REGISTRARS

Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol
BS13 8AE

SOLICITORS

Harrison Clark Rickerbys Limited
50-60 Station Road
Cambridge
CB1 2JH

