

Company Registration No. SC117639 (Scotland)

ACRE INDUSTRIAL & CLEANING SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

COMPANY INFORMATION

Director	J W Price
Secretary	L Price
Company number	SC117639
Registered office	Fulwood Estates Linwood Moss Road Houston by Johnstone RENFREWSHIRE PA6 7BJ
Auditor	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 2021

The director presents the strategic report for the year ended 30 June 2021.

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.

	2021	2020
	£	£
Turnover	5,691,748	5,801,345
Profit before tax	1,633,135	1,255,664
Net assets	6,448,123	5,014,988

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. 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.

By order of the board

L Price
Secretary

30 March 2022

ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The director presents his annual report and financial statements for the year ended 30 June 2021.

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 £200,000. 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 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.

By order of the board

L Price

Secretary

30 March 2022

ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2021

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.

ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

Opinion

We have audited the financial statements of Acre Industrial & Cleaning Services Limited (the 'company') for the year ended 30 June 2021 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 2021 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

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.

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.

Extent to which an audit is considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- UK GAAP
- Companies Act 2006
- Corporation Tax legislation
- VAT legislation
- Scottish Environment Protection Agency (SEPA)

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of submitted returns and documentation.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing the level of and reasoning behind the company's procurement of legal and professional services;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-resp>

, This description forms part of our auditor's report.

ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

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

30 March 2022

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 2021

		2021 £	2020 £
Turnover	3	5,691,748	5,801,345
Cost of sales		(3,202,662)	(3,628,364)
Gross profit		2,489,086	2,172,981
Distribution costs		(48,106)	(45,358)
Administrative expenses		(808,685)	(926,289)
Other operating income		840	54,330
Profit before taxation		1,633,135	1,255,664
Tax on profit	7	(400,031)	(267,608)
Profit for the financial year		1,233,104	988,056

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 2021

		2021		2020	(as
	Notes	£	£	restated)	£
Fixed assets					
Tangible assets	9		1,300,538		1,299,135
Investments	10		100		100
			<u>1,300,638</u>		<u>1,299,235</u>
Current assets					
Stocks	12	9,640		4,806	
Debtors	13	5,139,515		1,693,947	
Cash at bank and in hand		677,973		3,504,507	
		<u>5,827,128</u>		<u>5,203,260</u>	
Creditors: amounts falling due within one year	14	(742,892)		(1,262,709)	
Net current assets			<u>5,084,236</u>		<u>3,940,551</u>
Total assets less current liabilities			<u>6,384,874</u>		<u>5,239,786</u>
Creditors: amounts falling due after more than one year	15		-		(22,000)
Provisions for liabilities					
Deferred tax liability	17	336,782		202,798	
		<u>(336,782)</u>		<u>(202,798)</u>	
Net assets			<u><u>6,048,092</u></u>		<u><u>5,014,988</u></u>
Capital and reserves					
Called up share capital	19		20,000		20,000
Profit and loss reserves			6,028,092		4,994,988
Total equity			<u><u>6,048,092</u></u>		<u><u>5,014,988</u></u>

The financial statements were approved and signed by the director and authorised for issue on 30 March 2022

J W Price

Director

Company Registration No. SC117639

ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 July 2019		20,000	5,957,032	5,977,032
Year ended 30 June 2020:				
Profit and total comprehensive income for the year		-	988,056	988,056
Dividends	8	-	(1,950,100)	(1,950,100)
Balance at 30 June 2020		20,000	4,994,988	5,014,988
Year ended 30 June 2021:				
Profit and total comprehensive income for the year		-	1,233,104	1,233,104
Dividends	8	-	(200,000)	(200,000)
Balance at 30 June 2021		20,000	6,028,092	6,048,092

ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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. 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. Despite the restrictions imposed by Covid-19, the business has continued to trade throughout and proactively managed 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.

Where a contract has only been partially completed at the balance sheet date, turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date.

1.4 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost 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

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 Fixed asset investments

Investments in subsidiaries are measured at cost less accumulated impairment.

ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

1.6 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.

1.7 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.

1.8 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 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. Financial assets classified as receivable within one year are not amortised.

ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

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.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies, 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.

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.

Derecognition of financial liabilities

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

1.10 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.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.11 Taxation

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

Current tax

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

ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

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.

1.12 Employee benefits

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

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

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

1.13 Retirement benefits

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

1.14 Leases

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

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

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

1.15 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.

Government grants are recognised in accordance with the accruals model. Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

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.

Carrying value of fixed assets (NBV - £1.3m (2020: £1.3m))

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.

3 Turnover and other revenue

	2021	2020
	£	£
Turnover analysed by class of business		
Industrial cleaning services	5,691,748	5,801,345
	<u>5,691,748</u>	<u>5,801,345</u>
	2021	2020
	£	£
Turnover analysed by geographical market		
United Kingdom	5,691,748	5,801,345
	<u>5,691,748</u>	<u>5,801,345</u>

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	8,650	8,650
Depreciation of owned tangible fixed assets	339,329	373,961
Profit on disposal of tangible fixed assets	(13,000)	-
Operating lease charges	90,000	92,963
	<u>414,979</u>	<u>475,574</u>

ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

5 Employees

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

	2021 Number	2020 Number
Monthly staff	10	11
Weekly staff	41	47
	<u>51</u>	<u>58</u>

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	1,615,733	1,710,671
Social security costs	118,651	124,507
Pension costs	107,492	113,059
	<u>1,841,876</u>	<u>1,948,237</u>

6 Director's remuneration

	2021 £	2020 £
Remuneration for qualifying services	9,000	9,000
Company pension contributions to defined contribution schemes	80,000	80,000
	<u>89,000</u>	<u>89,000</u>

7 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	262,841	217,446
Adjustments in respect of prior periods	3,206	(5,945)
	<u>266,047</u>	<u>211,501</u>

ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

7 Taxation		(Continued)	
	2021	2020	
	£	£	
Deferred tax			
Origination and reversal of timing differences	68,840	54,613	
Changes in tax rates	65,087	-	
Adjustment in respect of prior periods	57	1,494	
Total deferred tax	133,984	56,107	
Total tax charge	400,031	267,608	
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:			
	2021	2020	
	£	£	
Profit before taxation	1,633,135	1,255,664	
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	310,296	238,576	
Tax effect of expenses that are not deductible in determining taxable profit	371	542	
Adjustments in respect of prior years	3,206	(5,945)	
Deferred tax adjustments in respect of prior years	57	1,494	
Fixed asset differences	4,493	15,507	
Adjustments to rate of deferred tax	81,608	17,434	
Taxation charge for the year	400,031	267,608	
8 Dividends			
	2021	2020	
	£	£	
Final paid	200,000	1,950,100	

ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

9 Tangible fixed assets

	Leasehold improvements	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 July 2020	455,820	530,075	165,620	4,554,546	5,706,061
Additions	-	3,427	-	489,877	493,304
Disposals	(171,022)	-	-	-	(171,022)
At 30 June 2021	284,798	533,502	165,620	5,044,423	6,028,343
Depreciation and impairment					
At 1 July 2020	281,276	506,042	164,669	3,454,939	4,406,926
Depreciation charged in the year	1,356	15,599	951	321,423	339,329
Eliminated in respect of disposals	(18,450)	-	-	-	(18,450)
At 30 June 2021	264,182	521,641	165,620	3,776,362	4,727,805
Carrying amount					
At 30 June 2021	20,616	11,861	-	1,268,061	1,300,538
At 30 June 2020	174,544	24,033	951	1,099,607	1,299,135

10 Fixed asset investments

	Notes	2021 £	2020 £
Investments in subsidiaries	11	100	100

11 Subsidiaries

Details of the company's subsidiaries at 30 June 2021 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.

12 Stocks

	2021 £	2020 £
Raw materials and consumables	9,640	4,806

ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

13 Debtors

	2021	2020 as restated
	£	£
Amounts falling due within one year:		
Trade debtors	918,058	741,309
Amounts owed by group undertakings	3,256,000	-
Other debtors	874,265	828,192
Prepayments and accrued income	91,192	124,446
	<u>5,139,515</u>	<u>1,693,947</u>

14 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Obligations under finance leases	16	-	22,000
Trade creditors		186,058	122,422
Amounts owed to group undertakings		-	144,000
Corporation tax		284,368	583,803
Other taxation and social security		189,366	196,185
Other creditors		9,776	47,592
Accruals and deferred income		73,324	146,707
		<u>742,892</u>	<u>1,262,709</u>

15 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Obligations under finance leases	16	-	22,000
		<u>-</u>	<u>22,000</u>

16 Finance lease obligations

	2021 £	2020 £
Future minimum lease payments due under finance leases:		
Within one year	-	22,000
In two to five years	-	22,000
	<u>-</u>	<u>44,000</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.

ACRE INDUSTRIAL & CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

17 Deferred taxation

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

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	336,782	202,798
	<u>336,782</u>	<u>202,798</u>
Movements in the year:		2021 £
Liability at 1 July 2020		202,798
Charge to profit or loss		133,984
		<u>336,782</u>
Liability at 30 June 2021		<u>336,782</u>

18 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	107,492	113,059
	<u>107,492</u>	<u>113,059</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.

19 Share capital

	2021 £	2020 £
Ordinary share capital		
Issued and fully paid		
20,000 of £1 each	20,000	20,000
	<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 2021

20 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:

	2021 £	2020 £
Within one year	90,000	92,568
Between two and five years	150,000	249,640
	<u>240,000</u>	<u>342,208</u>

21 Related party transactions

Transactions with related parties

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

	Costs recharged to related parties		Rental payments to related parties	
	2021 £	2020 £	2021 £	2020 £
Entities under common control	<u>147,597</u>	<u>-</u>	<u>90,000</u>	<u>56,212</u>

The following amounts were outstanding at the reporting end date:

	2021 £	2020 £
Amounts due to related parties		
Entities under common control	<u>-</u>	<u>21,000</u>

	2021 £	2020 £
Amounts due from related parties		
Entities with control, joint control or significant influence over the company	3,256,000	-
Entities under common control	<u>36,826</u>	<u>-</u>

Other information

During the year, dividends of £200,000 (2020: £1,950,000) 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 2021

22 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.

23 Prior period adjustment

A prior period adjustment has been processed in respect of the investment property (£776,676). The legal ownership of this property sits with a connected company, Acre Eco Services Limited, and the financial statements have been adjusted to reflect this. This has £nil impact on profit and loss reserves.

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.