

Registered number: 06883247

ATLAS FM LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016



ATLAS FM LIMITED

COMPANY INFORMATION

Directors	N J Earley R W Empson
Company secretary	T H Earley
Registered number	06883247
Registered office	82 Hampton Road West Hanworth Middlesex TW13 6DZ
Independent auditors	Barnes Roffe LLP Chartered Accountants & Statutory Auditors 3 Brook Business Centre Cowley Mill Road Uxbridge Middlesex UB8 2FX

ATLAS FM LIMITED

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ATLAS FM LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Introduction

The principal activity of the company continues to be that of a non-trading holding company. The principal activity of the subsidiaries continues to be that of providing office cleaning services.

Business review

During what was our thirtieth anniversary year we are pleased to report a continuation of successful growth with our management team having once again exceeded expectations.

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

The National Living Wage and staff recruitment remain a challenge but we work closely with our clients and are confident that these issues will continue to be well managed. Our loyal staff ensure that the business continues to perform well with prestigious new clients joining our portfolio and trading during 2017 to date fully on track.

Principal risks and uncertainties

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

Financial key performance indicators

The directors monitor the performance of the group with reference to the following financial key performance indicators:

- The group's turnover increased by £5,148,661 to £37,187,897
- The group's gross profit increased by £1,198,480 to £9,353,820

This report was approved by the board on *27th September, 2017* and signed on its behalf.



N J Earley
Director

ATLAS FM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £2,301,152 (2015 - £1,557,639).

Dividends paid in the year amounted to £Nil (2015 - £1,000,000).

Directors

The directors who served during the year were:

N J Earley
R W Empson

Future developments

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

Employee involvement

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

ATLAS FM LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

Disabled employees

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

Disclosure of information to auditors

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

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

Post balance sheet events

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

Auditors

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

This report was approved by the board on *27th September, 2017* and signed on its behalf.



N J Earley
Director

ATLAS FM LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ATLAS FM LIMITED

We have audited the group and parent company financial statements of Atlas FM Limited for the year ended 31 December 2016, set out on pages 6 to 36. The relevant financial reporting framework that has been applied in their preparation is applicable law and the 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'.

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

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group and company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the group and parent company financial statements sufficient to give reasonable assurance that the group and parent company financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the group and parent company financial statements. In addition, we read all the financial and non-financial information in the Group strategic report and the Directors' report to identify material inconsistencies with the audited group and parent company financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the group and parent company financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2016 and of the Group's 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.

ATLAS FM LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ATLAS FM LIMITED (CONTINUED)

Opinion on other matter prescribed by the Companies Act 2006

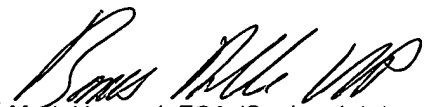
In our opinion, based on the work undertaken in the course of the audit, the information given in the Group strategic report and the Directors' report for the financial year for which the group and parent company financial statements are prepared is consistent with those group and parent company financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report and the Directors' report.

Matters on which we are required to report by exception

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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the group and parent 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.



Mark Hancock FCA (Senior statutory auditor)
for and on behalf of

Barnes Roffe LLP

Chartered Accountants &
Statutory Auditors

3 Brook Business Centre

Cowley Mill Road

Uxbridge

Middlesex

UB8 2FX

Date: 29 September 2017

ATLAS FM LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
Turnover	4	37,187,897	32,039,236
Cost of sales		(27,834,077)	(23,883,896)
Gross profit		9,353,820	8,155,340
Distribution costs		119,737	-
Administrative expenses		(6,677,174)	(5,867,420)
Exceptional administrative expenses	13	(231,550)	(567,866)
Operating profit	5	2,564,833	1,720,054
Interest receivable and similar income	9	2,430	1,349
Interest payable and expenses	10	(11,546)	(5,905)
Profit before taxation		2,555,717	1,715,498
Tax on profit	11	(254,565)	(157,859)
Profit for the year		2,301,152	1,557,639
Total comprehensive income for the year		2,301,152	1,557,639

There were no recognised gains and losses for 2016 or 2015 other than those included in the consolidated statement of comprehensive income.

The notes on pages 13 to 36 form part of these financial statements.

ATLAS FM LIMITED
REGISTERED NUMBER: 06883247

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	15	761,810	318,097
Tangible assets	16	432,613	177,949
		<u>1,194,423</u>	<u>496,046</u>
Current assets			
Stocks	18	132,623	48,459
Debtors	19	12,916,771	11,813,594
Cash at bank and in hand	20	2,587,347	2,429,740
		<u>15,636,741</u>	<u>14,291,793</u>
Creditors: amounts falling due within one year	21	(9,026,256)	(4,298,529)
Net current assets		<u>6,610,485</u>	<u>9,993,264</u>
Total assets less current liabilities		<u>7,804,908</u>	<u>10,489,310</u>
Creditors: amounts falling due after more than one year	22	(3,414)	-
Provisions for liabilities			
Other provisions	25	(11,032)	-
Net assets		<u><u>7,790,462</u></u>	<u><u>10,489,310</u></u>
Capital and reserves			
Called up share capital	26	40	200
Capital redemption reserve	27	160	-
Profit and loss account	27	7,790,262	10,489,110
		<u><u>7,790,462</u></u>	<u><u>10,489,310</u></u>

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

27th September, 2017



N J Earley
Director

The notes on pages 13 to 36 form part of these financial statements.

ATLAS FM LIMITED
REGISTERED NUMBER: 06883247

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Investments	17	198	198
		<u>198</u>	<u>198</u>
Current assets			
Debtors	19	500,000	5,000,000
Cash at bank and in hand	20	2	2
		<u>500,002</u>	<u>5,000,002</u>
Creditors: amounts falling due within one year	21	-	(1,000,000)
Net current assets		<u>500,002</u>	<u>4,000,002</u>
Net assets		<u><u>500,200</u></u>	<u><u>4,000,200</u></u>
Capital and reserves			
Called up share capital	26	40	200
Capital redemption reserve	27	160	-
Profit and loss account	27	500,000	4,000,000
		<u><u>500,200</u></u>	<u><u>4,000,200</u></u>

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

27th September, 2017



N J Earley
Director

The notes on pages 13 to 36 form part of these financial statements.

ATLAS FM LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2016	200	-	10,489,110	10,489,310
Comprehensive income for the year				
Profit for the year	-	-	2,301,152	2,301,152
Total comprehensive income for the year	-	-	2,301,152	2,301,152
Purchase of own shares	-	160	(5,000,000)	(4,999,840)
Shares redeemed during the year	(160)	-	-	(160)
Total transactions with owners	(160)	160	(5,000,000)	(5,000,000)
At 31 December 2016	40	160	7,790,262	7,790,462

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2015	200	9,931,471	9,931,671
Comprehensive income for the year			
Profit for the year	-	1,557,639	1,557,639
Total comprehensive income for the year	-	1,557,639	1,557,639
Dividends: Equity capital	-	(1,000,000)	(1,000,000)
Total transactions with owners	-	(1,000,000)	(1,000,000)
At 31 December 2015	200	10,489,110	10,489,310

The notes on pages 13 to 36 form part of these financial statements.

ATLAS FM LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2016	200	-	4,000,000	4,000,200
Comprehensive income for the year				
Profit for the year	-	-	1,500,000	1,500,000
	-	-	1,500,000	1,500,000
Total comprehensive income for the year				
Contributions by and distributions to owners				
Purchase of own shares	-	160	(5,000,000)	(4,999,840)
Shares redeemed during the year	(160)	-	-	(160)
Total transactions with owners	(160)	160	(5,000,000)	(5,000,000)
At 31 December 2016	40	160	500,000	500,200

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2015	200	-	200
Comprehensive income for the year			
Profit for the year	-	5,000,000	5,000,000
	-	5,000,000	5,000,000
Total comprehensive income for the year			
Contributions by and distributions to owners			
Dividends: Equity capital	-	(1,000,000)	(1,000,000)
Total transactions with owners	-	(1,000,000)	(1,000,000)
At 31 December 2015	200	4,000,000	4,000,200

The notes on pages 13 to 36 form part of these financial statements.

ATLAS FM LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	2,301,152	1,557,639
Adjustments for:		
Amortisation of intangible assets	465,932	564,013
Depreciation of tangible assets	310,637	167,227
Loss on disposal of tangible assets	(10,191)	-
Interest payable	11,546	5,905
Interest receivable	(2,430)	(1,349)
Tax payable	254,565	157,859
(Increase) in stocks	(84,164)	(2,409)
(Increase) in debtors	(1,103,177)	(790,382)
Increase in creditors	4,525,930	539,525
Corporation tax paid	(238,322)	(780,444)
Net cash generated from operating activities	6,431,478	1,417,584
Cash flows from investing activities		
Purchase of intangible fixed assets	(163,078)	(85,000)
Purchase of tangible fixed assets	(571,213)	(115,849)
Sale of tangible fixed assets	16,103	-
Interest received	2,430	1,349
Hire purchase interest paid	(1,777)	-
Acquisition of subsidiary	(546,567)	-
Net cash used in investing activities	(1,264,102)	(199,500)

ATLAS FM LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £	2015 £
Cash flows from financing activities		
Dividends paid	-	(1,000,000)
Interest paid	(9,769)	(5,905)
Purchase of own shares	(5,000,000)	-
Net cash used in financing activities	(5,009,769)	(1,005,905)
Net increase in cash and cash equivalents	157,607	212,179
Cash and cash equivalents at beginning of year	2,429,740	2,217,561
Cash and cash equivalents at the end of year	2,587,347	2,429,740
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,587,347	2,429,740
	2,587,347	2,429,740

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. General information

Atlas FM Limited is a company limited by shares incorporated in England and Wales. The address of the registered office is 82 Hampton Road West, Hanworth, Middlesex, TW13 6DZ

The group specialises in the provision of office cleaning services.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.3 Revenue

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

Rendering of services

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

- the amount of revenue can be measured reliably;
- it is probable that the Group 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.

Turnover is recognised on the date the service is supplied.

2.4 Intangible assets

Goodwill

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

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.5 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.

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Plant & machinery	- 33.33% straight line
Motor vehicles	- 25% straight line
Fixtures & fittings	- 25% straight line
Office equipment	- 25% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

2.6 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.9 Debtors

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

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.10 Cash and cash equivalents

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

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.11 Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

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

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

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

2.12 Creditors

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

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.13 Finance costs

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

2.14 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. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.15 Operating leases: the Group as lessee

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

2.16 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.17 Interest income

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

2.18 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

2.19 Provisions for liabilities

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

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, 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 balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet 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 balance sheet date.

2.21 Exceptional items

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

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

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

1. Determine whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the assets.
2. Determine whether other debtors which mainly consist of amounts due from connected companies are recoverable.
3. Tangible and intangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

4. Turnover

An analysis of turnover by class of business is as follows:

	2016 £	2015 £
Sales attributable to the principal activity	37,187,897	32,039,236
	<u>37,187,897</u>	<u>32,039,236</u>

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	310,637	167,227
Amortisation of intangible assets, including goodwill	465,932	88,636
Impairment of intangible assets	-	475,377
(Profit)/Loss on disposal of tangible fixed assets	(10,191)	-
Defined contribution pension cost	67,757	25,919
Operating lease rentals - land and buildings	232,884	218,977
Operating lease rentals - others	39,687	55,078
	<u>39,687</u>	<u>55,078</u>

ATLAS FM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

6. Auditors' remuneration

	2016 £	2015 £
Fees payable to the Group's auditor for the audit of the Group's annual accounts	17,050	20,500
	<u>17,050</u>	<u>20,500</u>
Fees payable to the Group's auditor in respect of:		
Other services relating to taxation	44,250	5,916
Services relating to pensions	-	25,919
All other services	4,015	39,526
	<u>48,265</u>	<u>71,361</u>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	27,553,709	21,305,386
Social security costs	1,128,572	717,333
Cost of defined contribution scheme	69,800	25,919
	<u>28,752,081</u>	<u>22,048,638</u>

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

	2016 No.	2015 No.
Directors	2	2
Administration	206	100
Operational	2,653	2,139
	<u>2,861</u>	<u>2,241</u>

ATLAS FM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

8. Directors' remuneration

During the year retirement benefits were accruing to no directors (2015 - Nil) in respect of defined benefit pension schemes.

9. Interest receivable

	2016 £	2015 £
Other interest receivable	2,430	1,349
	<u>2,430</u>	<u>1,349</u>

10. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	1,760	495
Other loan interest payable	5,226	-
Finance leases and hire purchase contracts	1,777	-
Other interest payable	2,783	5,410
	<u>11,546</u>	<u>5,905</u>

11. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	254,600	189,600
Adjustments in respect of previous periods	(35)	(31,741)
Total current tax	<u>254,565</u>	<u>157,859</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	2,555,717	1,715,498
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	511,144	360,255
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	(307,502)	172,684
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	31,138	(201,746)
Capital allowances for year in excess of depreciation	(16,414)	318
Adjustments to tax charge in respect of prior periods	(35)	(31,741)
Other timing differences leading to an increase (decrease) in taxation	20,045	3,691
Non-taxable income	300,000	-
Losses utilised	(297,123)	-
Pension fund	13,255	-
Unrelieved tax losses carried forward	-	(146,049)
Tax rate difference	22	-
Over provision/ underprovision	35	-
Marginal relief	-	(40)
Overprovision	-	487
Total tax charge for the year	254,565	157,859

Factors that may affect future tax charges

A subsidiary company has approximately £1,095,500 of non-trading loan relationship losses available for offset against future non-trading income or gains arising in that company.

A subsidiary company has approximately £2,121,000 trading losses available for offset against future trading profits arising in that company.

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

12. Dividends

	2016 £	2015 £
Dividends paid on equity capital	-	1,000,000
	<u>-</u>	<u>1,000,000</u>

13. Exceptional items

	2016 £	2015 £
Write off of related party bad debts	231,550	668,937
Recovery of previously written off related party bad debts	-	(101,071)
	<u>231,550</u>	<u>567,866</u>

14. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £1,500,000 (2015 - £5,000,000).

ATLAS FM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

15. Intangible assets

Group

	Goodwill £	Negative goodwill £	Total £
Cost			
At 1 January 2016	2,505,470	(311,134)	2,194,336
Additions	909,645	-	909,645
	<hr/>	<hr/>	<hr/>
At 31 December 2016	3,415,115	(311,134)	3,103,981
	<hr/>	<hr/>	<hr/>
Amortisation			
At 1 January 2016	2,187,373	(311,134)	1,876,239
Charge for the year	465,932	-	465,932
	<hr/>	<hr/>	<hr/>
At 31 December 2016	2,653,305	(311,134)	2,342,171
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2016	761,810	-	761,810
	<hr/>	<hr/>	<hr/>
At 31 December 2015	318,097	-	318,097
	<hr/>	<hr/>	<hr/>

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

16. Tangible fixed assets

Group

	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Office equipment £	Computer equipment £
Cost or valuation					
At 1 January 2016	341,151	528,687	119,073	54,072	-
Additions	157,789	347,418	14,460	-	51,546
Disposals	-	(112,843)	-	-	(3,030)
At 31 December 2016	498,940	763,262	133,533	54,072	48,516
Depreciation					
At 1 January 2016	346,842	351,657	112,463	54,072	-
Charge on owned assets	78,472	196,399	11,797	-	23,969
Disposals	-	(106,931)	-	-	(3,030)
At 31 December 2016	425,314	441,125	124,260	54,072	20,939
Net book value					
At 31 December 2016	73,626	322,137	9,273	-	27,577
At 31 December 2015	(5,691)	177,030	6,610	-	-

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

16. Tangible fixed assets (continued)

	Total £
Cost or valuation	
At 1 January 2016	1,042,983
Additions	571,213
Disposals	(115,873)
At 31 December 2016	<u>1,498,323</u>
Depreciation	
At 1 January 2016	865,034
Charge on owned assets	310,637
Disposals	(109,961)
At 31 December 2016	<u>1,065,710</u>
Net book value	
At 31 December 2016	<u><u>432,613</u></u>
At 31 December 2015	<u><u>177,949</u></u>

ATLAS FM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

17. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Atlas Cleaning Limited	Ordinary	100 %	Cleaning services
Atlas Contractors Limited	Ordinary	100 %	Cleaning services
Atlas Managed Integrated Services Limited	Ordinary	100 %	Cleaning services
Comprehensive Cleaning Services Limited	Ordinary	100 %	Cleaning services
Comprehensive Cleaning Services (Leisure) Limited	Ordinary	100 %	Cleaning services
Atlas FM Services Limited	Ordinary	100 %	Cleaning services
Nova Window Cleaners Limited	Ordinary	100 %	Dissolved 19 April 2016
Cleaning and Maintenance Company Limited	Ordinary	100 %	Dissolved 1 November 2016

The country of incorporation for all of the above subsidiaries is England & Wales.

Atlas Managed Integrated Services Limited, Comprehensive Cleaning Services Limited, Comprehensive Cleaning Services (Leisure) Limited, Atlas FM Services Limited, Nova Windows Cleaners Limited and Cleaning and Maintenance Company Limited are wholly owned subsidiaries of Atlas Contractors Limited.

ATLAS FM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

17. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2016	198
	<hr/>
At 31 December 2016	198
	<hr/>
Net book value	
At 31 December 2016	198
	<hr/> <hr/>
At 31 December 2015	198
	<hr/> <hr/>

18. Stocks

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Raw materials and consumables	132,623	48,459	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	132,623	48,459	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

19. Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Due after more than one year				
Other debtors	2,161,656	1,703,657	-	-
Due within one year				
Trade debtors	7,601,622	6,319,056	-	-
Amounts owed by group undertakings	-	-	500,000	5,000,000
Other debtors	3,150,997	3,777,788	-	-
Prepayments and accrued income	1,282	11,879	-	-
Deferred taxation	1,214	1,214	-	-
	<u>12,916,771</u>	<u>11,813,594</u>	<u>500,000</u>	<u>5,000,000</u>

20. Cash and cash equivalents

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	2,587,347	2,429,740	2	2
	<u>2,587,347</u>	<u>2,429,740</u>	<u>2</u>	<u>2</u>

21. Creditors: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Director's loan account	-	1,000,000	-	1,000,000
Trade creditors	580,044	524,134	-	-
Corporation tax	205,843	189,600	-	-
Other taxation and social security	1,857,850	1,417,744	-	-
Other creditors	6,302,355	865,602	-	-
Accruals and deferred income	80,164	301,449	-	-
	<u>9,026,256</u>	<u>4,298,529</u>	<u>-</u>	<u>1,000,000</u>

ATLAS FM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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

	Group 2016 £	<i>Group 2015 £</i>	Company 2016 £	<i>Company 2015 £</i>
Other creditors	3,414	-	-	-
	<u>3,414</u>	<u>-</u>	<u>-</u>	<u>-</u>

23. Financial instruments

	Group 2016 £	<i>Group 2015 £</i>	Company 2016 £	<i>Company 2015 £</i>
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>12,914,275</u>	<u>11,800,501</u>	<u>500,000</u>	<u>5,000,000</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(6,965,977)</u>	<u>(2,691,185)</u>	<u>-</u>	<u>1,000,000</u>

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

Financial liabilities measured at amortised cost comprise director's loan account, bank overdrafts, trade creditors, amounts owed to group undertakings, other creditors and accruals.

ATLAS FM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

24. Deferred taxation

Group

	2016 £	2015 £
At beginning of year	1,214	1,214
At end of year	<u>1,214</u>	<u>1,214</u>
	Group 2016 £	Group 2015 £
Accelerated capital allowances	1,214	1,214
	<u>1,214</u>	<u>1,214</u>

25. Provisions

Group

	Other provision £
Charged to profit or loss	11,032
At 31 December 2016	<u>11,032</u>

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

26. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
20 (2015 - 100) Ordinary A Shares shares of £1 each	20	100
20 (2015 - 100) Ordinary B Shares shares of £1 each	20	100
	<hr/>	<hr/>
	40	200
	<hr/>	<hr/>

During the year the company bought back and duly cancelled 80 Ordinary A shares and 80 Ordinary B shares of £1 each for an aggregate amount of £5,000,000 from the directors. The dates of the transactions were as follows:

20 Ordinary shares A and B of £1 each purchased for cancellation on 01 March 2016
20 Ordinary shares A and B of £1 each purchased for cancellation on 03 March 2016
20 Ordinary shares A and B of £1 each purchased for cancellation on 11 March 2016
20 Ordinary shares A and B of £1 each purchased for cancellation on 16 March 2016

27. Reserves

Capital redemption reserve

The capital redemption reserve represents the nominal value of shares repurchased.

Profit & loss account

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

ATLAS FM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

28. Business combinations

Acquisition of Crystal Cleaning Solutions Limited on 1st February 2016

	Book value £	Fair value £
Tangible fixed assets	119,148	119,148
	<u>119,148</u>	<u>119,148</u>
Stocks	81,291	81,291
Debtors	680,794	680,794
Cash at bank and in hand	35	35
	<u>881,268</u>	<u>881,268</u>
Total assets	881,268	881,268
Creditors due within one year	(789,346)	(789,346)
	<u>91,922</u>	<u>91,922</u>
Fair value of net assets	91,922	91,922
Goodwill	654,645	654,645
	<u>746,567</u>	<u>746,567</u>
Total purchase consideration	746,567	746,567
Purchase consideration settled in cash	546,567	546,567
Deferred Consideration	200,000	200,000
	<u>746,567</u>	<u>746,567</u>

The results of Crystal Cleaning Solutions Limited since its acquisition on 1st February 2016 are as follows:

	Current period since acquisition £
Turnover	2,759,945
Profit for the year	<u>38,762</u>

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

29. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £67,757 (2015 - £25,919). The amount outstanding to the pension fund at the year was £65,000 (2015 - £13,122).

30. Commitments under operating leases

At 31 December 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Company 2016 £	Company 2015 £
Not later than 1 year	120,000	120,000
Later than 1 year and not later than 5 years	480,000	480,000
Later than 5 years	120,000	360,000
	<u>720,000</u>	<u>960,000</u>

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

31. Related party transactions

The group has taken advantage of the exemption allowed by FRS102, not to disclose any transactions with other wholly owned subsidiaries that are included in the consolidated financial statements of Atlas FM Limited.

At the year end, the group owed £Nil (2015 - £1,000,000) to R W Empson, a director.

During the year, the group made rental payments of £130,000 (2015 - £130,000) for the rent of properties owned by N J Earley and R W Empson, directors.

Uniform Express Limited

During the year under review the group traded with Uniform Express Limited, a company in which the directors have a beneficial interest. The balance owing to the group at the year end was £2,161,657 (2015 - £2,703,657). During the year there was a recharge of expenses of £36,000 (2015 - £36,000).

Atlas New Homes Limited

The group has advanced funds to Atlas New Homes Limited, a company owned and controlled by the directors, N J Earley and R W Empson. The amount due from Atlas New Homes Limited at the year end amounted to £2,226,852 of which £852,395 has been provided for as a bad debt (2015 - £2,084,213 of which £852,395 had been provided for).

Atlas Homes (North East) Limited

The group has advanced funds to Atlas Homes (North East) Limited, a company controlled by the directors, N J Earley and R W Empson. The amount due from Atlas Homes (North East) Limited at the year end was £Nil of which £Nil has been provided for as a bad debt (2015 - £343,169 of which £100,098 had been fully provided for).

Deeprise Developments Limited

The group has made loans to Deeprise Developments Limited, a company in which the directors have a beneficial interest. The balance owing to the group at the year end was £600,000 which has been fully provided for as a bad debt (2015 - £600,000 which had been fully provided for).

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Atlas Industrial Engineering Limited

The group has advanced funds to Atlas Industrial Engineering Limited, a company owned and controlled by the directors, N J Earley and R W Empson. The amount outstanding at 31 December 2016 was £1,884,077 of which £1,860,493 has been provided for as a bad debt (2015 - £1,962,656 of which £1,962,656 had been provided for).

Earley Developments Limited

The group has made loans to Earley Developments Limited, a company in which N J Earley, a director, has a beneficial interest. The balance owing to the group at the year end was £113,517 (2015 - £113,517).

Atlas Commercial Property Limited

The group has made loans to Atlas Commercial Property Limited, a company in which N J Earley, a director, has a beneficial interest. The balance owing to the group at the year end was £366,754 (2015 - £424,080).

Atlas Living Limited

The group has made loans to Atlas Living Limited, a company in which N J Earley, a director, has a beneficial interest. The balance owing to the group at the year end was £1,234,634 (2015 - £653,302).

Key Management Compensation

Only directors are considered to be key management and therefore the remuneration of key management is as disclosed for directors.

32. Controlling party

The directors are of the opinion that there is no individual controlling party.