COMPANY REGISTRATION NUMBER 06757544

REPORT OF THE DIRECTORS AND

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

FOR

INCENTIVE FM GROUP LIMITED

INCENTIVE FM GROUP LIMITED

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INCENTIVE FM GROUP LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2019

Directors	Mr J C Waud Mr W T Pollard Mr M V Reed Mr P Wickman Mr S Wright
Secretary	Mr M V Athey
Registered Office	4-6 Dudley Road Tunbridge Wells Kent TN1 1LF
Registered Number	06757544 (England and Wales)
Auditors	Shipleys LLP Chartered accountants & statutory auditor 10 Orange Street Haymarket London WC2H 7DQ
Bankers	Barclays Bank Plc 1 Churchill Place London E14 5HP

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and the financial statements of the company and group for the year ended 31 March 2019.

PRINCIPAL ACTIVITY
The principal activity of the group in the year under review was that of building facilities management, building maintenance, security, cleaning, consultancy and investments in associated businesses.

DIVIDENDS
Dividends totalling £300,000 (2018: £600,000) were paid in the year ended 31 March 2019.

DIRECTORS
The directors shown below have held office during the year to the date of this report.

Mr J C Waud
Mr W T Pollard
Mr M V Reed
Mr P Wickman
Mr S Wright

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Directors' Report, the Strategic Report and the financial statements in accordance with applicable law and regulations and in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (Financial Reporting Standard 102). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgement 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 group will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

POST BALANCE SHEET EVENTS

For post balance sheet events analysis please refer to Note 26.

INCENTIVE FM GROUP LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2019

DISCLOSURE OF INFORMATION IN THE STRATEGIC REPORT

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, various matters previously dealt with in the Directors' Report are now included in the Strategic Report.

STATEMENT AS TO DISCLOSURES OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

Shipleys LLP will be deemed to continue in office under s487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:

Mr J C Waud
Director

Approved by the directors on 20.3.2020

INCENTIVE FM GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

Review of Business and Future Developments

The Group in 2018 /19 and, continuing to the date of signing of this report, has focused on its core businesses and no further acquisition activity has taken place or is planned in line with the board's declared strategy.
The Group businesses can be segmented as below and the commentary on the components together with the Group Central support structure forms the basis of the reported Operating profits/ (losses) of the Group.

Group Results by Segment

The integrated service business (Incentive Facilities Management Limited), forming the core *(grown organically over the last 17 years, with no acquisitions) has maintained its sales levels in* tough trading conditions. Trading performance is up to £x (2018: £x) at an operating profit level reflecting good control of direct costs and well managed customer contracts. The client base continues to be blue chip customers in the retail / commercial and leisure & experience space. The outlook for *2020 is* to maintain current sales and margin levels. Encouragingly, the sales pipeline continues to be strong.

The direct services businesses, Incentive QAS Limited (contract cleaning) and Specialised Window Cleaning Limited, have performed well both in terms of revenue growth as well as profitability. In a highly competitive sector, our unique positioning and customer focus has led to success in the market primarily in the south east of England. The trend for 2020 for these businesses suggests further sales growth and cash generation in support of an extremely strong forward pipeline of opportunities.

Our trading in Incentive Lynx Security Limited (manned guarding services) recovered well from a poor 2018 performance despite a decline in revenue as a result of some key customer losses. The focus and control of a new management team in this improved business allowed the board to achieve a tactical sale of the assets of this company on 31st January 2020.

Mechanical and Electrical services have traded under the Incentive TEC brand (Incentive TEC Limited, Incentive TEC Fire & Security Limited and Weston Electrical Services Limited) . As commented in the prior year's report, Weston Electrical Services Limited was acquired as at 1 September 2017 for £2m (2018: reported at £2.4m prior to finalisation of deferred consideration). Integration and trading conditions (especially larger projects within the retail & construction sector) were fundamental to a continued underperformance at an operating profit and cash generation level. The group has supported the businesses by increased management focus as well as ongoing cash support. The poor performance of the Incentive TEC business has impacted the Group's performance as well as its associated cash and working capital levels. Actions during 2019 included a complete system upgrade and replacement of the entire finance support team. Additionally, the company embarked on an aggressive cost reduction and downsizing process. The forecast period (2020 and beyond) included additional cost control as well as the decision to de-risk the business by removing high risk project works in favour of regular fixed income revenue streams. The business is expected to incur operating losses in the 2020 forecast period but return to a positive cash generating position by Q2 of 2020.

The 2018 Incentive TEC trading result has been restated by £904,000 (decline in retained earnings) for prior year adjustments which in part were subject to exemption from audit under small company provisions for the year ending 2018.

Group costs are charged back to each business based on directly attributable costs and a measured share of other central costs. Group costs have been controlled at x% of turnover (2018: 3.4%)

INCENTIVE FM GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

Turnover by Operating Segment	**2019**		**2018**	**2017**
Integrated Facilities	£73,696,982	£	73,491,609	
Direct Services		£	18,727,609	
Security Operations (Held for Sale)	£ 9,879,485	£	12,365,455	
Mechanical & Electrical Services (In Administration 18 July 2019)				
Mechanical & Electrical Services		£	15,159,275	
	£83,576,467	**£**	**119,743,948**	**£ -**
Operating Profit Before Impairments & Amortization by Operating Segment	**2019**		**2018**	**2017**
Integrated Facilities				
Direct Services				
Security Operations (Held for Sale)				
Mechanical & Electrical Services (In Administration 18 July 2019)				
Mechanical & Electrical Services				
	£ -	**£**	**-**	**£ -**
Operating Profit by Operating Segment	**2019**		**2018**	**2017**
Integrated Facilities				
Direct Services				
Security Operations (Held for Sale)				
Mechanical & Electrical Services (In Administration 18 July 2019)				
Mechanical & Electrical Services				
	£ -	**£**	**-**	**£ -**

Post Balance Sheet

The directors undertook two fundamental structural reorganisation decisions. Firstly, the assets of Incentive Lynx Security Limited were disposed of as at 31 January 2020. These were regarded as low profit and non-core to the group's strategy. Additionally, Weston Electrical Services Limited was placed into administration as at 18 July 2019 to mitigate adverse trading conditions impacting the broader Group.

Key Performance Indicators

Customers & Pipeline

The Group continues to provide a wide variety of services and contract style options to its clients across Facilities Management, Mechanical & Electrical (M&E), Cleaning and Window cleaning and Consultancy services. Security services are provided as part of integrated service contracts where required, but as noted, are no longer provided as a standalone service.

The board regularly reviews the sales pipeline position as well as customer concentration and risk via regular reviews. This analysis includes business sector profiling,customer contract ageing analysis and bid conversion rates.

Financial Performance

The group manages operating businesses at a contribution before the allocation of Group Central overheads level. Performance is formally reviewed at both monthly management meetings and quarterly board meetings.

Forecast metrics include quarterly short-term cash flow monitoring and long-range business profitability and cashflow reporting which incorporate banking covenant tests.

Incentive FM Group Limited generated an EBITDA as at 31 March 2019 of £x (2018: £x) while operating profits prior to the amortisation/impairment of goodwill was £x (2018: £x).

Dividends were paid during the year further dividends are to be proposed or paid for the foreseeable future.

The anticipated significant increase in EBITDA from 2018 to 2019 was limited by the *underperformance of the M&E businesses and the outlook for 2020 is for a significant improvement.*

Credit Risk

Due to the current economic and political environment the sector and the group has exposure to credit risk. Credit risk is actively managed by monitoring and targeting sector exposure as well as individual customer concentration. The integration of credit control resources and operational teams to manage customer-based risk is managed actively and group wide. The Group continues to have very effective credit control processes and procedures and recorded debtor days on average of 'X@ during the year

Liquidity Risk

Liquidity risk is managed by ensuring the group maintains sufficient funds to meet trading obligations as they fall due. The Group has, as part of its management of liquidity, medium term loan facilities from its Bankers, Barclays which were reduced to £1.3m as the date of signing of this report and £2.2m (2018: £3.5m) as at the reporting date. No further loans are planned given a strategic decision to consolidate the business on organic growth. Additionally, deferred consideration due is £nil (2018: £93k) at the reporting date.

In the period after the reported date , Barclays have further assisted the groups liquidity by an increase of overdraft facilities to £1.2m (2018:£0.8m) and a short term loan of £0.5m (which was fully repaid as at the date of signing of this report).

Further reviews of working capital have continued and as per the notes to the financial report, the Group continues to monitor and manage its working capital which includes a review of the debt and equity levels needed to support current trading as well as future organic growth.

It is anticipated that the EBITDA (as adjusted for abnormal items) will, in the year ending March 2020, improve substantially and be positive relative to the reported period.

Environmental and Quality Practices

The Group continues to engage in environment initiatives including the reduction of corporate and individual carbon footprints. These include a focus on electrical vehicles in high congestion areas such as London, focus on minimal travel by train where possible rather than car or flights.
The group is ISO registered under ISO 9000 (Quality Management System), ISO 14001 (Environmental Management) and ISO 45001 (previously ISO 18001, Health & Safety Management).

The Group is operating to ISO 27001 standards (information Security Management System) however accreditation is not expected until 2020.

The Group hold SIA (Security Industry Authority) approved contactor status within its security and integrated businesses with subsidiary Incentive FM holding 'Pacesetter' status through its best practice.

Additionally, the group has numerous awards including multiple RoSPA awards for safety.

Employees Practices

The group is an equal opportunity employer and recruits based on merit and abides by the principles of no decimation in any form.

The group considers applications from disabled persons as well as providing, as far as practical, retraining and development to existing employees should they become disabled.

The group provides employees with information about the Group as well as welfare and support through social media, portals and face to face meetings.

The group leadership development and training programmes are still focused on improved *management effectiveness and retention as well as succession planning. The Facilities* employment market is highly competitive especially since the exit of the United Kingdom from the EU; accordingly, additional focus on staff wellbeing continues to be a strategic driver.

The group continues to support a targeted charity, Scotty's Little Soldiers, in a focused and employee engaged manner.

The 3160 staff employed at the time of this report (2018: 3,120) have an average salary of £ 21,800 (2018: £21,900) and are from 71 (2018: 70) nationalities.

The group adheres to anti modern slavery legislation, which can be located on www.incentive-fm.com .

Mr J C Waud

Director
Approved by the directors on 20.3.2020

INCENTIVE FM GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF INCENTIVE FM GROUP LIMITED

FOR THE YEAR ENDED 31 MARCH 2019

Opinion

We have audited the financial statements of Incentive FM Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, company statement of change in equity, company statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, *including 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 of the parent company's affairs as at 31 March 2019 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- *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 forming our opinion, we have considered the adequacy of the disclosures made in the notes of the financial statements regarding the group's or the parent company's ability to continue as a going concern. These disclosures indicate the existence of uncertainties that cast doubt on the group's or the parent company's ability to continue as a going concern. In view of these uncertainties, we consider that *it should be drawn to your attention but our opinion is not qualified in this respect.*

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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 directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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.

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 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 the entities or business activities within the group it express and 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.

Shipleys LLP

Shane Moloney (Senior Statutory Auditor)

For and on behalf of
Shipleys LLP
Chartered accountant & statutory auditor
10 Orange Street
Haymarket
London
WC2H 7DQ

20.3.2020

INCENTIVE FM GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 (Restated) £
TURNOVER	3	119,067,265	114,533,368
Cost of sales		(107,118,065)	(103,675,733)
GROSS PROFIT		11,949,200	10,857,635
Administrative expenses		(13,957,244)	(11,891,522)
Impairment and amortisation of goodwill		(2,804,163)	(1,309,588)
Other operating income		-	500
OPERATING (LOSS)	5	(4,812,207)	(2,342,975)
Interest receivable and similar income		-	46
		(4,812,207)	(2,342,929)
Interest payable and similar charges	6	(130,288)	(190,458)
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(4,942,495)	(2,533,387)
Tax on (Loss) / profit on ordinary activities	7	-	(54,831)
(LOSS) / PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		(4,942,495)	(2,588,218)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(4,942,495)**	**(2,588,218)**

All the activities of the group are from continuing operations.

The notes on pages 16 to 37 form part of these financial statements.

INCENTIVE FM GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2019 £	Restated 2018 £	Restated 2018 £
FIXED ASSETS					
Intangible assets	10		7,044,488		9,697,714
Tangible assets	12		464,816		932,520
Investments	13		29,200		29,200
			7,538,504		10,659,434
CURRENT ASSETS					
Stock		61,027		366,386	
Debtors	14	10,769,259		13,960,241	
Cash at bank and in hand		4,742,859		5,909,844	
		15,573,145		20,236,471	
CREDITORS					
Amounts falling due within one year	15	(27,362,363)		(28,801,388)	
NET CURRENT LIABILITIES			(11,789,218)		(8,564,917)
TOTAL ASSETS LESS CURRENT LIABILITIES			(4,250,714)		2,094,517
CREDITORS					
Amounts falling due after more than one year	16		(1,259,047)		(2,361,929)
PROVISIONS FOR LIABILITIES	19		(48,985)		(48,985)
NET LIABILITIES/ASSETS			(5,558,746)		(316,397)
CAPITAL AND RESERVES					
Called up share capital	23		11,952		11,952
Share premium	24		1,305,359		1,305,359
Revaluation reserve	24		15,969		15,969
Profit and loss account	24		(6,892,026)		(1,649,677)
SHAREHOLDERS' FUNDS			(5,558,746)		(316,397)

The financial statements were approved by the Board of Directors on 20.3.2020 and were signed on its behalf by:

Mr J C Waud - Director
Company Registration Number: 06757544

The notes on pages 16 to 37 form part of these financial statements.

INCENTIVE FM GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2019

	Note	Share capital	Share premium	Revaluation reserves	Retained earnings	Total
At 1 April 2017		11,842	1,305,359	15,969	1,538,562	2,871,842
Total comprehensive Income		-	-	-	(1,648,218)	(1,648,218)
Dividends					(600,000)	(600,000)
At 31 March 2018 (as previously stated)		11,952	1,305,359	15,969	(745,677)	587,603
At 1 April 2018		11,952	1,305,359	15,969	(745,677)	587,603
Prior Year Adjustment (Note 26)					(904,000)	(904,000)
Total comprehensive Income		-	-	-	(4,942,495)	(4,942,495)
Dividends Paid					(300,000)	(300,000)
At 31 March 2019		11,952	1,305,359	15,969	(6,915,946)	(5,558,746)

The notes on pages 16 to 37 form part of these financial statements.

INCENTIVE FM GROUP LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

YEAR ENDED 31 MARCH 2019

		2019		2018	
	Notes	£	£	£	£
FIXED ASSETS					
Investments	13		9,022,369		13,732,515
CURRENT ASSETS					
Debtors	14	249,012		166,622	
Cash at bank and in hand		-		-	
		249,012		166,622	
CREDITORS					
Amounts falling due within one year	15	(11,471,794)		(8,241,541)	
NET CURRENT LIABILITIES			(11,222,784)		(8,185,919)
TOTAL ASSETS LESS CURRENT LIABILITIES			(2,200,413)		3,026,389
CREDITORS					
Amounts falling due after more than one year	16		(1,210,526)		(1,715,833)
NET (LIABILITIES)/ASSETS			(3,410,939)		1,310,556
CAPITAL AND RESERVES					
Called up share capital	23		11,952		11,952
Share premium	24		1,298,604		1,298,604
Profit and loss account	24		(4,721,496)		-
SHAREHOLDERS' FUNDS			(3,410,939)		1,310,556

The financial statements were approved by the Board of Directors on 20.3.2020 and were signed on its behalf by:

Mr J C Waud - Director
Company Registration Number: 06757544

The notes on pages 16 to 37 form part of these financial statements.

INCENTIVE FM GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2019

	Note	Share capital	Share premium	Revaluation reserves	Retained earnings	Total
At 1 April 2017		11,842	1,298,604	-	-	1,310,446
Issue of shares		110	-	-	-	110
Total comprehensive Income		-	-	-	-	-
At 31 March 2018		**11,952**	**1,298,604**	**-**	**-**	**1,310,556**
At 1 April 2018		11,952	1,298,604	-	-	1,310,556
Total comprehensive Income		-	-	-	(4,721,496)	(4,721,496)
At 31 March 2019		**11,952**	**1,298,604**	**-**	**(4,721,496)**	**(3,410,939)**

The notes on pages 16 to 37 form part of these financial statements.

INCENTIVE FM GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2019

	2019	2018
	£	£
Operating (Loss) / Profit	(4,812,207)	(1,438,975)
Adjustments for:		
Amortisation	787,003	652,172
Impairment	2,142,375	659,915
Depreciation	323,047	318,489
Loss /(Profit) on disposal of fixed assets	307,333	(4,395)
Movements in working capital		
(Increase) in stock	305,333	(234,882)
(Increase) in debtors	3,190,982	(18,064)
(Decrease) / Increase in creditors	(1,412,918)	2,333,183
Cash generated from operations	830,948	2,267,443
Interests paid	(130,288)	(190,458)
Interests received	-	46
Corporation taxes paid	(59,651)	(97,993)
Net cash generated from operating activities	641,009	1,979,038
Cash flow from investing activities		
Cash acquired from acquisition	-	-
Acquisition of Subsidiary (net of cash acquired)	-	(2,532,326)
Proceeds from sale of tangible fixed assets	-	377,927
Purchase of in/tangible fixed assets	(438,828)	(307,586)
Net cash used in investing activities	(438,828)	(2,461,985)
Cash flow from financing activities		
Net of bank borrowings inflow / (outflow)	(1,610,648)	781,562
Net finance leases inflow / (outflow)	-	211,447
Proceeds from issue of new share capital	-	-
Net cash used in financing activities	(1,610,648)	993,009
Dividend paid	(300,000)	(600,000)
Net increase / (decrease) in cash and cash equivalent	(1,708,467)	(89,938)
Cash and cash equivalent at the beginning of the year	3,495,975	3,585,913
Cash and cash equivalent at the end of the year	1,787,508	3,495,975
Cash and bank balances	4,742,859	5,909,844
Bank overdrafts	(2,955,351)	(2,413,869)
	1,787,508	3,495,975

The notes on pages 16 to 37 form part of these financial statements.

1. GENERAL INFORMATION

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 4-6 Dudley Road, Tunbridge Wells, Kent, TN1 1LF.

2. ACCOUNTING POLICIES

Basis of accounting
The financial statements have been prepared under the historical cost convention and in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the Companies Act 2006.

Basis of consolidation
The consolidated financial statements include the financial statements of Incentive FM Group Limited and its subsidiaries at 31 March each year.

The arrangement by which the group acquired the share capital of Incentive Facilities Management Limited falls within the definition of a group reconstruction as set out in FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and consequently the group headed by Incentive Facilities Management Limited has been consolidated using the merger accounting method.

The acquisition of WES (Holdings) Limited and its subsidiaries in the prior year has been accounted for using the acquisition method, with the results of both being included within the consolidated profit and loss account from the date of acquisition.

All intercompany balances and transactions, including unrealised profits arising from the intergroup transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Basis of preparing the financial statements
The group's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic Report.

Going Concern

The Group made losses of £4,942,495 (2018, as restated : £2,588,218) and has net liabilities of £5,558,746 (2018, as restated : £316,397 at the balance sheet date. The Group's performance is primarily impacted by the poor trading of its Mechanical & Engineering subsidiaries in both 2018 and 2019 and the associated balance sheet impact to investment value associated with this subsidiary. Actions have been taken and forecasts / projections made to show positive impact of reorganisation within the Mechanical & Electrical subsidiary.

All other subsidiaries continue to trade profitably and cash generative other than disclosed in the post balance sheet event note 27 in respect of the Incentive Lynx Security Limited disposal of the contract assets.

The Group's external debt to bankers has reduced at the balance sheet date and further within the forecast period to levels below £1.4m by March 2020. Additionally, given the pressure of free cash

2.ACCOUNTING POLICIES (continued)

to service debt, as well as supporting the underperforming subsidiary, there has been a continued strain on working capital impacting the supply chain within the group.

The Group has breached its banking covenants in the 2019 period, but support has continued from bankers. This support included a short-term working capital loan facility as well as an extension of overdraft facilities and is supported by ongoing director / bank reviews and discussions to support the business plans. The commercial bank continues to support the business, its reorganisation plans and forecast / projections for future cash positive trading based on such. All bank loan and interest repayments have been made as and when they fell due.

To support the short-term cash impact to the supply chain, the Directors agreed to the disposal of security contracts of the Incentive Lynx Security Limited subsidiary reducing external debt. Further the Group is also in active and advanced discussions with external debt and equity funders to seek a permanent balance sheet reorganisation to correct working capital imbalances.

The directors additionally review its portfolio of group subsidiaries to ensure each is actively managed and individually (except for the M&E business as outlined) is EBITDA positive in the forecast / projection period. Consideration is also being made by the shareholders on the injection of additional funds.

The directors have prepared cashflow information for the 12 months from the date of approval of these financial statements. These projections review the continued operation of current banking facilities as well as alternative and additional funding options and the directors consider that the group will operate within its agreed facilities. The Directors have reviewed the impact of Covid-19 (Coronavirus) and believe there is limited risk within the customer base given ongoing requirements to support customers facilities.

The directors, therefore, having taken certain decisions and having active options in hand, consider it appropriate to prepare the financial statements on a going concern basis.

Judgements and key sources of estimation uncertainty
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial information.

Revenue recognition
Turnover is the amount derived from ordinary activities, and is measured at the fair value of the consideration received or receivable. Turnover is reduced for estimated customer returns, rebates and other similar allowances, and is stated net of VAT.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the group has transferred to the buyer all significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measure reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and

2.ACCOUNTING POLICIES (continued)

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation
Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and 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 end of the reporting period.

Deferred tax is recognised on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable timing differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible timing differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Tangible fixed assets
Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation policies used are as follows:

Leasehold interest	over the lease period
Plant and machinery	33% on cost
Fixtures and fittings	33% on cost
Motor Vehicles	33% on cost
Computer equipment	33% on cost

2.ACCOUNTING POLICIES (continued)

Assets held under finance leases are deprecated in the same manner as owned assets.

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that any items of property, plant and equipment have suffered an impairment loss. If any such indication exists, the recoverable amount of an 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 the asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Intangible assets
Goodwill and contracts arising on an acquisition of a business is carried at cost less accumulated amortisation and impairment losses, if any. Amortisation is calculated on a straight line basis over the useful economic life of 20 years. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Amortisation
Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Patents, trademarks and licences	20% on cost
Software	33% Straight Line Policy

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Trade and other debtors
Trade and other debtors that are receivable within one year and do not constitute a financing transaction are recorded at the undiscounted amount expected to be received, net of impairment.

2.ACCOUNTING POLICIES (continued)

Those that are receivable after more than one year or constitute a financing transaction are recorded initially at fair value less transaction costs and subsequently at amortised cost, net of impairment.

Cash and cash equivalent
Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings or current liabilities.

Impairment of financial assets
Financial assets, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when 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 of the investment have been affected.
For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market of that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 50 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2.ACCOUNTING POLICIES (continued)

Trade and other creditors

Trade and other creditors are initially recognised at the transaction price and are thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Interest bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequently to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the statement of comprehensive income over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

Related parties

For the purposes of these financial statements, a party is considered to be related to the group if:

(i) the party has the ability, directly or indirectly, through one or more intermediaries, to control the group or exercise significant influence over the group in making financial and operating policy decisions, or has joint control over the group;
(ii) the group and the party are subject to common control;
(iii) the party is an associate of the group or a joint venture in which the group is a venturer;
(iv) the party is a member of key management personnel of the group or the group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the group.
(vii) the party, or any member of a group of which it is part, provides key management personnel services to the group or its parent.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

Leased assets

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs (see the accounting policy above). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which

2.ACCOUNTING POLICIES (continued)

economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.
In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies
The financial statements are presented in Sterling, which is also the functional currency of the group. Transactions in currencies other than the functional currency of the group are recorded at the rate of exchange on the date the transaction occurred. Monetary items denominated in other currencies are translated at the rate prevailing at the end of the reporting period. All differences are taken to profit and loss. Non-monetary items that are measured at historic cost in a foreign currency are not retranslated.

Employee benefits
Short-term employee benefits are recognised as an expense in the period they are incurred.
The obligations for contributions to defined contribution scheme are recognised as an expense in the period they are incurred. The assets of the scheme are held separately from those of the group in an independently administered fund.

Provisions
Provisions are recognised when the group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Stock and work in progress
Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress includes all direct costs of production and the appropriate proportion of production overheads.

Share based payment
The group issues equity settled and cash settled appreciation rights to certain employees within the group. Equity-settled share based payment transactions are measured at fair value (excluding the effect of non-market-based vesting period), based on the group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured by use of the Black Scholes pricing model which is considered by management to be the most appropriate method of valuation. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

A liability equal to the portion of the services received is recognised and re-measured based on current fair value determined at each balance sheet date for cash-settled share appreciation rights, with any changes in fair value recognised in profit & loss.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group. Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have transferred to the buyer.
All of the turnover from the group was achieved in the United Kingdom.

4. STAFF COSTS

	2019	2018
	£	£
Wages and salaries	58,512,859	57,181,481
Social security costs	4,189,619	4,559,798
Other pension costs	795,598	714,611
	63,498,076	62,455,890

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

	2019	2018
Direct labour	2,813	2,777
Administrative staff	99	74
	2,912	2,851

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):	2019	2018
	£	£
Depreciation - owned assets	388,122	318,489
Auditors' remuneration	75,000	75,000
Taxation	7,000	7,000
Other – due diligence	-	20,000
Directors' emoluments	511,223	516,290
Directors' pension contributions to money purchase schemes	-	9,441

At the balance sheet date there were no directors to whom retirement benefits were accruing under defined benefit schemes.

Information regarding the highest paid director is as follows:

	2019	2018
	£	£
Emoluments etc.	230,010	224,504

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2019	2018
	£	£
Interest payable	130,288	190,458

7. TAXATION

Analysis of the tax charge
The tax charge on the profit on ordinary activities for the year was as follows:

	2019	2018
Current tax:	£	£
UK Corporation tax	-	57,792
Deferred tax:		
Origination and reversal of timing differences	-	(2,961)
Tax on profit on ordinary activities	-	54,831

Reconciliation of tax charge

	2019	2018
	£	£
(Loss)/Profit on ordinary activities before tax	(4,812,207)	(1,629,387)
Tax on profits at standard rate of tax 19% (2018:19%)	(914,319)	(309,583)
Effect of amortisation/Impairment	533,446	249,296
Effects of expenses not deductible for tax	24,365	32,814
Underpayment in prior year	-	70,757
Capital allowances over depreciation	53,982	14,508
Deferred tax charge	-	(2,961)
Losses Carried Forward	302,526	-
Total UK corporation tax	-	54,831

8. PROFIT OF PARENT COMPANY

As permitted by Section 408, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial period was £4,721,646 (2018: £nil).

9. DIVIDENDS - ORDINARY SHARES

	2019	2018
	£	£
Final	300,000	600,000

INCENTIVE FM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

10. INTANGIBLE FIXED ASSETS

Group	Software	Patents, Trademarks and licenses	Contacts	Goodwill	Total
	£	£	£	£	£
Cost					
At 1 April 2018		12,750	6,991,075	5,667,864	12,671,689
Additions	276,151	-	-	-	276,151
Impairment		-	(1,272,480)	(869,895)	(2,142,375)
At 31 March 2019	276,151	12,750	5,718,595	4,797,969	10,805,465
Amortisation					
At 1 April 2018	-	10,000	942,693	2,021,281	2,973,974
Charge for year	121,765	2,750	328,674	333,814	787,003
At 31 March 2019	121,765	12,750	1,271,367	2,355,095	3,760,977
Net Book Value					
At 31 March 2019	154,386	-	4,447,228	2,442,874	7,044,488
At 31 March 2018	-	2,250	4,071,010	5,623,955	9,697,714

11. ACQUISITION OF SUBSIDIARY

In the prior year the following table sets out the book values of the identifiable assets and liabilities acquired. In the opinion of the directors there is no material difference between the book value and the fair value of the assets acquired with the exception of an onerous contract which gave rise to an adjustment of £155,180.

On 31 August 2018, the group/company purchased the entire share capital of WES (Holdings) Limited

	£
Fixed assets	717,232
Current assets	
Debtors	2,239,404
Cash	-
Total assets	2,956,636
Creditors	
Trade Creditors and Accruals	(1,423,035)
Other Creditors	(614,721)
Long term creditors	(375,946)

Total liabilities	(2,413,702)
Net assets	542,934
Contracts	1,977,373
	2,520,307

Satisfied by

Cash consideration (including acquisition costs)	1,815,094
Deferred consideration	705,213
Investment	2,520,307

The deferred consideration is payable as follows: £613,073 in October 2018 and £92,140 – 24months after completion. The deferred consideration is contingent upon performance targets being met over the deferred payment period.

Cash consideration	(1,815,094)
Cash acquired on acquisition	-
Net cash outflow	(1,815,094)

12. TANGIBLE FIXED ASSETS

Group	Leasehold Property £	Plant and machinery £	Fixtures & fittings £	Motor vehicles £	Totals £
Cost					
At 1 April 2018	389,307	1,261,131	644,268	621,674	2,916,380
Additions	-	118,819	43,857	-	162,676
Disposals	(76,080)	(80,074)	(119,718)	(487,481)	(763,353)
At 31 March 2019	313,227	1,299,876	568,407	134,193	2,315,703
Depreciation					
At 1 April 2018	140,389	899,922	567,914	375,635	1,983,861
Charge for year	50,467	146,985	62,336	63,259	323,047
Disposals	(4,818)	(29,535)	(91,239)	(330,428)	(456,020)
At 31 March 2019	186,038	1,017,372	539,011	108,466	1,850,887
Net Book Value					
At 31 March 2019	127,189	282,504	29,396	25,727	464,816
At 31 March 2018	248,918	361,209	76,354	246,038	932,519

13. FIXED ASSET INVESTMENTS

	Group		Company	
	2019	*2018*	*2019*	*2018*
	£	£	£	£
Shares in group undertakings	-	-	9,022,369	13,732,515
Other investments not loans	29,200	29,200	-	-
	29,200	29,200	13,732,515	11,212,308

The directors' believe that the fixed asset investments are correctly stated at cost and no adjustment is required based on strength and performance of the underlying businesses, subsequent contracts secured following the year end, substantial future pipeline and an independent valuation of the Group. The carrying value of investments are reviewed on an annual basis.
Additional information is as follows:
Group

Investments (paintings and memorabilia) were as follows:	2019	2018
	£	£
Cost/valuation at 1 April 2018 and 31 March 2019	29,200	29,200
	29,200	29,200

Company	Share in group undertakings
	£
Cost	
At 1 April 2018	13,732,515
Additions in the year	11,500
Impairment	(4,721,646)
At 31 March 2019	9,022,369

The group or the company's investment at the balance sheet date in the share capital of companies include the following. All companies' registered office is 4-6 Dudley Road, Tunbridge Wells, Kent, TN1 1LF, and all are incorporated in England and Wales. Their accounts can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ:

The companies below marked with asterisks (**) have taken advantage of the exemption from audit under the provisions of Section 479A of the Companies Act 2006 ("the Act"), and the member of those companies have not required the company to obtain an audit for the years in question in accordance with Section 476 of the Act.

Held directly by Incentive FM Group Limited:

Incentive Facilities Management Limited
Nature of business: Facilities management – Ordinary Shares 100% held.

Incentive Lynx Security Limited
Nature of business: Security – Ordinary Shares 100% held.

Incentive QAS Limited
Nature of business: Contract Cleaning – Ordinary Shares 100% held

Incentive Tec Limited
Nature of business: Engineering – Ordinary Shares 100% held

Specialist Window Cleaning Limited
Nature of business: Window cleaning – Ordinary Shares 100% held

Incentive FM Consultancy Limited
Nature of business: Consultancy – Ordinary Shares 100% held

ARL Support Services Limited **
Nature of business: Window cleaning – Ordinary Shares 100% held

Air Conditioning Economics (Holdings) Limited **

Nature of business: holding Company – Ordinary Shares 100% held

Incentive FM Limited

Nature of business: Consultancy - Ordinary Shares 100% held

Held directly by Incentive Facilities Management Limited:

Incentive Support Services Limited
Nature of business: Contract cleaning – Ordinary Shares 100% held.

Held directly by Air Conditioning Economics (Holdings) Limited:

ACE Environmental Engineering Limited **
Nature of business: Air-conditioner servicing – Ordinary Shares 100% held.

WES (Holdings) Limited **
Nature of business: Holding Company – Ordinary Shares 100% held.

Held directly by WES (Holdings) Limited:

Weston Electrical Services Limited (In administration post year-end)

Nature of business: Electrical Services – Ordinary Shares 100% held.

Held directly by WES Holding Limited:

Incentive Tec Fire & Security Systems Limited *
Nature of business: Fire service activities – Ordinary Shares 100% held.

Held directly by WES Holding Limited:

Weston Electrical & Mechanical Services Ltd **
Nature of business: Dormant - Ordinary Shares 100% held.

14. DEBTORS: Amounts falling due within one year

	Group		Company	
	2019	**2018**	**2019**	**2018**
	£	**£**	**£**	**£**
Trade debtors	6,728,004	9,136,486	-	-
Other debtors	4,041,255	4,823,755	110	110
Amounts owed by group undertakings	-	-	248,902	166,512
	10,769,259	13,960,241	249,012	166,622

15. CREDITORS: Amounts falling due within one year

	Group		Company	
	2019	***2018***	***2019***	***2018***
	£	**£**	**£**	**£**
Bank overdraft	2,955,351	2,413,869	2,942,908	2,401,423
Bank loan	929,210	1,397,267	929,210	1,397,267
Obligations under finance leases	62,010	101,743	-	-
Trade creditors	6,588,677	6,445,553	-	-
Amounts owed to group undertakings	-	-	7,504,601	5,368,984
Corporation tax	29,846	89,643	-	-
Social security and other taxes	4,519,166	3,709,157	-	-
Other creditors	4,059,843	3,295,339	95,075	616,008
Accruals and deferred income	8,218,260	11,348,817	-	-
	27,362,363	28,801,388	11,471,794	10,536,786

16. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2019	**2018**	**2019**	**2018**
	£	**£**	**£**	**£**
Obligations under finance leases	-	-	-	-
Deferred consideration	-	92,140	-	92,140
Long term bank loan	1,210,526	2,139,655	1,210,526	2,139,655
Other loans	48,519	130,134		
	1,259,045	2,361,929	1,210,526	2,231,795

All balances are repayable within five years – bank borrowings are secured by way of a fixed and floating charge over assets of the group.

17. OBLIGATIONS UNDER OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:

Group	2019 £	2018 £
Not later than 1 year	184,044	233,422
Later than 1 year but not later than 5 years	208,407	455,011
Later than 5 years	-	119,792
	392,451	808,225

18. OBLIGATIONS UNDER FINANCE LEASES

The total future minimum lease payments under non-cancellable finance leases are as follows:

Group	2019 £	2018 £
Not later than 1 year	74,323	121,311
Later than 1 year but not later than 5 years	39,696	130,134
Later than 5 years	-	-
	114,019	251,445

19. PROVISIONS FOR LIABILITIES

Group

	2019	2018
Deferred tax	48,985	48,985

Group	Deferred Tax £
Balance at 31 March 2018	48,985
Provision movement	-
Balance at 31 March 2019	48,985

20. PENSION COMMITMENTS

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge of £864,771 (2018: £714,611) represents contributions payable by the group to the fund. Included in other creditors is £225,605 (2018: £172,703), relating to contributions accrued by staff and deferred by agreement.

21. RELATED PARTY DISCLOSURES

During the year group made a number of payments on behalf of Net 72 Limited, a company in which J C Waud is a director and 100% shareholder. These payments were in respect of pension, insurance and mobile expenses totalling £3,066 (2018: £3,049). Repayments of £8,628 (2018: £6,790) were made in the year. The balance outstanding at the year end was £nil (2018: £3,049).

Purchases totalling £38,562 (2018: £25,043) were made from Net 72 Limited in the year and an amount of £156 (2018: £2,481) was owed at the year end. All transactions with Net 72 Limited are on commercial terms.

During the year, the group made a number of purchases from Waud Wine Limited, a company in which J C Waud is a director and shareholder. These purchases totalled £27,020 (2018: £34,940). The balance outstanding at the year-end was £3,319 (2018: £nil). The group also made payments of £10,000 (2018: £nil) in respect to rent payments. All transactions with Waud Wine Limited are on commercial terms.

During the year the group made a number of purchases from City Sports Management Limited, a company in which J C Waud is a director and shareholder. These purchases totalled £nil (2018: £7,700). The balance outstanding at the year-end was £nil (2018: £nil). All transactions with City Sports Management Limited are on commercial terms.

At the year-end M reed and J, Waud, both directors had an outstanding loan due to the group of £21,000 (2018: £21,000) and £26,589 (2018: £60,000l) respectively.

The directors are satisfied that the above transactions were carried out on an arm's length basis.

There are considered to be no key management personnel other than directors.

No other transactions with related parties were undertaken as such that are required to be disclosed under FRS102.

22. CHARGES ON ASSETS

This company has entered into a Composite Accounting Agreement with Barclays bank. Each participating company has provided a guarantee to the Bank. Under the terms of the Agreement and the guarantees, the bank is authorised to allow set-off for interest purposes and in certain circumstances to seize credit balances and apply them in reduction of liabilities including debit balances within the Composite Accounting System. This agreement is between: Ace Environmental Engineering Limited, Air Conditioning Economics (Holdings) Limited, ARL Support Services Ltd, Incentive Facilities Management Limited, Incentive FM Group Limited, Incentive Lynx Security Limited, Incentive Tec Limited, Specialist Window Cleaning Limited, Incentive QAS Limited, Incentive Tec Fire & Security Limited, Wes Holdings Limited, Weston Electrical & Mechanical Services Limited and Weston Electrical Services Limited.

23. CALLED UP SHARE CAPITAL

Group	2019	2018
	£	£
118,423 'A' ordinary shares of £0.10 each	11,842	11,842
110 'B' ordinary shares of £0.10 each	110	110
	11,952	11,952

'A' ordinary shareholders are entitled to one vote per share in any circumstances.

'B' ordinary shareholders has the full rights in the company with respect to voting, distributions and to dividends as declared by the directors from time to time.

The group has an EMI share option scheme. At the beginning of the year there were 5 employees included in the scheme with each individual holder had 1,000 share options at an exercise price of £135. No new options were granted in the year. As at 31st March 2018, 5,000 share options were outstanding.

The fair value of the share options at the grant date was calculated using the Black Scholes model, which is considered to be the most appropriate generally accepted valuation method of measuring fair value. No charge has been included in the financial statements due to the value being immaterial.

24. RESERVES

Share premium account – The reserve records the amount above the nominal value received for *shares sold, less transaction costs.*

Revaluation reserve – This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Profit and loss account – This reserve records retained earnings and accumulated losses.

25. ULTIMATE CONTROLLING PARTY

The ultimate controlling party throughout the period was J C Waud, a director and majority shareholder.

26. POST BALANCE SHEET EVENTS

Post balance sheet, the directors of Weston Electrical Services Limited, a 100% subsidiary of Incentive FM Group Limited (through its intermediate holding company WES Holdings Limited) was placed in administration as at 18th July 2019 based on unsustainable losses and risks impacting the broader group. The Administrators placed the company into formal liquidation in January 2020.

Further as at 31st January 2020, the assets of the subsidiary Incentive Lynx Security Limited were sold and associated Investments were impaired to the anticipated realisable value.

26. POST BALANCE SHEET EVENTS (Continued)

Additionally, post balance sheet, the bank covenants were breached on several occasions in respect of the debt servicing and leverage covenants. In this time Barclays, as bankers, supported the group with a short term additional £0.5m loan (in August 2019) and an increase in overdraft facilities by £0.7m to £1.5m. Barclays has reserved its position verbally on each occasion in respect of the breaches. It also supported and acted in support of measures being taken (and reported upon in this report) by the group in reviewing debt and equity options to address working capital levels. The £0.5m short term loan plus accrued interest was fully repaid to Barclays on the 31st January 2020.

27 PRIOR YEAR ADJUSTMENT

A prior year adjustment, based on a fundamental error in the report in 2018 of the subsidiary ACE Environmental Engineering Limited of £904,000 was made, restating 2018 comparatives and accumulated retained earnings / (losses). This subsidiary was unaudited being subject to S477 in respect of small company exemptions.

The error relating to cut-off issues within a business which was undergoing changing in systems and management and was subject to ongoing reporting issues, which have now been fully addressed.