

Registered number: 06883247

ATLAS FM LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



ATLAS FM LIMITED

COMPANY INFORMATION

Directors	N J Earley R W Empson
Company secretary	T H Earley D A M Empson
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

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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

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 2020 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 from £97,717,857 to £113,706,234.
- The group's gross profit increased from £15,357,785 to £22,333,687.

ATLAS FM LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

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

Our staff are our key asset and as such we ensure that they are treated fairly and with respect. Our high rate of staff retention speaks for itself. During this unprecedented time of global pandemic we have ensured that their interests have been at the forefront of our business management process and whilst we have gratefully benefited from the government's superb furlough scheme we have brought staff back into operational roles as quickly as possible, with the majority now being again gainfully employed and with limited job losses.

To state the obvious, without customers we would have no business and of course we ensure that our service levels are maintained both during normal times and through the course of the pandemic. We work closely with our client base and ensure that we tailor our services to their needs. Our business continues to thrive even during these difficult times which has been achieved by ensuring that we meet customer needs, something which is facilitated by our fantastic workforce.

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

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

ATLAS FM LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Future developments

After a record financial performance for the year ending 31 December 2019, we were delighted to follow this with our best ever quarter to 31 March 2020.

Unfortunately, the world was then hit with the Covid-19 pandemic and the re-set button pressed. This has been an incredibly difficult and worrying time for all and in particular business owners and their employees. The majority of businesses have been supported by the government's job support scheme and working in an industry where our employees usually work at client sites, many of which closed, we have by necessity taken advantage of this critical business support. This allowed us to avoid wide-scale redundancies and once the business world began to resurface from lockdown a high proportion of our staff were brought back from furlough and back to work.


Certain business sectors where we operate, such as hospitality, remain strongly challenged and this has had, and will continue to have, a negative impact on our operations. This represents around 10% of our business and of course is of concern to us, particularly with its impact on our staff.

Subject to the vagaries of Covid-19 itself and indeed the government's approach to the challenges presented, we are confident that our business is back on track. We continued to operate profitably through the second quarter of 2020, benefiting from a strong presence in quasi-government and manufacturing sectors. Whilst a number of clients are closing premises permanently or reducing their service requirement, we are winning new business and this has allowed us to switch staff from the more challenged sectors, thus retaining jobs for our valued workforce.

We have always financially managed our business conservatively and have ensured that we do not have significant unavoidable fixed costs with minimal property and asset leases and have maintained sufficient working capital to allow us to operate with a minimum of financial stress. We are confident that we will continue to prosper during the coming period despite the obvious challenges of the pandemic.

This report was approved by the board on 6th October, 2020

and signed on its behalf.


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N J Earley
Director

ATLAS FM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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

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 £6,113,613 (2018 - £2,676,810).

Dividends paid in the year amounted to £1,111,111 (2018 - £Nil).

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.

Employees 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 2019

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.

Matters covered in the strategic report

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

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company 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 other than those matters referred to in the strategic report.

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 *6th October, 2020* and signed on its behalf.


.....
N J Earley
Director

ATLAS FM LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATLAS FM LIMITED

Opinion

We have audited the financial statements of Atlas FM Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the Group Statement of comprehensive income, the Group and Company Statements of financial position, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2019 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.

Basis for opinion

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

Conclusions relating to going concern

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

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

ATLAS FM LIMITED

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

ATLAS FM LIMITED

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

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Mark Hancock (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: 6 October 2020

ATLAS FM LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	113,706,234	97,717,857
Cost of sales		(91,372,547)	(82,360,072)
Gross profit		22,333,687	15,357,785
Administrative expenses		(14,642,624)	(12,157,881)
Exceptional administrative expenses	13	181,882	411,101
Operating profit	5	7,872,945	3,611,005
Interest receivable and similar income	9	1,052	156
Interest payable and expenses	10	(63,220)	(134,761)
Profit before taxation		7,810,777	3,476,400
Tax on profit	11	(1,697,164)	(799,590)
Profit for the financial year		6,113,613	2,676,810
 Total comprehensive income for the year		 6,113,613	 2,676,810

The notes on pages 17 to 42 form part of these financial statements.

ATLAS FM LIMITED
REGISTERED NUMBER: 06883247

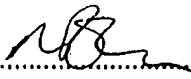
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	£	2019 £	£	2018 £
Fixed assets					
Intangible assets	15		2,617,137		1,828,459
Tangible assets	16		9,773,199		2,940,232
			<u>12,390,336</u>		<u>4,768,691</u>
Current assets					
Stocks	18	39,750		41,280	
Debtors: amounts falling due after more than one year	19	2,181,357		2,247,357	
Debtors: amounts falling due within one year	19	25,152,806		23,649,676	
Cash at bank and in hand	20	4,983,788		856,085	
		<u>32,357,701</u>		<u>26,794,398</u>	
Creditors: amounts falling due within one year	21	(25,014,346)		(17,850,159)	
Net current assets			<u>7,343,355</u>		<u>8,944,239</u>
Total assets less current liabilities			<u>19,733,691</u>		<u>13,712,930</u>
Creditors: amounts falling due after more than one year	22		(986,738)		-
Provisions for liabilities					
Deferred taxation	25		(131,927)		(100,406)
Net assets			<u>18,615,026</u>		<u>13,612,524</u>
Capital and reserves					
Called up share capital	26		40		40
Capital redemption reserve	27		160		160
Profit and loss account	27		18,614,826		13,612,324
Equity attributable to owners of the parent Company			<u>18,615,026</u>		<u>13,612,524</u>
			<u>18,615,026</u>		<u>13,612,524</u>

ATLAS FM LIMITED
REGISTERED NUMBER: 06883247

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2019

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
5th October, 2020


.....
N J Earley
Director


The notes on pages 17 to 42 form part of these financial statements.

ATLAS FM LIMITED
REGISTERED NUMBER: 06883247

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	£	2019 £	£	2018 £
Fixed assets					
Investments	17		198		198
Current assets					
Debtors: amounts falling due within one year	19	1,500,000		500,000	
Cash at bank and in hand	20	2		2	
		<u>1,500,002</u>		<u>500,002</u>	
Creditors: amounts falling due within one year	21	(111,111)		-	
Net current assets			<u>1,388,891</u>		<u>500,002</u>
Total assets less current liabilities			<u>1,389,089</u>		<u>500,200</u>
Net assets			<u><u>1,389,089</u></u>		<u><u>500,200</u></u>
Capital and reserves					
Called up share capital	26		40		40
Capital redemption reserve	27		160		160
Profit and loss account brought forward		500,000		500,000	
Profit for the year		2,000,000		-	
Other changes in the profit and loss account		(1,111,111)		-	
		<u></u>		<u></u>	
Profit and loss account carried forward			<u>1,388,889</u>		<u>500,000</u>
			<u><u>1,389,089</u></u>		<u><u>500,200</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
6th October, 2020



N J Earley
 Director

The notes on pages 17 to 42 form part of these financial statements.

ATLAS FM LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	40	160	13,612,324	13,612,524
Comprehensive income for the year				
Profit for the year	-	-	6,113,613	6,113,613
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	6,113,613	6,113,613
Dividends: Equity capital	-	-	(1,111,111)	(1,111,111)
Total transactions with owners	-	-	(1,111,111)	(1,111,111)
At 31 December 2019	40	160	18,614,826	18,615,026

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018	40	160	10,935,514	10,935,714
Comprehensive income for the year				
Profit for the year	-	-	2,676,810	2,676,810
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	2,676,810	2,676,810
At 31 December 2018	40	160	13,612,324	13,612,524

The notes on pages 17 to 42 form part of these financial statements.

ATLAS FM LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	40	160	500,000	500,200
Comprehensive income for the year				
Profit for the year	-	-	2,000,000	2,000,000
	-	-	2,000,000	2,000,000
Total comprehensive income for the year				
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(1,111,111)	(1,111,111)
	-	-	(1,111,111)	(1,111,111)
Total transactions with owners				
At 31 December 2019	40	160	1,388,889	1,389,089

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018	40	160	500,000	500,200
Total comprehensive income for the year	-	-	-	-
Total transactions with owners	-	-	-	-
At 31 December 2018	40	160	500,000	500,200

The notes on pages 17 to 42 form part of these financial statements.

ATLAS FM LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	6,113,613	2,676,810
Adjustments for:		
Amortisation of intangible assets	1,376,799	898,940
Depreciation of tangible assets	906,192	712,599
Profit on disposal of tangible assets	70,851	(6,657)
Interest payable	63,220	134,761
Interest received	(1,052)	(156)
Taxation charge	1,697,164	799,590
Decrease in stocks	1,530	14,717
(Increase)/decrease in debtors	(1,456,278)	601,867
Increase in creditors	5,716,698	2,643,497
Corporation tax paid	(1,553,160)	(373,829)
Net cash generated from operating activities	12,935,577	8,102,139
Cash flows from investing activities		
Purchase of tangible fixed assets	(7,842,044)	(2,815,743)
Sale of tangible fixed assets	75,530	150,868
Interest received	1,052	156
HP interest paid	-	(365)
Acquisition of subsidiary	(1,939,064)	(2,064,708)
Cash acquired from acquisition	1,039,929	470,305
Net cash used in investing activities	(8,664,597)	(4,259,487)

ATLAS FM LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
Cash flows from financing activities		
New secured loans	1,040,000	-
Repayment of loans	(13,396)	(3,750,000)
New finance leases	-	(3,414)
Dividends paid	(1,111,111)	-
Interest paid	(63,220)	(134,396)
Net cash used in financing activities	(147,727)	(3,887,810)
Net increase/(decrease) in cash and cash equivalents	4,123,253	(45,158)
Cash and cash equivalents at beginning of year	856,085	901,243
Cash and cash equivalents at the end of year	4,979,338	856,085
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,983,788	856,085
Bank overdrafts	(4,450)	-
	4,979,338	856,085

The notes on pages 17 to 42 form part of these financial statements.

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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, Harworth, 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 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 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.

2.3 Going concern

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

ATLAS FM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.4 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.

2.5 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.

2.6 Interest income

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

2.7 Finance costs

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

2.8 Borrowing costs

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

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.9 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 Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.10 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 reporting 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 Statement of financial position 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

2.11 Exceptional items

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

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.12 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of 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.

2.13 Tangible fixed assets

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

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

Depreciation is provided on the following bases:

Short-term leasehold property	- Over the life of the assets
Plant and machinery	- 33.33% straight line
Motor vehicles	- 25% straight line
Fixtures and 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.

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.14 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting 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 reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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

2.17 Debtors

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

2.18 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.

2.19 Creditors

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 2019

2. Accounting policies (continued)

2.20 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 Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

2.21 Financial instruments

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

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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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 Consolidated statement of comprehensive income.

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

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

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

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.22 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.

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.

4. Turnover

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	113,706,234	97,717,857
	<u>113,706,234</u>	<u>97,717,857</u>

All turnover relates to the principle activity of the group.

ATLAS FM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. Operating profit

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

	2019 £	2018 £
Depreciation of tangible fixed assets	906,192	712,599
Amortisation of intangible assets, including goodwill	1,376,799	898,940
(Profit)/Loss on disposal of tangible fixed assets	70,851	(6,657)
Defined contribution pension cost	966,749	769,571
Operating lease rentals- land and buildings	398,134	481,947
Operating lease rental- others	34,450	20,855
Stock recognised as an expense	6,868,307	5,884,662
	<u>8,809,098</u>	<u>7,336,719</u>

6. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>6,650</u>	<u>6,000</u>
Fees payable to the Group's auditor and its associates in respect of:		
Other services relating to taxation	8,890	7,200
Audit of subsidiaries	64,875	55,925
	<u>73,765</u>	<u>63,125</u>

7. Employees

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

	2019 £	2018 £
Wages and salaries	76,197,764	66,294,822
Social security costs	8,471,571	7,668,564
Cost of defined contribution scheme	966,749	769,571
	<u>85,636,084</u>	<u>74,732,957</u>

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

	2019 £	2018 £
Directors	2	2
Administration	324	278
Operational	8,779	7,245
	<u>9,105</u>	<u>7,525</u>

8. Directors' remuneration

During the year, no director received any emoluments (2018 - Nil).

During the year retirement benefits were accruing to no directors (2018 - Nil) in respect of defined benefit contribution pension schemes.

9. Interest receivable

	2019 £	2018 £
Other interest receivable	1,052	156
	<u>1,052</u>	<u>156</u>

10. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	52,114	131,595
Other loan interest payable	6,366	143
Finance leases and hire purchase contracts	-	365
Other interest payable	4,740	2,658
	<u>63,220</u>	<u>134,761</u>

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	1,665,658	773,635
Adjustments in respect of previous periods	(15)	9,029
Total current tax	1,665,643	782,664
Deferred tax		
Origination and reversal of timing differences	31,521	16,926
Total deferred tax	31,521	16,926
Taxation on profit on ordinary activities	1,697,164	799,590

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	7,810,777	3,476,400
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	1,484,048	660,516
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	282,423	77,689
Capital allowances for year in excess of depreciation	(49,055)	52,934
Adjustments to tax charge in respect of prior periods	(15)	9,102
Other timing differences leading to an (decrease)/increase in taxation	(36,645)	48,871
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	27,046	3,479
Losses utilised	(42,758)	(69,920)
Deferred tax movement	31,521	16,926
Under/(over) provision in current year	599	(7)
Total tax charge for the year	1,697,164	799,590

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11. Taxation (continued)

Factors that may affect future tax charges

The group has approximately £939,967 (2018 - £939,967) of non-trading loan relationship losses available for offset against future trading profits arising in that company.

The group has approximately £646,422 (2018 - £167,523) trading losses available for offset against future trading profits arising in that company.

12. Dividends

	2019 £	2018 £
Dividends paid	1,111,111	-
	<u>1,111,111</u>	<u>-</u>

The directors had an interest in dividends of £1,000,000 (2018 - £Nil).

13. Exceptional items

	2019 £	2018 £
CVA liability written back	(142,417)	-
DLA written back	(39,465)	-
Settlement from legal claim	-	(411,101)
	<u>(181,882)</u>	<u>(411,101)</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.

ATLAS FM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

15. Intangible assets

Group

	Goodwill £	Negative goodwill £	Total £
Cost			
At 1 January 2019	6,993,385	(311,134)	6,682,251
Additions	2,165,477	-	2,165,477
At 31 December 2019	<u>9,158,862</u>	<u>(311,134)</u>	<u>8,847,728</u>
Amortisation			
At 1 January 2019	5,164,926	(311,134)	4,853,792
Charge for the year	1,376,799	-	1,376,799
At 31 December 2019	<u>6,541,725</u>	<u>(311,134)</u>	<u>6,230,591</u>
Net book value			
At 31 December 2019	<u>2,617,137</u>	<u>-</u>	<u>2,617,137</u>
At 31 December 2018	<u>1,828,459</u>	<u>-</u>	<u>1,828,459</u>

Goodwill arising on consolidation is being amortised over the directors' estimate of its useful life of 3 years. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

16. Tangible fixed assets

Group

	Freehold property £	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £
Cost					
At 1 January 2019	1,681,702	31,011	797,233	1,891,435	921,134
Additions	6,626,273	-	639,884	471,836	101,389
Acquired on acquisition	-	-	57,915	88,216	10,796
Disposals	-	-	(57,915)	(239,959)	(647,719)
At 31 December 2019	8,307,975	31,011	1,437,117	2,211,528	385,600
Depreciation					
At 1 January 2019	-	28,935	590,179	1,098,289	675,500
Charge for the year	-	686	210,644	497,199	190,593
Acquired on acquisition	-	-	46,832	67,049	8,418
Disposals	-	(29,621)	(47,685)	(191,842)	(533,431)
At 31 December 2019	-	-	799,970	1,470,695	341,080
Net book value					
At 31 December 2019	8,307,975	31,011	637,147	740,833	44,520
At 31 December 2018	1,681,702	2,076	207,054	793,146	245,634

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

16. Tangible fixed assets (continued)

	Office equipment £	Total £
Cost		
At 1 January 2019	69,065	5,391,580
Additions	2,662	7,842,044
Acquired on acquisition	64,232	221,159
Disposals	(22,181)	(967,774)
At 31 December 2019	113,778	12,487,009
Depreciation		
At 1 January 2019	58,445	2,451,348
Charge for the year	7,070	906,192
Acquired on acquisition	55,364	177,663
Disposals	(18,814)	(821,393)
At 31 December 2019	102,065	2,713,810
Net book value		
At 31 December 2019	11,713	9,773,199
At 31 December 2018	10,620	2,940,232

The net book value of land and buildings may be further analysed as follows:

	2019 £	2018 £
Freehold	8,307,975	1,681,702
Short leasehold	31,011	2,076
	8,338,986	1,683,778

ATLAS FM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

17. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 January 2019	198
At 31 December 2019	<u>198</u>

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
Enterprise Support Services UK Limited *	Ordinary	100%	Cleaning services
Clientcare Cleaning Limited *	Ordinary	100%	Cleaning services
Clientcare Group Limited *	Ordinary	100%	Dormant
Green Sky Cleaning Limited *	Ordinary	100%	Cleaning services
Atlas Commercial Property Investments Limited	Ordinary	100%	Property investment and real estate services
Atlas Facilities Management Limited	Ordinary	100%	Cleaning services
Crystal Cleaning Solutions Limited *	Ordinary	100%	Dormant
Force UK Limited *	Ordinary	100%	Dormant
Apple Blossom Cleaning Services Limited *	Ordinary	100%	Dormant
Zonecloth Limited *	Ordinary	100%	Dormant

Clientcare Cleaning Limited and Clientcare Group Limited have a registered office at 243 Whitehorse Road, Croydon, Surrey, CR0 2HQ.

All other subsidiaries are registered at 82 Hampton Road West, Hanworth, Middlesex, TW13 6DZ.

* Companies which are indirectly controlled by Atlas FM Limited.

ATLAS FM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

18. Stocks

	Group 2019 £	Group 2018 £
Consumables	30,250	31,780
Finished goods and goods for resale	9,500	9,500
	<u>39,750</u>	<u>41,280</u>

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

19. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Due after more than one year				
Other debtors	2,181,357	2,247,357	-	-
	<u>2,181,357</u>	<u>2,247,357</u>	<u>-</u>	<u>-</u>
Due within one year				
Trade debtors	18,730,426	18,563,713	-	-
Amounts owed by group undertakings	-	-	1,500,000	500,000
Other debtors	6,280,451	5,027,672	-	-
Prepayments and accrued income	141,929	58,291	-	-
	<u>25,152,806</u>	<u>23,649,676</u>	<u>1,500,000</u>	<u>500,000</u>

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

20. Cash and cash equivalents

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	4,983,788	856,085	2	2
Less: bank overdrafts	(4,450)	-	-	-
	<u>4,979,338</u>	<u>856,085</u>	<u>2</u>	<u>2</u>

21. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank overdrafts	4,450	-	-	-
Bank loans	39,866	-	-	-
Trade creditors	1,582,179	1,622,405	-	-
Corporation tax	919,012	825,676	-	-
Other taxation and social security	6,173,403	5,782,868	-	-
Other creditors	15,759,964	8,451,789	111,111	-
Accruals and deferred income	535,472	1,167,421	-	-
	<u>25,014,346</u>	<u>17,850,159</u>	<u>111,111</u>	<u>-</u>

The company has given a mortgage debenture, dated 5 November 2014, to Natwest Westminister Bank PLC. The debenture is secured by a fixed and floating charge over all current and future assets of the company.

Bank loans and overdrafts are additionally secured by a cross guarantee dated 30 July 1993 (refer to note 29 for further details).

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

	Group 2019 £	Group 2018 £
Bank loans	986,738	-
	<u>986,738</u>	<u>-</u>

The company has given a mortgage debenture, dated 5 November 2014, to Natwest Westminster Bank PLC. The debenture is secured by a fixed and floating charge over all current and future assets of the company.

Bank loans and overdrafts are additionally secured by a cross guarantee dated 30 July 1993 (refer to note 29 for further details).

23. Loans

	Group 2019 £	Group 2018 £
Amounts falling due within one year		
Bank loans	39,866	-
Amounts falling due 1-2 years		
Bank loans	29,867	-
Amounts falling due 2-5 years		
Bank loans	956,871	-
	<u>1,026,604</u>	<u>-</u>

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

24. Financial instruments

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>27,192,234</u>	<u>25,838,742</u>	<u>1,500,000</u>	<u>500,000</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>18,373,197</u>	<u>10,074,194</u>	<u>111,111</u>	<u>-</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 bank loans and overdrafts, trade creditors, amounts owed to group undertakings and other creditors.

ATLAS FM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

25. Deferred taxation

Group

	2019 £	2018 £
At beginning of year	100,406	20,621
Charged to profit or loss	31,521	16,025
Arising on business combinations	-	63,760
At end of year	131,927	100,406
	Group 2019 £	Group 2018 £
Accelerated capital allowances	131,927	100,406
	131,927	100,406

26. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
20 Ordinary A shares of £1 each	20	20
20 Ordinary B shares of £1 each	20	20
	40	40

The declaration of a dividend in respect of one class of share shall not compel a dividend at the same rate to be declared in respect of the other class of share.

The Ordinary 'A' and 'B' shares rank *pari passu* in all other respects.

27. Reserves

Capital redemption reserve

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

Profit and 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 2019**

28. Business combinations

Acquisition of Clientcare Cleaning Limited and Clientcare Group Limited on 2 August 2019

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value £
Tangible	24,896	24,896
	<u>24,896</u>	<u>24,896</u>
Debtors	794,715	794,715
Cash at bank and in hand	1,017,123	1,017,123
	<u>1,836,734</u>	<u>1,836,734</u>
Total assets	1,836,734	1,836,734
Due within one year	(834,021)	(834,021)
	<u>1,002,713</u>	<u>1,002,713</u>
Total identifiable net assets	1,002,713	1,002,713
Goodwill		1,336,271
		<u>2,338,984</u>
Total purchase consideration		2,338,984
Consideration		
		£
Cash		1,938,984
Deferred consideration		400,000
		<u>2,338,984</u>
Total purchase consideration		2,338,984
Cash outflow on acquisition		
		£
Purchase consideration settled in cash, as above		1,938,984
		<u>1,938,984</u>
Net cash outflow on acquisition		1,938,984

ATLAS FM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

28. Business combinations (continued)

The results of Clientcare Cleaning Limited and Clientcare Group Limited since its acquisition are as follows:

	Current period since acquisition £
Turnover	1,937,782
Profit for the year	103,009

Acquisition of Green Sky Cleaning Limited on 22 February 2019

	Book value £	Fair value £
Tangible	18,026	18,026
	18,026	18,026
Debtors	217,174	217,174
Cash at bank and in hand	22,806	22,806
Total assets	258,006	258,006
Due within one year	(1,087,132)	(1,087,132)
Total identifiable net liabilities	(829,126)	(829,126)

	£
Goodwill	829,206
Total identifiable net assets	(829,126)
Total purchase consideration	80

ATLAS FM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

28. Business combinations (continued)

Consideration

	£
Cash	80
Total cash consideration	80

Cash outflow on acquisition

	£
Purchase consideration settled in cash, as above	80
Net cash outflow on acquisition	80

The results of Green Sky Cleaning Limited since its acquisition are as follows:

	Current period since acquisition £
Turnover	262,190
	£
Profit for the period	206,082

29. Contingent liabilities

The company has provided an intercompany guarantee covering Atlas Cleaning Limited, Atlas Contractors Limited, Atlas Managed Integrated Services Limited, Atlas Facilities Management Limited and Atlas FM Limited. At the year end the potential liability of Atlas Cleaning Limited was £Nil (2018 - £Nil).

30. 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 for the year is shown in note 7. The amount outstanding to the pension fund at the year was £342,663 (2018 - £489,562).

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

31. Commitments under operating leases

At 31 December 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £
Land and building		
Not later than 1 year	128,750	137,776
Later than 1 year and not later than 5 years	242,188	370,938
	370,938	508,714
	Group 2019 £	Group 2018 £
Other		
Not later than 1 year	6,047	16,111
Later than 1 year and not later than 5 years	976	7,023
	7,023	23,134

The Company had no commitments under the non-cancellable operating leases as at the reporting date.

ATLAS FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

32. 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 £1,615,664 (2018 - £1,933,228) to N J Earley, a director, and his spouse.

At the year end the group owed £1,583,059 (2018 - £91,034) to R W Empson, a director.

During the year, the group made rental payments of £120,000 (2018 - £120,000) 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 owed to the group at the year end was £2,124,573 (2018 - £2,247,357). During the year there was a recharge of expenses of £36,000 (2018 - £36,000). During the year the group were charged purchases of £169,857 (2018 - £166,252). Additionally the group made sales of £19,923 (2018 - £Nil) during the year.

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 £3,418,200 of which £852,395 has been provided for as a bad debt (2018 - £3,050,454 of which £852,395 had been 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 £1,884,007 of which £1,882,217 has been provided for as a bad debt (2018 - £1,862,353 of which £1,860,493 had been provided for).

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 2019 was £2,190,879 of which £2,190,879 has been provided for as a bad debt (2018 - £2,190,879 of which £2,190,879 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 owed by the group at the year end was £98,148 (2018 - owed to £115,871).

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 £1,228,687 (2018 - £987,919). During the year the group received rental income of £87,600 (2018 - £48,133).

ATLAS FM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

32. Related party transactions (continued)

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 £1,115,588 (2018 - £1,222,723).

Hayes Hygiene Limited

The group has made purchases of £2,474,742 (2018 - £Nil) from Hayes Hygiene Limited, a company under common control. Included within trade creditors is an amount of £358,509 (2018 - £Nil) which was outstanding at the year end.

Key Management Compensation

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

33. Controlling party

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