

COMPANY REGISTRATION NUMBER 06757544

REPORT OF THE DIRECTORS AND  
AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018  
FOR  
INCENTIVE FM GROUP LIMITED

For ACE ENVIRONMENTAL  
ENGINEERING LIMITED (01782534)

SEE PAGES 29/32.

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**INCENTIVE FM GROUP LIMITED**  
**CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

<b>CONTENTS</b>	<b>PAGE</b>
Company Information	1
Report of the Directors	2
Strategic Report	4
Report of the Independent Auditors	6
Consolidated Statement of Comprehensive Income	10
Consolidated Statement of Financial Position	11
Consolidated Statement of Changes in Equity	12
Company Statement of Financial Position	13
Company Statement of Changes in Equity	14
Consolidated Cash Flow Statement	15
Notes to the Consolidated Financial Statements	16

**INCENTIVE FM GROUP LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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

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**INCENTIVE FM GROUP LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

The directors present their report and the financial statements of the company and group for the year ended 31 March 2018.

**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 £600,000 (2017: £300,000) were paid in the year ended 31 March 2018.

**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 profit or loss of the group for that year.

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 25.

**INCENTIVE FM GROUP LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**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.

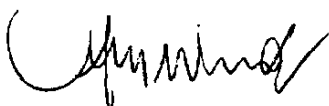
**STATEMENT AS TO DISCLOSURES OF INFORMATION TO AUDITORS**

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 26/3/19

# **INCENTIVE FM GROUP LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2018**

#### **REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

The group has continued its sales growth in the broader facilities management and services sector through the development of existing contracts and organic sales growth. The group acquired the Weston Super Mare based Weston Electrical Services Holdings Limited (WES) as an extension of the Mechanical & Electrical portfolio as at 1 September 2017 for £2.4m providing reach within the South West of the country and additional capability in M&E and Fire and Safety equipment. The year has however involved the integration of two acquisitions from 2017 (one in window cleaning and another in M&E) which have come out of their restriction phases and have now been restructured and integrated into sister businesses accordingly. All of these abnormal costs of change and integration including others in our security business have been absorbed within the year ending 31<sup>st</sup> March 2018.

The group has continued to offer a wide variety of services and contract style options to its clients across Facilities Management, Mechanical and Electrical (M&E), Cleaning, Window Cleaning, Security and Consultancy service areas as required.

Incentive FM Group has continued to enjoy growth in staff numbers (now in excess of 3,100) and has underlined its commitment to, and successfully achieved accreditation in certain of its companies, in a number of key business areas:

- ISO 9000, 14001 and 18001.
- The group holds SIA approved contractor status in both its security and facilities management businesses.
- The group has won several industry awards in a variety of categories and continued its excellent health & safety record yet again securing multiple RoSPA awards, including a President's Award for Incentive Facilities Management Ltd having achieved gold for ten years.

The Group's staff training and leadership development programmes have been particularly successful at both retaining and developing talent in an increasingly competitive labour market. The Group continues to support a chosen charity, this year and last year the very popular Scotty's Little Soldiers charity and actively encourages employee involvement in our various and successful fundraising activities which have culminated in the Group being chosen at Scotty's corporate fund raiser of the year in 2018.

There are a number of "green" initiatives being worked on and an increased investment in this area as part of the group's CSR strategy, in particular the adoption of electrical vehicles as part of our 200+ fleet.

#### **KEY PERFORMANCE INDICATORS**

The Group has maintained and improved its customer retention rate and increased new business wins, and improved conversion rates which are monitored monthly as part of the Group's sales pipeline reporting.

Incentive FM Group generated an EBITDA for the year ended 31 March 2018 of £0.2m (2017: £2.2m). The group EBITDA adjusted for abnormal items, annualised acquisition of WES and improved run rates in our window cleaning and security business is £0.2M.

Following this year of integration and restructuring of our Window Cleaning, M&E and Security businesses, the Directors are confident of a significant increase in EBITDA for year ended March 2019 in the following year without any acquisitions. The group continues to manage its administration and direct costs at world class levels of less than 3.4% of sales.

**INCENTIVE FM GROUP LIMITED**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**PRINCIPAL RISKS**

*The group's operations may expose it to a variety of financial risks, principally; credit risk and liquidity risk. Due to the size of the organisation, the responsibility for monitoring financial risk management is shared by the directors. The group adheres to anti modern slavery legislation and can be located on [www.incentive-fmgroup.com](http://www.incentive-fmgroup.com).*

**CREDIT RISK**

Due to the current economic environment, the group has an exposure to credit risk. Credit risk is mitigated where possible by an expanding portfolio of clients and customer payments received in advance of budgeted services and the management of property portfolios primary focused on owner-occupiers. More generally the Group have invested in more credit control resource and monitors this area alongside work in progress and unbilled income closely.

**LIQUIDITY RISK**

Liquidity risk is managed by ensuring that 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 are being paid down very quickly and not being expanded as there have been no further acquisitions and hence there is no further borrowing requirement. In addition at the date of signing all budgeted and contracted deferred consideration payments in relation to previous acquisitions have been made, hence reducing the group's liabilities further. Total Debt at date of report was £3.5m, however at the time of signing this report debt had fallen to £2.2m being less than anticipated EBITDA levels and thus a low leveraged position. Further reviews of working capital leverage levels are being actively discussed with Barclays our key funding partner.

**EMPLOYEES PRACTICES**

The group is an equal opportunity employer and recruits based on merit and abides by the principles of no discrimination in any form. The 3,120 staff on the Group's payroll at the time of signing have a total of 70 different nationalities.

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

During the year, the policy of providing employees with information about the Group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the group's performance through social media, the groups private web space, 'My Incentive' and at regular local face to face meetings.



Mr J C Waud  
Director

Approved by the directors on 26/3/19

**INCENTIVE FM GROUP LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF INCENTIVE FM**  
**GROUP LIMITED**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**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 2018 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 2018 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**

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

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



## **INCENTIVE FM GROUP LIMITED**

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

*(CONTINUED)*

**YEAR ENDED 31 MARCH 2018**

#### **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 audits

#### **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 company or to cease operations, or have no realistic alternative but to do so.

## **INCENTIVE FM GROUP LIMITED**

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

*(CONTINUED)*

**YEAR ENDED 31 MARCH 2018**

#### **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.

# INCENTIVE FM GROUP LIMITED

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

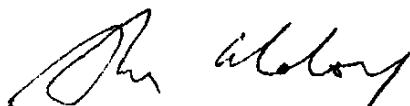
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YEAR ENDED 31 MARCH 2018

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.



Shane Moloney (Senior Statutory Auditor)

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

26<sup>TH</sup> March 2019

**INCENTIVE FM GROUP LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 31 MARCH 2018**

	Notes	2018 £	2017 £
<b>TURNOVER</b>	2	114,533,368	94,442,983
Cost of sales		(102,771,733)	(84,281,378)
<b>GROSS PROFIT</b>		11,761,635	10,161,605
Administrative expenses		(13,201,110)	(8,749,532)
Other operating income		500	6,700
<b>OPERATING (LOSS) / PROFIT</b>	4	(1,438,975)	1,418,773
Interest receivable and similar income		46	801
		(1,438,929)	1,419,574
Interest payable and similar charges	5	(190,458)	(144,024)
<b>(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(1,629,387)	1,275,550
Tax on (Loss) / profit on ordinary activities	6	(54,831)	(269,075)
<b>(LOSS) / PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		(1,684,218)	1,006,475
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>		<u>(1,684,218)</u>	<u>1,006,475</u>

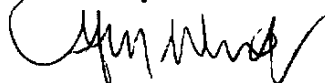
All the activities of the group are from continuing operations.

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 2018**

		<b>2018</b>		<b>2017</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>FIXED ASSETS</b>				
Intangible assets	9	9,697,714		9,032,429
Tangible assets	11	932,520		599,723
Investments	12	<u>29,200</u>		<u>29,200</u>
		10,659,434		9,661,352
<b>CURRENT ASSETS</b>				
Stock		366,386	131,504	
Debtors	13	13,960,241	13,942,177	
Cash at bank and in hand		<u>5,909,844</u>	<u>3,585,913</u>	
		20,236,471	17,659,594	
<b>CREDITORS</b>				
Amounts falling due within one year	14	<u>(27,897,388)</u>	<u>(22,717,740)</u>	
<b>NET CURRENT LIABILITIES</b>		<u>(7,660,917)</u>	<u>(5,058,146)</u>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,988,517		4,603,206
<b>CREDITORS</b>				
Amounts falling due after more than one year	15	(2,361,929)		(1,725,269)
<b>PROVISIONS FOR LIABILITIES</b>	18	<u>(48,985)</u>		<u>(6,095)</u>
<b>NET ASSETS</b>		<u>587,603</u>		<u>2,871,842</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	22	11,952		11,952
Share premium	23	1,305,359		1,305,359
Revaluation reserve	23	15,969		15,969
Profit and loss account	23	<u>(745,677)</u>		<u>1,538,562</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>587,603</u>		<u>2,871,842</u>

The financial statements were approved by the Board of Directors on 26/3/19 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 2018**

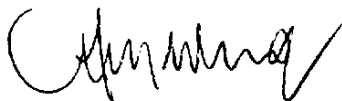
	<b>Note</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Revaluation reserves</b>	<b>Retained earnings</b>	<b>Total</b>
At 1 April 2016		11,842	1,305,359	15,969	832,087	2,165,257
Issue of shares		110	-	-	-	110
Total comprehensive Income		-	-	-	1,006,475	1,006,475
Dividends					(300,000)	(300,000)
At 31 March 2017		<u>11,952</u>	<u>1,305,359</u>	<u>15,969</u>	<u>1,538,562</u>	<u>2,871,842</u>
At 1 April 2017		11,952	1,305,359	15,969	1,538,562	2,871,842
Total comprehensive Income		-	-	-	(1,684,218)	(1,684,218)
Dividends					(600,000)	(600,000)
At 31 March 2018		<u>11,952</u>	<u>1,305,359</u>	<u>15,969</u>	<u>(745,677)</u>	<u>587,603</u>

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 2018**

	Notes	£	2018 £	£	2017 £
<b>FIXED ASSETS</b>					
Investments	12		13,732,515		11,212,308
<b>CURRENT ASSETS</b>					
Debtors	13	166,622		55,622	
Cash at bank and in hand		<u>-</u>		<u>-</u>	
		166,622		55,622	
<b>CREDITORS</b>					
Amounts falling due within one year	14	(10,356,786)		(8,241,541)	
<b>NET CURRENT LIABILITIES</b>			(10,190,164)		(8,185,919)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			3,542,351		3,026,389
<b>CREDITORS</b>					
Amounts falling due after more than one year	15		(2,231,795)		(1,715,833)
<b>NET ASSETS</b>			1,310,556		1,310,556
			<u>=====</u>		<u>=====</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	22		11,952		11,952
Share premium	23		1,298,604		1,298,604
Profit and loss account	23		<u>-</u>		<u>-</u>
<b>SHAREHOLDERS' FUNDS</b>			1,310,556		1,310,556
			<u>=====</u>		<u>=====</u>

The financial statements were approved by the Board of Directors on 26/3/19 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 2018**

	Note	Share capital	Share premium	Revaluation reserves	Retained earnings	Total
At 1 April 2016		11,842	1,298,604	-	-	1,310,446
Issue of shares		110	-	-	-	110
Total comprehensive income		-	-	-	-	-
At 31 March 2017		<u>11,952</u>	<u>1,298,604</u>	<u>-</u>	<u>-</u>	<u>1,310,556</u>
At 1 April 2017		11,952	1,298,604	-	-	1,310,556
Total comprehensive income		-	-	-	-	-
At 31 March 2018		<u>11,952</u>	<u>1,298,604</u>	<u>-</u>	<u>-</u>	<u>1,310,556</u>

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 2018**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Operating (Loss) / Profit	(1,438,975)	1,418,773
Adjustments for:		
Amortisation	652,172	543,948
Impairment	659,915	-
Depreciation	318,489	277,969
Profit on disposal of fixed assets	(4,395)	5,156
Movements in working capital		
(Increase) in stock	(234,882)	(106,278)
(Increase) in debtors	(18,064)	(6,065,386)
(Decrease) / Increase in creditors	<u>2,333,183</u>	<u>8,260,544</u>
Cash generated from operations	2,267,443	4,334,726
Interests paid	(190,458)	(144,024)
Interests received	46	801
Corporation taxes paid	(97,993)	(219,619)
Net cash generated from operating activities	1,979,038	3,971,884
<b>Cash flow from investing activities</b>		
Cash acquired from acquisition	-	122,905
Acquisition of Subsidiary (net of cash acquired)	(2,532,326)	(3,931,410)
Proceeds from sale of tangible fixed assets	377,927	-
Purchase of tangible fixed assets	<u>(307,586)</u>	<u>(312,111)</u>
Net cash used in investing activities	2,461,985	(4,120,616)
<b>Cash flow from financing activities</b>		
Net of bank borrowings inflow / (outflow)	781,562	1,203,333
Net finance leases inflow / (outflow)	211,447	20,430
Proceeds from issue of new share capital	<u>-</u>	<u>110</u>
Net cash used in financing activities	993,009	1,223,873
Dividend paid	(600,000)	(300,000)
Net increase / (decrease) in cash and cash equivalent	(89,938)	775,141
Cash and cash equivalent at the beginning of the year	<u>3,585,913</u>	<u>2,810,772</u>
<b>Cash and cash equivalent at the end of the year</b>	<u>3,495,975</u>	<u>3,585,913</u>
Cash and bank balances	5,909,844	3,585,913
Bank overdrafts	<u>(2,413,869)</u>	<u>-</u>
	<u>3,495,975</u>	<u>3,585,913</u>

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

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**INCENTIVE FM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2018**

**1. 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 current 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.

The acquisition of ARL Support Services Limited and Air Conditioning Economics (Holdings) Limited in the prior year were 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 after taxation of £1,684,218 (2017: £1,006,475) and has net assets of £587,603 (2017: £2,871,842) at the balance sheet date. The group's forecasts and projections show that the group will be able to operate within the level of its current facilities from at least 12 months from the signing of these financial statements. The group's debt service covenant was breached once during the year and a breach has occurred post year end. The group's bankers remain supportive and the group remains in weekly discussion with them (see note 25). The group remains EBITDA profitable and have met all loans repayments as and when they fell due.

The directors have prepared projected cash flow information for the period ending 12 months from the date of approval of these financial statements. On the basis of this cash flow information, the directors consider that the group will continue to operate within the agreed facilities it currently holds with the bank, allowing for the breach of the debt services covenant. The directors, therefore, consider it appropriate to prepare the financial statements on a going concern basis.

**INCENTIVE FM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2018**

**1.ACCOUNTING POLICIES (continued)**

**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
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of goods is recognised when goods are delivered and legal title is passed.

**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

**INCENTIVE FM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2018**

**1.ACCOUNTING POLICIES (continued)**

profits will be available to allow all or part of the asset to be recovered.

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

Assets held under finance leases are depreciated 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.

**INCENTIVE FM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2018**

**1. ACCOUNTING POLICIES (continued)**

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
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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.

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.

**INCENTIVE FM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2018**

**1. ACCOUNTING POLICIES (continued)**

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.

**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.

**INCENTIVE FM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2018**

**1. ACCOUNTING POLICIES (continued)**

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 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

**INCENTIVE FM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2018**

**1. ACCOUNTING POLICIES (continued)**

*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.

**2. 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.

**3. STAFF COSTS**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Wages and salaries	57,181,481	49,041,814
Social security costs	4,559,798	871,775
Other pension costs	714,611	225,123
	<u>62,455,890</u>	<u>50,138,712</u>

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

	<b>2018</b>	<b>2017</b>
Direct labour	2,777	2,404
Administrative staff	74	98
	<u>2,851</u>	<u>2,502</u>



**INCENTIVE FM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2018**

**4. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Depreciation - owned assets	318,489	277,969
Auditors' remuneration	75,000	68,000
Taxation	7,000	7,000
Other – due diligence	20,000	25,000
Directors' emoluments	516,290	483,074
Directors' pension contributions to money purchase schemes	9,441	7,500
	<u>          </u>	<u>          </u>

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:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Emoluments etc.	224,504	208,741
	<u>          </u>	<u>          </u>

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Interest payable	190,458	144,024
	<u>          </u>	<u>          </u>

**6. TAXATION**

**Analysis of the tax charge**

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Current tax:		
UK corporation tax	57,792	239,161
Deferred tax:		
Origination and reversal of timing differences	(2,961)	29,914
Tax on profit on ordinary activities	54,831	269,075
	<u>          </u>	<u>          </u>

**Reconciliation of tax charge**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
(Loss)/Profit on ordinary activities before tax	(1,629,387)	1,275,550
Tax on profits at standard rate of tax 19% (2017:20%)	(309,583)	255,100
Effect of amortisation/impairment	249,296	109,290
Effects of expenses not deductible for tax	32,814	-
Underpayment in prior year	70,757	(66,648)
Capital allowances over depreciation	14,508	(58,581)
Deferred tax charge	(2,961)	29,914
Total UK corporation tax	54,831	269,075
	<u>          </u>	<u>          </u>

**INCENTIVE FM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2018**

**7. 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 profit for the financial period was £nil (2017: £nil).

**8. DIVIDENDS - ORDINARY SHARES**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Final	600,000	300,000

**9. INTANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Patents, Trademarks and licenses £</b>	<b>Contacts £</b>	<b>Goodwill £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 April 2017	12,750	5,013,703	6,327,778	11,354,231
Additions		1,977,373	-	1,977,373
Impairment	-	-	(659,915)	(659,915)
At 31 March 2018	<u>12,750</u>	<u>5,013,703</u>	<u>7,645,236</u>	<u>12,671,689</u>
<b>Amortisation</b>				
At 1 April 2017	7,500	626,835	1,687,467	2,321,802
Charge for year	<u>2,500</u>	<u>315,858</u>	<u>333,814</u>	<u>652,172</u>
At 31 March 2018	<u>10,000</u>	<u>942,693</u>	<u>2,021,281</u>	<u>2,973,974</u>
<b>Net Book Value</b>				
At 31 March 2018	<u>2,250</u>	<u>4,071,010</u>	<u>5,623,955</u>	<u>9,697,714</u>
At 1 April 2017	<u>5,250</u>	<u>4,386,868</u>	<u>4,640,311</u>	<u>9,032,429</u>

**INCENTIVE FM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2018**

**10. ACQUISITION OF SUBSIDIARY**

In the current 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

	<b>£</b>
<b>Fixed assets</b>	<b>717,232</b>
<b>Current assets</b>	
Debtors	2,239,404
Cash	-
<b>Total assets</b>	<b><u>2,956,636</u></b>
<b>Creditors</b>	
Trade Creditors and Accruals	(1,423,035)
Other Creditors	(614,721)
Long term creditors	(375,946)
<b>Total liabilities</b>	<b><u>(2,413,702)</u></b>
<b>Net assets</b>	<b><u>542,934</u></b>
Contracts	1,977,373
	<b><u>2,520,307</u></b>
<b>Satisfied by</b>	
Cash consideration (including acquisition costs)	1,815,094
Deferred consideration	705,213
Investment	<b><u>2,520,307</u></b>
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	-
<b>Net cash outflow</b>	<b><u>(1,815,094)</u></b>

**INCENTIVE FM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2018**

**10. ACQUISITION OF SUBSIDIARY (continued)**

**Prior Year:**

In the previous 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.

On 31 May 2016, the group/company purchased the entire share capital of Air Conditioning Economics (Holdings) Limited.

<b>Fixed assets</b>	£ 102,824
<b>Current assets</b>	
Stock	232,578
Debtors	1,256,882
Cash	122,811
<b>Total assets</b>	<u>1,715,095</u>
 <b>Creditors</b>	
Trade Creditors	(409,958)
Other Creditors	(765,555)
 Long term creditors	<u>(56,586)</u>
<b>Total liabilities</b>	<u>(1,232,099)</u>
<b>Net assets</b>	<u>482,996</u>
 Contracts	<u>2,500,536</u>
	<u>2,983,532</u>
 <b>Satisfied by</b>	
Cash consideration (including acquisition costs)	2,259,636
Deferred consideration	723,896
	<u>2,983,532</u>
 Investment	
 Cash consideration	(2,259,636)
Cash acquired on acquisition	122,811
<b>Net cash outflow</b>	<u>(2,136,825)</u>

The deferred consideration is payable in full in four instalments within 5 business days following the agreement of the each earn out accounts. The deferred consideration is contingent upon performance targets being met over the deferred payment period.

**INCENTIVE FM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2018**

**10. ACQUISITION OF SUBSIDIARY (continued)**

On 5 July 2017, the group/company purchased the entire share capital of ARL Support Services Limited.

	<b>£</b>
<b>Fixed assets</b>	3,181
<b>Current assets</b>	
Debtors	684,456
Cash	94
<b>Total assets</b>	<u>687,731</u>
<b>Creditors</b>	
Trade Creditors	(139,482)
Other Creditors	<u>(1,073,940)</u>
<b>Total liabilities</b>	<u>(1,213,422)</u>
<b>Net liabilities</b>	<u>(525,691)</u>
 Contracts	 <u>1,183,141</u>
	<u>657,450</u>
 <b>Satisfied by</b>	
Cash consideration (including acquisition costs)	657,450
Deferred consideration	800,000
Impairment	<u>(600,000)</u>
<b>Investment</b>	<u>657,450</u>
 The first deferred consideration is payable in full six months from the completion date and the second deferred consideration is payable in full within 5 business days following the agreement of the earn out accounts. However, due to performance targets not being met the directors consider this payment unlikely to be met, therefore the investment has been amortised (see Note 9).	
Cash consideration	(657,450)
Cash acquired on acquisition	<u>94</u>
<b>Net cash outflow</b>	<u>(657,356)</u>

**INCENTIVE FM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2018**

**11. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Leasehold interest £</b>	<b>Plant and machinery £</b>	<b>Fixtures &amp; fittings £</b>	<b>Motor vehicles £</b>	<b>Totals £</b>
<b>Cost</b>					
At 1 April 2017	269,137	1,208,721	517,315	154,461	2,149,634
On acquisition	383,674	64,390	101,134	628,583	1,177,781
Additions	48,780	194,760	25,819	4,000	273,359
Disposals	(312,284)	(206,740)	-	(165,370)	(684,394)
At 31 March 2018	<u>389,307</u>	<u>1,261,131</u>	<u>644,268</u>	<u>621,674</u>	<u>2,916,380</u>
<b>Depreciation</b>					
At 1 April 2017	99,511	907,456	440,755	102,189	1,593,190
On acquisition	8,088	11,035	75,769	331,430	426,322
Charge for year	47,635	187,880	51,390	31,584	318,489
Disposals	(14,845)	(206,499)	-	(89,567)	(310,861)
At 31 March 2018	<u>140,389</u>	<u>899,922</u>	<u>567,914</u>	<u>375,636</u>	<u>1,983,861</u>
<b>Net Book Value</b>					
At 31 March 2018	<u>248,918</u>	<u>361,209</u>	<u>76,354</u>	<u>246,038</u>	<u>932,519</u>
At 1 April 2017	<u>169,626</u>	<u>301,265</u>	<u>76,560</u>	<u>52,272</u>	<u>599,723</u>

**12. FIXED ASSET INVESTMENTS**

	<b>Group</b>		<b>Company</b>	
	<b>2018 £</b>	<b>2017 £</b>	<b>2018 £</b>	<b>2017 £</b>
Shares in group undertakings	-	-	13,732,515	11,212,308
Other investments not loans	<u>29,200</u>	<u>29,200</u>	-	-
	<u>29,200</u>	<u>29,200</u>	<u>13,732,515</u>	<u>11,212,308</u>

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:	<b>2018 £</b>	<b>2017 £</b>
Cost/valuation at 1 April 2017 and 31 March 2018	<u>29,200</u>	<u>29,200</u>
	<u>29,200</u>	<u>29,200</u>

**INCENTIVE FM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2018**

**12. FIXED ASSET INVESTMENTS (continued)**

Company	Share in group undertakings £
<b>Cost</b>	
At 1 April 2017	11,212,308
Additions in the year	2,748,194
Impairment	<u>(227,887)</u>
At 31 March 2018	<u><u>13,732,615</u></u>

The group or the company's investment at the balance sheet date in the share capital of companies include the following. All companies are incorporated in England and Wales, and 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

Class of shares:	% holding	2018 £	2017 £
Ordinary	100		
Aggregate capital and reserves		2,256,971	1,986,352
Profit for the year		<u>759,619</u>	<u>662,106</u>

**Incentive Lynx Security Limited**

Nature of business: Security

Class of shares:	% holding	2018 £	2017 £
Ordinary	100		
Aggregate capital and reserves		(347,137)	(21,294)
Loss for the year		<u>(325,843)</u>	<u>101,683</u>

**INCENTIVE FM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2018**

**12. FIXED ASSET INVESTMENTS (continued)**

**Incentive QAS Limited**

Nature of business: Contract Cleaning

Class of shares:	% holding	2018	2017
Ordinary	100	£	£
Aggregate capital and reserves		1,759,615	1,578,954
Profit for the year		291,661	282,267
		<u>          </u>	<u>          </u>

**Incentive Tec Limited previously known as Comserve Limited**

Nature of business: Engineering

Class of shares:	% holding	2018	(restated) 2017
Ordinary	100	£	£
Aggregate capital and reserves		(488,839)	(78,332)
Profit/ (loss) for the year		(410,507)	246,460
		<u>          </u>	<u>          </u>

**Specialist Window Cleaning Limited**

Nature of business: Window cleaning

Class of shares:	% holding	2018	2017
Ordinary	100	£	£
Aggregate capital and reserves		38,021	118,118
Loss for the year		(80,097)	49,216
		<u>          </u>	<u>          </u>

**Incentive FM Consultancy Limited**

Nature of business: Consultancy

Class of shares:	% holding	2018	2017
Ordinary	100	£	£
Aggregate capital and reserves		125,397	1,000
Profit for the year		124,397	-
		<u>          </u>	<u>          </u>



**INCENTIVE FM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2018**

**12. FIXED ASSET INVESTMENTS (continued)**

**ARL Support Services Limited**

Nature of business: Window cleaning

Class of shares:	% holding		
Ordinary	100		
		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
Aggregate capital and reserves		(1,064,739)	(613,017)
Loss for the year		(451,722)	(276,526)

**Air Conditioning Economics (Holdings) Limited \*\***

Nature of business: holding Company

Class of shares:	% holding		
Ordinary	100		
		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
Aggregate capital and reserves		689,803	689,803
Loss for the year		-	-

**Incentive FM Limited**

Nature of business: Consultancy

Class of shares:	% holding		
Ordinary	100		
		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
Aggregate capital and reserves		100	100
Profit for the year		-	-

**Held directly by Incentive Facilities Management Limited:**

**Incentive Support Services Limited**

Nature of business: Contract cleaning

Class of shares:	% holding		
Ordinary	100		
		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
Aggregate capital and reserves		106	106
Profit for the year		-	-

**INCENTIVE FM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2018**

**12. FIXED ASSET INVESTMENTS (continued)**

**Held directly by Air Conditioning Economics (Holdings) Limited:**

**ACE Environmental Engineering Limited \*\***

Nature of business: Air-conditioner servicing

	% holding	2018 £	2017 £
Class of shares:	100		
Ordinary			
Aggregate capital and reserves		1,232,088	1,712,819
Loss for the year		(480,731)	351,594
		<u>          </u>	<u>          </u>

**WES (Holdings) Limited**

Nature of business: Holding Company

	% holding	2018 £	2017 £
Class of shares:	100		
Ordinary			
Aggregate capital and reserves		(1,529)	200
(Loss)/Profit for the year		(1,729)	-
		<u>          </u>	<u>          </u>

**Held directly by WES (Holdings) Limited:**

**Weston Electrical Services Limited**

Nature of business: Electrical Services

	% holding	2018 £	2017 £
Class of shares:	100		
Ordinary			
Aggregate capital and reserves		740,582	682,536
Profit/ (Loss) for the year		58,046	(26,328)
		<u>          </u>	<u>          </u>

**Held directly by WES Holding Limited:**

**Incentive Tec Fire & Security Systems Limited**

Nature of business: Fire service activities

	% holding	2018 £	2017 £
Class of shares:	100		
Ordinary			
Aggregate capital and reserves		2,454	8,352
(Loss)/ Profit for the year		(5,898)	8,351
		<u>          </u>	<u>          </u>

**INCENTIVE FM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2018**

**13. DEBTORS: Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	9,136,486	10,562,328	-	-
Other debtors	4,823,755	3,379,849	110	110
Amounts owed by group undertakings	-	-	166,512	55,512
	<u>13,960,241</u>	<u>13,942,177</u>	<u>166,622</u>	<u>55,662</u>

**14. CREDITORS: Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank overdraft	2,413,869	-	2,401,423	1,194,672
Bank loan	1,397,267	1,131,667	1,397,267	1,131,667
Obligations under finance leases	101,743	10,994	-	-
Trade creditors	6,445,553	6,007,503	-	-
Amounts owed to group undertakings	-	-	5,942,086	5,368,984
Corporation tax	89,643	132,784	-	-
Social security and other taxes	3,709,157	3,678,061	-	-
Other creditors	3,295,339	5,105,056	616,008	546,218
Accruals and deferred income	10,444,817	6,651,675	-	-
	<u>27,897,388</u>	<u>22,717,740</u>	<u>10,356,786</u>	<u>8,241,541</u>

**15. CREDITORS: Amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Obligations under finance leases	-	9,436	-	-
Deferred consideration	92,140	-	92,140	-
Long term bank loan	2,139,655	1,715,833	2,139,655	1,715,833
Other loans	130,134	-	-	-
	<u>2,361,929</u>	<u>1,725,269</u>	<u>2,231,795</u>	<u>1,715,833</u>

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

**INCENTIVE FM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2018**

**16. OBLIGATIONS UNDER OPERATING LEASES**

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

<b>Group</b>	<b>2018 £</b>	<b>2017 £</b>
Not later than 1 year	233,422	228,167
Later than 1 year but not later than 5 years	455,011	598,702
Later than 5 years	<u>119,792</u>	<u>127,959</u>
	<u>808,225</u>	<u>954,828</u>

**17. OBLIGATIONS UNDER FINANCE LEASES**

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

<b>Group</b>	<b>2018 £</b>	<b>2017 £</b>
Not later than 1 year	121,311	10,994
Later than 1 year but not later than 5 years	130,134	9,436
Later than 5 years	<u>-</u>	<u>-</u>
	<u>251,445</u>	<u>20,430</u>

**18. PROVISIONS FOR LIABILITIES**

<b>Group</b>	<b>2018</b>	<b>2017</b>
Deferred tax	<u>48,985</u>	<u>6,095</u>
<b>Group</b>		<b>Deferred Tax £</b>
Balance at 31 March 2017		6,095
On acquisition		45,851
Provision movement		<u>(2,961)</u>
Balance at 31 March 2018		<u>48,985</u>

**INCENTIVE FM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2018**

**19. 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 £714,611 (2017: £389,385) represents contributions payable by the group to the fund. Included in other creditors is £172,703 (2017: £154,281), relating to contributions accrued by staff and deferred by agreement.

**20. 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 £3,049 (2017: £2,175). Repayments of £6,790 (2017: £Nil) were made in the year. The balance outstanding at the year end was £3,049 (2017: £6,790).

Purchases totalling £25,043 (2017: £22,067) were made from Net 72 Limited in the year and an amount of £2,418 (2017: £561) 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 £34,940 (2017: £29,369). The balance outstanding at the year end was £nil (2017: £50). 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 £7,700 (2017: £13,240). The balance outstanding at the year end was £nil (2017: £421). All transactions with City Sports Management Limited are on commercial terms.

At the year-end W Pollard and J, Waud, both directors had an outstanding loan due to the group of £7,258 (2017: £18,760) and £60,000 (2017: £nil) 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.

**21. 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.

**INCENTIVE FM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2018**

**22. CALLED UP SHARE CAPITAL**

Group	2018 £	2017 £
118,423 'A' ordinary shares of £0.10 each	11,842	11,842
110 'B' ordinary shares of £0.10 each	<u>110</u>	<u>110</u>
	<u>11,952</u>	<u>11,952</u>

'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 31<sup>st</sup> 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.

**23. 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.

**24. ULTIMATE CONTROLLING PARTY**

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

**25. POST BALANCE SHEET EVENTS**

Post balance sheet date, the debt-servicing element of the bank covenant (one of three elements) was breached. An agreement has been made with Barclays Bank to review the terms detailing the covenant and the components of the facility (including but not limited to), its repayment flexibility and the levels of working capital support.

As of 1<sup>st</sup> April 2018, ARL Support Services has been hived up into Specialist Window Cleaning and relaunched under the SWC brand.

**INCENTIVE FM GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2018**

**25 POST BALANCE SHEET EVENTS (continued)**

As of the 1<sup>st</sup> April 2018, ACE environmental Engineering has been hived up into Incentive Tec Limited and adopted the Incentive TEC brand.