

Company Registration No. 02045868 (England and Wales)

**PEARTREE CLEANING SERVICES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**LB GROUP**  
**Number One**  
**Vicarage Lane**  
**Stratford**  
**London**  
**England**  
**E15 4HF**

# PEARTREE CLEANING SERVICES LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr B S Reames Mrs C T Fowler Mrs B Ayling Mr S Conroy Mr M Rowley Mr S Cooney
<b>Secretary</b>	Mrs C T Fowler
<b>Company number</b>	02045868
<b>Registered office</b>	Pear tree House 1 Britannia Road Brentwood Essex UK CM14 5LD
<b>Auditor</b>	LB Group (Stratford) Number One Vicarage Lane Stratford London England E15 4HF

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# PEARTREE CLEANING SERVICES LIMITED

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# PEARTREE CLEANING SERVICES LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 AUGUST 2019**

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The directors present the strategic report for the year ended 31 August 2019.

### Background

The company provides highly professional cleaning and support services to businesses. Focussing on the recruitment, training and retention of motivated ethically employed staff and a customer-facing, well-resourced management structure to provide outstanding levels of client service.

### Goals and Objectives

The company aims to consistently deliver outstanding cleaning services through its highly experienced management team: Through ethical employment and a sustainable supply chain.

### Principal Risks

The principal risk that the company faces is the uncertainty of a cyclical marketplace. The facilities sector is in consistent churn with changes in technology and people; and these changes can dilute or remove existing long-term partnerships.

### Review of the Year

This year saw real growth after two years without growth. New sales were in line with expectations as were annual contract increases, organic growth with contract losses less than expected. Client retention is in the mid ninety percentages which is very high for the industry and will be difficult to maintain.

The Board of Directors are satisfied with the year-end position, given that the company maintains a high level of liquidity with minimum borrowings and an excellent sales pipeline.

### Future Outlook

In the coming financial year, we will see a small increase in sales revenue, due to a healthy order book and £1m of new business commencing in Q1

Our strong financial position will allow further investment to support infrastructure and management resource as it is required.

Single digit organic growth is a realistic goal for the coming years. The acquisition of a smaller office cleaning company remains active and our interest to acquire has been registered with a number of agents.

Improved reporting and visibility to the Board within the business from payroll, procurement, sales and credit control should allow the business to marginally increase gross profit.

On behalf of the board

Mr B S Reames

**Director**

17 February 2020

# PEARTREE CLEANING SERVICES LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 AUGUST 2019**

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The directors present their annual report and financial statements for the year ended 31 August 2019.

### Principal activities

The principal activity of the company continued to be that of commercial contract cleaning.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr B S Reames

Mrs C T Fowler

Mrs B Ayling

Mr S Conroy

Mr M Rowley

Mr S Cooney

### Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £1,579,626. The directors do not recommend payment of a further dividend.

### Disabled persons

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

### Employee involvement

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the company's profit sharing schemes and are encouraged to invest in the company through participation in share option schemes.

### Auditor

The auditor, LB Group (Stratford), are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

# **PEARTREE CLEANING SERVICES LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Statement of directors' responsibilities**

The Directors are responsible for preparing 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 prepared 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 (FRS 102).

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 and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- 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 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.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr B S Reames  
**Director**

17 February 2020

# PEARTREE CLEANING SERVICES LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF PEARTREE CLEANING SERVICES LIMITED

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#### Opinion

We have audited the financial statements of Peartree Cleaning Services Limited (the 'company') for the year ended 31 August 2019 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and 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 United Kingdom Accounting Standards, including FRS 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 August 2019 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 *Auditor's 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 UK, including the FRC'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

#### Opinions on other matters prescribed by the Companies Act 2006

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

# **PEARTREE CLEANING SERVICES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF PEARTREE CLEANING SERVICES LIMITED**

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#### **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 and the directors' report.

We have nothing to report in respect of the following matters where 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, 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.

#### **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.

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



# **PEARTREE CLEANING SERVICES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF PEARTREE CLEANING SERVICES LIMITED**

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#### **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.

**Mark Middleton (Senior Statutory Auditor)**  
**for and on behalf of LB Group (Stratford)**

21 February 2020

**Chartered Accountants**  
**Statutory Auditor**

Number One  
Vicarage Lane  
Stratford  
London  
England  
E15 4HF

# PEARTREE CLEANING SERVICES LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	2018 £
<b>Turnover</b>	<b>3</b>	18,242,327	16,855,841
Cost of sales		(14,720,373)	(13,448,298)
<b>Gross profit</b>		<u>3,521,954</u>	<u>3,407,543</u>
Administrative expenses		(2,282,274)	(2,621,536)
<b>Operating profit</b>	<b>4</b>	<u>1,239,680</u>	<u>786,007</u>
Interest receivable and similar income	<b>7</b>	5,047	1,952
Interest payable and similar expenses	<b>8</b>	(9,844)	(97,332)
<b>Profit before taxation</b>		<u>1,234,883</u>	<u>690,627</u>
Tax on profit		(290,010)	(212,339)
<b>Profit for the financial year</b>		<u><u>944,873</u></u>	<u><u>478,288</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# PEARTREE CLEANING SERVICES LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

*FOR THE YEAR ENDED 31 AUGUST 2019*

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	2019	2018
	£	£
Profit for the year	944,873	478,288
Other comprehensive income	-	-
Total comprehensive income for the year	<u>944,873</u>	<u>478,288</u>

# PEARTREE CLEANING SERVICES LIMITED

## BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Tangible assets	10		391,917		390,721
<b>Current assets</b>					
Stocks		13,884		10,520	
Debtors	11	2,924,744		3,141,485	
Cash at bank and in hand		2,561,704		2,242,917	
		<u>5,500,332</u>		<u>5,394,922</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(3,038,625)</u>		<u>(2,329,191)</u>	
<b>Net current assets</b>			<u>2,461,707</u>		<u>3,065,731</u>
<b>Total assets less current liabilities</b>			<u>2,853,624</u>		<u>3,456,452</u>
<b>Creditors: amounts falling due after more than one year</b>	13		(55,745)		(14,722)
<b>Provisions for liabilities</b>	15		(37,752)		(46,850)
<b>Net assets</b>			<u><u>2,760,127</u></u>		<u><u>3,394,880</u></u>
<b>Capital and reserves</b>					
Called up share capital	17		48,878		48,878
Share premium account			169,244		169,244
Profit and loss reserves			<u>2,542,005</u>		<u>3,176,758</u>
<b>Total equity</b>			<u><u>2,760,127</u></u>		<u><u>3,394,880</u></u>

The financial statements were approved by the board of directors and authorised for issue on 17 February 2020 and are signed on its behalf by:

Mr B S Reames  
Director

Company Registration No. 02045868

# PEARTREE CLEANING SERVICES LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 1 September 2017</b>		48,110	143,164	3,086,681	3,277,955
<b>Year ended 31 August 2018:</b>					
Profit and total comprehensive income for the year		-	-	478,288	478,288
Issue of share capital	17	768	26,081	-	26,849
Dividends	9	-	-	(388,211)	(388,211)
<b>Balance at 31 August 2018</b>		48,878	169,244	3,176,758	3,394,880
<b>Year ended 31 August 2019:</b>					
Profit and total comprehensive income for the year		-	-	944,873	944,873
Dividends	9	-	-	(1,579,626)	(1,579,626)
<b>Balance at 31 August 2019</b>		48,878	169,244	2,542,005	2,760,127

# PEARTREE CLEANING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies

#### Company information

Peartree Cleaning Services Limited is a private company limited by shares incorporated in England and Wales. The registered office is Peartree House, 1 Britannia Road, Brentwood, Essex, UK, CM14 5LD.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Peartree Cleaning Services Holdings Limited. These consolidated financial statements are available from Companies House.

#### 1.2 Going concern

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

#### 1.3 Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# PEARTREE CLEANING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 1 Accounting policies

(Continued)

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

#### 1.4 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	6 years straight line
Fixtures, fittings & equipment	15% reducing balance
Motor vehicles	25% reducing balance

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

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets 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 it is not possible to estimate the recoverable amount of an individual asset, the company 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 (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

# PEARTREE CLEANING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies

(Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.



# PEARTREE CLEANING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies

(Continued)

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### ***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

# PEARTREE CLEANING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies

(Continued)

#### 1.10 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

#### 1.11 Taxation

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

##### **Current tax**

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

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### 1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.13 Retirement benefits

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

# PEARTREE CLEANING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 1 Accounting policies

(Continued)

#### 1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019 £	2018 £
<b>Turnover analysed by class of business</b>		
Commercial cleaning contracts	18,242,327	16,855,841
	<u>          </u>	<u>          </u>
	2019 £	2018 £
<b>Other significant revenue</b>		
Interest income	5,047	1,952
	<u>          </u>	<u>          </u>
	2019 £	2018 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	18,242,327	16,855,841
	<u>          </u>	<u>          </u>

# PEARTREE CLEANING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	14,000	14,350
Depreciation of owned tangible fixed assets	113,971	125,284
Depreciation of tangible fixed assets held under finance leases	14,381	22,305
Profit on disposal of tangible fixed assets	(6,113)	(4,651)
Cost of stocks recognised as an expense	1,189,482	1,093,598
Operating lease charges	42,000	42,000
	<u>          </u>	<u>          </u>

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019 Number	2018 Number
Production staff	1,070	1,067
Administrative staff	37	38
	<u>          </u>	<u>          </u>
	1,107	1,105
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	13,025,262	12,362,747
Social security costs	153,418	391,305
Pension costs	195,209	160,842
	<u>          </u>	<u>          </u>
	13,373,889	12,914,894
	<u>          </u>	<u>          </u>

### 6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	431,930	401,598
Company pension contributions to defined contribution schemes	46,736	40,909
	<u>          </u>	<u>          </u>
	478,666	442,507
	<u>          </u>	<u>          </u>

# PEARTREE CLEANING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 6 Directors' remuneration (Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	100,047	103,925

### 7 Interest receivable and similar income

	2019 £	2018 £
<b>Interest income</b>		
Interest on bank deposits	5,047	1,952

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	5,047	1,952
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### 8 Interest payable and similar expenses

	2019 £	2018 £
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	1,933	2,269
Other interest	7,911	95,063
	9,844	97,332

### 9 Dividends

	2019 Per share £	2018 Per share £	2019 Total £	2018 Total £
<b>Ordinary shares</b>				
Final paid	52.58	11.03	1,498,626	314,397
<b>Ordinary A shares</b>				
Final paid	16.11	17.33	81,000	73,814
<b>Total dividends</b>				
Final paid			1,579,626	388,211

# PEARTREE CLEANING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 10 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 September 2018	1,214,729	259,438	436,471	1,910,638
Additions	67,082	-	102,835	169,917
Disposals	-	-	(88,717)	(88,717)
At 31 August 2019	1,281,811	259,438	450,589	1,991,838
<b>Depreciation and impairment</b>				
At 1 September 2018	1,108,899	197,585	213,433	1,519,917
Depreciation charged in the year	62,058	8,959	57,335	128,352
Eliminated in respect of disposals	-	-	(48,348)	(48,348)
At 31 August 2019	1,170,957	206,544	222,420	1,599,921
<b>Carrying amount</b>				
At 31 August 2019	110,854	52,894	228,169	391,917
At 31 August 2018	105,830	61,853	223,038	390,721

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2019 £	2018 £
Motor vehicles	95,869	84,759
Depreciation charge for the year in respect of leased assets	14,381	22,305

# PEARTREE CLEANING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 11 Debtors

	2019	2018
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	2,741,892	2,322,915
Other debtors	117,216	773,079
Prepayments and accrued income	65,636	45,491
	<u>2,924,744</u>	<u>3,141,485</u>

### 12 Creditors: amounts falling due within one year

	Notes	2019	2018
		£	£
Obligations under finance leases	14	17,801	20,982
Payments received on account		2,191	-
Trade creditors		658,271	596,035
Corporation tax		121,368	6,394
Other taxation and social security		826,760	592,720
Other creditors		1,322,365	865,066
Accruals and deferred income		89,869	247,994
		<u>3,038,625</u>	<u>2,329,191</u>

### 13 Creditors: amounts falling due after more than one year

	Notes	2019	2018
		£	£
Obligations under finance leases	14	55,745	14,722
		<u>55,745</u>	<u>14,722</u>

### 14 Finance lease obligations

	2019	2018
	£	£
Future minimum lease payments due under finance leases:		
Within one year	17,801	20,982
In two to five years	55,745	14,722
	<u>73,546</u>	<u>35,704</u>

Finance lease payments represent rentals payable by the company for certain motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is three years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

# PEARTREE CLEANING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 15 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities		37,752	46,850

### 16 Retirement benefit schemes

		2019 £	2018 £
<b>Defined contribution schemes</b>			
Charge to profit or loss in respect of defined contribution schemes		195,209	160,842

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 17 Share capital

	2019 £	2018 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
28,500 Ordinary shares of £1 each	28,500	28,500
5,028 Ordinary A shares of £1 each	5,028	5,028
1,535,000 Ordinary E shares of £1 each	15,350	15,350
	48,878	48,878

The 1,535,000 Ordinary E shares in issue have a par value of £1 per share of which, only 1p per share has been called up and fully paid.

### 18 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	31,500	42,000



## PEARTREE CLEANING SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

#### 19 Related party transactions

Peartree Asset Management Limited is a related party by virtue of common directors.

During the year the company paid £42,000 (2018: £42,000) to Peartree Asset Management Limited in rent for the year.

At the balance sheet date £102,469 (2018: £55,441) was owed by Peartree Asset Management Limited, a company related by the ultimate controlling party. This balance was interest free and repayable on demand.

At the year end an amount of £401,419 was owed to (2018: £684,428 owed by) directors of the company. The directors' balances owed will be paid in full after the year end.

#### 20 Ultimate controlling party

The ultimate and immediate parent company for the year was Peartree Cleaning Services Holdings Limited.

Peartree Cleaning Services Holdings Limited prepares consolidated financial statements, available from Companies House.

The ultimate controlling party during the year was Mr Bradley Reames by virtue of his shareholdings.

#### 21 Cash generated from operations

	2019 £	2018 £
Profit for the year after tax	944,873	478,288
<b>Adjustments for:</b>		
Taxation charged	290,010	212,339
Finance costs	9,844	97,332
Investment income	(5,047)	(1,952)
Gain on disposal of tangible fixed assets	(6,113)	(4,651)
Depreciation and impairment of tangible fixed assets	128,352	147,589
<b>Movements in working capital:</b>		
(Increase) in stocks	(3,364)	(1,290)
(Increase)/decrease in debtors	(463,991)	807,902
Increase in creditors	597,642	52,288
<b>Cash generated from operations</b>	<b>1,492,206</b>	<b>1,787,845</b>

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