

Company Registration No. SC117639 (Scotland)

**ACRE INDUSTRIAL & CLEANING  
SERVICES LIMITED**

**ANNUAL REPORT AND FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2020**

# ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

## COMPANY INFORMATION

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<b>Director</b>	J W Price
<b>Secretary</b>	L Price
<b>Company number</b>	SC117639
<b>Registered office</b>	Fulwood Estates Linwood Moss Road Houston by Johnstone RENFREWSHIRE PA6 7BJ
<b>Auditor</b>	Johnston Carmichael LLP 227 West George Street Glasgow G2 2ND

# ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

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# ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 30 JUNE 2020**

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The director presents the strategic report for the year ended 30 June 2020.

### Business Review

The company operates a wide range of financial and non financial key performance indicators to monitor and direct the performance of the business. The include asset utilisation, labour efficiency and health and safety performance. The company retained its ISO 9001:2015 certification throughout the period.

Further, the Board is delighted to note that for the second year running the company was independently assessed at 100% by Achilles UVDB across all eight categories, further demonstrating the effective controls applied across the business.

	2020	2019
	£	£
Turnover	5,801,345	6,990,517
Operating profit	1,255,987	2,348,566
Net assets	5,014,988	5,977,032

### Principal risks and uncertainties

The company considers the principal risks facing the business to include the ongoing Coronavirus Pandemic, the dynamic competitive and regulatory environment as well as cost pressures experienced by certain customers.

These risks and uncertainties are monitored proactively by both the Board and Senior Management Team with the company taking appropriate actions as necessary.

The company continues to monitor the impact of the ongoing uncertainties surrounding both Covid and Brexit and it is confident that measures taken over the last 24 months are sufficient to counter any impact which the business may experience.

### Development and performance

The company continued to expand and enhance its service offerings during the year and this continuing focus on targeted growth with key accounts ensured that the business was able to trade in a sufficiently robust manner throughout the year, defending its position with key accounts and continuing to win new opportunities.

As a result of the prudent and responsible way in which the company is run it has been able to fund its ongoing investment and expansion plans from its own resources, whilst continuing to generate significant free cash flows.

Having won several, new long term contracts and having been successful in the renewal of others the Company continues to be well placed to both weather these ongoing challenges arising in the wider economy and continues to be able to exploit new opportunities as they arise.

### Other Matters

With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside our control. The past year has proven to be a very challenging year with the outbreak of the Covid-19 pandemic. This has affected businesses across the UK and we were no exception to this. Going forward the business remains in a good place to react to any changes in the market and we will continue with our policy of focussing on day to day business.

# **ACRE INDUSTRIAL & CLEANING SERVICES LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 30 JUNE 2020***

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By order of the board

L Price  
**Secretary**  
18 May 2021

# **ACRE INDUSTRIAL & CLEANING SERVICES LIMITED**

## **DIRECTOR'S REPORT**

***FOR THE YEAR ENDED 30 JUNE 2020***

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The director presents his annual report and financial statements for the year ended 30 June 2020.

### **Principal activities**

The principal activity of the company continued to be that of industrial cleaning services.

### **Director**

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

J W Price

### **Results and dividends**

Ordinary dividends were paid amounting to £1,950,100. The director does not recommend payment of a further dividend.

### **Future developments**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments.

### **Auditor**

The auditor Johnston Carmichael LLP is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Statement of director's responsibilities**

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

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

**ACRE INDUSTRIAL & CLEANING SERVICES LIMITED**

**DIRECTOR'S REPORT (CONTINUED)**

***FOR THE YEAR ENDED 30 JUNE 2020***

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By order of the board

L Price  
**Secretary**

18 May 2021

# ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

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#### Opinion

We have audited the financial statements of Acre Industrial & Cleaning Services Limited (the 'company') for the year ended 30 June 2020 which comprise of the profit and loss account, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

#### Other information

The director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.



# **ACRE INDUSTRIAL & CLEANING SERVICES LIMITED**

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

### **TO THE MEMBERS OF ACRE INDUSTRIAL & CLEANING SERVICES LIMITED**

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#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Director's Report.

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

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

#### **Responsibilities of director**

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

# ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

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#### **Auditor's responsibilities for the audit of the financial statements (continued)**

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **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 him in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Hugh Boyle (Senior Statutory Auditor)**  
for and on behalf of Johnston Carmichael LLP

18 May 2021

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

227 West George Street  
Glasgow  
G2 2ND

# ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2020

		2020 £	2019 £
<b>Turnover</b>	<b>3</b>	5,801,345	6,990,517
Cost of sales		(3,628,364)	(4,488,427)
<b>Gross profit</b>		2,172,981	2,502,090
Distribution costs		(45,358)	(48,630)
Administrative expenses		(926,289)	(842,744)
Other operating income		54,330	37,850
Gain on sale of investment property	<b>4</b>	-	700,000
<b>Profit before taxation</b>		1,255,664	2,348,566
Tax on profit	<b>8</b>	(267,608)	(381,202)
<b>Profit for the financial year</b>		988,056	1,967,364

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

# ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

## BALANCE SHEET

AS AT 30 JUNE 2020

		2020		2019	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	10	1,299,135		1,207,826	
Investment properties	11	776,676		761,676	
Investments	12	100		100	
		<u>2,075,911</u>		<u>1,969,602</u>	
<b>Current assets</b>					
Stocks	14	4,806		6,035	
Debtors	15	917,271		1,398,812	
Cash at bank and in hand		3,504,507		3,881,935	
		<u>4,426,584</u>		<u>5,286,782</u>	
<b>Creditors: amounts falling due within one year</b>	16	<u>(1,262,709)</u>		<u>(1,132,661)</u>	
<b>Net current assets</b>		<u>3,163,875</u>		<u>4,154,121</u>	
<b>Total assets less current liabilities</b>		<u>5,239,786</u>		<u>6,123,723</u>	
<b>Creditors: amounts falling due after more than one year</b>	17	(22,000)		-	
<b>Provisions for liabilities</b>	19	(202,798)		(146,691)	
<b>Net assets</b>		<u>5,014,988</u>		<u>5,977,032</u>	
<b>Capital and reserves</b>					
Called up share capital	22	20,000		20,000	
Profit and loss reserves		4,994,988		5,957,032	
<b>Total equity</b>		<u>5,014,988</u>		<u>5,977,032</u>	

The financial statements were approved and signed by the director and authorised for issue on 4 May 2021

J W Price  
Director

Company Registration No. SC117639

# ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
<b>Balance at 1 July 2018</b>		20,000	5,369,668	5,389,668
<b>Year ended 30 June 2019:</b>				
Profit and total comprehensive income for the year		-	1,967,364	1,967,364
Dividends	9	-	(1,380,000)	(1,380,000)
<b>Balance at 30 June 2019</b>		20,000	5,957,032	5,977,032
<b>Year ended 30 June 2020:</b>				
Profit and total comprehensive income for the year		-	988,056	988,056
Dividends	9	-	(1,950,100)	(1,950,100)
<b>Balance at 30 June 2020</b>		20,000	4,994,988	5,014,988

# ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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### 1 Accounting policies

#### Company information

Acre Industrial & Cleaning Services Limited (SC117639) is a private company limited by shares incorporated and domiciled in Scotland. The registered office is Fulwood Estates, Linwood Moss Road, Houston by Johnstone, RENFREWSHIRE, PA6 7BJ.

#### 1.1 Accounting convention

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

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

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

#### 1.2 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In making this assessment, the director recognizes that forecasts are by nature forward looking and therefore may vary from actual results. The forecasts have been made to January 2022. Despite the restrictions imposed by Covid-19, the business has continued to trade throughout and proactively managed their cash outflows to ensure they remain profitable. Thus, the director continues to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

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

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

#### 1.4 Tangible fixed assets

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

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

Leasehold improvements	10% - Straight Line
Plant and equipment	25% - Straight Line
Fixtures and fittings	25% - Straight Line
Motor vehicles	25% - Straight Line

# ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

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### 1 Accounting policies

(Continued)

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

#### 1.5 Investment properties

Investment properties are initially recognised at cost which included purchase cost and any directly attributable expenditure. Investment properties whose fair value can be measured reliably are measured at fair value. The surplus or deficit on revaluation is recognised in the profit and loss account accumulated in the profit and loss reserve unless a deficit below original cost, or its reversal, on an individual investment property is expected to be permanent, in which case is recognised in the profit and loss account for the year.

#### 1.6 Fixed asset investments

Investments in subsidiaries are measured at cost less accumulated impairment.

#### 1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

#### 1.8 Stocks

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

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

#### 1.9 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, other short-term liquid investments with original maturities of three months or less.

# ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 1 Accounting policies

(Continued)

#### 1.10 Financial instruments

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

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

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

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

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

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

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

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

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

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

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

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



# ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

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

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

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

#### **Other financial liabilities**

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

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

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

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

#### **1.11 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### **1.12 Taxation**

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

#### **Current tax**

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

# ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.13 Employee benefits**

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

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

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

#### **1.14 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.15 Leases**

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

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

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

#### **1.16 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

# ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 2 Judgements and key sources of estimation uncertainty

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

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

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Tangible fixed assets- useful life, residual values and impairment

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In assessing asset lives and residual values, factors such as 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. Where there are indicators of impairment of individual assets, impairment tests are performed. These are based on a calculation of either fair value less costs to sell or value in use. The carrying value of assets at reporting date is £1,299,135 (2019: £1,207,826).

### 3 Turnover and other revenue

	2020	2019
	£	£
<b>Turnover analysed by class of business</b>		
Industrial cleaning services	5,801,345	6,990,517

	2020	2019
	£	£
<b>Turnover analysed by geographical market</b>		
United Kingdom	5,801,345	6,990,517

### 4 Exceptional income

	2020	2019
	£	£
Gain on sale of investment property	-	700,000

# ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 5 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	8,650	8,650
Depreciation of owned tangible fixed assets	373,961	396,910
Operating lease charges	92,963	68,681
	<u>          </u>	<u>          </u>

### 6 Employees

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

	2020 Number	2019 Number
Monthly staff	11	12
Weekly staff	47	51
	<u>          </u>	<u>          </u>
	58	63
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	1,710,671	1,654,256
Social security costs	124,507	131,669
Pension costs	113,059	104,434
	<u>          </u>	<u>          </u>
	1,948,237	1,890,359
	<u>          </u>	<u>          </u>

### 7 Director's remuneration

	2020 £	2019 £
Remuneration for qualifying services	9,000	14,000
Company pension contributions to defined contribution schemes	80,000	80,000
	<u>          </u>	<u>          </u>
	89,000	94,000
	<u>          </u>	<u>          </u>

# ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 8 Taxation

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	217,446	354,026
Adjustments in respect of prior periods	(5,945)	12,534
Total current tax	211,501	366,560
<b>Deferred tax</b>		
Origination and reversal of timing differences	54,613	15,227
Adjustment in respect of prior periods	1,494	(585)
Total deferred tax	56,107	14,642
Total tax charge	267,608	381,202

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	1,255,664	2,348,566
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	238,576	446,228
Tax effect of expenses that are not deductible in determining taxable profit	542	13,424
Adjustments in respect of prior years	(5,945)	12,534
Deferred tax adjustments in respect of prior years	1,494	(585)
Fixed asset differences	15,507	(88,608)
Adjustments to rate of deferred tax	17,434	(1,791)
Taxation charge for the year	267,608	381,202

### 9 Dividends

	2020 £	2019 £
Final paid	1,950,100	1,380,000

# ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 10 Tangible fixed assets

	Leasehold improvements	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 July 2019	416,357	527,441	165,620	4,131,373	5,240,791
Additions	39,463	2,634	-	423,173	465,270
At 30 June 2020	455,820	530,075	165,620	4,554,546	5,706,061
<b>Depreciation and impairment</b>					
At 1 July 2019	268,079	491,122	163,067	3,110,697	4,032,965
Depreciation charged in the year	13,197	14,920	1,602	344,242	373,961
At 30 June 2020	281,276	506,042	164,669	3,454,939	4,406,926
<b>Carrying amount</b>					
At 30 June 2020	174,544	24,033	951	1,099,607	1,299,135
At 30 June 2019	148,278	36,319	2,553	1,020,676	1,207,826

### 11 Investment property

	2020 £
<b>Fair value</b>	
At 1 July 2019	761,676
Additions	15,000
At 30 June 2020	776,676

The fair value of the investment property has been arrived at on the basis of a valuation carried out in 2015 by DM Hall Chartered Surveyors, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

### 12 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries	13	100	100

# ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 12 Fixed asset investments (Continued)

#### Movements in fixed asset investments

Shares in group  
undertakings

£

#### Cost or valuation

At 1 July 2019 & 30 June 2020

100

#### Carrying amount

At 30 June 2020

100

At 30 June 2019

100

### 13 Subsidiaries

Details of the company's subsidiaries at 30 June 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Acre Rental Income Limited	1)	Dormant	Ordinary	100

1) Fullwood Estates, Linwood Moss Road, Houston by Johnstone, Renfrewshire, PA6 7BJ.

### 14 Stocks

	2020 £	2019 £
Raw materials and consumables	4,806	6,035

### 15 Debtors

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Trade debtors	741,309	1,210,877
Other debtors	51,516	76,831
Prepayments and accrued income	124,446	111,104
	917,271	1,398,812

# ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

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

	Notes	2020 £	2019 £
Obligations under finance leases	18	22,000	-
Trade creditors		122,422	471,078
Amounts owed to group undertakings		144,000	-
Corporation tax		583,803	372,302
Other taxation and social security		196,185	213,398
Other creditors		47,592	22,500
Accruals and deferred income		146,707	53,383
		<u>1,262,709</u>	<u>1,132,661</u>

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

	Notes	2020 £	2019 £
Obligations under finance leases	18	22,000	-
		<u>22,000</u>	<u>-</u>

### 18 Finance lease obligations

	2020 £	2019 £
Future minimum lease payments due under finance leases:		
Within one year	22,000	-
In two to five years	22,000	-
	<u>44,000</u>	<u>-</u>

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

### 19 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	20	202,798	146,691
		<u>202,798</u>	<u>146,691</u>



# ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £
<b>Balances:</b>		
Accelerated capital allowances	202,798	146,691
	<u>202,798</u>	<u>146,691</u>
<b>Movements in the year:</b>		2020 £
Liability at 1 July 2019		146,691
Charge to profit or loss		56,107
		<u>202,798</u>
Liability at 30 June 2020		<u>202,798</u>

The deferred tax liability set out above is not expected to reverse within 12 months and relates to accelerated capital allowances that are not expected to mature within the year.

### 21 Retirement benefit schemes

	2020 £	2019 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	113,059	104,434
	<u>113,059</u>	<u>104,434</u>

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

### 22 Share capital

	2020 £	2019 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
20,000 of £1 each	20,000	20,000
	<u>20,000</u>	<u>20,000</u>
	<u>20,000</u>	<u>20,000</u>

# ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 23 Operating lease commitments

#### Lessee

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

	2020 £	2019 £
Within one year	92,568	92,568
Between two and five years	249,640	342,208
	<u>342,208</u>	<u>434,776</u>

### 24 Related party transactions

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Costs incurred for connected company		Rent	
	2020 £	2019 £	2020 £	2019 £
Entities under common control	-	71,467	56,212	22,500

The following amounts were outstanding at the reporting end date:

	2020 £	2019 £
<b>Amounts due to related parties</b>		
Entities under common control	<u>21,000</u>	<u>-</u>
<b>Amounts due from related parties</b>		
Entities under common control	<u>-</u>	<u>48,967</u>

During the year, dividends of £1,950,100 (2019: £1,380,000) were paid to the parent company.

The company has taken advantage of the exemption available in FRS 102 Section 33 "Related Party Disclosures" whereby it has not disclosed transactions with the immediate parent company or any wholly owned subsidiary undertaking of the group.

## **ACRE INDUSTRIAL & CLEANING SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 30 JUNE 2020***

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**25 Ultimate controlling party**

The company's immediate and ultimate parent undertaking is Acre Holdings 2016 Limited, whose registered office is at Fullwood Estate, Linwood Moss Road, Houston by Johnstone, Renfrewshire, PA7 7BJ.

Acre Holdings 2016 Limited is the smallest group that prepares consolidated accounts including the company.

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