

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 period. Under that law the directors are required to prepare financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRSs) and have also been chosen to prepare the parent company financial statements under IFRS as adopted by the European Union. 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 period. 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, IFRS as adopted by the European Union 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 2020; 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 March 2021

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 9 High Street, Little Eversden, Cambridge CB23 1HE.

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

The board is supported by Peter Morton the ABE Office Administrator.

The Current Directors

Rupert Pearce Gould
Colin Weinberg

Short biographies of the directors appear on page 55 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 period 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 2020 financial statements and how they were addressed are outlined below:

Going concern

The committee considered the use of the going concern basis following the disposal of BPE. 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 period to 30 September 2020 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)

Appointing the auditor

On 12 March 2020, Haysmacintyre LLP resigned as Auditors of the Company.

Bright Grahame Murray were appointed as Auditors to the Company and 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.

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 period 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 period 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.

ASSOCIATED BRITISH ENGINEERING PLC

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

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 March 2021