

Company Registration No. SC522946 (Scotland)

ACRE HOLDINGS 2016 LIMITED
ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

ACRE HOLDINGS 2016 LIMITED

COMPANY INFORMATION

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

ACRE HOLDINGS 2016 LIMITED

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ACRE HOLDINGS 2016 LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2021

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

Fair review of the business

The group 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 group 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	8,198,225	6,765,090

Principal risks and uncertainties

The group 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 group 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 2021

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

30 March 2022

ACRE HOLDINGS 2016 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 is that of a holding company.

Results and dividends

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

Ordinary dividends were paid amounting to £200,000.

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

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 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.

On behalf of the board

Mr J Price

Director

30 March 2022

ACRE HOLDINGS 2016 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 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 on the going concern basis unless it is inappropriate to presume that the group and 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.

ACRE HOLDINGS 2016 LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ACRE HOLDINGS 2016 LIMITED

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 2021 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 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 2021 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

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 group's and parent 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 HOLDINGS 2016 LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ACRE HOLDINGS 2016 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 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 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 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 company or to cease operations, or has no realistic alternative but to do so.

ACRE HOLDINGS 2016 LIMITED

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

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 the 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.

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 Environmental 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.

ACRE HOLDINGS 2016 LIMITED

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

Other matters which we are required to address

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-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 HOLDINGS 2016 LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 £	2020 £
Turnover	3	5,691,748	5,801,345
Cost of sales		(3,202,662)	(3,628,364)
Gross profit		<u>2,489,086</u>	<u>2,172,981</u>
Distribution costs		(48,106)	(45,358)
Administrative expenses		(808,685)	(926,289)
Other operating income		840	54,330
Profit before taxation		<u>1,633,135</u>	<u>1,255,664</u>
Tax on profit	8	(400,031)	(267,608)
Profit for the financial year	21	<u><u>1,233,104</u></u>	<u><u>988,056</u></u>

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 2021

		2021		2020	
	Notes	£	£	as restated	£
Fixed assets					
Tangible assets	10		1,300,538		1,299,135
Current assets					
Stocks	13	9,640		4,806	
Debtors	14	3,633,617		3,444,049	
Cash at bank and in hand		4,078,073		3,504,607	
		<u>7,721,330</u>		<u>6,953,462</u>	
Creditors: amounts falling due within one year	15	<u>(886,892)</u>		<u>(1,262,709)</u>	
Net current assets			6,834,438		5,690,753
Total assets less current liabilities			<u>8,134,976</u>		<u>6,989,888</u>
Creditors: amounts falling due after more than one year	16		-		(22,000)
Provisions for liabilities					
Deferred tax liability	18	<u>336,782</u>	<u>(336,782)</u>	<u>202,798</u>	<u>(202,798)</u>
Net assets			<u><u>7,798,194</u></u>		<u><u>6,765,090</u></u>
Capital and reserves					
Called up share capital	20		20,002		20,002
Profit and loss reserves	21		<u>7,778,192</u>		<u>6,745,088</u>
Total equity			<u><u>7,798,194</u></u>		<u><u>6,765,090</u></u>

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

Mr J Price
Director

ACRE HOLDINGS 2016 LIMITED

COMPANY BALANCE SHEET

AS AT 30 JUNE 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Investments	11	10,740,000		10,740,000	
Current assets					
Debtors	14	1,750,102		1,894,102	
Cash at bank and in hand		3,400,000		-	
		<u>5,150,102</u>		<u>1,894,102</u>	
Creditors: amounts falling due within one year	15	<u>(3,400,000)</u>		<u>(144,000)</u>	
Net current assets			1,750,102		1,750,102
Net assets			<u>12,490,102</u>		<u>12,490,102</u>
Capital and reserves					
Called up share capital	20	10,740,002		10,740,002	
Profit and loss reserves	21	1,750,100		1,750,100	
Total equity			<u>12,490,102</u>		<u>12,490,102</u>

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 £200,000 (2020 - £1,950,100 profit).

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

Mr J Price
Director

Company Registration No. SC522946

ACRE HOLDINGS 2016 LIMITED

GROUP 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		20,002	5,957,032	5,977,034
Year ended 30 June 2020:				
Profit and total comprehensive income for the year		-	988,056	988,056
Dividends	9	-	(200,000)	(200,000)
Balance at 30 June 2020		20,002	6,745,088	6,765,090
Year ended 30 June 2021:				
Profit and total comprehensive income for the year		-	1,233,104	1,233,104
Dividends	9	-	(200,000)	(200,000)
Balance at 30 June 2021		20,002	7,778,192	7,798,194

ACRE HOLDINGS 2016 LIMITED

COMPANY 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		10,740,002	-	10,740,002
Year ended 30 June 2020:				
Profit and total comprehensive income for the year		-	1,950,100	1,950,100
Dividends	9	-	(200,000)	(200,000)
Balance at 30 June 2020		10,740,002	1,750,100	12,490,102
Year ended 30 June 2021:				
Profit and total comprehensive income for the year		-	200,000	200,000
Dividends	9	-	(200,000)	(200,000)
Balance at 30 June 2021		10,740,002	1,750,100	12,490,102

ACRE HOLDINGS 2016 LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

		2021	2020
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	26	1,723,680	258,842
Income taxes paid		(565,482)	-
Net cash inflow from operating activities		1,158,198	258,842
Investing activities			
Purchase of tangible fixed assets		(340,732)	(399,270)
Purchase of investment property		-	(15,000)
Net cash used in investing activities		(340,732)	(414,270)
Financing activities			
Payment of finance leases obligations		(44,000)	(22,000)
Dividends paid to equity shareholders		(200,000)	(200,000)
Net cash used in financing activities		(244,000)	(222,000)
Net increase/(decrease) in cash and cash equivalents		573,466	(377,428)
Cash and cash equivalents at beginning of year		3,504,607	3,882,035
Cash and cash equivalents at end of year		4,078,073	3,504,607

ACRE HOLDINGS 2016 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group.

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). All financial statements are made up to 30 June 2021. 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.

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. 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.

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.

ACRE HOLDINGS 2016 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

1.5 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	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 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.

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.

1.7 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.

1.8 Stocks

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

ACRE HOLDINGS 2016 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

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

1.9 Cash and cash equivalents

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

1.10 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.

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.

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 group after deducting all of its liabilities.

ACRE HOLDINGS 2016 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

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 group's contractual obligations expire or are discharged or cancelled.

1.11 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.

1.12 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The 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.

ACRE HOLDINGS 2016 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

1.13 Employee benefits

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

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

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

1.14 Retirement benefits

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

1.15 Leases

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

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

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

Useful life of tangible assets (NBV of £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 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.

ACRE HOLDINGS 2016 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		
Industrial cleaning services	5,691,748	5,801,345

	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	5,691,748	5,801,345

4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
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

5 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	14,650	14,650
	14,650	14,650
For other services		
All other non-audit services	8,725	2,725
	8,725	2,725

6 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Monthly staff	10	11	-	-
Weekly staff	41	47	-	-
Total	51	58	-	-

ACRE HOLDINGS 2016 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 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>	<u>-</u>	<u>-</u>

7 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>

8 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)
Total current tax	<u>266,047</u>	<u>211,501</u>
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	<u>133,984</u>	<u>56,107</u>
Total tax charge	<u>400,031</u>	<u>267,608</u>

ACRE HOLDINGS 2016 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

8 Taxation

(Continued)

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	400,031	267,608

9 Dividends

	2021 £	2020 £
Recognised as distributions to equity holders:		
Final paid	200,000	200,000

ACRE HOLDINGS 2016 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

10 Tangible fixed assets

Group	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

The company had no tangible fixed assets at 30 June 2021 or 30 June 2020.

11 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	12	-	-	10,740,000	10,740,000
Movements in fixed asset investments					
Company					Shares in subsidiaries £
Cost or valuation					
At 1 July 2020 and 30 June 2021					10,740,000
Carrying amount					
At 30 June 2021					10,740,000
At 30 June 2020					10,740,000

ACRE HOLDINGS 2016 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

12 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	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.

13 Stocks

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

14 Debtors

	Group 2021 £	Restated 2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade debtors	918,058	741,309	-	-
Amounts owed by group undertakings	-	-	-	144,000
Other debtors	2,624,367	2,578,294	1,750,102	1,750,102
Prepayments and accrued income	91,192	124,446	-	-
	<u>3,633,617</u>	<u>3,444,049</u>	<u>1,750,102</u>	<u>1,894,102</u>

15 Creditors: amounts falling due within one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Obligations under finance leases	17	-	22,000	-	-
Trade creditors		186,058	122,422	-	-
Amounts owed to group undertakings		-	-	3,256,000	-
Corporation tax payable		284,368	583,803	-	-
Other taxation and social security		189,366	196,185	-	-
Other creditors		153,776	191,592	144,000	144,000
Accruals and deferred income		73,324	146,707	-	-
		<u>886,892</u>	<u>1,262,709</u>	<u>3,400,000</u>	<u>144,000</u>

ACRE HOLDINGS 2016 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

16 Creditors: amounts falling due after more than one year

		Group 2021 £	2020 £	Company 2021 £	2020 £
	Notes				
Obligations under finance leases	17	-	22,000	-	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

17 Finance lease obligations

		Group 2021 £	2020 £	Company 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> </u>	<u> </u>	<u> </u>
		-	44,000	-	-
		<u> </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.

18 Deferred taxation

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

	Liabilities 2021 £	Liabilities 2020 £
Group		
Accelerated capital allowances	336,782	202,798
	<u> </u>	<u> </u>

The company has no deferred tax assets or liabilities.

	Group 2021 £	Company 2021 £
Movements in the year:		
Liability at 1 July 2020	202,798	-
Charge to profit or loss	133,984	-
	<u> </u>	<u> </u>
Liability at 30 June 2021	336,782	-
	<u> </u>	<u> </u>

ACRE HOLDINGS 2016 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

19 Retirement benefit schemes

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

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.

20 Share capital

	Group	
	2021	2020
	£	£
Ordinary share capital		
Issued and fully paid		
20,002 of £1 each	20,002	20,002

21 Reserves

Profit and loss reserves

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

22 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		Company	
	2021	2020	2021	2020
	£	£	£	£
Within one year	90,000	92,568	-	-
Between two and five years	150,000	249,640	-	-
	240,000	342,208	-	-

23 Related party transactions

Transactions with related parties

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

ACRE HOLDINGS 2016 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

23 Related party transactions

(Continued)

	Costs recharged to related parties		Rental payments	
	2021	2020	2021	2020
	£	£	£	£
Group				
Entities under common control	147,597	-	90,000	-

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2021	2020
	£	£
Group		
Entities under common control	144,000	21,000
Entities over which the group has control, joint control or significant influence	3,256,000	-

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2021	2020
	Balance	Balance
	£	£
Group		
Entities under common control	36,826	-
Company		
Entities under common control	1,606,100	1,750,100

Other information

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.

24 Directors' transactions

Dividends totalling £200,000 (2020- £200,000) were paid in the year in respect of shares held by the company's directors.

25 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.

ACRE HOLDINGS 2016 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

26 Cash generated from group operations

	2021 £	2020 £
Profit for the year after tax	1,233,104	988,056
Adjustments for:		
Taxation charged	400,031	267,608
Depreciation and impairment of tangible fixed assets	339,329	373,961
Movements in working capital:		
(Increase)/decrease in stocks	(4,834)	1,229
(Increase) in debtors	(189,568)	(1,268,559)
(Decrease) in creditors	(54,382)	(103,453)
Cash generated from operations	1,723,680	258,842

27 Analysis of changes in net funds - group

	1 July 2020 £	Cash flows £	30 June 2021 £
Cash at bank and in hand	3,504,607	573,466	4,078,073
Obligations under finance leases	(44,000)	44,000	-
	3,460,607	617,466	4,078,073

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.