

Company Registration No. SC522946 (Scotland)

**ACRE HOLDINGS 2016 LIMITED**  
**ANNUAL REPORT AND FINANCIAL**  
**STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

# ACRE HOLDINGS 2016 LIMITED

## COMPANY INFORMATION

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<b>Director</b>	Mr J Price
<b>Secretary</b>	Mrs L Price
<b>Company number</b>	SC522946
<b>Registered office</b>	Fullwood Estate Moss Road Houston Johnstone Renfrewshire PA6 7BJ
<b>Auditor</b>	Johnston Carmichael LLP 227 West George Street Glasgow G2 2ND

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# ACRE HOLDINGS 2016 LIMITED

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# ACRE HOLDINGS 2016 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.

### Fair review of the business

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	1,255,664	1,088,566
Net assets	6,765,090	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.

## ACRE HOLDINGS 2016 LIMITED

### STRATEGIC REPORT (CONTINUED)

*FOR THE YEAR ENDED 30 JUNE 2020*

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#### **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.

On behalf of the board

Mr J Price

**Director**

4 May 2021

# ACRE HOLDINGS 2016 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 is that of a holding company.

### Director

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

Mr J Price

### Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £200,000.

### 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 group and company, and of the profit or loss of the group 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 auditor of the company 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 auditor of the company is aware of that information.

**ACRE HOLDINGS 2016 LIMITED**

**DIRECTOR'S REPORT (CONTINUED)**

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

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On behalf of the board

Mr J Price

**Director**

4 May 2021

# ACRE HOLDINGS 2016 LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF ACRE HOLDINGS 2016 LIMITED

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#### Opinion

We have audited the financial statements of Acre Holdings 2016 Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2020 which comprise the group profit and loss account, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### 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.



# **ACRE HOLDINGS 2016 LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ACRE HOLDINGS 2016 LIMITED**

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### **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 the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **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 directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the group or the parent company or to cease operations, or have 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 HOLDINGS 2016 LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ACRE HOLDINGS 2016 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 group'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 group's or the parent 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 group or the parent 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

**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 2NU

# ACRE HOLDINGS 2016 LIMITED

## GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	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
Impairment of investment	<b>4</b>	-	(1,260,000)
<b>Operating profit</b>	<b>5</b>	1,255,664	1,088,566
<b>Profit before taxation</b>		1,255,664	1,088,566
Tax on profit	<b>8</b>	(267,608)	(381,202)
<b>Profit for the financial year</b>	<b>22</b>	988,056	707,364

Profit for the financial year is all attributable to the owners of the parent company.

# ACRE HOLDINGS 2016 LIMITED

## GROUP BALANCE SHEET

AS AT 30 JUNE 2020

	Notes	2020 £	2020 £	2019 £	2019 £
<b>Fixed assets</b>					
Tangible assets	10		1,299,135		1,207,826
Investment properties	11		776,676		761,676
			<u>2,075,811</u>		<u>1,969,502</u>
<b>Current assets</b>					
Stocks	14	4,806		6,035	
Debtors	15	2,667,373		1,398,814	
Cash at bank and in hand		3,504,607		3,882,035	
		<u>6,176,786</u>		<u>5,286,884</u>	
<b>Creditors: amounts falling due within one year</b>	16	(1,262,709)		(1,132,661)	
<b>Net current assets</b>			<u>4,914,077</u>		<u>4,154,223</u>
<b>Total assets less current liabilities</b>			6,989,888		6,123,725
<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>6,765,090</u>		<u>5,977,034</u>
<b>Capital and reserves</b>					
Called up share capital	21		20,002		20,002
Profit and loss reserves	22		6,745,088		5,957,032
<b>Total equity</b>			<u>6,765,090</u>		<u>5,977,034</u>

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

Mr J Price  
Director

# ACRE HOLDINGS 2016 LIMITED

## COMPANY BALANCE SHEET

AS AT 30 JUNE 2020

		2020		2019	
		£	£	£	£
<b>Fixed assets</b>					
Investments	12		10,740,000		10,740,000
<b>Current assets</b>					
Debtors	15	1,894,102		2	
<b>Creditors: amounts falling due within one year</b>	16	(144,000)		-	
<b>Net current assets</b>			1,750,102		2
<b>Total assets less current liabilities</b>			12,490,102		10,740,002
<b>Capital and reserves</b>					
Called up share capital	21		10,740,002		10,740,002
Profit and loss reserves	22		1,750,100		-
<b>Total equity</b>			12,490,102		10,740,002

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,950,100 (2019- £nil).

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

Mr J Price  
**Director**

**Company Registration No. SC522946**

# ACRE HOLDINGS 2016 LIMITED

## GROUP 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>		20,002	5,369,668	5,389,670
<b>Year ended 30 June 2019:</b>				
Profit and total comprehensive income for the year		-	707,364	707,364
Dividends	9	-	(120,000)	(120,000)
<b>Balance at 30 June 2019</b>		20,002	5,957,032	5,977,034
<b>Year ended 30 June 2020:</b>				
Profit and total comprehensive income for the year		-	988,056	988,056
Dividends	9	-	(200,000)	(200,000)
<b>Balance at 30 June 2020</b>		20,002	6,745,088	6,765,090

# ACRE HOLDINGS 2016 LIMITED

## COMPANY 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>		2	-	2
<b>Year ended 30 June 2019:</b>				
Profit and total comprehensive income for the year		-	-	-
Issue of share capital	21	10,740,000	-	10,740,000
<b>Balance at 30 June 2019</b>		10,740,002	-	10,740,002
<b>Year ended 30 June 2020:</b>				
Profit and total comprehensive income for the year		-	1,950,100	1,950,100
Dividends	9	-	(200,000)	(200,000)
<b>Balance at 30 June 2020</b>		10,740,002	1,750,100	12,490,102

# ACRE HOLDINGS 2016 LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

		2020	2019
	Notes	£	£
<b>Cash flows from operating activities</b>			
Cash generated from operations	26	258,842	1,941,373
Income taxes paid		-	(314,606)
<b>Net cash inflow from operating activities</b>		258,842	1,626,767
<b>Investing activities</b>			
Purchase of tangible fixed assets		(399,270)	(271,838)
Purchase of investment property		(15,000)	(744,213)
<b>Net cash used in investing activities</b>		(414,270)	(1,016,051)
<b>Financing activities</b>			
Payment of finance leases obligations		(22,000)	-
Dividends paid to equity shareholders		(200,000)	(120,000)
<b>Net cash used in financing activities</b>		(222,000)	(120,000)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(377,428)	490,716
Cash and cash equivalents at beginning of year		3,882,035	3,391,319
<b>Cash and cash equivalents at end of year</b>		3,504,607	3,882,035



# ACRE HOLDINGS 2016 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 JUNE 2020**

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### **1 Accounting policies**

#### **Company information**

Acre Holdings 2016 Limited ("the company") is a private limited company domiciled and incorporated in Scotland. The registered office is Fulwood Estates, Linwood Moss Road, Houston by Johnstone, Renfrewshire, PA6 7BJ.

The group consists of Acre Holdings 2016 Limited and all of its subsidiaries.

#### **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 Basis of consolidation**

The consolidated financial statements incorporate those of Acre Holdings 2016 Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 30 June 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

On 5 April 2019, the group carried out a restructuring which included the introduction of a new parent holding company, Acre Holdings 2016 Limited, which acquired the entire share capital of Acre Industrial & Cleaning Services Limited by way of a share for share exchange. Given the consideration was wholly a share for share exchange and the rights of each shareholder have remained the same, compliance with Companies Act 2016 and FRS 102 Section 19 allows the restructuring to be accounted for as a merger.

The group profit and loss account and cash flow statement have been prepared using merger accounting and are prepared on a pro forma basis as if the new holding company has been in existence throughout both the current and prior periods.

# ACRE HOLDINGS 2016 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 1 Accounting policies

(Continued)

#### 1.3 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.

#### 1.4 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.

#### 1.5 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	10%-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 recognised in the profit and loss account.

#### 1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

#### 1.7 Fixed asset investments

Equity investments are measured at cost less impairment.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

# ACRE HOLDINGS 2016 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

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### 1 Accounting policies

(Continued)

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.8 Impairment of fixed assets

At each reporting period end date, the group 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

#### 1.9 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.

#### 1.10 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.11 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

# ACRE HOLDINGS 2016 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

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### 1 Accounting policies

(Continued)

#### **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.

#### **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 group 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 group after deducting all of its 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.

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

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

# ACRE HOLDINGS 2016 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

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### 1 Accounting policies

(Continued)

#### 1.12 Equity instruments

Equity instruments issued by the group 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 group.

#### 1.13 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *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 if, and only if, there is 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.

#### 1.14 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.

#### 1.15 Retirement benefits

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

#### 1.16 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 the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

# ACRE HOLDINGS 2016 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 1 Accounting policies

(Continued)

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset are consumed.

### 2 Judgements and key sources of estimation uncertainty

In the application of the group'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 considerations, 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
	<u>5,801,345</u>	<u>6,990,517</u>
	2020 £	2019 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	5,801,345	6,990,517
	<u>5,801,345</u>	<u>6,990,517</u>
<b>4 Exceptional costs/(income)</b>	2020 £	2019 £
Impairment of investment	-	1,260,000
Gain on sale of investment property	-	(700,000)
	<u>-</u>	<u>560,000</u>
	<u>-</u>	<u>560,000</u>

# ACRE HOLDINGS 2016 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:		
Depreciation of owned tangible fixed assets	373,961	396,910
Operating lease charges	92,963	68,681
	<u>          </u>	<u>          </u>

### 6 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	14,650	14,650
	<u>          </u>	<u>          </u>
	14,650	14,650
	<u>          </u>	<u>          </u>
<b>For other services</b>		
All other non-audit services	2,725	1,125
	<u>          </u>	<u>          </u>
	2,725	1,125
	<u>          </u>	<u>          </u>

### 7 Employees

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

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

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 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>	<u>          </u>	<u>          </u>
	1,948,237	1,890,359	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# ACRE HOLDINGS 2016 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 based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	1,255,664	1,088,566
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	238,576	206,828
Tax effect of expenses that are not deductible in determining taxable profit	542	252,824
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	267,608	381,202

### 9 Dividends

	2020 £	2019 £
Final paid	200,000	-



# ACRE HOLDINGS 2016 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 10 Tangible fixed assets

Group	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

The company had no tangible fixed assets at 30 June 2020 or 30 June 2019.

### 11 Investment property

	Group 2020 £	Company 2020 £
<b>Fair value</b>		
At 1 July 2019 and 30 June 2020	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	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	13	-	-	10,740,000	10,740,000

# ACRE HOLDINGS 2016 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
Company		£
<b>Cost or valuation</b>		
At 1 July 2019 and 30 June 2020		10,740,000
<b>Carrying amount</b>		
At 30 June 2020		10,740,000
At 30 June 2019		10,740,000

### 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	Indirect
Acre Industrial & Cleaning Services Limited	1)	Industrial Cleaning Services	Ordinary	100.00	0
Acre Rental Income Limited	1)	Dormant	Ordinary	0	100.00

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

### 14 Stocks

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

### 15 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
<b>Amounts falling due within one year:</b>				
Trade debtors	741,309	1,210,877	-	-
Amounts owed by group undertakings	-	-	144,000	-
Other debtors	1,801,618	76,833	1,750,102	2
Prepayments and accrued income	124,446	111,104	-	-
	2,667,373	1,398,814	1,894,102	2

# ACRE HOLDINGS 2016 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

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

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Obligations under finance leases	18	22,000	-	-	-
Trade creditors		122,422	471,078	-	-
Corporation tax payable		583,803	372,302	-	-
Other taxation and social security		196,185	213,398	-	-
Other creditors		191,592	22,500	144,000	-
Accruals and deferred income		146,707	53,383	-	-
		<u>1,262,709</u>	<u>1,132,661</u>	<u>144,000</u>	<u>-</u>

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

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

### 18 Finance lease obligations

	Group 2020 £	2019 £	Company 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>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group 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 2 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 19 Deferred taxation

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

	Liabilities 2020 £	Liabilities 2019 £
Group		
Accelerated capital allowances	<u>202,798</u>	<u>146,691</u>

# ACRE HOLDINGS 2016 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 19 Deferred taxation

(Continued)

The company has no deferred tax assets or liabilities.

	Group 2020 £	Company 2020 £
<b>Movements in the year:</b>		
Liability at 1 July 2019	146,691	-
Charge to profit or loss	56,107	-
Liability at 30 June 2020	202,798	-

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

### 20 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

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 21 Share capital

	Group 2020 £	2019 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
20,002 of £1 each	20,002	20,002

The company issued 10,740,000 ordinary shares of £1 on its reorganisation on 5 April 2019, in exchange for a share for share exchange in Acre Industrial & Cleaning Services Limited.

### 22 Reserves

#### Profit and loss reserves

Profit and loss reserves represent accumulated comprehensive income/(expenditure) for the year and prior periods, less any dividends.

# ACRE HOLDINGS 2016 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 group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

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

### 24 Related party transactions

#### Transactions with related parties

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

	Sales 2020 £	2019 £	Purchases 2020 £	2019 £
<b>Group</b>				
Entities under common control	-	71,467	56,212	22,500
	<u>-</u>	<u>71,467</u>	<u>56,212</u>	<u>22,500</u>

The following amounts were outstanding at the reporting end date:

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

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2020 Balance £	2019 Balance £
<b>Group</b>		
Entities under common control	1,751,000	48,967
	<u>1,751,000</u>	<u>48,967</u>

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 HOLDINGS 2016 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 25 Directors' transactions

Dividends totalling £200,000 (2019- £120,000) were paid in the year in respect of shares held by the company's directors.

There were no balances due to or from the company in respect of its directors at 30 June 2019 and 2020.

### 26 Cash generated from group operations

	2020 £	2019 £
Profit for the year after tax	988,056	707,364
Adjustments for:		
Taxation charged	267,608	381,202
(Gain)/loss on disposal of investment	-	(700,000)
Depreciation and impairment of tangible fixed assets	373,961	396,910
Impairment of investments	-	1,260,000
Movements in working capital:		
Decrease in stocks	1,229	-
(Increase) in debtors	(1,268,559)	(5,994)
(Decrease) in creditors	(103,453)	(98,109)
<b>Cash generated from operations</b>	<b>258,842</b>	<b>1,941,373</b>

### 27 Analysis of changes in net debt

	2020 £
<b>Opening net funds</b>	
Cash and cash equivalents	3,882,035
<b>Changes in net debt arising from:</b>	
Cash flows of the entity	(421,428)
Closing net funds/(debt) as analysed below	3,460,607
<b>Closing net funds/(debt)</b>	
Cash and cash equivalents	3,504,607
Obligations under finance leases	(44,000)
	3,460,607

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.