Registered number: 01995941

ATLAS CLEANING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

ATLAS CLEANING LIMITED

COMPANY INFORMATION

Directors	N J Earley R W Empson
Company secretary	T H Earley
Registered number	01995941
Registered office	Riding Court House Riding Court Road Datchet Berkshire England SL3 9JT
Independent auditors	Hillier Hopkins LLP Chartered Accountants & Statutory Auditors Radius House 51 Clarendon Road Watford Hertfordshire WD17 1HP

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The Company continues to trade in the office cleaning business.

Business review

Following the global shock of March 2020, the world came back towards normality in 2021. After a stop-start period businesses were able to fully re-open and this meant that sales resumed a positive upwards trend.

The pandemic did bring positives for certain parts of our business and it certainly meant an element of resetting of how clients view the importance and necessity of cleaning and sanitisation. This brought with it an increase in service for many clients although the new norm of working from home has meant that building occupation for many businesses has been much reduced. We have seen something of a reversal of this trend in more recent months with memory of the pandemic fading and an obvious need to control costs now that high inflation has revisited us.

We continue to see the benefits of our national footprint through which we are able to offer our clients a properly supported service combining local knowledge and staffing throughout the UK, delivered by a professional and financially robust single source supplier. We believe that this positively differentiates us from the majority of our competitors; a national business with proper local presence and knowledge.

We highlighted the impact of Brexit on the labour market in our previous report and this is most certainly not going to suddenly be resolved. This effect has now been significantly magnified by a sudden escalation in costs back towards levels not experienced for some decades. Staff recruitment and retention is our biggest challenge and hence we work closely with our clients such that we remain confident that with a pragmatic approach the difficult issues we all face can continue to be well managed. Our loyal staff ensure that the business continues to perform well despite the obvious challenges and trading during 2022 to date is on track.

We are pleased to report a continuation of successful growth with our management team having once again exceeded expectations.

We are seeing the benefits of our national footprint through which we are able to offer our clients a properly supported service combining local knowledge and staffing throughout the UK, delivered by a professional and financially robust single source supplier.

The National Living Wage and staff recruitment remain a challenge but we work closely with our clients and are confident that these issues will continue to be well managed. Our loyal staff ensure that the business continues to perform well with prestigious new clients joining our portfolio and trading during 2022 to date fully on track.

Principal risks and uncertainties

The Company's primary financial instruments are bank overdrafts, trade debtors, trade creditors and intercompany balances. These arise directly from the Company's trading operations and management have implemented policies to monitor and control the liquidity and credit risks which derive from their financial assets and liabilities. Liquidity risk is managed by the Company's finance director using simple forecasting and projection methods. Credit risk is managed through the use of a credit control department.

Financial key performance indicators

The directors monitor the performance of the Company with reference to the following financial key performance indicators:
- The Company's turnover inreased from £48,000,000 to £61,800,500.
- The Company's gross margin increased from £14,215,084 to £20,362,833.

Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting ("SECR")

The SECR covering the Company has been published in the financial statements of the ultimate parent Company, Atlas FM Limited.

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

As the board at Atlas FM we are of course fully aware that we have a legal responsibility under section 172 of the Companies Act 2006 to act in the way we consider, in good faith, would be most likely to promote the company's success for the benefit of its members as a whole (why else would we be in business?) and to have regard to the long term effect of our decisions on the company and its stakeholders. This statement addresses the ways in which we as a board approach this responsibility.

Atlas FM, through its operating companies, has provided cleaning, security and related facilities management services since formation in 1986 with the business still owned and overseen by its founders. We always have a mind to our long term and highly valued relationships with our employees, customers and suppliers along with any potential impact we might have on the wider economy and environment.

Our staff are our key asset and as such we ensure that they are treated fairly and with respect. Our high rate of staff retention speaks for itself. We endeavour to ensure that their interests remain at the forefront of our business management process and with the pandemic seemingly ended we have resumed our long history of controlled growth bringing with it development opportunities for staff without job losses that many had feared.

To state the obvious, without customers we would have no business and of course we prioritise service delivery to meet expectations and thus retain long-term mutually beneficial relationships. We work closely with our client base and ensure that we tailor our services to their needs. Our business has continued to thrive through good and more difficult times which has been achieved by ensuring that we meet customer needs, something which is facilitated by our fantastic workforce.

Our suppliers are a key element of our service delivery chain and we ensure that we partner with the right businesses and have appropriate processes in place to manage and maintain strong relationships with these critical partners. We ensure that we pay our suppliers promptly.

We are fully cognisant of the potential impact of our business on the wider environment and the people we engage with. We follow up to date environmental and health and safety policy and practice with a team of dedicated qualified professionals employed to ensure we fulfil our responsibilities. Being a consistently profitable business we pay corporation tax along with the collection and transmission of the range or sales and payroll taxes, thus making a very significant direct financial contribution to the wider economy (in addition to the indirect impact of employment).

Future developments

We are hopeful that we have now emerged from an unprecedented period of incredible worry and concern for the world when the survival of all was in question. Thankfully we have benefitted from the brilliance of the scientific community and the creative and steadfast support of the government. For the business community that has allowed us to maintain our workforce largely intact and increasingly welcome back confident and loyal staff who in the main have been fully vaccinated and financially supported.

When the pandemic hit in March 2020 we were of course shell-shocked and worried as to what the future held. Fortunately, where clients continued to operate, our cleaning services were critical in keeping people safe which meant that sectors of our business continued to thrive and this offset the impact of the many closures that we saw in the retail, hospitality, leisure and general office sectors.

We did suffer along with others from the unavoidable stop-start impact of lockdowns but we are confident that the worst is behind us and we look forward to a strong economic recovery with all the benefits and opportunities that that brings.

Brexit had been largely forgotten during 2020 but it is now becoming clear that it will have a seriously negative impact on the availability of labour particularly in the service industry. Recruitment is proving to be very difficult and whilst we are confident that the ending of the government's excellent furlough scheme should bring people back to the market we expect that wage rate pressures will escalate and costs will inevitably rise; uplifting pay of course will be good news for staff who in our industry in particular have been historically under-paid. This will mean though that prices will have to increase and we will reluctantly have little choice than to negotiate new charging rates with our much-valued clients during the coming months.

We continue to financially manage our business conservatively and ensure that we do not have significant unavoidable fixed costs with minimal property and asset leases and we maintain sufficient working capital to allow us to operate with a minimum of financial stress. We are confident that we will continue to prosper during the coming period.

This report was approved by the board on 30-01-2023 | 16:24 GMT and signed on its behalf.

DocuSigned by:

Nicholas Earley

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N J Earley

Director

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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

Directors' responsibilities statement

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

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

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

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

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

Results and dividends

The profit for the year, after taxation, amounted to £3,203,411 *(2020 - £3,359,827)*.

Directors

The directors who served during the year were:

N J Earley
R W Empson

Employee involvement

The Company recognises the importance of good communications with its employees and considers the most effective form of communication regarding its activities, performance and plans is by way of informal discussions between management and other employees at a local level.

Disabled employees

It is the Company's policy to give disabled people full and fair consideration for all job vacancies for which they offer themselves as suitable candidates, having regard to their particular aptitudes and abilities. Training and career development opportunities are available to all employees and the company endeavours to retrain any member of staff who develops a disability while in the employment of the company.

Company's policy for payment of creditors

The Group agrees terms and conditions under which the business transactions with suppliers are conducted. It is the Group's policy that payments to suppliers are made in accordance with these terms, provided that the supplier is also complying with all relevant business terms and conditions. The Group's major suppliers are settled within 30 days and the balance paid within 60 days.

Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting ("SECR")

The Company is taking exemption from the requirement to include SECR information on the basis that it is a wholly owned subsidiary with a group report disclosed in the group directors' report of Atlas FM Limited, the parent company.

Future developments

The Company continues to be committed to providing the highest possible service standards whilst maximising operating efficiencies.

Matters covered in the Strategic Report

The Company has chosen in accordance with section 414C of the Companies Act 2006, to set out financial risk management objectives and policies within the strategic reports.

Disclosure of information to auditors

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

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

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

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

This report was approved by the board on 30-01-2023 | 16:24 GMT and signed on its behalf.

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Nicholas Earley

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N J Earley
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATLAS CLEANING LIMITED

Opinion

We have audited the financial statements of Atlas Cleaning Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATLAS CLEANING LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

- the nature of the industry and sector, control environment and business performance including the remuneration incentives and pressures of key management;
- the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. We consider the results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:

    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
    - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;

- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATLAS CLEANING LIMITED (CONTINUED)

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

We also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and relevant tax legislation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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

DocuSigned by:
Hillier Hopkins LLP
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Michael Jacoby FCA (Senior Statutory Auditor)
for and on behalf of
Hillier Hopkins LLP
Chartered Accountants & Statutory Auditors
Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP
Date: 31-01-2023 | 01:50 PST

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover	4	61,800,500	*48,000,000*
Cost of sales		(41,437,667)	*(33,784,916)*
Gross profit		**20,362,833**	*14,215,084*
Administrative expenses		(16,401,788)	*(10,012,449)*
Exceptional administrative expenses	13	-	*(21,496)*
Operating profit	5	**3,961,045**	*4,181,139*
Interest receivable and similar income	9	1	*8*
Interest payable and similar expenses	10	(6,618)	*(1,837)*
Profit before tax		**3,954,428**	*4,179,310*
Tax on profit	11	(751,017)	*(819,483)*
Profit for the financial year		**3,203,411**	*3,359,827*

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income. .

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

The notes on pages 13 to 27 form part of these financial statements.

All amounts relate to continuing operations.

ATLAS CLEANING LIMITED
REGISTERED NUMBER: 01995941

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	£	2021 £	£	2020 £
Fixed assets					
Intangible assets	14		-		-
Tangible assets	15		**640,165**		*733,048*
			640,165		*733,048*
Current assets					
Stocks	16	**30,250**		*30,250*	
Debtors: amounts falling due within one year	17	**17,382,441**		*7,418,360*	
Cash at bank and in hand	18	**9,821**		*9,208,521*	
		17,422,512		*16,657,131*	
Creditors: amounts falling due within one year	19	**(13,381,311)**		*(15,923,796)*	
Net current assets			**4,041,201**		*733,335*
Total assets less current liabilities			**4,681,366**		*1,466,383*
Provisions for liabilities					
Deferred tax			**(43,058)**		*(31,486)*
Net assets			**4,638,308**		*1,434,897*
Capital and reserves					
Called up share capital	22		**100**		*100*
Profit and loss account	23		**4,638,208**		*1,434,797*
			4,638,308		*1,434,897*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30-01-2023 | 16:24 GMT

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Nicholas Earley
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N J Earley
Director

The notes on pages 13 to 27 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	100	1,434,797	1,434,897
Comprehensive income for the year			
Profit for the year	-	3,203,411	3,203,411
Total comprehensive income for the year	-	3,203,411	3,203,411
Total transactions with owners	-	-	-
At 31 December 2021	100	4,638,208	4,638,308

The notes on pages 13 to 27 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	100	5,074,970	5,075,070
Comprehensive income for the year			
Profit for the year	-	3,359,827	3,359,827
Total comprehensive income for the year	-	3,359,827	3,359,827
Dividends: Equity capital	-	(7,000,000)	(7,000,000)
Total transactions with owners	-	(7,000,000)	(7,000,000)
At 31 December 2020	100	1,434,797	1,434,897

The notes on pages 13 to 27 form part of these financial statements.

1. General information

Atlas Cleaning Limited is a company limited by shares, incorporated in England and Wales. The address of the registered office is Riding Court House, Riding Court Road, Datchet, Berkshire, England, SL3 9JT.

The Company specialises in the provision of office cleaning services.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Going concern

The directors have taken consideration of the impact of COVID-19 on the business and the withdrawal of the United Kingdom from the European Union. However, the directors are mindful that conditions in the market are uncertain and at the date of this report, it is not possible to reliably determine the effects that these events will have on the company in the future. Nevertheless, the directors note that the company is trading adequately and if this continues, they will have sufficient working capital and other finance available to continue trading for a period of not less than 12 months from the Statement of financial position date. As such, the directors believe that there are no significant uncertainties in their assessment of whether the business is a going concern and therefore have prepared the accounts on a going concern basis.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Revenue is recognised when services are provided.

2. Accounting policies (continued)

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period.

2.5 Cashflow statement

The company has taken exemption from providing a cashflow statement as it is included in the parent company's consolidated financial statements.

2.6 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.7 Finance costs

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

2.8 Borrowing costs

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

2.9 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2. Accounting policies (continued)

2.10 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

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

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

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

2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.12 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its useful economic life of 3 years.

2.13 Tangible fixed assets

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

2. Accounting policies (continued)

2.13 Tangible fixed assets (continued)

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

Depreciation is provided on the following bases:

Plant and machinery	- 33.33% straight line
Motor vehicles	- 25% straight line
Fixtures and fittings	- 25% straight line

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

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

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

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

2.15 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

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

2.17 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.18 Provisions for liabilities

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

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

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.19 Financial instruments

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

In preparing these financial statements, the directors have had to make the following judgments in applying the above accounting policies that have had the most significant effect on the amount recognised in the financial statements:

1. *Determine whether there are indicators of impairment of the Company's tangible assets.* Factors taken into consideration in reaching such a decision include the economic viability and expected further financial performance of the assets.

2. Determine whether other debtors which mainly consist of amounts due from group undertakings are recoverable.

3. Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

4. Turnover

	2021 £	*2020 £*
Sales attributable to the principal activity	**61,800,500**	*48,000,000*
	61,800,500	*48,000,000*

All turnover arose within the United Kingdom.

5. Operating profit

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

	2021 £	*2020 £*
Depreciation of tangible fixed assets	**566,475**	*644,616*
Operating lease rentals - other	**13,165**	*14,103*
Other operating lease rentals - land and buildings	**421,471**	*298,525*
Stock recognised as expense	**2,418,349**	*2,640,043*
Defined contribution pension costs	**316,553**	*516,799*
Profit on sale of tangible fixed assets	**(40,908)**	*(17,221)*

6. Auditors' remuneration

	2021 £	*2020 £*
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**14,500**	*12,660*

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

	2021 £	*2020 £*
All other services	**77,236**	*76,313*
	77,236	*76,313*

7. Employees

Staff costs were as follows:

	2021 £	*2020 £*
Wages and salaries	**46,405,222**	*28,476,949*
Social security costs	**3,629,586**	*6,661,566*
Pension cost - defined contribution scheme	**316,553**	*516,799*
	50,351,361	*35,655,314*

The wages and salaries cost above has been reduced by £3,267,563 *(2020 - £7,037,940)* as a result of government Covid-19 furlough grants received.

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

	2021 No.	*2020 No.*
Administration	**281**	*290*
Cleaning operatives	**5,757**	*5,391*
	6,038	*5,681*

8. Directors' remuneration

Directors' remuneration during the year was £15,698 *(2020 - £Nil)*.

The key management of the Company are considered just to be the directors and therefore the compensation paid to them is the same.

9. Interest receivable

	2021 £	*2020 £*
Other interest receivable	**1**	*8*
	1	*8*

10. Interest payable and similar expenses

	2021 £	*2020 £*
Bank interest payable	**-**	*546*
Other interest payable	**6,618**	*1,291*
	6,618	*1,837*

11. Taxation

	2021 £	*2020 £*
Corporation tax		
Current tax on profits for the year	**739,445**	*819,483*
	739,445	*819,483*
Total current tax	**739,445**	*819,483*
Origination and reversal of timing differences	**11,572**	*-*
Taxation on profit on ordinary activities	**751,017**	*819,483*

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2020 - higher than)* the standard rate of corporation tax in the UK of 19% *(2020 - 19%)*. The differences are explained below:

	2021 £	*2020 £*
Profit on ordinary activities before tax	**3,954,428**	*4,179,310*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**751,341**	*794,069*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**306**	*4,707*
Decelerated/(accelerated) capital allowances	**(15,968)**	*30,960*
Other timing differences leading to an increase/(decrease) in taxation	**3,766**	*(10,253)*
Deferred tax	**11,572**	*-*
Total tax charge for the year	**751,017**	*819,483*

Factors that may affect future tax charges

The Company has approximately £939,967 *(2020 - £939,967)* of non-trading loan relationship losses available for offset against future non-trading income or gains.

In the March 2021 Budget it was announced that the UK corporation tax rate would increase to 25% from 1 April 2023 for profits over £250,000. There are no other significant factors that may affect future tax charges.

12. Dividends

	2021 £	*2020 £*
Dividends paid	**-**	*7,000,000*
	-	*7,000,000*

13. Exceptional items

	2021 £	*2020 £*
Provision for related-party bad debts	-	*21,496*
	-	*21,496*

14. Intangible assets

	Goodwill £
Cost	
At 1 January 2021	**21,000**
At 31 December 2021	**21,000**
Amortisation	
At 1 January 2021	**21,000**
At 31 December 2021	**21,000**
Net book value	
At 31 December 2021	-
At 31 December 2020	*-*

15. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost				
At 1 January 2021	**687,203**	**2,384,252**	**308,475**	**3,379,930**
Additions	**139,259**	**198,381**	**146,927**	**484,567**
Disposals	**-**	**(287,861)**	**-**	**(287,861)**
At 31 December 2021	**826,462**	**2,294,772**	**455,402**	**3,576,636**
Depreciation				
At 1 January 2021	**558,396**	**1,856,591**	**231,895**	**2,646,882**
Charge for the year on owned assets	**147,769**	**348,008**	**70,698**	**566,475**
Disposals	**-**	**(276,886)**	**-**	**(276,886)**
At 31 December 2021	**706,165**	**1,927,713**	**302,593**	**2,936,471**
Net book value				
At 31 December 2021	**120,297**	**367,059**	**152,809**	**640,165**
At 31 December 2020	*128,807*	*527,661*	*76,580*	*733,048*

16. Stocks

	2021 £	*2020 £*
Raw materials and consumables	**30,250**	*30,250*
	30,250	*30,250*

The difference between the purchase price and their replacement cost is not material.

17. Debtors

	2021 £	*2020 £*
Amounts owed by group undertakings	**17,118,913**	*7,273,335*
Other debtors	**263,528**	*145,025*
	17,382,441	*7,418,360*

18. Cash and cash equivalents

	2021 £	*2020 £*
Cash at bank and in hand	**9,821**	*9,208,521*
Less: bank overdrafts	**(302,708)**	-
	(292,887)	*9,208,521*

19. Creditors: Amounts falling due within one year

	2021 £	*2020 £*
Bank overdrafts	**302,708**	-
Trade creditors	**617,430**	*674,169*
Amounts owed to group undertakings	**1,098,919**	*3,202,222*
Corporation tax	**137,791**	*556,725*
Other taxation and social security	**6,287,526**	*5,052,841*
Other creditors	**4,606,344**	*6,140,107*
Accruals and deferred income	**330,593**	*297,732*
	13,381,311	*15,923,796*

The Company has given a mortgage debenture, dated 30 July 1993, to Natwest Westminister Bank PLC. The debenture is secured by a fixed and floating charge over all current and future assets of the Company.

Bank loans and overdrafts are additionally secured by a cross guarantee dated 5 November 2014 (refer to note 24 for further details).

20. Financial instruments

	2021 £	2020 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	**17,382,441**	*7,418,360*
Financial liabilities		
Financial liabilities measured at amortised cost	**6,362,259**	*10,016,498*

Financial assets that are debt instruments measured at amortised cost comprise other debtors and amounts owed by group and related undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings and other creditors.

21. Deferred taxation

	2021 £	2020 £
At beginning of year	**31,486**	*31,486*
On assets acquired	**11,572**	-
At end of year	**43,058**	*31,486*

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	**43,058**	*31,486*
	43,058	*31,486*

22. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	**100**	*100*

23. Reserves

Profit and loss account

Profit and loss account includes all current and prior period retained profits and losses.

24. Contingent liabilities

The Company has provided an intercompany guarantee covering Atlas Cleaning Limited, Atlas Contractors Limited, Atlas Managed Integrated Services Limited, Atlas Facilities Management Limited and Atlas FM Limited. At the year end the potential liability of Atlas Cleaning Limited was £Nil *(2020 - £Nil)*.

25. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £316,553 *(2020 - £516,799)*. Contributions totaling £427,868 *(2020 - £96,453)* were payable to the fund at the balance sheet date and are included in creditors.

26. Commitments under operating leases

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

	2021	*2020*
	£	*£*
Land and buildings		
Not later than 1 year	**120,000**	*120,000*
Later than 1 year and not later than 5 years	**-**	*120,000*
	120,000	*240,000*

27. Related party transactions

The Company has taken advantage of the exemption in FRS 102 Section 33: Related party disclosures from the requirement to disclose transactions with other wholly owned group companies.

At the year end, the Company owed £474,987 *(2020 - £1,194,684)* to a director and their spouse.

At the year end, the Company owed £Nil *(2020 - £2,304,966)* to a director.

During the year, the Company made rental payments of £128,000 *(2020 - £120,000)* for the rent of the properties owned by the Directors.

Uniform Express Limited

During the year under review, the company traded with Uniform Express Limited, a company in which the directors have a beneficial interest. The balance owing to the Company at the year end was £Nil *(2020 - £Nil)* due to the loan being novated at Atlas FM Limited, the parent Company. During the year, there was a recharge of expenses of £36,000 *(2020 - £36,000)*.

Earley Developments Limited

The Company has made loans to and received loans from Earley Developments Limited, a company which N J Earley, a director has a beneficial interest. The balance owing from the Company at the year end was £Nil *(2020 - £Nil)*, due to the loan being novated at Atlas FM Limited, the parent Company.

Atlas Commercial Property Limited

The Company has made loans to Atlas Commercial Property Limited, a company in which N J Earley, a director has a beneficial interest. The balance owing to the company at the year end was £Nil *(2020 - £Nil)*. During the year, the Company was also charged rent of £108,600 *(2020 - £100,600)* by Atlas Commercial Property Limited.

Hayes Hygiene Limited

The Company has made purchases of £1,323,806 *(2020 - £1,582,597)* from a company under common control. Included within trade creditors is an amount of £135,935 *(2020 - £100,375)* which was outstanding at the year end.

28. Controlling party

The ultimate parent company is Atlas FM Limited, a company incorporated in England and Wales. That company has prepared group accounts for the year ended 31 December 2020. Consolidated accounts for Atlas FM Limited are available from the registered office, located at 82 Hampton Road West, Hanworth, Middlesex, TW13 6DZ. This is the only company in the group which prepares consolidated accounts.

The directors of Atlas FM Limited are of the opinion that N J Earley and R W Empson are the ultimate controlling parties.