Atalian Servest Holdings Limited

Report and financial statements

For the year ended 31 December 2020

Company number: 11278510

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Report and Financial Statements
for the year ended 31 December 2020

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Company Information
for the year ended 31 December 2020

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Company Number	11278510

Atalian Servest Holdings Limited
Strategic Report
for the year ended 31 December 2020

The Directors present their strategic report and financial statements for the year ended 31 December 2020.

Business review and development of the business

Ownership and activities

Atalian Servest Holdings Limited is a wholly owned subsidiary of Atalian Europe S.A. a company registered and incorporated in Luxembourg. The Company is a holding company of the Atalian Servest trading group in the United Kingdom and the Republic of Ireland, with the trading group comprising Atalian Servest Limited and its direct and indirect subsidiaries (the Company and its subsidiaries referred to herein as the "**Group**").

The Company is an indirect subsidiary of La Financière Atalian S.A.S. ('**Atalian Group**'), a company incorporated and registered in France which heads the global Atalian Group. The Atalian Group employs in excess of 131,000 people globally with €2.8bn in turnover across operations in Europe, North America, Asia and Africa, and provides expert facilities management services to create environments for its customers which enable them to run more efficient, effective and sustainable businesses. Operating at 32,000 customer sites across four continents and in a diverse range of sectors (including corporate, central and local government, education, hotels, manufacturing, transport, logistics, construction and infrastructure), the global Atalian Group – of which the Group is part - delivers a comprehensive range of services from mechanical and electrical maintenance, fabric maintenance, special projects and energy management to airport services, catering, security, cleaning, concierge, landscaping, waste management, and everything in between, allowing its customers to focus on their core business.

Covid-19

As it was for many businesses, 2020 was a year defined by the Covid-19 global pandemic (the "**pandemic**"). The Group had a strong start to 2020 with revenue growth of 5% and profit increasing by 9% in the first 3 months of 2020 compared to the same period in 2019. The imposition of travel and operating restrictions by the government from late-March 2020 onwards caused major disruption to businesses and industries nationally, and consequently the Group experienced a significant shortfall in revenue in the retail, leisure and tourism, hospitality, education and construction sectors as customers closed sites or otherwise reduced the demand for services for periods of time. Knowing that it was imperative to respond quickly and decisively, from the outset of the pandemic the Group established a management crisis committee (supported by Legal, HR and QHSE professionals to give advice and guidance) that met daily to monitor the business impact, to establish operational action plans, and to agree steps to manage the Group's cash position and maintain its liquidity. This committee had the benefit of the experience and learnings of the global Atalian Group's management crisis committee (on which the Group's Chief Executive Officer sat), which monitored the impact on the business in all countries in which it operates. Atalian Group companies in some countries tackled issues earlier in line with that country's own pandemic trajectory, which allowed the Group foresight and the use of pre-prepared plans.

Safeguarding the health, safety and wellbeing of the Group's employees and of third parties was always and continued to be of primary importance during the period, and the management crisis committee had oversight of the Group's approach to these matters. Specific risk assessments, method statements and training modules on safe ways of working within the changing environment were produced, personal protective equipment appropriate to each role was provided, and other measures such as reducing travel, keeping physical meetings to a minimum and encouraging remote working were put in place. A robust plan to mitigate the effect of the pandemic on the Group's financial results was implemented. The Group proactively reduced its cost base through management of its workforce, through renegotiation of its supply arrangements (where appropriate), through controlling operational expenses and through strong contract management. The Group made use of the financial support offered by governments both in the United Kingdom and the Republic of Ireland, drawing on both the Coronavirus Job Retention Scheme and the Temporary COVID-19 Wage Subsidy Scheme respectively to cover a significant proportion of its labour related costs. The Group also made use of the government's deferred VAT scheme and HMRC's "Time to Pay" PAYE scheme, which positively impacted the cashflow. The deferred PAYE was fully repaid by the end of the financial year and the deferred VAT is being repaid during 2021 and 2022 in monthly instalments.

The Group's work in the public sector benefitted from government policy to financially support supply chains via early payment, which aided cashflow. Additionally, the Group experienced a material uptake from both existing and new customers for services to help them manage their own business response to the pandemic, with strong sales of specialist cleaning and disinfection services for properties and vehicles and of fever screening technology.

Brexit

The impact on the Group as a result of Brexit was minimal during the year. The Group has not seen any business area report significant EU leavers or a significant shrinking of available talent and all applications for settled and pre-settled status have been made by the relevant deadlines. The Group also has not suffered any significant disruption in terms of the availability of goods. The Group closely monitored the availability of goods and food products required by various divisions and whilst there is still potential for shortages and price increases, that has not been experienced to date.

Performance and growth

Whilst the pandemic did result in some opportunities being delayed by customers to what was anticipated to be a more stable 2021, the Group still achieved strong organic growth in the year with £74m of new business revenue won in 2020, with significant wins in the transport, healthcare and public sectors and wins expanding the Group's market share in the retail sector contributing to the Group's success. Revenue decreased by 12.1% from £721.8m to £634.8m. The directors of the Company (the "**Board**") have continued to concentrate the Group's sales and retention strategies on winning and retaining higher margin, more cash generative business, with focus remaining on sectors that best align with achieving those goals. Gross profit margins have been broadly maintained in a challenging year, from 16.1% in 2019 to 15.7% 2020, with benefit expected in future years as contracts won during 2020 mobilise and embed.

The organic growth achieved by the Group comprises a number of significant contract wins, many of which commenced during the period. The Group is anticipating a strong level of organic growth during 2021, due to the full year impact from these contract wins in the prior year, as well as further new contract wins during 2021. The continued success of growing turnover organically can be attributed to the Group's exceptional level of service delivery combined with further development of its facilities management offering and broadening its range of services delivered to new and existing customers.

The Group is in a net asset position at 31 December 2020 of £266.7m (2019: £292.6m). This reduction is due to the payment of a £10.8m dividend during the year (2019: £nil) and Goodwill impairment of £20.6m (2019: £nil), which is partially offset by the profit for the year.

Key performance indicators

Revenue decreased by 12.1% in the year to £634.8m (2019: £721.8). Gross profit margin for the year was 15.7% (2019: 16.1%). Operating loss was £6.8m (2019: £15.3m profit) the loss is due to a £20.6m impairment of Goodwill relating to the Catering CGU, which was adversely affected by COVID-19. The Catering business unit is forecasting to fully recover from COVID-19 during the course of the next 2 years. The loss for the prior year of £88.4m was mainly down to the impairment of the equity investments in Bottega InvestCo S.À R.L.

The Group manages its operations on a divisional basis. For this reason, the Company's Directors do not believe that non-financial performance indicators are necessary at a Group level for an appropriate understanding of the performance and position of the business, given the non-financial KPI's differ between the divisions.

Future developments

A return to pre-pandemic revenue levels, continued growth, the delivery of strong margins and cash generation are key areas of focus for the Group in 2021, which will be achieved by concentrating on winning new business and retaining existing business in sectors where there is a focus on operational excellence rather than on cost reductions and margin erosion. Systems and process improvements will continue into 2021 to ensure the Group's infrastructure is fit for purpose, and in relation to its people, the Group will build on the foundations laid during the year to encourage a values-based culture focused on diversity and positive engagement.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group are considered to be:

- Health and safety;
- Financial risks
- Political and economic factors;
- Non-compliance with applicable legislation and governance resulting in material liabilities;
- Cyber and IT infrastructure;
- Attraction and retention of key management; and
- Customer and contract losses

Health and safety

The Group has a "people first" philosophy and is committed to ensuring the highest standards of health and safety. A failure to maintain high standards could result in injury or harm to its workforce or third parties and potential prosecution and fines, any and all of which could cause material reputational and brand damage. The Group's business activities are broad (including cleaning, catering, security, building maintenance and repair and design and installation of mechanical and electrical systems) and it operates in many different types of customer environments (including warehouses, schools, healthcare settings, retail stores, corporate offices, railway stations and construction sites), so the types of incidents that could occur are varied. It is essential that all health and safety risks are thoroughly assessed and understood, and appropriate preventative action taken.

Principal risks and uncertainties *(continued)*

Health and safety (continued)

In mitigation, the Group has a comprehensive QHSE strategy to deliver the right training and education across the Group and develop safe ways of working, to monitor and audit compliance, and to record and investigate incidents and accidents. The Group has an experienced QHSE team to drive the right behaviours and to provide support and guidance to the wider business and has certified health and safety management systems to provide the framework for delivery of that support. Specific health and safety risks occurred during the year as a result of the pandemic. In response, risk assessments were carried out and method statements and training modules on safe ways of working within the changing environment were produced. Personal protective equipment appropriate to each role was provided, and other measures such as reducing travel, keeping physical meetings to a minimum and encouraging remote working were put in place.

Financial risks

The Group's operations are exposed to several financial risks, primarily credit risk, interest rate risk and availability of funds to meet working capital needs and to enable future growth. Due to various high-profile financial collapses within the industry in recent years, perceived risk around the viability of facilities management companies in general may impact the Group's ability to secure funding. In addition, the pandemic may result in customers suffering lower revenue levels or even events of insolvency, impacting the Group's cash collections. These risks continue to be mitigated by the refinancing undertaken during 2018 to a six-year fixed rate debt instrument along with an additional four-year fixed rate debt instrument that was secured during the year at La Financière Atalian S.A.S level. This financing has in turn been passed down to the Group at a fixed rate and term which has helped reduce to a low level any uncertainty regarding interest rate risk or credit risk.

Working capital and cash management have been a real focus in the year to ensure financial stability and liquidity during the pandemic. Cash collections have been closely monitored and processes tightened. The Group has also made use of HMRC's "Time to Pay" PAYE deferral scheme and government schemes in the form of Coronavirus Job Retention Scheme and VAT Deferral. The Group's extensive public sector customer base has served to benefit cashflow in the year as Government sought to support and protect its supply chain by offering enhanced payment terms.

Political and economic factors

General economic conditions can adversely affect the Group's financial and operational performance in a number of ways. The uncertainty caused by Brexit, for example, has led some businesses to relocate outside of the UK and has caused others to either reduce the scope of the services they outsource or even pursue in-sourcing solutions, all of which reduces market demand for the Group's services. Periods of recession and downturn can put pressure on the prices customers are willing to pay and/or the payment terms that they are willing to offer. Difficult economic conditions (such as those caused by the pandemic) can also lead to increased competition from other facilities management providers, as larger competitors look to encroach into the medium-size customer segment in which the Group mainly operates. As a labour-based business, the Group's financial performance is sensitive to the impact of new or amended labour laws and changes in remuneration or benefits afforded by statute (although the impact is mitigated as far as possible through well negotiated contracts. See 'customer and contract losses' below).

The Group manages these risks as well as it can by carrying out dedicated analysis and planning where needed. The Group also targets a diverse customer base so as to reduce the effect of a sector or industry specific economic issue that could potentially decrease sales or increase costs. This has been of particular importance during the pandemic, as the Group has been able to offset the business downturn in the retail, hospitality and education sectors with increased demand for services in the public and groceries sectors. The majority of the Group's contracts span across multiple years and despite the potential Brexit issues noted, no material reduction of revenue is expected. Additionally, the Group has sought to fix pricing with suppliers as far as possible to mitigate any price fluctuation due to the risks noted.

Principal risks and uncertainties *(continued)*

Non-compliance with applicable legislation and governance resulting in material liabilities

Compliance with laws and regulations is of utmost importance to the Group, especially those laws and regulations centred around health and safety given its "people first" approach. Failure to comply with laws and regulations could irreparably damage the Group's reputation and undermine relationships with its customers, as well as exposing the Group to prosecution and/or fines.

Whilst the Group maintains an extensive insurance programme to protect against financial liabilities, there are some liabilities that are incapable of insuring against and so preventing the liability from occurring is, as ever, the best way to mitigate this risk. The Group continues to invest in its internal legal and compliance teams to ensure that it has the right skills and experience in place to guide the business through what is a complex and changeable legislative and regulatory landscape. Training and awareness programmes remain vitally important, and monitoring completion of training courses has been made easier by improvements to the Group's e-learning platform.

Emphasis is placed on compliance with applicable anti-corruption and anti-bribery laws (including the Bribery Act 2010) and with laws codifying ethical and social justice obligations (including the Modern Slavery Act 2015). The Group is committed to acting ethically and with the integrity in all business dealings and relationships, and to implementing and enforcing effective systems and controls to ensure that corrupt and unethical behaviours play no part in the Group's operations. Since the acquisition of the Group by Atalian Servest Holdings Limited, the Group's anti-corruption programme (which includes policies, statements, e-learning training modules, standard declarations of interest and gifts and hospitality registers and so on) has merged to be consistent with that deployed throughout the global Atalian organisation, headed by La Financière Atalian S.A.S, (allowing the Group to benefit from the learning and experience of the dedicated global compliance team). A whistleblowing policy for the UK is available for all colleagues on the Group's internal intranet.

The internal control environment within the Group's Projects division remains under close supervision, with continued plans to strengthen and improve it during 2021.

Cyber and IT infrastructure

The capability and adequacy of the Group's IT infrastructure and the ability to protect against cyber-attacks is critically important in ensuring that it has the tools and the operational processes to meet its contractual obligations and to function effectively and efficiently as a business, delivering value to both its customers and shareholder. The loss of functionality of a core system or the loss of data would cause significant disruption to the business and would damage the Group's reputation with customers and other third parties. Should the loss of functionality or data be caused maliciously the Group may also incur significant financial expense in recovering the same.

Where legacy systems are still in use across the Group there is a risk that they will be prone to failure and become unsupportable as spares become more difficult to source. To mitigate the risk that poses, the Group has worked through a decommissioning programme to move more core systems into the cloud, and it has invested in technology to improve resilience and protect against cyber threats. Information security has been a regular focus, with colleagues required to undertake awareness training on a regular basis and emphasis on security by design. The Group's dedicated Information Security Manager has oversight of this area and monitors compliance, makes recommendations for improvement and reports any suspicious activity for further investigation.

The rapid shift in the year to working from home instead of an office environment tested the adequacy and capability of the Group's IT infrastructure, but the transition was made much smoother as a result of the migration in recent years to cloud storage and the use of collaborative applications. Significant work has continued in the year to harmonize the Group's accounting platforms to achieve consistent, timely reporting across all business units. Although the timetable suffered a slight delay due to pandemic related disruption, further divisions were successfully migrated onto the new platform during 2020. The remainder are due for migration during 2021.

Attraction and retention of key management

Attraction and retention of key management is seen as a key risk to the Group in terms of ensuring the business has the appropriate depth of talent to support plans for growth. The loss of existing talent would result in a loss of knowledge and expertise which may disrupt business and impact the overall operation of the Group. Competition for key personnel is fierce, and the pool of suitable candidates is relatively limited.

With attraction and retention of key management and the wider workforce in mind, the Group has improved its recruitment processes and development work has begun on a new resourcing system to streamline and bring consistency to selecting and on-boarding new employees. Interview training has been given to hiring managers and emphasis has been placed on removal of any barriers to equality through the launch of CHROMA (the Board sponsored networks focussed on ensuring diversity and inclusion in the workplace – CHROMA stands for Creating Harmony, Respecting Others, Making Allies).

Principal risks and uncertainties *(continued)*

Customer and contract losses

The Group recognises the ongoing challenge to deliver quality services to customers at competitive rates and it has demonstrated its capabilities in this area through the organic growth within its existing customer base and its success in winning new contracts. The Group is focussed on entering into contracts that will perform well financially by, amongst other things, maintaining a low level of operational gearing within the profit and loss account and by recognising the factors that are likely to result in cost increases during the life of its contracts (such as minimum wage increases) and looking to include contractual mechanisms to pass such costs back to the relevant customer by way of a price increase in order to avoid loss of margin.

This drive to enter into strong, profitable contracts helps to provide the best foundation from which the Group's operational teams can take on the mantle and deliver service excellence as, once mobilised, the Group needs to be confident it can perform its contractual obligations so as to meet customer expectations. Failure to do so would expose the Group to the risk of customer and contract losses (either during the term of a contract or on renewal) and could even prevent the Group from bidding for new opportunities within the public sector (a sector in which the Group has a significant presence as a facilities management service provider). In terms of the steps taken pre-contract commencement to mitigate this risk, the establishment of a robust contract review and bid sign-off process allows for rigorous checking and challenge of solutions and pricing models which in itself substantially mitigates this risk, complemented by a detailed mobilisation process upon contract aware. In terms of the steps taken post-contract commencement to mitigate this risk, the Group's experienced and capable operational teams are trained to run contracts both to budgets and to contract terms, and they work to develop strong relationships with customers in order to remain the supplier of choice. Financial and operational performance of contracts is closely monitored and reviewed on a monthly basis at Board level.

All of the above risks and uncertainties are kept under constant review by the Board on a day to day basis and also via monthly board meetings. The Board is confident that the business maintains robust risk control and review procedures and that all applicable risk is managed to an acceptable level.

Section 172(1) statement

The following disclosure forms the statement required under section 414CZA of the Companies Act 2006 (the "**Act**") and sets out how the Board has considered stakeholder views and met the requirements of Section 172(1) of the Act in Board discussions and decision-making throughout the financial year. It explains how the Board has engaged with key stakeholders and how material decisions have been reached, what the likely impact of those decisions are, and how the views of stakeholders have been considered in the decision-making process.

Stakeholder Engagement

Building strong relationships with key stakeholders is imperative to the long-term success of the business, and the Group recognises that it is only by engaging with stakeholders that it can understand the issues that matter to them and make responsible, sustainable decisions that have regard for their interests.

As the Company is a holding company of the Group, decision-making by the Board is generally only related to financial, administrative and governance matters, with decisions relating to trading operations taken by the trading companies in the Group. The Company itself has no customers or suppliers and employs only a very small number of senior executives who all actively support the trading part of the Group. This section 172(1) statement contains a description of both decisions and stakeholder engagement of and by the Board and, to supplement that, a description of the decisions and stakeholder engagement of and by directors of the trading companies in the Group below over which the Company has oversight.

However, given the Company's position as a holding company, the decisions made by the Board do impact stakeholders of the trading companies in the Group below. Accordingly, whilst it is the directors of other companies in the Group who engage with most of the Group's stakeholders, the interests of those stakeholders are still considered by the Board in its decision-making.

Workforce	
Why they matter	The Company employs a very small number of senior executives, but the wider Group employs approximately 27,100 people in the UK and Ireland. As a provider of outsourced facilities management services that is largely dependent upon labour, people are key to the successful delivery of the Group's services. Engaging with its people to provide them with information on matters of concern to them, to obtain their views, to encourage involvement and to achieve a common awareness of business successes and challenges is critical in ensuring that the Group has an engaged and enthused workforce.
What matters to them	Acknowledgment; recognition and reward; workplace safety; equally fair treatment and opportunity; an alignment between personal and company values; feeling involved and engaged; regular and consistent communication; health and well-being; opportunities for personal development, job security.
How the Group engages and responds	2020 was a challenging year, with the Group needing to respond to frequent and rapid instruction from Government. Many sites at which the Group's employees are based closed, new operational requirements were introduced and revised ways of working had to be created, communicated and implemented. Clarity in communication was at points difficult as the Group itself looked for clarity from the government around new rules and required measures. Examples of how the Group engaged and responded to matters of concern for this stakeholder group, together with examples of initiatives that continued to *progress in the period, are as follows:* - the Group utilised its management structure to cascade key messaging to employees regarding changing working patterns and revised operational solutions implemented as a result of the pandemic, with regular central communications distributed to share health and safety advice, business updates and new policies devised to inform and safeguard the workforce (such as a new pandemic specific special absence policy and a dedicated "working from home" pack); - with a view to prioritising good mental health during the pandemic, the Group initiated challenges such as the "10 miles in 10 days" challenge and facilitated free online HIIT classes for the workforce to encourage breaks from work and a focus on the importance of physical activity on mental health; - the Group's centralised support functions initially communicated with employees who were placed on furlough as a result of the pandemic, then a manager-led approach was undertaken to maintain dialogue on a personal level; - *a track and trace system for the reporting and monitoring of Covid-19 cases was* implemented, allowing a response team visibility of business units and locations impacted by the spread of the virus (which enabled preventative action as well as advanced business planning and communication); - a new innovation challenge, the "One", was launched in February 2020 to inspire and engage with the workforce. The project saw a platform made available to the workforce through which ideas for innovation could be submitted that align to the Group's corporate values of entrepreneurial spirit, integrity, sustainability, simplicity and agility. Run as a competitive challenge, employees were invited to submit ideas for the opportunity to develop the idea with the help of a coach (senior employees from the wider business) and to ultimately present the idea to the Board. The winning idea will be implemented by the Group in 2021; - the Group developed a new learning and development brand, "Opportunity", to place emphasis on training and education with a view to enhancing career development opportunities for the workforce; - continued emphasis was placed by the Group on the importance of specific actions to promote diversity and inclusion in the workplace. The Board initiated a project to review and further define strategy on this topic.
Outcomes and actions following engagement	The following outcomes and actions resulted from engagement with the Group's workforce: - building on the championing of inclusionary topics by the Board in 2019, CHROMA networks were established in 2020 for mental and physical health, LGBTQ+, and for race, ethnicity and faith. These networks have been formed to drive the

	Group's approach to diversity and inclusion, encouraging peer to peer support whilst enabling the workforce to feed ideas and concerns directly to a Board level lead. Refer to principal decision 2 below for further detail; - additional e-learning modules have been created to promote equality and drive diversity and inclusion (such as "Unconscious Bias" and "Saying the Right Thing"); - the Company signed the Business In The Community's "Race at Work Charter" to evidence its commitment to prioritising action on racial equality; - the Group secured a place on the register of apprenticeship training providers, ensuring that it can deliver apprenticeships to existing and new employees.
Customers	
Why they matter	The Company has no customers, but the wider Group aims to become a trusted partner to its customers. To achieve this, the Group strives to deliver service excellence in a sustainable way and engage effectively with its customer base to understand each customer's wants and needs. Strong customer relationships lay the foundation for long-term success and so is of critical importance to the Board.
What matters to them	Consistency of supply; service excellence; transparency; efficiency; value for money; trusted long-term partnerships; sustainability; innovation and new technologies; responsiveness.
How the Group engages and responds	Strong customer relationships and the ability to collaborate effectively were key in 2020 given the challenging working environments caused by the pandemic. Examples of how the wider group have engaged and responded to this stakeholder group are as follows: - Board level involvement with the customer base has continued in 2020 by way of a formal Board sponsorship programme to ensure that customer needs and concerns are communicated to those responsible for making wider business decisions. Many (virtual) meetings and some site visits have been attended by the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer and other Board members; - collaboration with customers in the transport sector was key in the year to providing safe working environments to members of the public utilising public transport. In relation to one particular transport customer, the Group enabled the provision of an extra 1,400 hours of cleaning each week in response to a request for additional support on short notice (increasing the total number of weekly cleaning hours to almost 12,700); - to support customers in their efforts to protect their employees, customers and other third parties against the risks posed by the pandemic, the Group recognised that specialist solutions were needed and so sought to procure and provide products and PPE appropriate to customer needs and utilised in-house expertise to provide advice to support safe working environments. - the Group recognised the challenges some customers were facing as a result of the restrictions put in place by the government, therefore the Group offered concessions to some customers to assist and reduce costs where possible.
Outcomes and actions following engagement	The following outcomes and actions resulted from engagement with the Group's customers: - a mobile solution, Atalian Servest Hygiene, was created to enable the rapid deployment of specialist hygiene services to customers on short notice to deliver fogging and other cleaning treatments, enhanced by the offering of thermal imaging and spatial awareness and heat mapping services to allow customers operating in a built environment to continue to operate. Refer to principal decision 3 below for further detail; - the Group produced a "Return to Work" guide to support customers with the return of workers to the built environment. The document was downloaded over 5000 times and the Group was asked to present at the RICS (Royal Institution of Chartered Surveyors) strategic workplaces conference to share its knowledge and expertise with a wider audience.

Suppliers	
Why they matter	The Company has no suppliers, but for the wider Group establishing a network of known and trusted suppliers helps in providing a national service at competitive prices. Treating suppliers as partners rather than simply a supply chain encourages strategic commitments that are capable of being monitored, managed and developed for the good of all stakeholders.
What matters to them	Opportunities for growth in supply; trusted long-term partnerships; collaborative relationships; profitability; good health and safety culture; payment in accordance with agreed payment terms.
How the Group engages and responds	Engagement by the Board with suppliers of the wider Group is limited to meetings with suppliers of key strategic importance or of a longstanding nature. In relation to the trading companies in the Group, engagement with suppliers was high in the period, as the need for flexible solutions and rapid supply was higher than ever. Examples of how the Group engages and responds to this stakeholder group are as follows: - The Group has a clearly defined supplier on-boarding process, during which suppliers are made fully aware of its expectations around ethical supply practices, quality and service standards; - To ensure that suppliers are treated as strategic partners rather than just a supply chain the Group holds periodic account reviews and engages in supplier relationship management as a matter of routine. This includes audits to ensure that the supply chain has a zero-tolerance approach to modern day slavery and human trafficking; - Where an area of spend is especially large or bespoke, the Group creates a specialist within the team to look after that spend and become familiar with the needs, requirements and practices of that supply base; - Individuals in all of the strategic procurement roles are required to obtain and maintain the CIPS (Chartered Institution of Purchasing and Supply) corporate code of ethics mark in order to remain abreast of the latest developments and trends within the sourcing field. This enables the Group to remain able to advise suppliers of the standards and commitments required in a professional *procurement environment*;
Outcomes and actions following engagement	The following outcomes and actions resulted from engagement by directors of the trading companies in the Group with the Group's suppliers: - the migration to an electronic data interchange system continued from 2019 into 2020, aimed at increasing efficiency in the Group's supplier engagement programme; - rationalisation processes were carried out in respect of key areas of spend with a view to reducing the number of suppliers and improving relationships with the remaining chosen strategic partners.
Communities and Environment	
Why they matter	The Company does not operate a trading business, but the Board recognises that, in respect of the wider Group, in operating a responsible business it has a duty to the environment and to the communities in which the Group operates to drive positive change. CSR (Corporate Social Responsibility) by design is a focus for the Group in order to help us achieve its own targets and in order to help its customers achieve their sustainability targets. The Group is an employer of significant size in Bury St Edmunds (one of the locations in which the Group has an office environment) and so plays a key role in offering employment and opportunities for people in that area.
What matters to them	Employment for local people; investment in the local community; environmentally friendly operations; sustainable practices; that the Group are "good neighbours"; support for local initiatives and developments; charitable giving.

Communities and Environment (continued)	
How the Group engages and responds	Engagement by the Board with the community and environment relating to the wider Group is limited to meetings with persons of key strategic importance or of a longstanding nature In relation to the trading companies in the Group, CSR activity was focussed in 2020 around collaborations with customers and improving energy efficiency in its operations. Communities were considered in recruitment plans - The Board had previously tasked the CSR team with putting forward proposals to encourage "greener" ways of working, which were reviewed and resulted in the launch of a new energy saving campaign. That campaign continued through 2020; - The Group's catering division supported local communities during periods of lockdown in various ways, from donating to food banks to providing services to support disadvantaged persons. A team working on a contract with a London borough were praised by the Mayor of the borough for the dedicated support they had shown to the homeless community, cooking and delivering over 50,000 meals at 10 venues across the borough; - The Group partnered with one of its customers to enable a heritage steam railway to resume its operation, providing pro bono sanitisation services to create safe environments for the railway's visitors and employees; - The Group reviewed its resourcing practices and considered whether support could be shown to support the unemployed back into employment.
Outcomes and actions following engagement	The following outcomes and actions resulted from engagement by directors of the trading companies in the Group with its communities and environment: - ISO 50001 Energy Management certification was achieved across the Group's property portfolio in 2019, which coincided with the launch of a new energy saving campaign to encourage responsible and environmentally-friendly behaviours to build upon achievements over the last two years (including a reduction in fuel consumption by 10%, recycling over 80,847 litres of cooking oil and recycling over 1,702 tonnes of waste); - Electric vehicles continue to be utilised in the Group's fleet to reduce fuel consumption and emissions, and electric car charging points have been installed at some of its offices; - Applications to become an approved employer for the Government's kickstart scheme have been made to support the unemployed back into employment.
Government, Regulators and Other Authorities	
Why they matter	As a large business employing a significant number of employees working in a variety of sectors, engagement levels with government, regulators and other authorities (both as customers and otherwise) are high. A number of the Group's service lines and activities are licensed or regulated (by the Security Industry Authority and the Gangmaster and Labour Abuse Authority, for example) and so regular engagement helps to build effective channels of communication which makes operational matters run more efficiently.
What matters to them	Transparency; strong corporate governance and controls; business efficiency; clear reporting; collaboration.
How the Group engages and responds	In relation to the trading companies in the Group, engagement with this stakeholder group during 2020 has been via a number of channels: - Individuals within the Group have maintained and developed key relationships with contacts at the relevant authority/regulator and have been proactive in their communications, seeking advice and guidance where necessary; - The Group necessarily dedicated significant resource in 2020 to monitoring Government instruction and advice concerning the pandemic; - Regular communication with contacts at HMRC was had with a view to ensuring that the Group's use of the furlough scheme was operating in accordance with HMRC guidance. -

Government, Regulators and Other Authorities (continued)	
Outcomes and actions following engagement	The following outcomes and actions resulted from engagement by directors of the trading companies in the Group with this stakeholder group: - Successful utilisation of the furlough scheme; - Introduction of a new internal controls project to check and self-audit the quality of key controls within the Group aimed at ensuring good governance, accountability and transparency.

Shareholders and Banking Partners	
Why they matter	The Board has a statutory duty to promote the success of the Company for the benefit of its shareholders. As the owners of the Company, the direction and approval of the shareholders in regard to operational and financial performance and the way in which business is carried on is both necessary and desirable. Similarly, the Group's financial and banking partners have a keen interest in performance and results. The agreement and consent of both shareholders and financial and banking partners is required in order for the Board to take certain actions and/or make certain decisions.
What matters to them	Clear strategy and good execution; financial costs discipline; regular detailed reporting; strong returns; protecting and enhancing the corporate reputation.
How the Group engages and responds	In addition the usual reporting methods, the interests of this stakeholder group have been responded to as follows: - Periodic planned relationship meetings take place regularly with the Group's financial and banking partners to allow for information exchange and future planning; - Weekly (and at times daily) global management meetings were attended by the Group's Chief Executive Officer during 2020 to keep the ultimate parent company fully informed of business impact and response to the pandemic; - Working capital needs were reviewed and discussions with banking partners took place around the implementation of a new invoice factoring facility;
Outcomes and actions following engagement	The following outcomes and actions resulted from engagement with the Group's shareholders and banking partners: - The Board resolved to enter into a new invoice factoring facility to support the financial needs of the Group. Refer to principal decision 4 below; - The introduction of a new internal controls project (as detailed above).

Principal Decisions

The Group defines principal decisions as both those that are material to the Group, but also those that are significant to any of its key stakeholders.

In making the following principal decisions the Board considered the outcome from its and the wider Group's stakeholder engagement as well as the need to maintain a reputation for high standards of business conduct.

Principal Decision 1: Response to the pandemic

The decisions made by the Board in response to the pandemic were the most critical decisions made in 2020 given the impact of those decisions on the health and safety of the Group's employees and on the continuity and financial performance of the Group's business in both the short and long term. Rapid and decisive action was needed on a range of matters, resulting in the Board resolving to (a) close the Group's office spaces to all but those employees who could not adequately perform their role from home, (b) require new ways of operating and manging contracts to minimise travel and physical presence on site, (c) enter into new contracts for the purchase of stocks of personal protective equipment, (d) utilise the Coronavirus Job Retention Scheme in the UK and the Wage Subsidy Scheme in the Republic of Ireland, (e) defer payment of VAT and PAYE under HMRC's "Time to Pay" scheme and (f) introduce new policies and processes necessitated by the pandemic (amongst other things).

Principal Decisions *(continued)*

Decision-making on this topic was as considered as possible given the speed at which decisions had to be made, and all such decisions were made with a view to protecting the health and safety of the Group's employees, protecting as many job roles as possible for the long-term benefit of the Group's employees and preserving the Group's liquidity ultimately for the benefit of its shareholder. The Board discussed these matters daily during the height of the pandemic and resolved that any short-term impact (such as the reduction in wages received by furloughed employees) was outweighed by the long-term benefit of these decisions. An example of this decision making was to broaden the Group's supply in the security systems sector, by offering customers access to thermal cameras and fever screening solutions.

Principal Decision 2: Launch of CHROMA networks

During the year the Board built on its commitment to achieve better diversity and inclusion in the workplace by resolving to launch CHROMA, a network based approach to achieving greater review, discussion and consideration of key diversity and inclusion topics. Two Board members chose to sponsor each CHROMA network ((1) physical and mental health and wellbeing, (2) race, ethnicity and faith, and (3) LGBTQ+) and the Board sponsors established committees for their networks to drive and develop change. The Board viewed this decision as having a positive impact for both employees (as the aim of CHROMA is to remove any barriers to equally good opportunities and treatment and to create an inclusionary environment) and shareholders (as it should encourage the attraction and retention of talent to the Group for the long term).

Principal Decision 3: Creation of Atalian Servest Hygiene

Whilst the Group has a well established cleaning division, the pandemic highlighted the demand from customers for a range of services to help them create safe working environments for their staff and visitors, including deep cleaning and sanitisation services and fever screening technology. In response, the Board resolved to create a mobile solution, Atalian Servest Hygiene, to enable the rapid deployment of specialist services to customers on short notice. Packaging services under the banner of Atalian Servest Hygiene enabled customers to easily identify the availability of support and provided an operational set up that delivered the solutions that customers required.

Principal Decision 4: New invoice factoring facility

Reviewing the Group's working capital needs in the year it was resolved by the Board that, although current levels of working capital were adequate for the existing needs of the business, looking ahead to 2021 it would be beneficial to (a) secure an increased working capital facility and (b) change the facility from recourse to non-recourse to reduce the Group's exposure to potential bad debt. In making this decision the Board considered the interests of suppliers and took the view that the decision would help to ensure adequate funds are available for prompt payment. Having resolved to increase and change the basis of its working capital facility, certain companies in the Group (including the Company) entered into an amended invoice factoring arrangement.

Principal Decision 5: Transition to new ERP system (Dynamics 365)

During 2019, the Group made the decision to migrate to a new ERP system (Dynamics 365). The first entities in the Group went live on Dynamics 365 as of 1 January 2020, with the majority of the remaining entities migrating during the course of 2020. The implementation of Dynamics 365 across the Group will lead to enhanced reporting and efficiencies in financial processing. A few entities are still to migrate in 20201 an all UK components are expected to be in Dynamics 365 by the end of 2021.

Future outlook

As a result of the pandemic, the Group has experienced significant shortfalls in revenue in operations in the retail, leisure and tourism, hospitality and education sectors. However, as the country started to ease restrictions from March onwards the Group has seen revenue start to trend back to normalised levels. On this basis, the Board believes that the Group is well placed to operate sustainably as the pandemic period comes to an end and return to working towards achieving growth plans and performance targets post-pandemic.

The Group had a strong start to 2021, performing well in the first half of the financial year and meeting or exceeding budgeted targets on an EBITDA basis.

This report was approved by the Board and signed on its behalf by

R. Legge
Director

Date: 6th August 2021

Atalian Servest Holdings Limited
Directors' Report
for the year ended 31 December 2020

The Directors present their Directors' report and the audited financial statements for the year ended 31 December 2020.

Principal activities

The Company's principal activity was that of a holding company.

The Group's principal activity during the year was that of a facilities management provider.

Results and dividends

The comprehensive loss for the year, after taxation, amounted to £15.1m (2019: £88.4m loss).

The Directors recommend the payment of an interim dividend during the year of £10.8m (2019: £nil), with no final dividend being declared.

Directors

The Directors who served during the year and up to the date of signing the financial statements were:

R. Legge
B. Bayet
K. Fine (resigned 21 April 2020)

Financial instruments

Please refer to the financial assets and liabilities note to the financial statements (note 28).

Political donations

No political donations were made in the year (2019: £nil).

Engagement with employees

Information is provided to employees through regular meetings. Employees are encouraged to give their views to management as the need arises. Staff are kept informed of the financial and economic factors affecting the Group's performance by formal and informal meetings and through the internal communication programme involving the Group's intranet and e-shots. The Group is committed to pursuing equality and diversity in all its activities. To the extent possible, people with disabilities are offered the same employment opportunities as other employees. Employees are regularly updated on performance against the Group's strategy and the Directors are aware of the benefits in ensuring a comprehensive understanding of employee's views. More detailed references to the forms of engagement with employees is contained in the section 172(1) statement in the Strategic Report, together with examples of how the needs and views of this stakeholder group are considered and have influenced decision-making by the Board.

Disabled employees

The Company gives full and fair consideration to the employment of disabled persons, having regard to their aptitudes and abilities. Continuing employment and training is provided wherever possible for any employee who, for any reason, becomes disabled. Opportunities are available to disabled employees for training, career development and promotion.

Engagement with suppliers, customers and others

Strong business relationships with customers, suppliers and other third parties are critical to the long-term success of the Group, so a partnership ethos is encouraged to create sustainable relationships. Communication is so often the key to understanding each party's wants and needs. That being the case, regular meetings are held and site visits conducted to ensure that there is sufficient opportunity for dialogue. More detailed references to the forms of engagement with suppliers, customers and third parties is contained in the section 172(1) statement in the Strategic Report, together with examples of how the needs and views of these stakeholder groups are considered and have influenced decision-making by the Board.

Post balance sheet events

Please see note 32 for further details on post balance sheet events.

Strategic report

The Directors have included a business review within the Strategic Report. Also included in the Strategic Report are details of future developments of the Company, the principal risks and uncertainties and a review of the key performance indicators as assessed by the Directors.

Going concern

The Group made a loss after tax of £15.1m for the year primarily due to the impairment recorded recognized for Catering amounting to £20.6m caused by a significant reduction in trading for the year and anticipated impact of COVID-19 in the coming year. Despite this, the Group continued to be liquid and closed with a cash balance of £15.4m (2019: £6.2m) and a net asset position of £266.7m (2019: £292.6m). Current assets cover current liabilities by 1.1 times (2019: 1.1 times).

The Board does expect the coronavirus pandemic to have a material impact on the Group's business and financial results in 2021 for the Catering, Projects and Technical Services divisions. However, notwithstanding the shortfalls in revenue experienced in some areas of the business, the actions taken to control costs and operating expenses together with the uptake in the Group's cleaning and disinfection services and fever screening technology are countering and stabilising the adverse impact.

As part of the assessment of going concern the Directors considered the impact of COVID-19 on forecast revenue, EBITDA and cashflow taking into accounting the mitigating actions the Directors have implemented to maximise the Group's available liquidity over the forecast period to 31 December 2022. The mitigating actions include pro-actively reducing the Group's cost base, the review and if appropriate the renegotiation of its supplier arrangements, rigorous management of its operating expenses and strong contract management. The Group also intends to make use wherever possible of any relevant facilities or arrangements provided by the UK Government to assist companies through the crisis. Through these measures, the Group anticipates being able to mitigate the impact of the outbreak on its financial results and on its liquidity with no shortfall.

The Group has also taken and are continuing to take steps to manage its cash position and maintain its liquidity. The Directors have also considered the availability of support from the treasury function managed by La Financière Atalian S.A.S. and the ability of the Group to continue to provide that support. The Group finances a portion of its working capital through a trade receivables sale programme comprising factoring agreements which at the year-end represented a maximum of £7.8m (2019: £24.3m) worth of factored receivables. On the 3 December 2020 this facility changed from recourse to non-recourse and limit increased from £27m to £35m, therefore the Group has transferred substantially all the risks and rewards of ownership. This will provide the Group with additional source of fund when required.

As a result of these measures, the Directors are satisfied that the Group has sufficient resources and liquidity available and therefore have reasonable expectations that the Group will be able to continue in operational existence for the foreseeable future. The Directors have also considered the availability of support from the treasury function managed by La Financière Atalian S.A.S. and the ability of the Group to continue to provide that support. The Group and Company therefore continue to adopt the going concern basis in preparing their financial statements.

Directors' responsibilities

The Directors are responsible for preparing the Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). 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 of the profit or loss of the Group and the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs and in respect of the parent company financial statements, FRS 101, is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance;
- in respect of the Group financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the Company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company and/or the Group will not continue in business.

Directors' responsibilities (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Company and the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and taking reasonable steps for the prevention and detection of fraud and other irregularities. Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Directors' insurance and indemnities

The Directors have the benefit of the indemnity provisions contained in the Company's Articles of Association ('Articles'), and the Company has maintained throughout the period, and to the date of signing the financial statements, Directors' and officers' liability insurance for the benefit of the Company, the Directors and its officers. The Company has entered into qualifying third party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force.

Streamlined Energy and Carbon Reporting

The Group recognises its responsibility to minimise its impact on the natural environment and continues its commitment to reduce its energy consumption and carbon emissions. With both ISO14001 and ISO50001 certifications, sustainable and efficient energy management is high on the Group's agenda.

Environmental data for the Group is detailed below:

	2020
Energy	
Electricity consumed across owned/leased buildings (kWh)	936,009
Gas consumed across owned/leased buildings (kWh)	270,705
Fuel used by fleet for business travel (kWh)	25,476,345
Electricity used by EV fleet for business travel (kWh)	6,204,983
Total	**32,888,042**

In order to improve energy efficiency, the Group has set the following objectives:

- ensure all activities are conducted in compliance with applicable UK energy legislation and additional regulatory, statutory and other requirements;
- monitor and reduce KgCO2/m2 by 10% over the next 4 years (ending 31 December 2024);
- improve the energy performance of the Group's fleet.

The Group is already working to achieve these objectives, with 9 electric vehicles included in its current fleet and a programme of installation of EV charge points at its owned/leased buildings underway. Planned further action includes increasing the use of technology to minimise work travel, the introduction of an efficient driving e-learning training to be completed by all drivers of fleet vehicles to aide with ensuring that necessary work related travel is carried out with the greatest efficiency, and a review of options to enhance energy efficiency at the Group's office locations.

In relation to Greenhouse Gas emissions, the Group reports scope 1 and 2 emissions defined by the Greenhouse Gas protocol as follows:

- Scope 1 (direct emissions): operation of facilities; and
- Scope 2 (indirect emissions): consumption of purchased electricity, heat and steam.

Atalian Servest Holdings Limited

Directors' Report *(continued)*
for the year ended 31 December 2020

Streamlined Energy and Carbon Reporting (continued)

Greenhouse Gas emissions data in the year were as follows:

	2020
	CO2e tonnes
Emission Type	
Scope1: Operation of facilities	62,428
Scope 2: Purchase Energy (UK)	*287,782*
Total Emissions	**350,210**

Greenhouse Gas emissions intensity ratio:

	2020
Total footprint (Scope 1 and Scope 2) – CO2e k tonnes	350.2
Turnover (£m)	634.8
Intensity Ratio (CO2e k tonnes/£1m)	0.55

The Group's methodology has been based on the principles of the Greenhouse Gas Protocol, taking account of the 2015 amendment which set out a 'dual reporting' methodology for the reporting of Scope 2 emissions.

The Group has reported on all the measured emissions sources required under The Companies Act 2006 (Strategic Report *and Directors Report Regulations 2013), except where stated.*

The period of the report is from 1 January 2020 to 31 December 2020.

This includes emissions under Scope 1 and 2, except where stated, but excludes emissions from Scope 3. Conversion factors for UK electricity, gas and other emissions are those published by the department for Business, Energy and Industrial Strategy 2018.

Provision of information to auditor

In the case of each Director in office at the date the Directors' Report is approved:

- *so far as the Directors are aware, there are no relevant audit information of which the Group and Company's auditor* is unaware; and
- they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditor is aware of that information.

Auditor

The auditor, Ernst & Young LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

This report was approved by the Board and signed on its behalf.

R. Legge
Director
Date: 6th August 2021

Independent Auditor's Report to the Members of Atalian Servest Holdings Limited

Opinion

We have audited the financial statements of Atalian Servest Holdings Limited ('the Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Profit and Loss, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 32, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and, as regards the Company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the Group's and of the Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Company's ability to continue as a going concern for a period to 31 December 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

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 contained within the annual report.

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

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

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Atalian Servest Holdings Limited *(continued)*

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 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 by the Group and Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Group and 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 set out on pages 15 to 16, 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 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 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows;

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and the Company and determined that the most significant are International Accounting Standards in conformity with the requirements of the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"), the Companies Act 2006, and United Kingdom's direct and indirect tax regulations. In addition, the Group and the Company must comply with operational and employment laws and regulations including health and safety regulations, environmental regulations, Competition Law, anti-bribery and corruption regulations and General Data Protection Requirements.
- We understood how the Group and the Company are complying with those frameworks by holding enquiries with management and those charged with governance. We understood the potential incentive and ability to override controls, and employee access to guidance of how to report any instances on non-compliance. We understood any controls put in place by wider group management to reduce the opportunities for fraudulent transactions.

Independent Auditor's Report to the Members of Atalian Servest Holdings Limited *(continued)*

- We assessed the susceptibility of the Group and Company's financial statements to material misstatement, including how fraud might occur, by obtaining and reading group policies and holding enquiries of management and those charged with governance. Through these procedures we considered the risk of management override in relation to revenue recognition as the key area of focus. We addressed this risk through sample testing of revenue recognized in the year to underlying contracts and other supporting documentation, ensuring such revenue was recognized in accordance with the satisfaction of performance obligations in line with the operating companies' revenue recognition policy and UK Generally Accepted Accounting Practice. We have also used data analytics and obtained the entire population of journals for the year, and identified specific transactions for further investigation based on certain criteria. We understood the transactions identified for testing and agreed them to source documentation.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved:
    - Enquiry of management and those charged with governance as to any fraud identified or suspected in the period, any actual or potential litigation or claims or breaches of significant laws or regulations applicable to the Group and the Company;
    - Auditing the risk of management override of controls, through testing of a sample of journal entries and other adjustments for appropriateness;
    - Enquiry of management, coupled with testing of journal entries, in order to identify and understand any significant transactions outside of the normal course of business;
    - Challenging the judgements made by management through corroborating the basis for those judgments and considering contradicting evidence; and
    - Reading financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Group and 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 Group and the Company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Ruth Logan (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge
Date: 6 August 2021

Atalian Servest Holdings Limited
Consolidated Statement of Profit or Loss
for the year ended 31 December 2020

	Note	Business performance £m	Non-underlying[1] items £m	2020 Total £m	Business performance £m	Non-underlying[1] items £m	2019 Total £m
Revenue	3	634.8	-	634.8	721.8	-	721.8
Cost of sales		(535.4)	-	(535.4)	(605.6)	-	(605.6)
Gross profit		**99.4**	**-**	**99.4**	**116.2**	**-**	**116.2**
Administrative expenses		(111.8)	5.6	(106.2)	(93.5)	(7.4)	(100.9)
Operating (loss)/profit	4	**(12.4)**	**5.6**	**(6.8)**	**22.7**	**(7.4)**	**15.3**
Share of net loss in associate and impairment	8	-	-	-	-	(84.0)	(84.0)
Finance income	10	-	-	-	*0.5*	-	*0.5*
Finance costs	9	(12.3)	-	(12.3)	(24.8)	-	(24.8)
(Loss)/profit before taxation		**(24.7)**	**5.6**	**(19.1)**	**(1.6)**	**(91.4)**	**(93.0)**
Income tax	11			4.0			4.6
Loss for the year				**(15.1)**			**(88.4)**

All profit/losses are attributable to equity holders of the parent company.

All profit/losses in both periods were derived from continuing activities.

The notes on pages 28 to 67 form part of these financial statements.

[1] Non-underlying items are explained in note 8

Atalian Servest Holdings Limited
Consolidated Statement of Comprehensive Income
for the year ended 31 December 2020

	Note	2020 £m	2019 £m
Loss for the year		(15.1)	(88.4)
Other comprehensive (expense)/income:			
Items that will not be reclassified to profit or loss			
Actuarial (loss)/gain on defined benefit plans	27	-	(0.3)
Defined benefit pension plan surplus not recognised	27	-	0.1
Other comprehensive expense for the year, net of tax		-	(0.2)
Total comprehensive loss for the year		**(15.1)**	**(88.6)**

All comprehensive expense is attributable to equity holders of the parent company.

The notes on pages 28 to 67 form part of these financial statements.

Atalian Servest Holdings Limited
Consolidated Statement of Financial Position
as at 31 December 2020

	Note	2020 £m	2019 £m
Assets			
Non-current assets			
Intangible assets	12	48.7	54.9
Goodwill	13	348.7	369.3
Property, plant and equipment	14	33.3	38.1
Other loans and receivables	20	0.2	0.3
Deferred tax assets	23	11.1	7.4
Total non-current assets		**442.0**	**470.0**
Current assets			
Inventories	17	2.9	3.6
Contract assets	3	47.2	44.4
Trade receivables	18	70.2	87.4
Other receivables	19	13.6	11.6
Income tax repayable		-	0.1
Cash and cash equivalents	25	15.4	6.2
Total current assets		**149.3**	**153.3**
Total assets		**591.3**	**623.3**
Liabilities			
Non-current liabilities			
Borrowings	22	(170.5)	(177.1)
Lease liabilities	15	(9.3)	(9.9)
Deferred tax liabilities	23	(8.7)	(9.4)
Total non-current liabilities		**(188.5)**	**(196.4)**
Current liabilities			
Trade and other payables	21	(116.0)	(96.9)
Contract liabilities	3	(6.5)	(8.0)
Income tax payable		(0.2)	-
Borrowings	22	(7.8)	(24.3)
Lease liabilities	15	(5.6)	(5.1)
Total current liabilities		**(136.1)**	**(134.3)**
Total liabilities		**(324.6)**	**(330.7)**
Net assets		**266.7**	**292.6**
Equity			
Share capital	24	216.9	216.9
Preference shares	24	198.0	198.0
Accumulated losses		(148.2)	(122.3)
Total equity		**266.7**	**292.6**

The notes on pages 28 to 67 form part of these financial statements.

The financial statements on pages 21 to 67 were approved and authorised for issue by the Board and were signed on its behalf by

R. Legge
Director
Date: 6th August 2021
Company Number: 11278510

Atalian Servest Holdings Limited
Company Statement of Financial Position
as at 31 December 2020

	Note	2020 £m	2019 £m
Assets			
Non-current assets			
Investments	16	227.4	227.4
Other loans and receivables	20	283.3	285.2
Total non-current assets		**510.7**	**512.6**
Current assets			
Cash and cash equivalents	25	1.1	-
Total current assets		**1.1**	**-**
Total assets		**511.8**	**512.6**
Liabilities			
Non-current liabilities			
Borrowings	22	(91.6)	(91.5)
Total non-current liabilities		**(91.6)**	**(91.5)**
Current liabilities			
Trade and other payables	21	(4.0)	(0.2)
Bank overdrafts	25	-	(5.8)
Total current liabilities		**(4.0)**	**(6.0)**
Total liabilities		**(95.6)**	**(97.5)**
Net assets		**416.2**	**415.1**
Equity			
Share capital	24	216.9	216.9
Preference shares	24	198.0	198.0
Accumulated profits		1.3	0.2
Total equity		**416.2**	**415.1**

The notes on pages 28 to 67 form part of these financial statements.

No profit and loss account is presented by the Company, as permitted under section 408 of the Companies Act 2006. The profit of the Company for the year ended 31 December 2020 was £11.9m (2019: £0.1m).

The financial statements on pages 21 to 67 were approved and authorised for issue by the Board and signed on its behalf by

R. Legge
Director
Date: 6th August 2021

Atalian Servest Holdings Limited
Consolidated Statement of Changes in Equity
for the year ended 31 December 2020

	Note	Share capital £m	Preference shares £m	Accumulated losses £m	Total equity £m
Balance at 31 December 2018		**216.9**	**-**	**(33.7)**	**183.2**
Loss for the year		-	-	(88.4)	(88.4)
Other comprehensive expense	27	-	-	(0.2)	(0.2)
Total comprehensive loss for the year		**-**	**-**	**(88.6)**	**(88.6)**
Transactions with owners					
Issue of share capital	24	-	198.0	-	198.0
Balance at 31 December 2019		**216.9**	**198.0**	**(122.3)**	**292.6**
Loss for the year		-	-	(15.1)	(15.1)
Other comprehensive expense	27	-	-	-	-
Total comprehensive loss for the year		**-**	**-**	**(15.1)**	**(15.1)**
Transactions with owners					
Dividend paid		-	-	(10.8)	(10.8)
Balance at 31 December 2020		**216.9**	**198.0**	**(148.2)**	**266.7**

The notes on pages 28 to 67 form part of these financial statements.

Atalian Servest Holdings Limited
Company Statement of Changes in Equity
for the year ended 31 December 2020

	Note	Share capital £m	Preference shares £m	Accumulated profits £m	Total equity £m
Balance at 31 December 2018		**216.9**	**-**	**-**	**216.9**
Profit for the year		-	-	0.1	0.1
Total comprehensive income for the year		**-**	**-**	**0.1**	**0.1**
Transactions with owners					
Issue of preference shares	24	-	198.0	-	198.0
Balance at 31 December 2019		**216.9**	**198.0**	**0.2**	**415.1**
Profit for the year		-	-	11.9	11.9
Total comprehensive loss for the year		**-**	**-**	**11.9**	**11.9**
Transactions with owners					
Dividend paid		-	-	(10.8)	(10.8)
Balance at 31 December 2020		**216.9**	**198.0**	**1.3**	**416.2**

The notes on pages 28 to 67 form part of these financial statements.

Atalian Servest Holdings Limited
Consolidated Statement of Cash Flows
For the year ended 31 December 2020

	Note	2020	2019
		£m	£m
Cash flows from operating activities			
Cash receipts from customers		652.7	719.8
Cash paid to suppliers		(235.5)	(295.4)
Cash paid to employees		(407.8)	(400.0)
Receipt of government grants	6	34.3	-
Cash generated from operations		43.7	24.4
Interest paid		(11.3)	(23.5)
Net cash inflow from operating activities		**32.4**	**0.9**
Cash flows from investing activities			
Payments for purchase of intangible assets, property, plant and equipment		(8.9)	(11.3)
Payment of contingent consideration		-	(4.7)
Proceeds from the sale of property, plant and equipment		1.7	0.4
Net cash outflow from investing activities		**(7.2)**	**(15.6)**
Cash flows from financing activities			
Proceeds from borrowings	22	-	20.1
Principal element of lease payments	15	(7.3)	(7.4)
Repayment of borrowings		(8.7)	-
Net cash (outflow)/inflow from financing activities		**(16.0)**	**12.7**
Net increase/(decrease) in cash and cash equivalents		**9.2**	**(2.0)**
Cash and cash equivalents at beginning of period		6.2	8.2
Net cash and cash equivalents at year end	25	**15.4**	**6.2**

The notes on pages 26 to 67 form part of these financial statements.

Atalian Servest Holdings Limited

Notes to the Financial Statements

For the year ended 31 December 2020

1. Accounting policies

General information

Atalian Servest Holdings Limited is a private limited company limited by shares that is incorporated and domiciled in the United Kingdom. The address of the registered office is Warehouse W, 3 Western Gateway, London, E16 1BD. The registered number of the Company is 11278510.

The financial statements are prepared in sterling which is the presentational currency of the Group and rounded to the nearest £0.1 million except where otherwise indicated.

Basis of preparation

The consolidated financial statements of Atalian Servest Holdings Limited have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The consolidated and company financial statements have been prepared on the going concern basis under the historical cost convention except for Net defined benefit pension scheme asset accounted for at fair value.

The consolidated financial statements include the results of all subsidiaries of Atalian Servest Holdings Limited as listed in note 16.

The preparation of financial statements in conformity with Companies Act 2006 and FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are set out in note 2. The Directors consider that the accounting policies set out below are the most appropriate.

IAS 1 permits an entity to present additional information for specific items to enable users to assess the underlying financial performance. In practice these items are commonly referred to as 'specific' or 'non-underlying' items although such terminology is not defined in IFRS and accordingly there is a level of judgement required in determining what items to separately identify. The Board has adopted a policy to separately disclose those items that it considers are outside the underlying operating results for the particular year under review and against which the Group's performance is assessed.

Items within non-underlying include intangible amortisation, asset impairments, contingent consideration movements, acquisition expenses and specific non-recurring items in the statement of profit or loss which, in the Directors' judgement, need to be disclosed separately (see note 8) by virtue of their nature, size and incidence in order for users of the financial statements to obtain a proper understanding of the financial information and the underlying performance of the business. This policy is reviewed by the Board of Directors on an on-going basis.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirements of IFRS 7 Financial Instruments: Disclosures;
- The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- The requirements of IAS 7 Statement of Cash Flows;
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures; and
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets.

Equivalent disclosures are given in the consolidated financial statements of Atalian Servest Holdings Limited.

Accounting policies *(continued)*

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship *is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the* hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the *consolidated financial statements of, nor is there expected to be any future impact to the Group.*

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

New standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

Following the financial crisis, the reform and replacement of some benchmark interest rates such as LIBOR and other Interbank Offered Rates ("IBORs") has become a priority for global regulators. There is still uncertainty around the timing and precise nature of these changes. The Phase 2 Amendments are effective for annual periods beginning on or after 1 January 2021 on a retrospective basis.

The Group has assessed that the amendments will not materially impact the financial statements but will monitor closely any changes in the future to ensure contract continuity, address term and credit differences between LIBORs and alternative reference rates and impacts on systems, processes and risk and valuation models.

Accounting policies *(continued)*

Going concern

The Group made a loss after tax of £15.1m for the year primarily due to the impairment recorded recognized for Catering amounting to £20.6m caused by a significant reduction in trading for the year and anticipated impact of COVID-19 in the coming year. Despite this, the Group continued to be liquid and closed with a cash balance of £15.4m (2019: £6.2m) and a net asset position of £266.7m (2019: £292.6m). Current assets cover current liabilities by 1.1 times (2019: 1.1 times).

The Board does expect the coronavirus pandemic to have a material impact on the Group's business and financial results in 2021 for the Catering, Projects and Technical Services divisions. However, notwithstanding the shortfalls in revenue experienced in some areas of the business, the actions taken to control costs and operating expenses together with the uptake in our cleaning and disinfection services and our fever screening technology are countering and stabilising the adverse impact.

As part of the assessment of going concern the Directors considered the impact of COVID-19 on forecast revenue, EBITDA and cashflow taking into accounting the mitigating actions the Directors have implemented to maximise the Group's available liquidity over the forecast period to 31 December 2022. The mitigating actions include pro-actively reducing our cost base, the review and if appropriate the renegotiation of our supplier arrangements, rigorous management of our operating expenses and strong contract management. We also intend to make use wherever possible of any relevant facilities or arrangements provided by the UK Government to assist companies through the crisis. Through these measures, we anticipate being able to mitigate the impact of the outbreak on our financial results and on our liquidity with no shortfall.

We have also taken and are continuing to take steps to manage our cash position and maintain our liquidity. The Directors have also considered the availability of support from the treasury function managed by La Financière Atalian S.A.S. and the ability of the Group to continue to provide that support. The Group finances a portion of its working capital through a trade receivables sale programme comprising factoring agreements which at the year-end represented a maximum of £7.8m (2019: £24.3m) worth of factored receivables. On the 3 December 2020 this facility changed from recourse to non-recourse and limit increased from £27m to £35m, therefore the Group has transferred substantially all the risks and rewards of ownership. This will provide the Group with additional source of fund when required.

As a result of these measures, the Directors are satisfied that the Group has sufficient resources and liquidity available and therefore have reasonable expectations that the Group will be able to continue in operational existence for the foreseeable future. The Directors have also considered the availability of support from the treasury function managed by La Financière Atalian S.A.S. and the ability of the Group to continue to provide that support. The Group and Company therefore continue to adopt the going concern basis in preparing their financial statements.

Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control over the financial and operating policies so as to obtain benefit from their activities. Subsidiaries are fully consolidated from the date on which control is transferred until the date that control ceases. The Company is an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. Non-controlling interests are recognised on subsidiaries where the Group does not have 100% ownership.

(ii) Goodwill

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or joint venture at the date of acquisition. Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the consolidated statement of profit or loss and is not subsequently reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. All direct costs of acquisition are recognised immediately as an expense in the statement of profit or loss.

On disposal of a subsidiary, associate or joint venture, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Accounting policies *(continued)*

Basis of consolidation *(continued)*

(iii) Business combinations

Business combinations are accounted for using the acquisition method. The consideration for acquisition is measured at the fair values of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in order to obtain control of the acquiree (at the date of exchange). Costs incurred in connection with the acquisition are recognised in the Consolidated Statement of Profit or Loss as incurred.

Where a business combination is achieved in stages, previously held interest in the acquiree are remeasured to fair value at the acquisition date (date the Group obtains control) and the resulting gain or loss is recognised in the Consolidated Statement of Profit or Loss.

Adjustments are made to fair values to bring the accounting policies of acquired businesses into alignment with those of the Group. The costs of integrating and reorganising acquired businesses are charged to the post acquisition profit or loss.

If the initial accounting is incomplete at the reporting date, provisional amounts are recorded. These amounts are subsequently adjusted during the measurement period, or additional assets or liabilities are recognised when new information about its existence is obtained during the period.

Acquisitions or disposals of non-controlling interests which do not affect the parent company's control of the subsidiary are accounted for as transactions with equity holders. Any difference between the amount paid or received and the change in non-controlling interests is recognised directly in equity. Adjustments can only be made up to 12 months after the acquisition date.

(iv) Transactions eliminated on consolidation

Intragroup balances and any gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial information. Losses are eliminated in the same way as gains but only to the extent that there is no evidence of impairment.

Accounting policies *(continued)*

Property, plant and equipment

All property, plant and equipment assets are stated at cost less accumulated depreciation.

Depreciation of property, plant and equipment is provided to write off the cost, less residual value, on a straight-line basis over the estimated useful life.

• Freehold land and buildings	50 years (except land)
• Short-term leasehold property	Over the period of the lease
• Plant and machinery	2-5 years
• Motor vehicles	4-5 years
• Computer equipment	2-5 years
• Fixtures and fittings	2-10 years

Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

Gains or losses on disposal are included within the Consolidated Statement of Profit or Loss.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Plant and machinery – 3 to 5 years
- Motor vehicles and other equipment – 3 to 5 years
- Property – 3 to 10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies *Impairment of assets.*

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the year in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in Interest-bearing loans and borrowings (see note 22).

Accounting policies *(continued)*

Cash and cash equivalents

Cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short-term.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts and invoice discounting facilities. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Inventories

Inventories are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost is determined using the first in, first out method.

Intangible assets

Intangible assets other than goodwill (please see within *Basis of Consolidation*) are shown at cost less accumulated amortisation and impairment losses.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements below).

Amortisation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of the intangible asset. The amortisation expense is included within the administrative expenses line in the consolidated statement of profit or loss.

Intangible assets are amortised from the date they are available for use. The useful lives are as follows:

• Software	10 years
• Customer base and reputation	10 years
• *Regional licences*	*20 years*

Amortisation periods and methods are reviewed annually and adjusted if appropriate.

Impairment of assets

The Group assesses annually whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to it's carrying value. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. The future cashflows are based on most recent budgets and forecast calculations which generally cover a period of two-three years. A long-term growth rate is calculated and applied to future cashflows after the third year.

Impairment losses relating to continuing operation are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at the revalued amount (in which case the impairment loss is treated as a revaluation decrease).An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of profit or loss.

For goodwill, the recoverable amount is assessed annually and whenever there is an indication of impairment. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. For the purpose of impairment testing goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination. Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unity is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Accounting policies *(continued)*

Investments

Investments in subsidiaries are recorded at cost less accumulated impairment losses, which is the fair value of the consideration paid. Investments in joint ventures are initially measured at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets.

Investments in subsidiaries are assessed annually for impairment, or when any indicators of impairment are identified. The same process is followed as described in *Impairment of assets* above.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control have the rights to the net assets of the arrangement. *The results and assets and liabilities of joint ventures are incorporated in the Group's consolidated financial* statements using the equity method of accounting. Under the equity method, investments in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for the Group's share of the net assets in the joint venture, less any impairment in the value of the investment. The Group's share of post-tax profits or losses in recognised in the consolidated profit and loss account.

Associates

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of profit and loss and other comprehensive income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses).

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Financial instruments

IFRS 9 uses an expected credit loss model for recognising impairment of financial assets held at amortised cost. This requires the group to consider forward-looking information to calculate expected credit losses regardless of whether there has been an impairment trigger.

Under IFRS 9 only assets which consist solely payments of principal and interest ('SPPI') can be recorded at amortised cost. All financial assets held by the Group are SPPI and can therefore be subsequently measured at amortised cost.

Derivative financial instruments

Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. There are no derivative financial instruments for 2020 (2019: none)

Trade and other payables

Trade payables are stated at their original invoiced value, as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

Interest-bearing borrowings

Interest-bearing borrowings are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisitions, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the assets for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other finance costs are expensed in the period in which they are incurred.

Accounting policies *(continued)*

Trade receivables

Trade receivables are initially measured at their transaction price if they do not contain a significant financing component, which is the case for substantially all trade receivables. The loss allowance is measured at an amount equal to lifetime expected credit losses. Those are the expected credit losses that result from all possible default events over the expected life of those trade receivables, using a provision matrix that takes into account historical information on defaults adjusted for the forward-looking information per customer. When a trade receivable is considered uncollectable, 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 the statement of profit or loss.

The carrying amount of trade receivables includes receivables which are subject to a factoring arrangement. Under this arrangement, the Group has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, the Group has retained credit risk and therefore continues to recognise the transferred assets in their entirety in the statement of financial position. The amount repayable under the agreement is presented in current borrowings.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Retirement benefits

The Group operates both defined contribution plans and defined benefit plans. A defined contribution plan is one where the Group pays fixed contributions into a separate entity. These contributions are expensed in the period in which they accrue.

The terms of the defined benefit pension plan define the amount that employees will receive on retirement. These amounts are dependent on factors such as age, years of service and compensation, and are determined independently of the contributions payable or the investments of the scheme. The defined benefit asset or liability recognised in the statement of financial position is the difference between the present value of the defined benefit obligations and the fair value of the plan assets.

The defined benefit obligation is calculated by independent actuaries using the project unit cost method. Actuarial gains and losses are recognised in full in the year in which they occur within the statement of comprehensive income.

As a result of its outsourcing contracts with education authorities, the Group obtains Admitted Body status in a number of Local Authority final salary pension schemes in respect of a number of designated employees for the duration of the outsourcing contract. The Group pays employer contributions as determined each year by the relevant scheme based on the scheme actuary's recommendation in order to maintain an ongoing fully funded status, but under the terms of the Admission Agreements with certain authorities the Group is protected (by bond, guarantees or indemnity) from the risk of previous underfunding or additional liabilities arising on early retirement or redundancy. The assets of the scheme are held separately from those of the Group in independent Trust Funds administered by the relevant Local Authorities. Although notional allocations of assets are made in some schemes, the Group does not have specific information about its share of the underlying assets and liabilities of the schemes or the extent of any deficits in those schemes. Given the nature of the Group's membership in these multi-employer final salary schemes, contributions are accounted for as if they were defined contribution schemes, the profit and loss charge being based on contributions payables in respect of the accounting period.

Revenue

The Group recognises revenue when it transfers control over a product or service to its customer. Revenue is measured based on the consideration specified in a contract with a customer, net of value added tax and trade discounts. Where the consideration is variable, the amount recognised is highly probable not to suffer significant reversal in future.

The Group's activities are wide-ranging, and as such, depending on the nature of the product or service delivered and the timing of when control is passed to the customer, the Group will account for revenue over time and at a point in time. Additional details of revenue recognition on a divisional basis is as follows:

(i) *Cleaning*

Contracts for Cleaning services relate to a variety of commercial cleaning activities across a variety of industries including retail and transport and typically require the provision of a group of interrelated goods and services to the customer over a period of time. Such goods and services are typically considered to represent a single performance obligation as each promise is satisfied over the same period. For the majority of the Group's contracts, invoices are raised in the month or months after the delivery of the services. Where Cleaning services are provided outside of contractual arrangements and are one-off in nature, revenue is recognised at the point in time those services are delivered.

Accounting policies *(continued)*

Revenue *(continued)*

(ii) Catering

Contracts for Catering services relate to the provision of catering and hospitality services in a variety of sectors including care and education. Contracts can require the provision of goods to the customer, considered to be a single performance obligation. Revenue is recognised at the point at which food and drinks are provided based on till receipts taken in our sites. Promotional discounts are recorded at point of sale. Revenue is reported net of VAT and discounts applied. The performance obligation is satisfied upon the delivery of the food and drink and payment of the transaction price is due immediately when the customer purchases the food and/or drink.

Alternatively, contracts for Catering services can require the provision of a group of interrelated goods and services to the customer over a period of time. Such goods and services are typically considered to represent a single performance obligation as each promise is satisfied over the same period. For the majority of these contracts, invoices are raised in the month or months after the delivery of the services.

(iii) Security

Contracts for Security services relates to guarding services and the installation of supporting goods such as access control systems, CCTV and biometric equipment. In contracts that include the outright sale of equipment, revenue in respect of the sale and installation is recognised at a point in time when the goods have been installed. Guarding services represents a series of services with a constant pattern of transfer to the customer over time. Revenue in respect of such services is recognised over the period of the contract. For the majority of the Group's contracts, invoices are raised in the month or months after the delivery of the services.

(iv) Integrated Solutions

Contracts for Integrated Solutions relate to the operation and maintenance of print machinery within the media sector and management of production lines within the automotive sector and all services typically require the provision of a group of interrelated goods and services to the customer over a period of time. Such goods and services are typically considered to represent a single performance obligation as each promise is satisfied over the same period. For the majority of the Group's contracts, invoices are raised in the month or months after the delivery of the services.

(v) Technical Services

Contracts for Technical Services typically require the provision of a group of interrelated goods and services to the customer over a period of time. Such goods and services are typically considered to represent a single performance obligation as each promise is satisfied over the same period. For the majority of the Group's contracts, invoices are raised in the month or months after the delivery of the services. Costs are recognised as incurred and revenue is recognised on the basis of the proportion of total costs at the reporting date to the estimated total costs of the contract.

(vi) Projects

Contracts for Projects typically relate to construction and building works. Costs are recognised as incurred and revenue is recognised on the basis of the proportion of total costs at the reporting date to the estimated total costs of the contract. Please see note 2 for further details on judgements relating to estimated total costs.

(vii) Contract assets and liabilities

A contract asset is recognised when revenue recognised on an individual contract exceeds the amounts billed on that contract to date. Contract assets are reduced by appropriate loss allowances. Where cash received from a customer for an individual contract exceeds the revenue recognised, the amount is included in contract liabilities.

Non-underlying items

The following are disclosed separately as non-underlying items in order to provide a clear indication of the Group's underlying performance, these have been disclosed as non-underlying due to their nature:

- Redundancy and other costs
- Government grants
- Impairment of associate
- Amortisation of acquired intangibles
- Accelerated amortisation costs
- Penalty repayment fees

Please see note 8 for further explanation of these categories.

Accounting policies *(continued)*

Income tax and deferred taxation

Deferred tax is provided on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when:

- the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, does not affect either accounting profit or taxable income; or
- the taxable temporary difference is associated with investments in subsidiaries, associates or interest in joint ventures and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary different will not reverse in the foreseeable future.

The carrying amount of deferred tax assets are reviewed at each statement of financial position date and are reduced to the extent that it is no longer probable that sufficient taxable income will be available to utilise the deferred tax asset. Unrecognised deferred tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, using tax rates that have been enacted or substantively enacted at the reporting date. Income taxes relating to items recognised directly in equity are recognised in equity and not in the Consolidated Statement of Profit or Loss. Deferred tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and taxation authority.

Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- trade receivables for sales of inventory and from the provision of services;
- contract assets relating to revenue billed in advance;
- Other receivables relating to loans to associates carried at amortised cost.

Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contract.

An impairment loss for other receivables measured at amortised costs is recognised for expected losses when there is an increased probability that the counterparty will be unable to settle the contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered or both. Where there has been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated, representing the portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available with undue cost or effort. The expected credit loss is a probability weighted amount determined from a range of outcomes and takes into account the time value of money.

Government assistance

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Amounts are recognized net within the statement of comprehensive income as an income or reduction to expenses. In the current year, grant accounting has only been applied to Coronavirus Job Retention Scheme (JRS) as part of UK Government's response to COVID-19 pandemic. The group has also taken advantage of government assistance in form of PAYE and VAT deferrals.

2. Critical accounting judgements and estimates

The Group makes estimates and judgements concerning the future. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

Estimates

Defined benefit obligation

Refer to note 27 for disclosure of the key sources of estimation uncertainty relating to the retirement benefit obligation. Management consider the key estimates to be longevity, discount rate and future salary increases as these could cause a material impact to the defined benefit obligation.

Revenue recognition

The Group's revenue recognition policies are central to how the Group values the work it has carried out in each financial period. These policies require forecasts to be made of the outcomes of long-term construction services which require estimates to be made of both cost and income recognition on each contract. On the cost side, estimates of forecasts are made on the final out-turn of each contract in addition to potential costs to be incurred for any maintenance and defects liabilities. One the income side, estimates are made on variations to consideration which typically include variations due to changes in scope of work, recoveries of claim income from customers, and potential liquidated damages that may be levied by the customer. Estimates are reviewed regularly throughout the contract life based on latest available information and adjustments made where necessary.

Given the pervasive nature of estimates on revenue, cost of sales and related balance sheet amounts, it is difficult to quantify the impact of taking alternative assessments on each of the estimates above. Please see note 3.

Leases – estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). Please see note 15.

Judgements

Revenue recognition

The Group's revenue recognition policies require judgement to be made with regards to identification of performance obligations within long term contracts. A significant number of these contracts relate to construction or building works, and management have made a judgement that the input method is the most appropriate basis for revenue recognition for these contracts based on costs incurred. These contracts also often include an element of variable consideration and management are required to make judgements of the point in time when the variable consideration is highly probable not to suffer significant reversal in future. Please see note 3.

Recognition of deferred tax assets

Deferred taxes are recognised in respect of temporary differences between the tax treatment and treatment within the financial statements for assets and liabilities. Deferred tax assets are only recognised to the extent they are expected to be recovered. Recoverability is assessed on an ongoing basis. Deferred tax is calculated at the substantively enacted rate which is expected to apply in the year the asset or liability is expected to be realised. The recognition of deferred tax assets is based upon whether it is probable that sufficient taxable profits will be available in the future against which the reversal of temporary differences can be used. Where the temporary differences relate to losses, the availability of the losses to offset against forecast taxable profits is also considered. Please see note 23.

Critical accounting judgements and estimates *(continued)*

Judgements *(continued)*

Impairment testing

The Group also tests for impairment of goodwill when a trigger event occurs or annually as appropriate. The impairment review is performed by projecting the future cash flows, excluding finance and tax, based upon budgets and plans and making appropriate judgements about rates of growth and discounting these using a rate that takes into account the time value of money and the risk inherent in the business. If the present value of the projected cash flows is less than the carrying value of the underlying net assets and related goodwill an impairment charge would be taken to the statement of profit or loss unless the fair value less cost of disposal of the related asset is higher than the carrying value. Please see note 13.

Non-underlying items

'Non-underlying items' are items of financial performance which the Group believes should be separately identified on the face of the statement of profit or loss to assist in understanding the underlying financial performance achieved by the Group. Determining whether an item is part of other items or not requires judgement based on nature of the item. An analysis of the amounts included in other items is detailed in note 8.

3. Revenue

3(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major service lines and geographical regions.

31 December 2020	Cleaning £m	Catering £m	Security £m	Projects £m	Technical Services £m	Integrated Solutions £m	Other £m	Total £m
Primary geographical market								
United Kingdom	275.7	62.6	53.9	116.8	73.3	37.5	-	619.8
Republic of Ireland	1.1	1.5	-	-	-	-	-	2.6
Europe	-	-	-	-	-	12.4	-	12.4
	276.8	**64.1**	**53.9**	**116.8**	**73.3**	**49.9**	**-**	**634.8**
Timing of revenue recognition								
At a point in time	19.2	25.3	2.9	4.9	41.1	1.0	-	94.4
Over time	257.6	38.8	51.0	111.9	32.2	48.9	-	540.4
	276.8	**64.1**	**53.9**	**116.8**	**73.3**	**49.9**	**-**	**634.8**

31 December 2019	Cleaning £m	Catering £m	Security £m	Projects £m	Technical Services £m	Integrated Solutions £m	Other £m	Total £m
Primary geographical market								
United Kingdom	260.4	104.7	44.4	155.8	83.4	52.6	2.3	703.6
Republic of Ireland	1.2	1.4	-	-	-	-	-	2.6
Europe	-	-	-	-	-	15.6	-	15.6
	261.6	**106.1**	**44.4**	**155.8**	**83.4**	**68.2**	**2.3**	**721.8**
Timing of revenue recognition								
At a point in time	10.7	52.8	1.5	5.2	47.2	1.8	2.3	121.5
Over time	250.9	53.3	42.9	150.6	36.2	66.4	-	600.3
	261.6	**106.1**	**44.4**	**155.8**	**83.4**	**68.2**	**2.3**	**721.8**

Revenue *(continued)*

3(b) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers

	2020 Contract assets	2020 Contract Liabilities	2019 Contract assets	2019 Contract Liabilities
	£m	£m	£m	£m
Cleaning	9.6	(0.8)	7.7	-
Security	1.6	(0.1)	4.1	-
Catering	1.1	(0.2)	0.2	-
Projects	26.4	(4.4)	21.2	(4.6)
Technical Services	7.5	(0.8)	10.4	(3.3)
Integrated Solutions	0.8	(0.1)	0.6	-
Other	0.2	(0.1)	0.2	(0.1)
	47.2	**(6.5)**	**44.4**	**(8.0)**

The contract assets primarily related to the Group's right to consideration for work completed but not billed at the reporting date on Cleaning, Security, Projects and Technical Services contracts. The contract assets are transferred to receivables when the rights become unconditional.

The contract liabilities primarily relate to the advance consideration received from customers for Projects and Technical Services contract, for which revenue is recognised on completion of the relevant contract. Immaterial impairment has been noted on the contract assets.

The following table shows how much of the revenue recognised in the current year relates to carried forward contract liabilities.

	2020	2019
	£m	£m
Projects	4.6	5.8
Technical Services	3.3	7.9
Integrated Solutions	-	0.4
Security	-	0.1
Other	0.1	0.1
	8.0	**14.3**

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at 31 December 2020.

	2021	2022	2023	Total
	£m	£m	£m	£m
Projects	35.1	-	-	35.1
Technical Services	11.6	-	-	11.6

4. Operating loss

	2020	2019
Group operating loss for the year is stated after the following:	£m	£m
Staff costs (note 6)	407.4	439.3
Amortisation of intangible assets (note 12)	7.5	7.4
Depreciation of tangible fixed assets:		
- owned by the group (note 14)	12.0	13.1
- held under leases (note 15)	6.2	6.0
Subcontractor costs	88.5	66.8
Consumables used (note 17)	82.8	145.1

5. Auditors' remuneration

	2020	2019
	£m	£m
Fees payable to the Group's auditor for the audit of the Group's financial statements	0.7	0.8
	0.7	**0.8**

6. Staff costs

	2020	2019
Group	£m	£m
Wages and salaries	407.8	400.0
Government grants	(35.8)	-
Other government support	(0.3)	-
Social security costs	29.4	33.3
Other pension costs - defined contribution schemes (note 28)	6.2	5.9
Other pension costs - defined benefit schemes (note 28)	0.1	0.1
	407.4	**439.3**

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

Group	2020	2019
Operational staff	25,456	27,003
Administration and management	1,654	2,068
Directors	2	2
	27,112	**29,073**

	2020	2019
Company	£'000	£'000
Wages and salaries	3.5	1.3
Social security costs	0.5	0.2
Pension costs - defined contribution schemes	0.1	0.1
	4.1	**1.6**

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

Company	2020	2019
Administration and management	6	6
Directors	1	1
	7	7

Staff costs *(continued)*

The JRS is a scheme announced by the UK government on 20 March 2020 to support employers who cannot maintain their current workforce because their operations have been affected by coronavirus COVID-19. Under the scheme, employers may place workers on their payroll on furlough and receive a grant of 80% base salary (up to £2,500 per month). During the year the scheme rules in terms of amount of grant receivable as % of pay and the upper limit. JRS has been extended until 30 September 2021.

During the year, the Group has recorded a total of £35.8m in the profit and loss as a net against related payroll costs of which £34.0m was received in cash and £1.8m recorded as part of short-term receivables "Government grants". There are no unfulfilled conditions or contingencies attached to these grants. The Group also recorded a total of £0.3m in the profit and loss as a net against related payroll costs, the full amount was received in cash. This amount relates to government support from various overseas subsidiaries within the Group.

7. Directors' remuneration

	2020	2019
Group	**£m**	**£m**
Remuneration	2.7	2.2
Pension contribution	-	0.1
	2.7	**2.3**

The costs of certain Directors' services are borne by La Financière Atalian S.A.S, the ultimate parent company. The Director's services provided to the Group are considered incidental to the services performed for the rest of group headed by La Financière Atalian S.A.S.

Highest paid Director

The highest paid Director received remuneration of £1,340,300 (2019: £491,000). The value of the Group's pension contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £5,500 (2019: £19,000).

8. Non-underlying items

	2020	2019
Group	**£m**	**£m**
Redundancy and other costs	2.4	-
Impairment of associate	-	57.2
Impairment of goodwill (note 13)	20.6	-
Share of losses in associate	-	21.1
Associate loan impairment	-	5.7
Amortisation of acquired intangibles	7.5	7.4
Government grants (note 6)	(35.8)	-
Other government support (note 6)	(0.3)	-
Administrative (income)/expenses	**(5.6)**	**91.4**

Redundancy and other costs: redundancy payments made to employees relate to one-off costs of organisation change associated with the Group's efficiency and change policies and do not relate to the underlying business performance.

Impairment of associate: this relates to the one-off impairment of the Group's investment in its associate Bottega Investco S.À.R.L. As this is a minority shareholding, their performance does not reflect the true underlying performance of the trading business and is presented as non-underlying.

Share of losses in associate: this relates to the losses incurred by accounting for the investment in Bottega Investco S.À.R.L under the equity method. As the investment was subsequently impaired, the share in losses incurred during the year does not reflect the underlying performance of the trading business and is presented as non-underlying.

Non-underlying items *(continued)*

Associate loan impairment: as a result of the one-off impairment of the Group's investment in Bottega Investco S.À.R.L, the loan receivable from the associate has also been impaired to nil.

Amortisation of acquired intangibles: the Group carries in its statement of financial position significant balances related to acquired intangible assets. The amortisation of these assets is reported separately as they distort the in-year trading results and performance of the acquired businesses is assessed through the underlying operational results.

Government grants and other government support: Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

9. Finance costs

	2020	2019
Group	**£m**	**£m**
Interest on bank loans and overdrafts	1.0	1.7
Loan note interest	8.3	21.4
Other interest	1.8	0.6
Interest on lease liabilities (note 15)	1.2	1.1
	12.3	**24.8**

10. Finance income

	2020	2019
Group	**£m**	**£m**
Other interest income	-	0.5
	-	**0.5**

11. Income tax

	2020	2019
Group	**£m**	**£m**
Current tax		
Current tax on losses for the year	0.5	1.1
Adjustments in respect of prior years	(0.1)	(0.3)
Total current tax	**0.4**	**0.8**
Deferred tax		
Origination and reversal of temporary differences	(1.5)	(5.7)
Adjustments in respect of prior years	(2.9)	0.3
Total deferred tax (note 23)	**(4.4)**	**(5.4)**
Total taxation credit	**(4.0)**	**(4.6)**

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Income tax *(continued)*

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2020 £m	2019 £m
Loss before taxation	(19.1)	(93.0)
Loss before taxation multiplied by the rate of corporation tax of 19% (2019: 19%)	(3.6)	(17.7)
Effects of:		
Expenses not deductible for tax purposes	3.7	21.1
Deferred tax effect of change in taxation rates	(0.4)	0.7
Non-taxable income	-	(2.2)
Corporate interest restriction	-	(6.3)
Adjustments for previous periods	(3.0)	-
Fixed asset timing	0.1	-
Other differences	(0.8)	(0.2)
Total taxation credit	**(4.0)**	**(4.6)**

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2019 – 17%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the year end. If the Group's deferred tax balances at the year end were remeasured at 25% this would result in an additional deferred tax credit of £0.8m.

12. Intangible assets

Group	**Software £m**	**Customer base and reputation £m**	**Regional licenses £m**	**Total £m**
Cost				
At 31 December 2018	1.5	65.1	0.2	66.8
Additions	0.5	-	-	0.5
At 31 December 2019	**2.0**	**65.1**	**0.2**	**67.3**
Additions	1.3	-	-	1.3
At 31 December 2020	**3.3**	**65.1**	**0.2**	**68.6**
Accumulated amortisation				
At 31 December 2018	0.1	4.9	-	5.0
Charge for the year	0.1	7.3	-	7.4
At 31 December 2019	**0.2**	**12.2**	**-**	**12.4**
Charge for the year	0.2	7.3	-	7.5
At 31 December 2020	**0.4**	**19.5**	**-**	**19.9**
Net book amount				
At 31 December 2019	1.8	52.9	0.2	54.9
At 31 December 2020	**2.9**	**45.6**	**0.2**	**48.7**

The average remaining amortisation periods at 31 December 2020 is:

Software	7 years
Customer base and reputation	6 years
Regional licenses	7 years

13. Goodwill

	Goodwill
Group	**£m**
Cost	
At 31 December 2019	369.3
Recognised on acquisition of subsidiaries	-
At 31 December 2020	**369.3**
Impairment	
At 31 December 2019	-
Charge for the year	(20.6)
At 31 December 2020	**(20.6)**
At 31 December 2019	**369.3**
At 31 December 2020	**348.7**

Goodwill is allocated to the Group's cash-generating units ('CGUs') identified according to the operations being performed.

The goodwill associated with the Group's Cleaning operation is £124.1m, the Security operation is £4.2m, the Catering operation is £74.2m (2019: £94.8m), the Technical Services/Projects operation is £105.0m and the Integrated Solutions operation £41.2m. The recoverable amount of all of the Group's operations CGUs is determined based on the value in use calculations using cash flow projections based on financial budgets and long-range plans approved by management covering a five-year period which are prepared as part of the Group's normal planning process. The Group considers that a five-year period is a suitable length of assessment given the strength of the customer relationships it holds and the reputation that it has built up in the marketplace.

The £20.6m impairment charge for the year relates to the Catering CGU, this is driven by our Catering business unit being adversely affected by COVID-19. The Catering business unit is forecasting to fully recover from COVID-19 during the course of the next 2 years.

Other major assumptions are as follows:

2020	**Cleaning**	**Security**	**Catering**	**Technical Services/ Projects**	**Integrated Solutions**
Discount rate %	8.8	8.8	8.8	8.8	8.8
1 to 2-year growth rate %	13.3	6.5	11.8	11.1	24.1
Long-term growth rate %	2	2	2	2	2

2019	**Cleaning**	**Security**	**Catering**	**Technical Services/ Projects**	**Integrated Solutions**
Discount rate %	9.2	9.2	9.2	9.2	9.2
1 to 2-year growth rate %	5	5	5	5	5
Long-term growth rate %	2	2	2	2	2

The growth rates used are based on both historical growth rates achieved by the operations and expected future growth rates based on the medium-term strategy for the business and opportunities in the marketplace. The shorter-term growth rates take in to account COVID-19 recovery in the business over the next 1-2 years. The long-term growth rate is used to calculate the terminal value of the CGU in perpetuity. The discount rate is based on the Group's weighted average cost of capital adjusted for specific risks relating to the relevant sector. The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

If the terminal growth rates were to reduce by 1.0% or the discount rate were to increase by 1.0%, there would be an indication of impairment in the Catering CGU, a 1.0% reduction in the growth rate would result in an additional impairment of £7.4m and a 1.0% increase in the discount rate would result in an additional impairment of £9.3m. For all other CGUs there would be no indication of impairment.

All other CGUs have significant headroom on their impairment models.

Goodwill *(continued)*

The Group is exposed to economic developments in the United Kingdom and to the uncertainties related to Brexit. Since the majority of the Group's activities are carried out within the United Kingdom, the Group considers that a possible absence of a commercial and/or customs agreement between the UK and the European Union would not have a significant direct impact on the Group's operation. As part of our subsequent events assessment, the Directors have considered the impact on our operations as a result of the outbreak of COVID-19. The application of those assumptions does not result in any impairment adjustments being required nor expected to be required (please see note 32 for further detail).

14. Property, plant and equipment

Group	Freehold land and buildings £m	Short-term leasehold property £m	Plant and machinery £m	Motor vehicles £m	Computer equipment £m	Fixtures and fittings £m	Total £m
Cost							
At 31 December 2018	3.1	5.8	13.9	9.1	4.7	4.6	41.2
Additions at cost	-	1.3	5.0	8.6	2.3	3.4	20.6
Disposals	-	(0.2)	(0.5)	(2.5)	(1.5)	(0.3)	(5.0)
At 31 December 2019	**3.1**	**6.9**	**18.4**	**15.2**	**5.5**	**7.7**	**56.8**
Additions at cost	-	0.6	3.8	7.2	1.2	2.0	14.8
Disposals	-	(1.5)	(5.9)	(4.5)	(0.8)	(0.7)	(13.4)
Transfers	-	-	(2.2)	(0.2)	0.7	0.5	(1.2)
At 31 December 2020	**3.1**	**6.0**	**14.1**	**17.7**	**6.6**	**9.5**	**57.0**
Accumulated Depreciation							
At 31 December 2018	-	0.8	0.3	0.8	1.2	0.9	4.0
Charges for the year	0.1	1.2	6.7	5.9	2.6	2.6	19.1
Disposals	-	(0.2)	(0.5)	(2.0)	(1.5)	(0.2)	(4.4)
At 31 December 2019	**0.1**	**1.8**	**6.5**	**4.7**	**2.3**	**3.3**	**18.7**
Charges for the year	0.1	1.5	6.7	5.4	2.0	2.6	18.3
Disposals	-	(0.9)	(5.9)	(4.0)	(0.8)	(0.6)	(12.2)
Transfers	-	-	(3.2)	(0.1)	0.6	1.6	(1.1)
At 31 December 2020	**0.2**	**2.4**	**4.1**	**6.0**	**4.1**	**6.9**	**23.7**
Net book amount							
At 31 December 2019	3.0	5.1	11.9	10.5	3.2	4.4	38.1
At 31 December 2020	**2.9**	**3.6**	**10.0**	**11.7**	**2.5**	**2.6**	**33.3**

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15. Leases

Property, plant and equipment comprise owned and leased assets that do not meet the definition of investment property.

Group	2020 £m	2019 £m
Property, plant and equipment owned	19.1	24.0
Right-of-use assets	14.2	14.1
	33.3	**38.1**

The Group leases many assets including land and building, vehicles, machinery and IT equipment. Information about leases for which the Group is a lessee is presented below.

Right-of-use assets **Group**	Property £m	Vehicles £m	Other £m	Total £m
Balance at 31 December 2018	3.9	6.3	0.3	10.5
Additions for the year	0.7	8.4	0.5	9.6
Depreciation charge for the year	(0.9)	(4.9)	(0.2)	(6.0)
Balance at 31 December 2019	**3.7**	**9.8**	**0.6**	**14.1**
Additions for the year	-	7.2	-	7.2
Disposals for the year	(1.4)	(2.5)	-	(3.9)
Depreciation charge for the year	(1.1)	(4.9)	(0.2)	(6.2)
Depreciation on disposals	0.8	2.2	-	3.0
Balance at 31 December 2020	**2.0**	**11.8**	**0.4**	**14.2**

Additions on acquisition relate to the right-of-use assets acquired as part of the acquisition of Atalian Servest Group Holdings Limited during the prior period.

Lease liabilities **Group**	2020 £m	2019 £m
Maturity analysis - contractual undiscounted cash flows		
Less than one year	6.7	6.2
One to five years	10.0	10.7
More than five years	0.3	0.7
Total undiscounted lease liabilities at 31 December	**17.0**	**17.6**
Lease liabilities included in the statement of financial position at 31 December		
Current	5.6	5.1
Non-current	9.3	9.9
	14.9	**15.0**

Lease liabilities **Group**	2020 £m	2019 £m
At 1 January	15.0	11.4
Additions	7.2	9.6
Disposals	(1.2)	-
Accretions of interest	1.2	1.4
Payment	(7.3)	(7.4)
	14.9	**15.0**

Leases *(continued)*

There are no formal extension options within the Group's portfolio of leases. Early break termination options are included in a number of property leases. The right-of use asset and lease liability are calculated with reference to the early break date unless it is reasonably certain that these termination options are not going to be executed.

Amounts recognised in statement of profit or loss	**2020**	**2019**
Group	**£m**	**£m**
Interest on lease liabilities	1.2	1.1

Amounts recognised in statement of cash flows	**2020**	**2020**
Group	**£m**	**£m**
Total cash outflow for leases	7.3	7.4

16. Investments

The following entity is an associate of the Group and has been included in the consolidated financial statements using the equity method and in the single entity financial statements at cost:

Group			**Proportion of ownership interest held**
Name	**Country of incorporation**	**Currency**	**2020**
Bottega Investco S.À R.L	Luxembourg	Euro	27.9%

The primary business of Bottega Investco S.À R.L is that of a holding company for a group of companies that provides IT services globally. The investment will give the Group access to additional service lines across new geographical areas in line with the strategy of the Group. In 2019, the company was faced with a significant funding shortfall and a major deterioration in its operational results and business outlook. The Group decided to not participate in the funding of a restructuring plan and decided to fully depreciate its share with an according impact on its income statement (see note 8 for further detail).

This Investment was fully impaired during the year ended 31 December 2019.

Company	**Investments in subsidiary companies £m**
Cost	
At 31 December 2018	227.4
Acquisition of subsidiaries	-
At 31 December 2019	227.4
Acquisition of subsidiaries	-
At 31 December 2020	**227.4**

An impairment assessment was performed at the Company level and no impairment was noted.

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Investments *(continued)*

The Company has guaranteed the liabilities of the following subsidiaries (with the exception of Atalian Servest Limited) in order that they qualify for the exemption from audit under Section 479A of the Companies Act 2006 in respect of the year ended 31 December 2020:

Name	Registered number	Registered address	Class of shares held	Proportion of ownership interest	Principal activities
Subsidiary undertakings					
Atalian Servest Group Holdings Limited	03786009	Servest House Bury St. Edmunds Suffolk, IP28 6LG	Ordinary	100%	Holding company
Atalian Servest Group Limited*	09022198	Servest House Bury St. Edmunds Suffolk, IP28 6LG	Ordinary	100%	Dormant holding company
Atalian Servest Limited*	06355228	Servest House Bury St. Edmunds Suffolk, IP28 6LG	Ordinary	100%	Holding company, facilities management and group administration
Atalian Servest Security Limited*	04376463	Servest House Bury St. Edmunds Suffolk, IP28 6LG	Ordinary	100%	Security services
Servest Ireland Limited*	613862	88 Harcourt Street, Dublin 2, D02 DK18	Ordinary	100%	Cleaning and catering services
Atalian Servest Food Co Limited*	02569158	Servest House Bury St. Edmunds Suffolk, IP28 6LG	Ordinary	100%	Catering services
Atalian Servest Managed Services Limited*	05261471	Servest House Bury St. Edmunds Suffolk, IP28 6LG	Ordinary	100%	Catering services
Unique Catering and Management Services Limited*	03935606	Servest House Bury St. Edmunds Suffolk, IP28 6LG	Ordinary	100%	Catering services
Servest Building Services Limited*	04626399	Servest House Bury St. Edmunds Suffolk, IP28 6LG	Ordinary	100%	Dormant company
Atalian Servest AMK Limited*	SC033489	42 Dryden Road Loanhead Midlothian, EH20 9LZ	Ordinary	100%	Maintenance services
Thermotech Solutions Limited*	08596374	Servest House Bury St. Edmunds Suffolk, IP28 6LG	Ordinary	100%	Maintenance services
Ensco 1194 Limited*	10348670	Servest House Bury St. Edmunds Suffolk, IP28 6LG	Ordinary	100%	Dormant company
Fire and Air Services Limited*	06473866	Servest House Bury St. Edmunds Suffolk, IP28 6LG	Ordinary	100%	Holding company
Thermotech Mechanical Services Limited*	07702566	Servest House Bury St. Edmunds Suffolk, IP28 6LG	Ordinary	100%	Maintenance services
Thermotech Fire Protection Limited*	02787244	Servest House Bury St. Edmunds Suffolk, IP28 6LG	Ordinary	100%	Maintenance services
Oakwood Technology Group Limited*	02400512	Servest House Bury St. Edmunds Suffolk, IP28 6LG	Ordinary	100%	Maintenance services
Oakwood Air Conditioning Limited*	01288124	Servest House Bury St. Edmunds Suffolk, IP28 6LG	Ordinary	100%	Dormant company
Atalian Servest Pest Control Limited*	04010488	Servest House Bury St. Edmunds Suffolk, IP28 6LG	Ordinary	100%	Pest control services

Atalian Servest Holdings Limited

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Investments *(continued)*

Subsidiary undertakings

Servest Aktrion Limited*	11168582	Servest House Bury St. Edmunds Suffolk, IP28 6LG	Ordinary	100%	Holding company
Aktrion Holdings Limited*	05246035	1 Hawksworth Rd Central Park Telford, Shropshire TF2 9TU	Ordinary	100%	Holding company
Aktrion Group Limited*	03936590	1 Hawksworth Rd Central Park Telford, Shropshire TF2 9TU	Ordinary	100%	Holding company
Aktrion GmbH*	HRB 133987	Fuggerstraße 1b DEU-04158 Leipzig Germany	Ordinary	100%	Automotive quality control
Aktrion Manufacturing Support Services Limited*	03458202	1 Hawksworth Rd Central Park Telford, Shropshire TF2 9TU	Ordinary	100%	Automotive quality control
Aktrion Iberia SL*	897134846	P.I. Juan Carlos I 46440 Almussafes Valencia Spain	Ordinary	100%	Automotive quality control
Atalian Servest Integrated Solutions Limited*	SC142990	42 Dryden Road Loanhead Midlothian, EH20 9LZ	Ordinary	100%	Manufacturing support, logistics and facilities management
QE International Limited*	03236531	Pemberton House Stafford Court Stafford Park Telford, Shropshire TF3 3BD	Ordinary	100%	Dormant company
Aktrion Poland SP. ZO.O*	00003 01002	Ul Starni Stok 93 43-300 Bielsko Poland	Ordinary	100%	Automotive quality control
Aktrion Hungary KFT*	13-09-113228	HU-2900 Komarom Laktanya koz 30/A Hungary	Ordinary	100%	Automotive quality control
Aktrion CZ S.R.O*	27 52 53 25	Český Těšín Smetanova 1912/15 PSČ 737 01	Ordinary	100%	Automotive quality control
Aktrion Romania S.R.L*	27438160	48-52 I.C Bratianu Boulevard Pitesti Romania	Ordinary	100%	Automotive quality control
Aktrion Portugal, Unipessoal LDA*	513361286	Rua Frei Joaquim de Santa Rosa de Viterbo Portugal	Ordinary	100%	Automotive quality control
Alpha Facilities Management Limited*	05472405	Pemberton House Stafford Court Stafford Park Telford, Shropshire TF3 3BD	Ordinary	100%	Facilities management
Aktrion France SAS*	499 599 256	58 Boulevard Jacquard 62100 Calais France	Ordinary	100%	Automotive quality control

Investments *(continued)*

Subsidiary undertakings

Aktrion Sweden AB*	556706-5320	Redegatan 9 426 77 Vastra Frolunda Sweden	Ordinary	100%	Dormant company
Aktrion Slovakia S.R.O*	36566616	Piaristicka 2 94901 Nitra Slovakia	Ordinary	100%	Automotive quality control
Aktrion Gasser UK Limited*	08595889	1 Hawksworth Rd Central Park Telford, Shropshire TF2 9TU	Ordinary	100%	Automotive quality control
Joint ventures					
Atalian Servest JV Limited (*)(**)	10131272	Servest House Bury St. Edmunds Suffolk, IP28 6LG	Ordinary	50%	Dormant company
Aktrion K&S Quality Solutions (Chang Zhou) Co. Limited*	91320411MAP04T74B	Changzhou China	Ordinary	50%	Dormant company
Aktrion Latam S.A.*	217536470011	Taormina 2398 Montevideo 11500 Uruguay	Ordinary	50%	Dormant company
Aktrion Brazil LTDA EPP*	13.163.774./001-85	Rua Visconde do Rio Branco Sao Jose dos Pinhais Parana Brazil	Ordinary	99%	Dormant company
Aktrion Argentina S.A.*	30-71456870-8	Bonpland 1343 1414 Buenos Aires Argentina	Ordinary	99%	Dormant company
Associates					
Bottega Investco S.À R.L*	B215744	9 Allée Scheffer Luxembourg City Luxembourg	Ordinary	27.9%	Holding company
Tecnicas Logisticas Sistemas E Ingeneria S.L.*	B98310964	Tenor Garcia Romero 2 46015 Valencia Spain	Ordinary	35%	Logistics Process Engineering and Software Development

* denotes indirect holdings
** Atalian Servest Limited holds a 50% shareholding in Atalian Servest JV Limited which has not commenced trading. The carrying value of the investment is £50. This Company was struck off from the register in January 2020.

17. Inventories

	2020	2019
Group	**£m**	**£m**
Consumables	2.9	3.6
	2.9	**3.6**

The total cost of consumables expensed in the year and included within cost of sales is £82.8m (2019: £145.1m).

18. Trade receivables

Group	2020 £m	2019 £m
Trade receivables	72.5	89.7
Loss allowance	(2.3)	(2.3)
	70.2	**87.4**

Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 1.

Transferred receivables

The Group finances a portion of its working capital through a trade receivables sale programme comprising factoring agreements which at the year-end represented a maximum of £7.8m (2019: £24.3m) worth of factored receivables.

On the 3 December 2020 this facility changed from recourse to non-recourse and limit increased from £27m to £35m, therefore the Group has transferred substantially all the risks and rewards of ownership. The Group has been mandated by the factoring company to manage on their behalf the recovery of the receivables that have been sold to them. Cashflows relating to the working capital facility are shown within cash generated from operations.

Fair values of trade receivables

Due to the short-term nature of trade receivables, the carrying value is assumed to equal the fair value.

Impairment and risk exposure

Please see note 28 for further details of impairment and risk exposure.

19. Other receivables

Group	2020 £m	2019 £m
Other receivables	8.5	8.3
Non-recourse factoring	2.7	-
Prepayments	2.4	3.3
	13.6	**11.6**

20. Other loans and receivables

Group	2020 £m	2019 £m
Other long term receivables	0.2	0.3

Other receivables related to a payment in kind loan to an associate of the Company that is repayable on 6 July 2022. Interest accrues at 10% per annum on the initial loan balance. However, as a result of the restructure of Bottega InvestCo S.A.R.L, £5.7m has been impaired as at the end of the previous reporting period. Please see note 8 for further details.

A balance of £0.2m (2019: £0.3m) loan note is due from Llewellyn Smith Limited. The loan is unsecured, payable on demand and subject to interest of 8% per annum above Lloyds Bank Plc's base rate.

Other loans and receivables *(continued)*

Company	2020 £m	2019 £m
Amounts due from group undertakings	283.3	285.2

Amounts due from group undertakings relate to loans with subsidiaries that are repayable in May 2025. Interest accrues on the loan at 5.96% per annum. Since initial recognition, the amounts due from group undertakings has not seen a significant increase in the exposure to credit risk. The Group has considered future possible outcomes in this assessment. As a result, no allowance for expected credit losses have been recognised in relation to the receivable.

21. Trade and other payables

Group Current	2020 £m	2019 £m
Trade payables	27.4	25.2
Payroll relates payables	22.4	19.1
VAT	41.6	14.1
Other payables	2.6	6.9
Accruals	22.0	31.4
	116.0	**96.7**

Trade payables are unsecured and are usually paid within 45 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

The 2020 VAT balance of £41.6m includes £24.3m of deferred VAT from 2020 under the governments VAT deferral scheme, which will be paid in instalments during 2021 and 2022.

Company Current	2020 £m	2019 £m
Trade payables	3.6	-
Other payables	0.4	0.2
	4.0	**0.2**

22. Borrowings

Group	2020 £m	2019 £m
Non-current		
Other loans owed to shareholders	170.5	177.1
	170.5	177.1
Current		
Bank overdrafts	-	-
Working capital facility	7.8	24.3
	7.8	24.3
Total borrowings	**178.3**	**201.4**

Other loans owed to shareholders

The other loans owed to shareholders is made up of several loans with La Financière Atalian S.A.S. The loans have various repayment dates and accrue interest at 5.96%.

Bank overdrafts

Overdrafts are utilised for the day to day management of cash. The group has facilities of £10m (2019: £10m) available with interest linked to base rate. The bank overdrafts are secured by a portion of the Group's short-term deposits.

Borrowings *(continued)*

Working capital facility

The Group finances a portion of its working capital through a trade receivables sale programme comprising factoring agreements which at the year-end represented a maximum of £7.8m (2019: £24.3m) worth of factored receivables.

On the 3 December 2020 this facility changed from recourse to non-recourse and limit increased from £27m to £35m, therefore the Group has transferred substantially all the risks and rewards of ownership. The Group has been mandated by the factoring company to manage on their behalf the recovery of the receivables that have been sold to them. Cashflows relating to the working capital facility are shown within cash generated from operations.

	2020	2019
Company	**£m**	**£m**
Non-current		
Other loans owed to shareholders	91.6	91.5
Total borrowings	**91.6**	**91.5**

Other loans owed to shareholders

The other loans owed to shareholders is with La Financière Atalian S.A.S. The loan is repayable in May 2025 and accrues interest at 5.96%.

The below table sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	Assets		Liabilities from financing activities					
			Current			Non-current		
	Cash on hand £m	Balances with banks £m	Bank overdraft £m	Working capital facility £m	Lease liabilities £m	Loans to shareholders £m	Lease liabilities £m	Total £m
Net debt as at:								
31 December 2018	*1.5*	*9.1*	*(2.4)*	*(15.7)*	*(4.2)*	*(356.1)*	*(7.2)*	*(375.0)*
Cash flows	(0.4)	(4.0)	2.4	(8.6)	4.2	(20.1)	3.2	(23.3)
Foreign exchange	-	-	-	-	-	1.1	-	1.1
Recapitalisation	-	-	-	-	-	198.0	-	198.0
Other movements	-	-	-	-	(5.1)	-	(5.9)	11.0
31 Dec 2019	**1.1**	**5.1**	**-**	**(24.3)**	**(5.1)**	**(177.1)**	**(9.9)**	**(210.2)**
Cash flows	(0.9)	10.1	-	16.5	3.8	17.2	3.5	50.2
Foreign exchange	-	-	-	-	-	(1.1)	-	(1.1)
Other movements	-	-	-	-	(4.3)	(9.5)	(2.9)	(16.7)
31 Dec 2020	**0.2**	**15.2**	**-**	**(7.8)**	**(5.6)**	**(170.5)**	**(9.3)**	**(177.8)**

23. Deferred tax

Group	2020 £m	2019 £m
Deferred tax assets	11.1	7.4
Deferred tax liabilities	(8.7)	(9.4)

Deferred tax assets/(liabilities) comprise:	2020 Assets £m	2020 Liabilities £m	2019 Assets £m	2019 Liabilities £m
Fixed asset temporary differences	1.7	-	-	(0.4)
Acquired on business combination	-	(8.7)	-	(9.0)
Taxable losses carried forward	9.4	-	7.4	-
At 31 December	**11.1**	**(8.7)**	**7.4**	**(9.4)**

The provision for deferred tax is made up as follows:

	Acquired intangibles £m	Fixed asset and other temporary differences £m	Losses and other deductions £m	Total £m
At 31 December 2018	(9.8)	0.2	2.2	(7.4)
Recognised in the statement of profit or loss	0.8	(0.6)	5.2	5.4
At 31 December 2019	**(9.0)**	**(0.4)**	**7.4**	**(2.0)**
Recognised in the statement of profit or loss	0.3	2.1	2.0	4.4
At 31 December 2020	**(8.7)**	**1.7**	**9.4**	**2.4**

24. Equity

Allotted, called up and fully paid	2020 £m	2019 £m
216,920,000 Ordinary shares of £1 each	216.9	216.9
198,000,000 Preferred shares of £1 each	198.0	198.0
	414.9	**414.9**

Accumulated profit and loss

Accumulated profit and loss account represent cumulative profits or losses, net of dividends paid and other adjustments.

Preference shares

Preference shares represents the non-redeemable preferred shares held by the Company's holding company, Atalian Europe S.A. which were issued in consideration of the discharge and settlement of £198.0m of the debt owed by the Company.

Share capital

Called up share capital reserve represents the nominal value of the shares issued.

25. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and balances within working capital facilities. Cash and cash equivalents in the statement of cash flows comprise the following amounts:

Group	2020 £m	2019 £m
Cash in hand	0.2	1.1
Balances with banks	15.2	5.1
Cash and cash equivalents	**15.4**	**6.2**
Bank overdraft	-	-
Net cash	**15.4**	**6.2**

Significant non-cash transactions

During the year the Group acquired property, plant and equipment with a total cost of £14.8m (2019: £20.6m) of which £7.2m (2019: £9.6m) were acquired by means of leases. Leases and hire purchase are secured on the assets to which they relate.

During the prior period, the parent company, Atalian Europe S.A; were issued with £198m of preference shares. Please see note 24 for more details.

Company	2020 £m	2019 £m
Balances with banks	1.1	(5.8)
Cash and (overdraft) balance	**1.1**	**(5.8)**

The Company is part of a £10m (2019: £10m) net nil overdraft arrangement with other Group companies, meaning that the net of all accounts in the arrangement cannot go below £nil.

26. Contingent liabilities

As disclosed in note 16, the Company's subsidiaries have taken advantage of the exemption available under Section 479A of the Companies Act 2006 in respect of the requirement for audit. As a condition of the exemption, the Company has guaranteed the year-end liabilities of the relevant subsidiaries until they are settled in full. The liabilities of the subsidiaries at the year-end was £253,978,000 (2019: £269,300,000).

27. Retirement benefit obligations

The Group pension arrangements are operated through a defined contribution scheme and a Group defined benefit scheme.

Defined contribution scheme

	2020 £m	2019 £m
Amount recognised as an expense	6.2	5.9

The Group is part of a local authority defined benefit pension scheme. This is a multi-employer scheme and therefore is accounted for as a defined contribution scheme and the contributions are included in the above figures.

Defined benefit scheme

The Group operates a final salary defined benefit pension scheme. Employees not participating in a defined benefit scheme are eligible to join a defined contribution scheme.

The scheme provides employees with a pension benefit based on final pensionable pay. The scheme is funded by the Company and employees. Contributions by the Company are calculated by a separate actuarial valuation based on the funding policies detailed in the scheme agreement. The latest triennial valuation was completed on 30 September 2017, the current valuation is in the process of being completed.

The scheme is legally separate from the Group and administered by a separate fund. The board of the fund is made up solely of an independent trustee. By law, the board is required to act in the best interest of participants to the schemes and has the responsibility of setting investment, contribution, and other relevant policies.

The scheme is exposed to a number of risks, including:

- *Investment risk:* investment returns on the scheme's assets may be lower than anticipated, especially if falls in asset values are not matched by similar falls in the value of scheme liabilities.
- *Interest rate risk:* movement in discount rate used (high quality corporate bonds) will change the defined benefit obligation.
- *Longevity risk:* scheme members may live longer than assumed, for example due to unanticipated advance in medical healthcare.
- *Salary risk:* increase in future salaries increases the gross defined benefit obligation.
- Legislative changes could also lead to an increase in scheme liabilities.

The Group has determined that, in accordance with the terms and conditions of the defined benefit plan, and with statutory requirements (including minimum funding requirements) for the plan, the present value of refunds or reductions in future contributions is not lower than the balance of the total fair value of the plan assets less the total present value of obligations.

The Group expects to pay £0.2m in contributions to its defined benefit plan in 2021. The duration of the scheme obligations at 31 December 2020 is 19 years.

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Retirement benefit obligations *(continued)*

The amounts recognised in the statement of financial position are as follows:

	2020 £m	2019 £m
Statement of financial position obligations		
- Fair value of assets at end of period	2.9	2.6
- Present value of obligations at end of period	(2.0)	(1.7)
- Asset ceiling not recognised	(0.9)	(0.9)
- Asset/(liability) at 31 December	-	-
Defined pension benefits		
- Related deferred tax asset	-	-
Liability in the statement of financial position	-	-
Statement of profit or loss charge included in operating profit		
- For defined pension benefits	0.1	0.1
	0.1	**0.1**

	Defined benefit obligation 2020 £m	Defined benefit obligation 2019 £m	Fair value of plan assets 2020 £m	Fair value of plan assets 2019 £m	Net defined benefit/asset 2020 £m	Net defined benefit/asset 2019 £m
At beginning of period	(1.7)	(1.7)	1.7	1.7	-	-
Service cost and interest						
Current service cost	(0.2)	(0.2)	-	-	(0.2)	(0.2)
Past service cost	-	-	-	-	-	-
Interest (expense)/income on defined benefit obligation	-	-	0.1	0.1	0.1	0.1
Total defined benefit gain/(expense) recognised in profit or loss	(0.2)	(0.2)	0.1	0.1	(0.1)	(0.1)
Remeasurement loss						
Actuarial loss/(gain) from:						
- Financial assumptions	(0.1)	(0.2)	-	-	(0.1)	(0.2)
- Adjustments (experience)	0.1	-	-	(0.1)	0.1	(0.1)
- Effect of asset ceiling	-	-	-	0.1	-	0.1
	-	(0.2)	-	-	-	(0.2)
Total defined benefit loss	**(0.2)**	**(0.4)**	**0.1**	**0.1**	**(0.1)**	**(0.3)**
Cashflows						
Employer contributions	-	-	0.2	0.3	0.2	0.3
Benefits paid	(0.1)	0.4	-	(0.4)	(0.1)	-
	(0.1)	**0.4**	**0.2**	**(0.1)**	**0.1**	**0.3**
At 31 December	**(2.0)**	**(1.7)**	**2.0**	**1.7**	-	-

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Retirement benefit obligations *(continued)*

Actual return on plan assets

The current service cost has been recognised within cost of sales and the interest cost and expected return have been recognised within finance income.

The fair value of the scheme assets consists of:

	2020 £m	2019 £m
Equity instruments	1.3	1.3
Gilts	0.6	0.5
Corporate bonds	0.5	0.4
Property and other assets	0.5	0.4
	2.9	**2.6**

Principal actuarial assumptions at the statement of financial position date (expressed as weighted averages) are as follows:

	2020	2019
Discount rate	1.50%	2.00%
Future salary increases	3.10%	3.20%
Future pension increases	3.10%	3.20%
Proportion of employees opting for early retirement	3.10%	3.20%
Retail price index (RPI)	3.10%	3.20%
Longevity at retirement age (current pensioners)		
- Males	19.4	19.3
- Females	21.6	21.5
Longevity at retirement age (future pensioners)		
- Males	20.6	20.5
- Females	23.0	22.8

Sensitivity analysis

The increase in the defined benefit obligation of a reasonably possible change to one actuarial assumption, holding all other assumptions constant, is presented in the table below:

Actuarial assumption	Reasonably possible change	2020 £m
Discount rate	0.25%	0.1
Salary increases	0.25%	-
Inflation	0.25%	0.1
Future mortality rates	1 year	0.1

28. Financial assets and financial liabilities

Classes and fair value of financial instruments

	2020 £m	2019 £m
Financial assets at amortised cost		
Assets as per the statement of financial position		
Trade receivables (note 18)	70.2	87.4
Other receivables (note 19)	11.2	8.3
Other loans and receivables (note 20)	0.2	0.3
Cash and cash equivalents (note 25)	15.4	6.2
Total	**97.0**	**102.2**

All of the above items are treated as financial assets at amortised cost. Fair value is the same as book value for all of the above assets.

	2020 £m	2019 £m
Financial liabilities at amortised cost		
Liabilities as per the statement of financial position		
Trade payables (note 21)	27.4	25.2
Other payables (note 21)	2.6	6.9
Accruals (note 21)	22.0	31.4
Current borrowings (note 22)	7.8	24.3
Non-current borrowings (note 22)	170.5	177.1
Lease liabilities (note 15)	14.9	15.0
Total	**245.2**	**279.9**

All of the above financial liabilities are treated as held at amortised cost. Fair value is approximately the same as book value for all of the above assets.

Other payables in the table above are contractual obligations to deliver cash or another financial asset to another entity whereas the other payables within note 21 also include statutory items that are not contractual.

Financial assets and financial liabilities *(continued)*

Within the shareholders agreement for the investment in Bottega Investco S.À R.L, there is a put right that entitles the Company the right to obligate the majority shareholder, Digital Portfolio Holdings LLC, to acquire all shares held by Atalian Servest Group Holdings Limited, a subsidiary company, for fair value. The put right is exercisable from the sixth anniversary of the agreement and continues indefinitely. There is a corresponding call right commencing from the sixth anniversary and obligates the Company to sell their shareholding to Digital Portfolio Holdings LLC. As at 31 December 2019, no value has been attributed to this derivative based on the investment value being materially comparable to the year end fair value of the investment of which the value of the derivative would be based.

The group has no other financial instruments measured at fair value.

Financial risk management

The Group's operations expose it to a number of financial risks, primarily credit risk and availability of capital to fund future growth. A risk management programme has been established to protect the Group against the potential adverse effects of these financial risks.

Credit risk

Concentrations of credit risk with respect to customers are closely monitored by the Directors, and although the Group has a number of significant customers, there are also a large number of other customers in place which reduce the concentration of risk to an acceptable level. Customers are assessed for creditworthiness. The Group has credit insurance over a large proportion of the debtor balances and credit limits are also imposed on customers and reviewed regularly. The debtors age analysis is evaluated on a regular basis for potential doubtful debts.

The Group has a policy of holding surplus funds with approved high-quality banks. At the year-end date, the Group held funds of £15.2m (2019: £5.1m) with Lloyds Bank plc (2019: Lloyds Bank plc).

The Group's maximum exposure to credit risk is:

	2020	2019
Financial assets	£m	£m
Trade receivables (note 18)	70.2	87.4
Other current assets (note 19)	11.2	8.3
Other loans and receivables (note 20)	0.2	0.3
Cash and cash equivalents (note 25)	15.4	6.2

An analysis of trade receivables:

2020	Carrying amount	Neither impaired nor past due	Past due but not impaired	
			61-90 days	More than 90 days
	£m	£m	£m	£m
Trade receivables	70.2	61.3	2.2	6.7

2019	Carrying amount	Neither impaired nor past due	Past due but not impaired	
			61-90 days	More than 90 days
	£m	£m	£m	£m
Trade receivables	87.4	83.0	1.2	3.2

The Group's debtor payment period varies depending on invoicing arrangements with customers. The average debtor payment period is 34 days (2019: 35 days). The Group made a loss allowance against trade receivables using the ECL method of £2.3m (2019: £2.3m). The movement in the loss allowance is included in administrative expenses in the income statement.

Financial assets and financial liabilities *(continued)*

Market risk

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The Group is exposed to the market risks in terms of fluctuations in interest rates, but this only impacts a small portion of the Group's borrowing as a majority is at a fixed rate. The Group also has a small exposure to foreign exchange risk due to loans denominated in Euros. No hedging instruments have been entered as the risk is considered immaterial.

Interest rate risk

Interest rate exposure and sensitivity analysis:

2020	Carrying amount	Average interest rate	If interest rates were 1% higher		If interest rates were 1% lower	
			Pre-tax profit	Equity	Pre-tax profit	Equity
Financial assets	£m	%	£m	£m	£m	£m
Cash and cash equivalents (note 25)	15.4	-	0.2	0.2	(0.2)	(0.2)
Financial liabilities						
Lease liabilities (note 15)	14.9	7.4	(0.1)	(0.1)	0.1	0.1
Borrowings - non-current (note 22)	170.5	6.0	(1.6)	(1.6)	1.6	1.6
			(1.5)	**(1.5)**	**1.5**	**1.5**

2019	Carrying amount	Average interest rate	If interest rates were 1% higher		If interest rates were 1% lower	
			Pre-tax profit	Equity	Pre-tax profit	Equity
Financial assets	£m	%	£m	£m	£m	£m
Cash and cash equivalents (note 25)	6.2	-	0.1	0.1	(0.1)	(0.1)
Financial liabilities						
Lease liabilities (note 15)	15.0	8.5	(0.2)	(0.2)	0.2	0.2
Borrowings - non-current (note 22)	177.1	6.0	(1.6)	(1.6)	1.6	1.6
			(1.7)	**(1.7)**	**1.7**	**1.7**

The other receivables (note 20) and a portion of the non-current borrowings have been excluded from the above analysis as these are at a fixed rate of interest. The average rate is calculated as the weighted average effective interest rate.

The rate on cash and cash equivalent balances represents the average rate earned on cash balances after taking into account bank set-off arrangements.

The tables above show the effect on profit and equity after tax if interest rates at that date had been 1% higher or lower with all variables held constant, taking into account all underlying exposures. Concurrent movements in interest rates and parallel shifts in the yield curves are assumed. A sensitivity of 1% has been selected as this is considered reasonable given the current level of both short-term and long-term interest rates. When applied to short-term interest rates this would represent three to four rate increases which is reasonably possible in the current environment with the bias coming from the reserve bank and confirmed by market expectations that interest rates in the UK are more than likely to move up than down in the coming period.

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Financial assets and financial liabilities *(continued)*

Liquidity risk

The Group maintains sufficient cash levels to enable it to meet its liabilities as they fall due and utilises support available from the ultimate parent, La Financière Atalian S.A.S. Management review cashflow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities. The Group has cash of £15.4m at 31 December 2020 (2019: £6.2m). The average creditor payment period is 16 days (2019: 13 days).

Contractual maturity analysis for financial liabilities:

2020	**Due or due in less than 1 month**	**Due between 1 to 3 months**	**Due between 3 months to 1 year**	**Due between 1 to 5 years**	**Due after 5 years**	**Total**
Financial liabilities	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Trade and other payables (note 21)	37.9	11.4	2.7	-	-	52.0
Working capital facility (note 22)	-	-	7.8	-	-	7.8
Shareholder loan (note 22)	-	-	-	170.5	-	170.5
Lease liabilities (note 15)	-	-	5.6	9.3	-	14.9
	37.9	**11.4**	**16.1**	**179.8**	**-**	**245.2**

2019	**Due or due in less than 1 month**	**Due between 1 to 3 months**	**Due between 3 months to 1 year**	**Due between 1 to 5 years**	**Due after 5 years**	**Total**
Financial liabilities	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Trade and other payables (note 21)	57.1	4.9	1.5	-	-	63.5
Working capital facility (note 22)	-	-	24.3	-	-	24.3
Shareholder loan (note 22)	-	-	-	177.1	-	177.1
Lease liabilities (note 15)	-	-	5.1	9.9	-	15.0
	57.1	4.9	30.9	187.0	-	279.9

29. Related party transactions

2020	Net loan note and other interest (note 9) £m	Amounts owed from related party (note 20) £m	Amounts owed to related party (note 21 & 22) £m
The parent			
La Financière Atalian S.A.S	(8.1)*	-	(170.5)*
Atalian S.A.S	(0.2)	-	-
Subsidiaries			
Atalian Servest Group Holdings Limited	5.3^	81.8	-
Atalian Servest Group Limited	-	50.0	-
Atalian Servest Limited	10.8^	126.7	(3.6)
Atalian Servest AMK Limited	0.9^	14.4	-
Atalian Servest Food Co Limited	0.4^	7.0	-
Servest Aktrion Limited	0.2^	3.4	-

2019	Net loan note and other interest (note 9) £m	Amounts owed from related party (note 20) £m	Amounts owed to related party (note 22) £m
The parent			
La Financière Atalian S.A.S	(21.4)*	-	(177.1)*
Subsidiaries			
Atalian Servest Group Holdings Limited	5.0^	82.3	-
Atalian Servest Group Limited	-	50.0	-
Atalian Servest Limited	10.8^	127.8	-
Atalian Servest AMK Limited	0.9^	14.5	-
Atalian Servest Food Co Limited	0.4^	7.1	-
Servest Aktrion Limited	0.2^	3.5	-

* Where indicated above, these amounts are related parties at both company and at group level.
^ Where indicated above, these amounts are related party transactions at company level only.

Amounts owed to La Financière Atalian S.A.S are shown within other loans owed to shareholders, in non-current borrowings. Amounts owed by the subsidiaries are shown within amounts owed by group undertakings included within other loans and receivables. Key management remuneration relates to Directors and senior managers that make up the executive board.

The costs associated with the key management personnel remuneration during the year was £2.7m (2019:£2.3m).

Balances outstanding at the end of the year for the Company with other group undertakings are shown in note 20.

Atalian Servest Holdings Limited

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30. Capital management

The Group's objectives are to ensure sufficient funds are held to meet all liabilities as they fall due and to effectively and successfully manage any risks or uncertainties relating to capital management. The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity. The key processes used to the Group to enable it to meet its objectives are as follows:

- The Group treasury function maintains a rolling 3-month cashflow forecasts which are circulated to the senior board on a regular basis.
- The Group and the divisions within the Group prepare detailed profit, balance sheet and cashflow forecasts to December 2022 which shows that the Group will remain profitable, cash generative and will have the available resources to pay its liabilities as they fall due.
- The Group maintains a detailed 5-year funding model which tracks cash generation, headroom, covenant compliance and other key measures.
- Cash is tightly monitored by the Group to ensure that current liabilities can be met as and when they fall due.

The capital structure of the Group consists of debt per note 22, cash per note 25 and equity per the consolidated statement of changes in equity. The Group's capital structure is reviewed regularly. The Group is not subject to externally imposed regulatory capital requirements.

31. Ultimate parent undertaking and controlling party

This is the smallest group for which consolidated statements are prepared. The immediate parent company is Atalian Europe S.A. The ultimate parent company and the head of the largest group for which consolidated financial statements are drawn up is La Financière Atalian S.A.S, a company incorporated in France. Consolidated financial statements are available from 111- 113 Quai Jules Guesde, 94400 Vitry-sur-Sein, France. In the opinion of the Directors, Mr. F.J. Julien is the ultimate controlling party.

32. Post balance sheet events

On 3rd February 2021, Aktrion Belgium was incorporated as a result of winning several contracts in Belgium, which are due to start during 2021. The investment value is 100 shares of €1 each and a shareholder loan of €2m.

On 29th April 2021, Atalian Servest Holdings Limited paid a dividend of £2,909,786.30 to the ultimate parent company La Financière Atalian S.A.S, followed by an additional dividend of £2,942,117.26, which was paid on 9th June 2021.