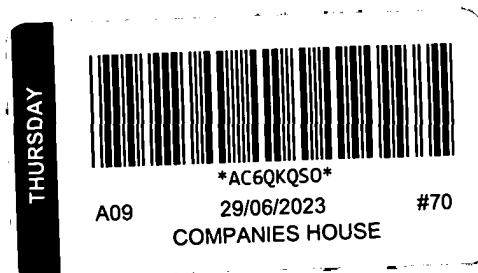


Registered number: 02388687

CARLISLE CLEANING SERVICES LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**



CARLISLE CLEANING SERVICES LIMITED

COMPANY INFORMATION

| | |
|----------------------------|---|
| Directors | P A Evans A F Lovat |
| Company secretary | R A Chinn |
| Registered number | 02388687 |
| Registered office | First Floor 251 The Boulevard Capability Green Luton LU1 3LU |
| Independent auditor | BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL |

CARLISLE CLEANING SERVICES LIMITED

CONTENTS

| | Page |
|---------------------------------------|---------|
| Strategic Report | 1 - 9 |
| Directors' Report | 10 - 12 |
| Directors' Responsibilities Statement | 13 |
| Independent Auditor's Report | 14 - 17 |
| Statement of Comprehensive Income | 18 |
| Statement of Financial Position | 19 - 20 |
| Statement of Changes in Equity | 21 |
| Notes to the Financial Statements | 22 - 40 |

CARLISLE CLEANING SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The directors present their Strategic Report together with the audited financial statements for the year ended 31 December 2022.

Review of Business

With record growth in revenues at group level, we are proud to have established a reputation for delivering on our promises to both our clients and our employees. Over the coming years, it will be the strength of such relationships that will stand companies apart.

Economic outlook

Writing this report, the UK economy has seen the highest levels in inflation in four decades.

The continuing energy and fuel crisis has increased prices for many of the goods that Carlisle requires to provide its services. Whilst many clients are supportive of these changes, we must balance such cost increases with ongoing operational efficiencies in our service offerings.

Whilst Carlisle Cleaning Services Limited ('Carlisle' or 'the Company') has operated at a sustainable level and continues to do so, we have, due to many of these factors, seen a depressed operating margin performance continue across recent years. This is a position we are keen to address in our business strategy moving forward.

The economic outlook and cost of living crisis will have an impact on all people-related businesses, especially those in the facilities sector. We are well established in markets that also have active trade unions and are working with both our clients and union partners to seek pathways to map out the future in this regard.

2022 Financial Performance

| £000 | 2022 | 2021 | Change |
|----------------------------------|--------|--------|--------|
| Turnover | 23,402 | 19,866 | 17.8% |
| Gross Profit (incl Other Income) | 2,832 | 2,528 | 12.0% |
| Administrative expenses | 2,384 | 2,256 | 5.7% |
| Operating Profit | 448 | 272 | 64.7% |
| Gross Profit Margin | 12.1% | 12.7% | -4.9% |
| Operating Profit Margin | 1.9% | 1.4% | 35.7% |

Reported revenues for the Company increased by 17.8% to £23.4m in FY2022 (2021 - £19.9m). This was achieved through the winning of new contracts and the addition of new service lines onto existing contracts. Increased costs resulted in a fall in gross margin though growing revenue has led to a stronger operating profit margin in 2022.

The Company continues to demonstrate its strong growth potential, as although heavily focused on the UK Transport sector, we have seen our range of services broaden in recent times, to now include Vegetation Management, Specialist Cleaning, Waste Management, FM Helpdesk, and Pest Control services.

CARLISLE CLEANING SERVICES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

With a clear emphasis on our Work-IT Workforce Management platform, we can offer real-time validation of completed works and fault rectification. We believe our offering is capable of being expanded into other new sectors, whilst also seeing a positive uptake of clients in other divisions now combining these services.

The arrival of Great British Railways and the removal of traditional railway franchising models pose both a key risk and opportunity for Carlisle. The opportunity here is to provide more multi-skilled teams that can provide improved efficiencies to the entire sector, whilst building on our position as a market leader of these services in the sector. Margins in this division have held up well during the pandemic for obvious reasons, and additional services were brought in during such times. However, we need to ensure that we continue to focus on innovation and quality of service to ensure our customers, and their customers' in-turn, continue to place a real emphasis on clean and environmentally friendly facilities.

Our business remains debt-free net of cash balances held and has maintained a strong performance in the recovery of receivables in the business.

Despite significant wage inflation, labour shortages, and the cost-of-living crisis we are pleased to confirm that Carlisle during 2022 was able to secure with our client base like-to-like wage increases of 6.3% on average across all areas of its front-line employees. We continue to thank our clients for their support in this regard and equally for our employees who have worked tirelessly over this period to deliver services to exceptional levels.

Our support and the support of our clients in promoting the Real Living Wage has been maintained during 2022 and we are pleased to confirm that we now see 98.2% (2021 – 97.2%) of all hours worked being paid at these enhanced levels of pay. When the Real Living Wage was increased to £9.50 in 2022, all of our clients agreed to adjust their contracts to reflect the increase.

Strategic Journey and Business Priorities

We do not take lightly the responsibility placed upon us for the services we deliver. Being true to our values-based strategy we believe that Carlisle has the required momentum and focus to move forward in the next stage of its strategic journey.

As such we will continue to:

- Place **Customers at the Heart** of all we do. We will strategically acquire new customers who can align to our sustainable business modelling that sees a fair trade-off for investment against returns;
- Allow everyone we employ to become **Sector Based Experts**. We will continue to focus on creating environments and opportunities for our employees, both vocationally at contract level, but also in wider continuous personal development initiatives;
- Ensure that our **Promised Based Culture** will continue to drive our philosophy of being transparent and open with our shareholders, customers, and employees. In all areas, we will commit to delivering on firm promises that are public and visible to all involved in the delivery and receipt of such. Our reward and remuneration schemes will be geared towards rewarding those who deliver on such promises; and
- Maintain our desire to **Care Passionately for ALL**. From a corporate social responsibility perspective, we will consider our impact on the communities and lives of those our services touch. Beyond this, we will only make decisions that enhance the lives of our employees and customers, by providing a sustainable and viable business model for the long term. Reward and recognition of our front-line teams will continue to be a prominent part of our journey and we are proud to have moved the industry where many others now follow in this trait of rewarding their key workers publicly.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Our growth aspirations, will be driven primarily through selective new client contracts, organic growth of new accounts and through cross-selling of different service lines into our established client base. Many of our clients currently only take a single service line and we see this as a key opportunity for us to add further value to those clients who have shown their commitment to Carlisle.

Carlisle's immediate focus and priorities for the next period are as follows:

- To engage with our current customer base to achieve active participation toward common high-road operational delivery models, such as one where clients and Carlisle can agree to sets of mutually beneficial goals with a clear commitment to achieving them and the outcomes of such; and
- To continue to drive forward our people-based culture that will see Carlisle maintain its position as an employer of choice in the markets we serve. We recognise the need to engage the next generation of new entrants into our sector and will invest accordingly in our recruitment, training, and HR functions to ensure this is possible.

Section 172 Statement

Section 172 of the Companies Act 2006 requires the directors of a company to act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- a. The likely consequences of any decisions in the long-term;
- b. The interests of the Company's employees;
- c. The need to foster the Company's business relationships with suppliers, customers and others;
- d. The impact of the Company's operations on the community and environments;
- e. The desirability of the Company maintaining a reputation for high standards of business conduct; and
- f. The need to act fairly as between members of the Company.

The directors recognise the importance of maintaining strong relationships with all stakeholder groups to ensure their interests are considered when making decisions, and that this is necessary for achieving the long-term success of the Group. In order to perform their duties, directors can access professional advice, either from the Company Secretary or from an independent advisor. The Board confirms that, during the year, it has had regard to the matters set out above. The following disclosure describes how the Board has considered the matters set out in Section 172 (1) (a) to (f) and forms the directors' statement required under the Companies Act 2006.

Significant event / decision – Implementation of New Finance System

Key S.172 Stakeholders affected – Employees & Customers

Actions & Impact

- Following the growth of the business over recent years, the decision was taken in 2021 to invest in a new finance system with the aim of achieving greater transactional efficiency, increased stringency of financial controls, and improved financial reporting. Design and implementation of the new system took place during 2022 with the new system going live from 1 January 2023. The successful implementation will result in a significant improvement in the timeliness, accuracy and clarity of month-on-month reporting. This will greatly enhance the decision-making ability of divisional managing directors and other key management personnel which in turn should have a positive effect on the business' future earnings potential.

CARLISLE CLEANING SERVICES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Significant event / decision – Restructure of Operational Divisions

Key S.172 Stakeholders affected – Employees, Customers & Shareholders

Actions & Impact

- To ensure the business keeps sufficient and sustainable headroom in operating margins, and to reflect on the impact of the new systems and practices, the business took the decision to review all areas of its business structure. The decision was taken to move to three operating divisions led by Managing Directors. A newly appointed Chief Operating Officer took responsibility as a whole for all operational aspects of the business.

Employees

Carlisle is committed to being a responsible employer and strives to create a working environment where its employees are actively engaged and part of its success. Regular communication with employees facilitates their views being recognised when monitoring the performance of the business.

The Board receives regular updates on employee related matters and has a clear focus on the well-being of all the levels of staff who are so critical to the successful performance of services to clients, and by extension, the operational and financial success of the Company.

We invest in our people and systems to ensure that we have the correct training and expertise to deliver and enhance our services. Service levels, organic growth and profitability need to be managed jointly and not in isolation. Our most efficient route to profitable growth will be achieved through refining and improving our service operations and delivery.

We value and respect our staff, particularly those working on the front line of our services. To Carlisle and its clients, the employees working the shifts on the front line are just as important as the managers who centrally organise and control the business operations.

The Board strongly supports the continuation of employee reward and recognition schemes that recognise exceptional performance of those in front line roles.

Carlisle hosts monthly "Town Hall" meetings for all management and support staff. These meetings are used to provide an update on business performance and business strategy to promote employee engagement. Employee questions and participation are strongly encouraged. A Carlisle social media platform for all employees is active and regular business updates provide information to the employees. This allows them to raise questions on an ongoing basis which are responded to by the Board and Senior Management.

The Board took the decision to implement an independent whistleblowing helpline and service. Information on this helpline is regularly shared with employees and provided to all new employees as they join the Group. For employees working in the Rail Sector, the Group also provides information about the Rail Safety and Standards Board's (RSSB) confidential reporting for safety service (CIRAS).

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Business relationships

The Company understands the value of maintaining and developing relationships with its customers and suppliers, as it is these strong relationships which underpin its current and future growth.

Customers are at the heart of a company's business and the Board is committed to continuing monthly "temperature check" reviews of all clients and to carefully monitoring the results. The Board supports the Company's strategy to work with a small number of larger customers, as noted earlier in this report.

Carlisle hosts its annual Innovation Lab event each year and the Board is committed to maintaining these annual events. Customers, suppliers and management attend.

The current strategic decision to invest significant further funds in a comprehensive new IT infrastructure demonstrates Carlisle's commitment to maintaining and enhancing this aspect of reporting and communication internally and with clients.

Community and environment

The Company acknowledges the significance of maintaining and improving the quality of our community and of the environment in which we live and work.

Whilst Carlisle is a low consumer of energy it is still committed to preserving the natural environment and controlling / avoiding pollution within its operations and through the services it provides. As a major employer Carlisle is working with its employees, suppliers and customers to tackle climate change and has created a Carbon Reduction Plan that is available to view on the Company's website.

Shareholders

The Company is 100% owned by Carlisle Support Services Group Limited ('the Group') and a statement on how 'the Group' communicates with its shareholders can be seen in the accounts for that company.

Supplier relationships

Carlisle is committed to encouraging strong and loyal supplier relationships. The Company is keen to increase the levels of supplier engagement activity in 2023 and has recently appointed a new Head of Procurement. Creating a Supplier Relationship Management programme to ensure that suppliers are regularly engaged with, are fully compliant with all applicable standards, and processes and are financially sustainable will be central to this role.

Ethical business practice

Carlisle has a responsibility to show the highest levels of ethical practices.

To support this, mandatory training is provided to all management and support staff through an online learning platform and modules include modern slavery, whistleblowing, anti-bribery, equality and diversity, and data protection. Carlisle's Modern Slavery statement is available on our website.

Carlisle Group policies and procedures inclusive of the above are made available to employees through our IT platform.

CARLISLE CLEANING SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties

The Board has overall responsibility for the evaluation of the Company's risk management process which is combined with an active responsibility from all levels of leadership across the Company.

We recognise that effective risk management is fundamental to the delivery of the Group's strategic objectives. Each business sector considers strategic, operational and financial risks on a regular basis. The executive leadership evaluates existing controls and mitigations and identifies further actions required to mitigate risks. Risks that are considered significant at Group level are set out below:

Risks

| Risk | Impact | Mitigation |
|-------------------------------|--|--|
| Strategic risks | | |
| Customer concentration | Loss of a key customer within a brand or significant reduction in volume of an account could result in reduced revenue or increased gross profit pressure. | The Company has regular meetings with key customers to discuss opportunities and current service performance. Management discuss and review market conditions and sales and account management pipelines on an ongoing basis. Ongoing investment in business development and marketing functions. |
| Economic conditions | A downturn in general economic conditions, particularly in the UK, could result in declining business volumes, difficulties in producing accurate forecasts and/or failure to meet the Company's objectives. | Flexibility in delivery of our services and reduced fixed costs in operations allows the Company to manage fluctuations in volume. |
| | Tough economic conditions, particularly wage increases, price inflation and increases in National Insurance could also create pressure on margins where these cannot be fully passed on to clients. | Diversity of customer base, widespread geographical coverage and expanding into new sectors provide competitive advantage. Contracts that include for annual price reviews based on economic indicators (RPI) and provide for legislative changes to be passed on to customers protect the Company from increasing costs. |

CARLISLE CLEANING SERVICES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Risks (continued)

| Risk | Impact | Mitigation |
|---------------------------------------|---|---|
| Operational risks | | |
| Health, Safety and Environment | Risk of harm to employees, client staff and their customers leading to fines, financial claims and reputational damage. | <p>Comprehensive health, safety, quality and environment (HSQE) management system in place, accredited to ISO 45001 standards. External audits performed periodically.</p> <p>Monthly HSQE review meetings at divisional and group level, attended by senior management and directors.</p> <p>Regular training and updates for operational staff.</p> |
| Technology systems | The Company is committed to investing in technology solutions that will drive revenue growth or improve operational efficiency. Failure to operate rigorous control and oversight may result in returns on such investment being lower than expected. | The Company has strong alliances with key partners to deliver these projects and is investing in its IT systems. |
| Cyber and information security | The risk of external cyber-attacks continues to increase. A successful attack could result in the loss of sensitive data, business disruption and/or adverse impacts on staff and assets. | Robust cloud-based IT systems and portable IT equipment are in place for all management and support staff working in office locations, enabling those staff to work from any location with an internet connection, including from home. |

CARLISLE CLEANING SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Risks (continued)

| Risk | Impact | Mitigation |
|---|---|---|
| Financial, regulatory and compliance risks | | |
| Contractual complexity | In certain sectors, the Company's clients are becoming increasingly sophisticated in their procurement and buying activity. Competitive tendering activity and commercial contracts are becoming increasingly complex, with longer lead times in decision making. This necessitates constant development of the Company's service offering, the sophistication of our selling activities and the management of tendering processes. | <p>The Company has a standardised contract review process in place involving operational, commercial and legal oversight.</p> <p>The Company also continues to invest in specialist resources to support these activities and delivery of clients' service expectations.</p> |
| Cash and liquidity management | Poor cash and liquidity management may result in a drain on the Company's credit facilities and operational cash issues. | <p>The Company's finance function closely monitors and reviews its cash position and forecasts.</p> <p>The Company has a Delegation of Authority policy in place which governs payment terms for suppliers and clients.</p> <p>The Company is debt free and has an overdraft facility in place which is suitable for meeting its liabilities.</p> |
| Financial control | A failure of financial control could lead to a material loss to the business. | <p>The Company has a Delegation of Authority policy in place which governs approval of decisions and transactions.</p> <p>Appropriate segregation of duties is maintained in all finance processes. All payment runs are reviewed by senior directors.</p> <p>Regular updates relating to financial fraud prevention are communicated to finance staff.</p> |

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Summary

Over the last six years, Carlisle has enjoyed a successful journey, which has seen us re-emerge in the competitive landscape. We are proud to work with some high profile and/or strategically important UK clients and equally have some of the best talent working for us at all levels.

Whilst the growth of our business remains a critical measure, we also need to ensure we right-size our infrastructure to allow us to consistently deliver across all areas in both equal measures of client satisfaction and shareholder return.

We therefore intend to continue to focus carefully on our current client basis to provide a long-term sustainable platform capable of successfully managing our current business whilst allowing future growth and diversification where appropriate.

As CEO, it leaves me to thank all of those who have worked for us over the last year. Without the hard work and dedication shown by all of employees, the business would not be in the position it stands today. I offer equal appreciation to our clients and shareholders who have chosen to maintain their support and custom at this time. Thank you.

This report was approved by the board and signed on its behalf.

Paul Evans

Paul Evans (Jun 28, 2023 21:19 GMT+1)

P A Evans
Chief Executive Officer

Date: 28-Jun-2023

CARLISLE CLEANING SERVICES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their report and the financial statements for the year ended 31 December 2022.

Principal activity

The principal activity of the Company is the provision of contract cleaning services in the UK and Ireland.

Results and dividends

The profit for the year, after taxation, amounted to £382k (2021 - £123k).

No dividends were paid or proposed during the year (2021 - £Nil).

Directors

The directors who served during the year were:

P A Evans
G R Phillips (resigned 21 November 2022)
A F Lovat (appointed 21 November 2022)

Future developments

The Company's successful expansion to date has been based on sound organic investment analysis and decisions with selective new clients. This organic approach has enabled us to deliver impressive revenue growth which has been supported by our very high business retention rates over the last few years. This growth has outpaced our competitors and the market. The directors expect to continue with this organic growth strategy for the foreseeable future.

Financial instruments**Objectives and policies:**

During the year the Company's principle financial instruments comprised access to an overdraft facility held by the Parent Company. The Company has various other financial instruments such as cash, trade debtors and trade creditors, which arise directly from its operations. The Company does not enter into derivative transactions.

Price risk, credit risk, liquidity risk and cash flow risk

The main risk arising from the Group's financial instruments is credit risk. The board reviews and agrees policies for managing of these risks as summarised below:

Credit risk

Credit risk is managed on a Group basis with all new potential customers being analysed before agreed payment terms and contract conditions are offered. Customers are reviewed periodically for any changes in their risk profile and the payment of invoices to terms are reviewed on a monthly basis. The Group does not currently hedge this risk.

CARLISLE CLEANING SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of Corporate Governance arrangements

The Company did not formally apply a code of governance but broadly followed the Wates Principles in applying its corporate governance arrangements during the year. There is a comprehensive governance framework that draws on external expertise as appropriate. The framework also provides for regular governance meetings of the Senior Leadership Team, the Board of Directors and the review of key performance indicators.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Going concern

The financial statements have been prepared on the going concern basis as the directors have prepared detailed budgets for a period of at least 12 months from the date of signing the accounts which show that Carlisle Cleaning Services Limited is able to meet all of its liabilities as they fall due. However, it is acknowledged that there are global and UK inflation pressures on prices and wages. The directors have reviewed the likely impacts of these and produced a detailed going concern stress test for the Company. Having completed this and taking in to consideration the financing position of the Company, the directors are confident of being able to trade for a period of at least 12 months from the date of approval of the financial statements.

Disclosure of information in the Strategic Report

The Company's business activities, together with a review of the business, developments, strategy and objectives, principal risks and uncertainties, as well as Section 172(1) statement are set out in the Strategic Report.

Qualifying third party indemnity provisions

The Company has put in place qualifying third party indemnity provisions for the directors.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Post balance sheet events

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

CARLISLE CLEANING SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

A Lovat

A Lovat (Jun 28, 2023 22:03 GMT+1)

A F Lovat
Director

Date: 28-Jun-2023

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| CARLISLE CLEANING SERVICES LIMITED |
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**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

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 judgements 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; 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARLISLE CLEANING SERVICES LIMITED

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Carlisle Cleaning Services Limited (the 'Company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the notes to the financial statements, including 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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.

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| CARLISLE CLEANING SERVICES LIMITED |
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARLISLE CLEANING SERVICES LIMITED
(CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements 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. 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.

Other Companies Act 2006 reporting

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.

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 Company 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.

CARLISLE CLEANING SERVICES LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARLISLE CLEANING SERVICES LIMITED
(CONTINUED)**

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

Procedures performed by the audit team included:

- Discussions with management regarding known or suspected instances of non-compliance with laws and regulations;
- Obtaining an understanding of controls designed to prevent and detect irregularities, including specific consideration of controls and group accounting policies relating to significant accounting estimates;
- Obtaining an understanding of the significant laws and regulations impacting the Company;
- Communicating relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- Reviewing minutes of meetings of those charged with governance to identify any instances of noncompliance with laws and regulations;
- Assessing journals entries as part of our planned audit approach, with a particular focus on journal entries to key financial statement areas such as revenue and journals raised after the year end; and
- Consideration of significant management judgements, particularly in respect of the underlying assumptions in estimating the defined pension benefit liability.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

CARLISLE CLEANING SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARLISLE CLEANING SERVICES LIMITED
(CONTINUED)

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.

DocuSigned by:

Steve Le Bas

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Stephen Le Bas (Senior Statutory Auditor)

for and on behalf of BDO LLP, Statutory Auditor

29 June 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CARLISLE CLEANING SERVICES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

| | Note | 2022 £000 | 2021 £000 |
|--|------|--------------|--------------|
| Turnover | 4 | 23,402 | 19,866 |
| Cost of sales | | (20,570) | (17,350) |
| Gross profit | | 2,832 | 2,516 |
| Administrative expenses | | (2,384) | (2,256) |
| Other operating income | 5 | - | 12 |
| Operating profit | 6 | 448 | 272 |
| Interest payable and similar expenses | 10 | (3) | (5) |
| Profit before tax | | 445 | 267 |
| Tax on profit | 11 | (63) | (144) |
| Profit for the financial year | | 382 | 123 |
| Other comprehensive income for the year | | | |
| Actuarial gains on defined benefit pension scheme | 20 | 690 | 199 |
| Movement of deferred tax relating to pension deficit | 17 | (173) | (38) |
| Remeasurements of post employment benefit obligations (net) | | 517 | 161 |
| Total comprehensive income for the year | | 899 | 284 |

The notes on pages 22 to 40 form part of these financial statements.

CARLISLE CLEANING SERVICES LIMITED
REGISTERED NUMBER: 02388687

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

| | Note | 2022 £000 | 2021 £000 |
|---|------|--------------|--------------|
| Fixed assets | | | |
| Tangible assets | 12 | 700 | 904 |
| | | <u>700</u> | <u>904</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 13 | 4,203 | 4,643 |
| Cash at bank and in hand | | 4,977 | 1,756 |
| | | <u>9,180</u> | <u>6,399</u> |
| Creditors: amounts falling due within one year | 14 | (7,569) | (5,140) |
| Net current assets | | <u>1,611</u> | <u>1,259</u> |
| Total assets less current liabilities | | <u>2,311</u> | <u>2,163</u> |
| Creditors: amounts falling due after more than one year | 15 | (33) | (131) |
| Provisions for liabilities | | | |
| Deferred tax | 17 | (236) | (63) |
| Pension asset/(liability) | 20 | 606 | (220) |
| Net assets | | <u>2,648</u> | <u>1,749</u> |
| Capital and reserves | | | |
| Called up share capital | 18 | 550 | 550 |
| Profit and loss account | 19 | 2,098 | 1,199 |
| Shareholders' funds | | <u>2,648</u> | <u>1,749</u> |

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

A Lovat

A Lovat (Jun 29, 2023 11:11 GMT+1)

A F Lovat
Director

Date: 29-Jun-2023

The notes on pages 22 to 40 form part of these financial statements.

CARLISLE CLEANING SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

| | Called up share capital £000 | Profit and loss account £000 | Total equity £000 |
|---|------------------------------------|------------------------------------|----------------------|
| At 1 January 2021 | 550 | 915 | 1,465 |
| Comprehensive income for the year | | | |
| Profit for the year | - | 123 | 123 |
| Actuarial gains on pension scheme | - | 161 | 161 |
| Total comprehensive income for the year | - | 284 | 284 |
| At 1 January 2022 | 550 | 1,199 | 1,749 |
| Comprehensive income for the year | | | |
| Profit for the year | - | 382 | 382 |
| Actuarial gains on pension scheme (net of taxation) | - | 517 | 517 |
| At 31 December 2022 | 550 | 2,098 | 2,648 |

CARLISLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Carlisle Cleaning Services Limited is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 02388687). The registered office address is First Floor, 251 The Boulevard, Capability Green, Luton, LU1 3LU.

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 judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Carlisle Support Services Group Limited as at 31 December 2022 and these financial statements may be obtained from Companies House.

2.3 Going concern

Whilst the Company did feel the impacts of increasing costs following the start of the war in Ukraine and the global supply chain issues in the aftermath of Covid-19, the impact has been manageable, the Company has continued to win new customers and grow its revenues. In the event of further cost increases the directors are confident that additional efficiencies could be found within the business.

Following this review and a discussion of the sensitivities the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the next twelve months. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

CARLISLE CLEANING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2.5 Turnover

The Company earns turnover from the provision of services relating to cleaning.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Rendering of services

Turnover 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 turnover 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.

Performance obligations

The main performance obligations in contracts consist of either the provision of a certain number of hours of cleaning or the cleaning of a certain location, depending on the contract. For all contracts the stage of completion and delivery of performance obligations are measured at the balance sheet date by the number of days cleaning provided.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.5 Turnover (continued)

Principal versus agent

The Company has arrangements whereby it needs to determine if it acts as a principal or an agent as more than one party is involved in providing the goods and services to the customer. The Company acts as a principal if it controls a promised good or service before transferring that good or service to the customer. The Company is an agent if its role is to arrange for another entity to provide the goods or services. Factors considered in making this assessment are most notably the discretion the Company has in establishing the price for the specified good or service, whether the Company has inventory risk and whether the Company is primarily responsible for fulfilling the promise to deliver the service or good.

Where the Company is acting as a principal, revenue is recorded on a gross basis. Where the Company is acting as an agent revenue is recorded at a net amount reflecting the margin earned.

The Company has reviewed its contracts and is satisfied that it acts as the principal in all situations.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.7 Government grants

Grants of a revenue nature are recognised in the profit or loss in the same period as the related expenditure.

2.8 Finance costs

Finance costs are charged to profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.9 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.

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 basis:

| | |
|---------------------|------------------------|
| Plant and machinery | - 25% per annum |
| Motor vehicles | - 33% per annum |
| Office equipment | - 20% to 33% per annum |

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.

2.10 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

CARLISLE CLEANING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.11 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 profit or loss 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.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

CARLISLE CLEANING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.12 Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured on initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

2.13 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.

CARLISLE CLEANING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.14 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. Judgements in applying accounting policies 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors consider that the following judgements have had the most significant effect on amounts recognised in the financial statements:

Tangible fixed assets

Tangible fixed assets, other than investment properties, 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.

Defined benefit pension scheme

The Company operates a defined benefit pension scheme, in accordance with the accounting policy stated above. The future pension liabilities that will arise and the expected return on scheme assets are based upon various assumptions such as mortality rates, investment returns and future inflation. The calculation of the scheme deficit/surplus is based on these assumptions which are discussed and agreed with the scheme's actuary who assists the directors with the calculation of the figures included in note 20. The principal actuarial assumptions used at the statement of financial position date are included in note 20.

4. Turnover

The whole of the turnover is attributable to the provision of cleaning services from continuing operations.

All turnover arose within the United Kingdom.

CARLISLE CLEANING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

5. Other operating income

| | 2022 £000 | 2021 £000 |
|--|--------------|--------------|
| Coronavirus Job Retention Scheme grant | - | 12 |

6. Operating profit

The operating profit is stated after charging:

| | 2022 £000 | 2021 £000 |
|---------------------------------------|--------------|--------------|
| Depreciation of tangible fixed assets | 482 | 335 |
| Defined contribution pension cost | 304 | 290 |
| Defined benefit pension cost | 10 | 7 |
| Operating lease payments | 312 | 228 |

7. Auditor's remuneration

| | 2022 £000 | 2021 £000 |
|---|--------------|--------------|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | 19 | 25 |
| Additional fees payable to the Company's auditor and its associates relating to the prior period adjustment | 4 | - |
| | 23 | 25 |

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of the parent company.

CARLISLE CLEANING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Employees

Staff costs were as follows:

| | 2022 £000 | 2021 £000 |
|-------------------------------------|---------------|---------------|
| Wages and salaries | 17,164 | 13,788 |
| Social security costs | 1,293 | 1,086 |
| Cost of defined contribution scheme | 304 | 290 |
| | <u>18,761</u> | <u>15,164</u> |

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

| | 2022 No. | 2021 No. |
|----------------------------|-------------|-------------|
| Operations | 669 | 499 |
| Operations Management | 25 | 29 |
| Administration and support | 1 | 1 |
| | <u>695</u> | <u>529</u> |

The average monthly number of employees during the year, including the directors, calculated on a full time equivalent (FTE) basis, was 616 (2021 - 529).

9. Directors' remuneration

The emoluments of the directors in office during the year were paid by Carlisle Security Services Limited, with their remuneration disclosed in those financial statements.

10. Interest payable and similar expenses

| | 2022 £000 | 2021 £000 |
|------------------------|--------------|--------------|
| Other interest payable | <u>3</u> | <u>5</u> |

CARLISLE CLEANING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

11. Taxation

| | 2022 £000 | 2021 £000 |
|--|--------------|--------------|
| Corporation tax | | |
| Current tax on profits for the year | 63 | - |
| Deferred tax | | |
| Origination and reversal of timing differences | 9 | 182 |
| Changes to tax rates | - | (38) |
| Adjustments in respect to prior periods | (9) | - |
| Total deferred tax | - | 144 |
| Taxation on profit on ordinary activities | 63 | 144 |

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

| | 2022 £000 | 2021 £000 |
|--|--------------|--------------|
| Profit on ordinary activities before tax | 445 | 267 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%) | 85 | 51 |
| Effects of: | | |
| Remeasurement of deferred tax for changes in tax rates | 2 | 15 |
| Fixed assets differences | (14) | (24) |
| Adjustments to tax charge in respect of prior periods - deferred tax | (10) | - |
| Group relief | - | 102 |
| Total tax charge for the year | 63 | 144 |

Factors that may affect future tax charges

Finance Act 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. The full anticipated effect of these changes is reflected in the above deferred tax balances.

CARLISLE CLEANING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Tangible fixed assets

| | Fixtures & Fittings £000 | Motor vehicles £000 | Computer equipment £000 | Total £000 |
|-----------------------|--------------------------------|---------------------------|-------------------------------|---------------|
| Cost | | | | |
| At 1 January 2022 | 684 | 709 | 96 | 1,489 |
| Additions | 264 | 11 | 3 | 278 |
| Disposals | (25) | - | (2) | (27) |
| At 31 December 2022 | 923 | 720 | 97 | 1,740 |
| Depreciation | | | | |
| At 1 January 2022 | 245 | 316 | 24 | 585 |
| Charge for the year | 216 | 237 | 29 | 482 |
| Disposals | (25) | - | (2) | (27) |
| At 31 December 2022 | 436 | 553 | 51 | 1,040 |
| Net book value | | | | |
| At 31 December 2022 | 487 | 167 | 46 | 700 |
| At 31 December 2021 | 439 | 393 | 72 | 904 |

CARLISLE CLEANING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

13. Debtors

| | 2022 £000 | 2021 £000 |
|------------------------------------|--------------|--------------|
| Trade debtors | 842 | 1,526 |
| Amounts owed by group undertakings | 1,515 | 1,515 |
| Other debtors | 20 | - |
| Prepayments and accrued income | 1,826 | 1,602 |
| | <u>4,203</u> | <u>4,643</u> |

14. Creditors: Amounts falling due within one year

| | 2022 £000 | 2021 £000 |
|------------------------------------|--------------|--------------|
| Trade creditors | 299 | 369 |
| Amounts owed to group undertakings | 4,804 | 2,065 |
| Corporation tax | 63 | - |
| Other taxation and social security | 680 | 807 |
| Other creditors | 1,085 | 1,040 |
| Accruals and deferred income | 541 | 761 |
| Hire purchase | 97 | 98 |
| | <u>7,569</u> | <u>5,140</u> |

15. Creditors: Amounts falling due after more than one year

| | 2022 £000 | 2021 £000 |
|---------------|--------------|--------------|
| Hire purchase | <u>33</u> | <u>131</u> |

CARLISLE CLEANING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

| | 2022 £000 | 2021 £000 |
|-------------------|--------------|--------------|
| Within one year | 97 | 98 |
| Between 1-5 years | 33 | 131 |
| | <u>130</u> | <u>229</u> |

Hire purchase and finance leases made up of fixed assets, on average have an expected lease term of 3 years, which is in line with the rate of which these fixed assets are being depreciated.

17. Deferred taxation

| | 2022 £000 |
|---------------------------------------|-------------------|
| At beginning of year | 63 |
| Credited to profit or loss | - |
| Charged to other comprehensive income | 173 |
| At end of year | <u>236</u> |

The provision for deferred taxation is made up as follows:

| | 2022 £000 | 2021 £000 |
|--|--------------|--------------|
| Fixed asset timing differences | 89 | 123 |
| Short-term timing differences | (4) | (5) |
| Amounts attributable to pension scheme | 151 | (55) |
| | <u>236</u> | <u>63</u> |

Fixed asset timing differences are expected to reverse in line with each corresponding fixed asset class and the classes depreciation rates, as noted in the accounting policies.

Short-term timing differences are expected to reverse over the next 12 months.

CARLISLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

18. Share capital

| | 2022 £000 | 2021 £000 |
|--|--------------|--------------|
| Allotted, called up and fully paid | | |
| 100 Ordinary shares of £1.00 each | - | - |
| 550,000 Non-participating redeemable preference shares of £1.00 each | 550 | 550 |
| | <u>550</u> | <u>550</u> |

The ordinary shares have attached to them full voting, dividend and capital distribution rights. The redeemable preference shares do not have attached to them full voting rights. The Company shall redeem the shares at par on receipt by the Company of a redemption notice served which shall be not less than one month and not more than two months.

19. Reserves

Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

20. Pension commitments

Defined contribution pension scheme

The Company operates a defined contribution 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 £304k (2021 - £290k). Contributions totalling £58k (2021 - £57k) were payable to the fund at the reporting date.

Defined benefit pension scheme

A limited number of employees are members of the Carlisle Services Shared Cost Section of the Railway Pension Scheme ("RPS"). The RPS provides benefits based on the final salary for members of the scheme.

Contributions payable to the pension scheme at the end of the year are £Nil (2021 - £Nil). The expected contributions to the plan for the next reporting period are £65k. The weighted average duration of the defined benefit obligation at the end of the reporting period is 15 years (2021 - 16 years).

CARLISLE CLEANING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20. Pension commitments (continued)

Reconciliation of present value of plan liabilities:

| | 2022 £000 | 2021 £000 |
|--|--------------|--------------|
| Reconciliation of present value of plan liabilities | | |
| At the beginning of the year | 2,992 | 3,130 |
| Current service cost | 10 | 7 |
| Interest cost | 53 | 37 |
| Actuarial losses arising from changes in financial assumptions | (1,107) | 23 |
| Contributions by scheme participants | 6 | 6 |
| Benefits paid | (122) | (121) |
| Experience (gains)/losses arising on the scheme liabilities | 173 | (90) |
| At the end of the year | 2,005 | 2,992 |

Composition of plan liabilities:

| | 2022 £000 | 2021 £000 |
|--|--------------|--------------|
| Present value of scheme liabilities arising from wholly or partly funded schemes | 2,005 | 2,992 |
| Total plan liabilities | 2,005 | 2,992 |

Reconciliation of present value of plan assets:

| | 2022 £000 | 2021 £000 |
|---|--------------|--------------|
| At the beginning of the year | 2,772 | 2,701 |
| Interest income | 50 | 32 |
| Actuarial gains arising from changes in financial assumptions | (243) | 132 |
| Employer contributions | 148 | 22 |
| Benefits paid | (122) | (121) |
| Contributions by scheme participants | 6 | 6 |
| At the end of the year | 2,611 | 2,772 |

CARLISLE CLEANING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20. Pension commitments (continued)

Composition of plan assets:

| | 2022 £000 | 2021 £000 |
|-------------------------------------|--------------|--------------|
| UK Government bond pooled funds | 731 | 607 |
| Investment funds | 1,880 | 2,165 |
| Total plan assets | 2,611 | 2,772 |
| | 2022 £000 | 2021 £000 |
| Fair value of plan assets | 2,611 | 2,772 |
| Present value of plan liabilities | (2,005) | (2,992) |
| Net pension scheme liability | 606 | (220) |

The amounts recognised in profit or loss are as follows:

| | 2022 £000 | 2021 £000 |
|----------------------|--------------|--------------|
| Current service cost | 10 | 7 |
| Net interest | 3 | 5 |
| Total | 13 | 12 |

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.

The overall expected return on assets assumption is derived as the weighted average of the expected returns from each of the main asset categories.

The cumulative amount of actuarial losses recognised in the Statement of Comprehensive Income since 1 January 2002 is £226k (2021 - £916k).

The Company expects to contribute £65k to its Defined Benefit Pension Scheme in 2023.

CARLISLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

20. Pension commitments (continued)

| | 2022 £000 | 2021 £000 |
|--|--------------|--------------|
| Analysis of actuarial loss recognised in Other Comprehensive Income | | |
| Actuarial gains/(losses) arising from changes in financial assumptions | 934 | 66 |
| Actuarial gains arising from experience adjustments | (244) | 132 |
| | <u>690</u> | <u>198</u> |

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

| | 2022 % | 2021 % |
|--|-------------|-------------|
| Discount rate | 4.75 | 1.80 |
| Retail price inflation | 3.10 | 3.40 |
| Future salary increases | 2.60 | 2.90 |
| Future pension increases | 2.60 | 2.90 |
| Mortality rates | | |
| Current UK pensioners at retirement age - male | 84.60 years | 84.60 years |
| Future UK pensioners at retirement age - male | 87.30 years | 87.30 years |

Sensitivity:

| | Approximate increase in liabilities £000 |
|------------------------------------|---|
| Decrease discount rate by 1% | 265 |
| Increase inflation rate by 1% | 257 |
| Increase life expectancy by 1 year | 90 |

CARLISLE CLEANING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

21. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | 2022 £000 | 2021 £000 |
|--|--------------|--------------|
| Not later than 1 year | 306 | 322 |
| Later than 1 year and not later than 5 years | 167 | 501 |
| | <u>473</u> | <u>823</u> |

The amount of non-cancellable operating lease payments recognised as an expense during the year was £312k (2021 - £228k).

22. Contingent liabilities

There is a fixed and floating charge over the assets of the Company in respect of amounts borrowed from the bank by Carlisle Security Services Ltd, which at the year end totalled £3,644k (2021 - £986k).

23. Related party transactions

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

During the year, the Company made sales of £56k (2021 - £55k) to a related party relating to the provision of cleaning services. At 31 December 2022 amounts totalling £4k (2021 - £6k) were outstanding and included in trade debtors. The entity is a related party by virtue of common shareholding.

During the year, the Company made purchases of £Nil (2021 - £4k) from a related party relating to the supply of labour. At 31 December 2022 amounts totalling £Nil (2021 - £Nil) were outstanding and included in trade creditors.

Key management personnel

Key management personnel include all directors and a number of senior managers across the group who together have authority and responsibility for planning, directing and controlling the activities of the group.

The total compensation paid to key management personnel for services provided to the group is disclosed in the financial statements of the Parent Company, Carlisle Support Services Group Limited.

In addition to the above, 3 of the directors who served during the year (2021 - 2) were remunerated through Carlisle Security Services Limited with their remuneration disclosed in these financial statements.

CARLISLE CLEANING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

24. Controlling party

The immediate and ultimate parent undertaking is Carlisle Support Services Group Limited, a company registered in England and Wales.

The largest and smallest group of undertakings for which group accounts for the year ended 31 December 2022 have been drawn up, is that headed by Carlisle Support Services Group Limited. Copies of the group accounts are available from Companies House. The address of Carlisle Support Services Group Limited is First Floor, 251 The Boulevard, Capability Green, Luton, LU1 3LU.

The ultimate controlling party is Lord Ashcroft KCMG, PC, by virtue of his shareholding in the ultimate parent undertaking.