

Bell Rock Workplace Management Limited
Registered No: 02970406

Annual Report and Consolidated Financial Statements
for the year ended 31 December 2019



Bell Rock Workplace Management Limited
Annual Report and Consolidated Financial Statements
For the year ended 31 December 2019

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Bell Rock Workplace Management Limited

Directors and Professional Advisers

DIRECTORS

A P M Rudzinski (resigned 14 September 2020)
D J Smith
S Perkins (appointed 14 September 2020)

COMPANY SECRETARY

S Perkins

REGISTERED OFFICE

Peat House
1 Waterloo Way
Leicester
England
United Kingdom
LE1 6LP

BANKERS

HSBC Bank Plc
Leeds City Branch
P.O. Box 105
33 Park Row
Leeds
West Yorkshire
United Kingdom
LS1 1LD

AUDITOR

Deloitte LLP
Statutory Auditor
Four Brindleyplace
Birmingham
B1 2HZ
United Kingdom

Bell Rock Workplace Management Limited

Strategic Report

For the year ended 31 December 2019

The Directors present their strategic report for the year to 31 December 2019.

Bell Rock Workplace Management Limited is owned by Bell Rock Topco Limited (ultimate parent company) which in turn is owned by funds managed by Horizon Capital Partners LLP (hereafter "Horizon") and certain individuals. Bell Rock Workplace Management Limited and its subsidiary companies, which are consolidated in this set of financial statements, are hereafter referred to as "the Bellrock Group" or "the Group".

PRINCIPAL ACTIVITIES

The principal activity of the Company is as an intermediate holding company for the Bellrock Group, the companies which form part of this group are detailed in note 13 - Investments. Those subsidiaries held by the Company incorporate all trading activity of the Bellrock Group.

ACTIVITIES OF THE BELLROCK GROUP

The Bellrock Group's principal activities are to provide a range of fully integrated software, property and facilities management services often under long term contracts to blue chip clients across healthcare, education and corporate in both public and private sectors. The Group continue to invest in leading-edge technological and operational solutions to deliver technology led services that are fully integrated with the supply chain. The Bellrock Group, has 27 (2018: 27) PPP (Public Private Partnership) contracts – 20 PFI (Private Finance Initiative) and 7 LIFTs (Local Improvement Finance Trusts) - generating annual revenue in excess of £35.6m (2018: £33.5m) and with a forward order book in excess of £474m (2018: £520m).

The Group is committed to planning towards a sustainable future both through its own activities and those of its clients. It reconciles its commercial objectives with appropriate standards of corporate responsibility and corporate governance.

BUSINESS REVIEW OF THE BELLROCK GROUP

The overall UK estate risk management market is estimated to be worth £115bn annually, of which approximately £7.2bn is the target market for the Group, meaning there are significant opportunities for growth. We aim to change the face of estates management, bringing together excellent people, technology and supply chain partners to provide the best possible service to our clients.

The Bellrock Group has a differentiated position as a strategic integration partner to organisations looking to manage their estate through best in class service providers on a national, regional or local basis. The Group's risk management service offering ranges from software only for clients managing their properties and facilities management in-house to fully outsourced facilities management. Irrespective of the chosen solution of our clients, the Group is able to work flexibly through its accredited network of supply chain partners to deliver high quality, value for money services for whichever services our clients choose us to manage.

The key benefits to our customers from outsourcing to the Group are:

- Cost reduction in the procurement supply chain achieved by removing tiers of sub-contracting;
- Transparency on the cost and quality of service delivery;
- Improved visibility and levels of statutory compliance; and
- Flexibility to customise a supply chain to match a client's risk profile. This included self-delivery or outsourced services provided by accredited national, regional or local suppliers.

The Bellrock Group has expanded its capabilities in order to accelerate the strategic goal of being a market leading technology enabled property and facilities management business, the Group undertook a single acquisition during the year as follows:

- On 30 April 2019 the Group acquired Fasset Holdings Limited and as a result of this acquisition, acquired Fasset Limited, a national facilities management business.

The impact of this acquisition on revenue and profit before tax has been disclosed in note 9 which can be found on page 37.

Bell Rock Workplace Management Limited

Strategic Report (continued)

For the year ended 31 December 2019

BUSINESS REVIEW OF THE BELLROCK GROUP (continued)

The Bellrock Group is investing in people, technology, process and supply chain:

People

The Group continues to build on initiatives in 2016 around an Employee Charter, Employee Values and a Customer Charter. This has helped to increase employee satisfaction and reduce attrition.

Technology

Our proprietary software suite Concerto offers property, facilities management, asset management, compliance and project management software to a range of third-party customers and is the Group's operating platform for all its customers. This has seen cost, quality and control benefits for Bellrock and its customers who are increasingly looking to extend the functionality of the software with additional modules.

Process

The Group's target operating model based around Concerto streamlines its business processes thereby improving the service to its customers and increasing the ease of doing business with the Group.

Supply Chain

The Group strives to be the easiest provider for supply chain partners to work with. It is investing in the procurement and supply chain teams and processes to complement the Concerto technology platform. The model is to solve a client's estate challenges with as few hand-offs as possible between logging a service desk call to approving an invoice for payment.

Results

Management's preferred measure of underlying operational profitability is earnings before interest, taxation, depreciation, amortisation and exceptional operating expenses ("EBITDAE"). For the year under review EBITDAE was £15.1m, an increase of £5.4m (55.7%) compared to the prior year balance of £10.62m.

With the adoption of IFRS 16 the Group's EBITDAE figure has been impacted and therefore the comparison between 2019 and 2018 is not deemed to be a true comparison. If IFRS 16 had been adopted and applied retrospectively to the year ending 2018, comparative EBITDAE would have been £10.62m resulting in an increase of £4.48m (42.2%).

The reconciliation of EBITDAE to the numbers in the statutory financial statements is as follows:

| | 2019 £000 | 2018 £000 |
|--|---------------|--------------|
| Operating profit/(loss) | 503 | (1,818) |
| Add back: | | |
| Amortisation of intangible assets (note 10) | 6,937 | 4,220 |
| Depreciation of tangible fixed assets (note 11&12) | 2,076 | 282 |
| Exceptional operating expenses (note 5) | 5,782 | 7,010 |
| EBITDAE | 15,298 | 9,694 |
| Cash generated by operations | 6,090 | 9,764 |

The improvement in the Group's EBITDAE is in line with the strategy to expand its capabilities and has been driven by organic growth and the full year results of the 2018 acquisitions and part year results of the acquisitions made in 2019.

Bell Rock Workplace Management Limited

Strategic Report (continued)

For the year ended 31 December 2019

BUSINESS REVIEW OF THE BELLROCK GROUP (continued)

The results for the Company show a loss of £6,417k (2018: loss of £6,075k) for the year. The Company is an intermediate holding company in the Group and as such does not report any revenue. No dividends were paid in the year (2018: £nil).

EXCEPTIONAL OPERATING EXPENSES

The Group undertook a targeted acquisition, performed a detailed review of its cost base and undertook an assessment of the operating systems and processes required to deliver the goals during the year.

The cost base review resulted in reorganisation costs of £2.6m (2018: £1.1m) being incurred alongside transaction related expenditure of £1.3m (2018: £1.5m) and deferred consideration costs of £2.0m (2018: £4.5m).

PRINCIPAL RISKS AND UNCERTAINTIES

The key risk areas potentially impacting on the business are as follows:

Market risk

As with most businesses, the Group is influenced by prevailing conditions in the markets in which it operates. This risk is mitigated by the Group providing a broad range of services to both private and public sector clients across a number of sectors. A significant proportion of the Group's revenue is provided under long term PFI or LIFT contracts with unexpired terms of between 6 and 26 years. The Directors believe that the Group is not unduly reliant on any single client. In addition to the above, the Group has further diversified its market risk by making a number of acquisitions outside of its core business and is not exposed to the construction sector.

The Board has considered the potential impact of Brexit and considers the overall impact on the business to be low. The main direct impact is likely to be regarding overseas nationals with EU passports. Less than 50 (<5%) of our workforce are EU nationals so the impact would be limited in the event they were not able to, or chose not to, secure the right to work in the UK. Our supply chain; notably cleaning, catering and security providers; may be impacted more but we have engaged with them around their contingency planning.

Competitors

The Group competes against a large number of other companies in a fragmented market. Whilst the Directors believe that the Group is well positioned in its markets and sectors the Group remains exposed to the adverse impact of the actions of competitors or from a decision by a client to take services previously delivered externally to be in-sourced. However, the acquisition of the Concerto software platform which enables clients to manage their property and facilities themselves helps to further mitigate this risk. This adverse impact could be through the loss of existing business or the failure to win new business or through the downward pressure on pricing. The Group mitigates this risk by continually seeking to improve its competitive position and enhance its service offering, the success of this is evidenced in a number of new wins since the balance sheet date.

Impact of COVID-19

The Directors have considered the potential impact of COVID-19 and have assessed the going concern risk of COVID-19 on the business to be low.

The impact on revenue is considered to be marginal as the Group has a broad spread of public and private sector clients across a number of industries. The Group engages with customers on a contractual basis which, in the majority of cases, is made up of both a fixed recurring fee element and a variable fee element. Although the variable element may be negatively impacted by COVID-19 due to customers being required to close sites resulting in less work being required, the fixed fees would still be billable.

The Group does not engage in international trade or services and are not reliant on the importing or exporting of goods, therefore any further travel bans or border restrictions are not considered to have any significant direct impact on the business.

Bell Rock Workplace Management Limited

Strategic Report (continued)

For the year ended 31 December 2019

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

During the nationwide lockdown the business saw reported revenue fall short of forecasts by approximately 25% with a slightly higher impact on EBITDA as not all costs are variable. This was the case for 2 months during the time when lockdown restrictions were at their peak. As at the date of this report, the business is now recovering and sales are up 18% on the lockdown period and is positioned to keep growing.

The business estimates that in a negative scenario, where regional lockdowns occur throughout the rest of 2020, the impact on variable revenue would be largely offset by variable costs. In the event that a further nationwide lockdown occurs the business is keeping sufficient cash reserves and headroom within its banking covenants to continue to trade and thus would not result in a going concern issue for the Group.

In order to improve the Group's cash flow during the global crisis, full use was made of the Governments' Job Retention Scheme by placing employees on furlough, as well as deferring Value Added Tax and Pay As You Earn payments.

A significant element of the cost base incurred by the Group are through subcontractors within the Group's supply chain network. Subcontractor work is only billable if it is carried out and therefore the risk is considered to be low. The fixed costs of the Group would be expected to be covered by the aforementioned fixed fee revenue. In the event that the supply chain is affected by COVID-19, it is believed that nationally the Group has a sufficiently expansive supply chain to have the necessary subcontractors available to carry on business as usual.

In the event of site closures for the Bellrock group, all key management staff are equipped with laptops and can operate safely from home. The same applies for a large number of technical and other staff throughout the business. For those without laptops and those who work in the central call centre, contingency plans have been made which would allow these staff to carry out their roles from home via a desktop PC or laptop.

CREDITOR PAYMENT POLICY

The Group fully supports the CBI initiative on payments to suppliers and has continued to apply the Prompt Payment Code in respect of all suppliers. The main features of the code are that payment terms are agreed at the outset of a transaction and are adhered to; that there is a clear and consistent policy that bills will be paid in accordance with the contract; and that there are no alterations to payment terms without prior agreement of both parties involved in that transaction. Copies of the Code can be obtained from the CBI. Trade creditor days of the Group for the year ended 31st December 2019 (excluding the impact of acquisitions) were 47 days (2018: 70), based on the ratio of Company trade creditors at the end of the year to the amounts invoiced during the year by the trade creditors.

KEY PERFORMANCE INDICATORS

The Group's strategy is one of growth with improved profitability. The Directors monitor progress against this strategy by reference to a number of KPI's. Performance for the year and the prior year was as follows:

| KPI | 2019 | 2018 | Definition/Method of Calculation |
|--------------------------------|---------|----------|--|
| EBITDAE Margin | 11.5% | 10.5% | EBITDAE divided by net revenue, expressed as a percentage |
| EBITDAE | £15.30m | £10.62m* | Earnings before interest, tax, depreciation, amortisation and exceptional items (detailed on page 3) |
| Statutory Compliance | 95.5% | 93.5% | Average proportion of customer assets certified as meeting statutory compliance. |
| % Calls answered in 45 seconds | 91% | 92% | Average inbound call answered in Contact Centre |

* The comparative EBITDAE figure has been restated as to retrospectively include any adjustments due as a result of the implementation of IFRS 16, however the prior year comparative figures throughout the rest of these financial statements have not been restated.

Bell Rock Workplace Management Limited

Strategic Report (continued)

For the year ended 31 December 2019

FINANCIAL RISK MANAGEMENT

The Group's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk.

The Bellrock Group has a level of external debt considered appropriate for a business of its size and type.

The Company obtains its financing through intra group loan arrangements which are at variable rates of interest. The Group obtains its financing through loan arrangements with external parties. Loans to or from the immediate parent company are repayable by the borrower in over one year and are classified as non-current assets or liabilities.

The Group manages treasury matters on a basis that is normal for a Group of its size and nature.

Credit risk

The Group has no significant concentrations of credit risk, and general overall exposure to credit risk is considered to be low. Credit risks arise when the Group trades on a credit basis with clients of a poor credit status, however the Group has policies in place to ensure that sales are made to clients with an appropriate credit history and risk and levels of exposure are constantly and closely monitored.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. Overall exposure to liquidity risk is considered to be low. Liquidity risk is reduced through prudent cash management which ensures sufficient levels of cash are maintained to meet working capital requirements and covenant requirements.

Interest rate risk

The Group has an interest-bearing liability. Interest bearing liabilities include amounts payable to group companies. Interest rates are fixed and where a variable element is contained, these are based on LIBOR rates which are not expected to fluctuate significantly.

SECTION 172 STATEMENT - CORPORATE GOVERNANCE AND RESPONSIBILITY

The Board consists of the Chairman, Chief Financial Officer, Chief Executive Officer, Chief Technology Officer, Chief Commercial Officer, an Investment Director from Horizon Capital Partners LLP and any Non-executive Directors (of which there is 1). As an extension of the Board, the Management Board consists of the aforementioned with the addition of the Director of Finance, Group Sales and Marketing Director and any divisional Managing Director within the Group.

The Board considers the wider needs of the stakeholders of the Group when performing its duty. The Board has sought to promote the success of the Group and the Company for the benefit of the key stakeholders to the business, taking a long-term view and ensuring that the Group has the necessary resources to meet its obligations, objectives and responsibilities. In doing so the Board has considered the six key Section 172 factors as outlined below.

The Board has identified key stakeholders of the business as being Employees, Customers, Suppliers, the Shareholders and the Group's financing providers. These stakeholders have been identified as being those with the most significant interest in the Group.

In considering these wider stakeholder needs, the Board has considered:

Consequences of any decision in the long-term

The Board reviews long-term plans in considerable depth and will work together in order to ascertain if a long-term plan is feasible and in the best interests of all parties involved. The Board does not make quick or irrational decisions and operate on a risk averse basis. As an example, potential acquisitions are scrutinised, and high levels of due diligence are carried out before any final decisions are made.

Bell Rock Workplace Management Limited

Strategic Report (continued)

For the year ended 31 December 2019

SECTION 172 STATEMENT - CORPORATE GOVERNANCE AND RESPONSIBILITY (continued)

The interests of the employees

The implications and impacts of any decisions, whether day-to-day decisions or long-term strategic planning, are considered in depth in regard to how it will impact the Group's employees. The decision to continue to issue a standard percentage pay rise in line with inflation is an example of employee's interest being considered on an ongoing basis.

The Group also promotes a healthy lifestyle and routinely highlights the importance of mental and physical health, with posters and other notices throughout offices offering tips and advice on how to improve an individual's wellbeing and maintain a positive work-life balance. During 2019 the business undertook a 'Wellbeing Month' in which employees were given daily tips and advice on how to improve their own health, as well as being set various fitness challenges and holding multiple in-office fundraisers.

The Group encourages employee feedback through a variety of channels. Some examples of ways employees can feedback to the Bellrock Group are employee surveys, contacting HR and making use of the online HR portals available and raising feedback or suggestions with line managers.

The Board's approach to employee health and safety and the Group's employment policies can be found within the Director's Report on page 10.

The Board has also considered the potential of COVID-19 on employees and the business. This statement can be found on page 4 within the Strategic Report.

The need to foster business relationships with suppliers, customers and others

The Directors recognise that building professional and co-operative relationships with third parties is integral to the Group's operations. Consideration is taken of the needs of all external parties when engaging with them. Maintaining relationships with key customers is important and the Group aims to deliver to the highest level of satisfaction possible as a measure of retaining customers. Supplier relationships are also maintained with a lot of diligence as the supply chain is a key selling point of the services on offer by the Bellrock Group.

Other external parties include finance providers, with whose backing the Group can continue to acquire new businesses and expand operations. The Group strives to meet all covenant requirements and payment due dates for finance costs.

The impact of operations on the community and the environment

Environmental impact of operations is sought to be kept to a minimum where possible and as an example the Group strive to use electric or hybrid vehicles where possible. The Group also maintains its own internal environmental impact policies, with the use of recycling stations and other such green measures in place to reduce the overall carbon footprint of the Group.

The Group supports a number of social value initiatives within the local communities it operates in through having over 1,000 employees nationally, and making use of a range of both local and national suppliers through its supply chain. In making use of local suppliers throughout the supply chain the Group is making use of smaller local businesses and traders rather than purely relying on supply for large multi-national businesses. In doing so the Group is putting money into local communities. The Group also offers apprenticeships and work experience which allows ease of access to those in the community looking to start their career.

Charity Days are also offered to employees, where an employee is granted an additional day of leave to undertake charity work of their choosing. The Group routinely engages in fundraising activities such as dress-down days, seasonal charity bake sales and other such events to raise money. The Group also operates routine food bank collections for local foodbanks.

The desirability of maintaining a reputation for high standards of business conduct

The Board continually strive to offer a professional but friendly service when engaging with all parties, both internal and external. Maintaining a professional work environment and issuing employee guidelines such as dress codes and behavioural codes of conduct are some of the ways in which the Group maintains its level of professionalism.

Bell Rock Workplace Management Limited
Strategic Report (continued)
For the year ended 31 December 2019

SECTION 172 STATEMENT - CORPORATE GOVERNANCE AND RESPONSIBILITY (continued)

Routine training is provided to staff who are required to engage customers and suppliers on a regular basis. This is provided by an external provider or via online courses. Internal training and guidance are available to all staff via the internal intranet or can be requested through an individual's line manager. Training includes GDPR compliance to ensure that the Group does not suffer GDPR breaches.

The Group's internal policies are aimed at ensuring fair treatment between all internal and external parties with continued training available to employees. Internal codes of conduct and behavioural guidelines via the Group's own internal intranet and HR departments mean employees have easy access to a full range of material to consider.

The need to act fairly between members

The ownership of the Group is split between private equity backed funds and Management, with the former holding the majority of the Group's share capital. The Board acts in a way to benefit all members of the Group and acts with no bias. The Board operates fully independent of Management and seeks to achieve its long terms goals in the best interests of all parties involved.

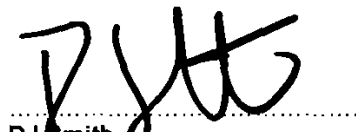
FUTURE OUTLOOK

The future prospects for the Bellrock Group remain strong as the Group is now well positioned to build on the acquisitions in 2018 and 2019 through our place on multiple public sector frameworks, new contract wins and accelerating cross sales of our multiple service lines to our growing customer base. Our strategy is to continue to increase market share in our core estate management markets through the provision of risk-based facilities management, technical project management, consultancy and compliance services using our market leading technology solution Concerto and our Integrated Digital Estate Assets (IDEA) maturity model methodology. Our risk advisory and specialist services include property consultancy, whole life asset value, client experience, behavioural change, supply chain optimisation and sustainability and energy services. These services are provided through the intelligence centre using data aggregation and analytics on our proprietary Concerto suite.

The market for estates management services is likely to remain competitive but the Directors are confident that with Concerto (an established technology platform) and self-delivery capabilities the business is well positioned for further growth. We view Brexit as having minimal impact on our long-term growth strategy but believe it may have a modest short-term impact on labour cost and availability in the supply chain. Certain contracts allow for such increases to be passed onto the end customer; in other areas we would look to mitigate this through cost savings where appropriate.

Following the outbreak of COVID-19 and during the nationwide lockdown which ensued, the business saw reported revenue fall short of forecasts by approximately 25% with a slightly higher impact on EBITDA as not all costs are variable. This was the case for 2 months during the time when lockdown restrictions were at their peak. As at the date of this report, the business is now recovering and sales are up 18% on the lockdown period and is positioned to keep growing and eventually fully recover. By July 2020 the business was at the same profit level in the month as the prior year.

Approved by the Board and signed on its behalf by:


.....
DJ Smith
Director

12 October 2020

Bell Rock Workplace Management Limited

Directors' Report

For the year ended 31 December 2019

The Directors present their Annual report and audited consolidated financial statements for the year to 31 December 2019.

FUTURE DEVELOPMENTS

An indication of the likely future developments of the business is included in the Strategic Report on page 8.

CHARITABLE AND POLITICAL DONATIONS

Donations made to charities in the year amounted to £nil (2018: £nil).

There were no political donations during the financial year (2018: £nil).

DIVIDENDS

No dividends were paid during the current year (2018: £nil). The Directors do not recommend the payment of a final dividend (2018: £nil).

GOING CONCERN

After making due enquiries, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

In reaching this conclusion the Board has considered the financial position of the Group and its funding facilities. The Board has also undertaken a review of the Group's forecasts and associated risks and sensitivities. The Board recognises the uncertain economic outlook for the UK economy and the particular circumstances relevant to the Group.

The Group made a profit before exceptional items, interest, tax, depreciation and amortisation in 2019 and whilst the impact of Covid-19 will mean profits in 2020 are likely to reduce, the Group is forecast to return to growth in 2021. Although the current economic climate provides some level of uncertainty with regard to future performance, the Group is successfully winning new business and growing its market share.

The Board has assessed the ability of the Company to repay its liabilities should a sale of the Group or its subsidiary undertakings take place within 12 months of signing these accounts, as this would trigger repayment clauses in the external debt facilities. The Board has concluded that such a sale would generate sufficient proceeds to repay the debt, and as such will have no impact on the ability of the Company to continue as a going concern.

External lenders have continued to show their support for the Group. During the year the group successfully renegotiated its banking covenants. As ten business purchase transactions have been concluded over the past 4 years, the group purposefully did not deleverage its debts in line with the original plan. This created a compliance risk that would not have existed if deleveraging had taken place. A reset of the banking covenants was therefore required to mitigate this risk. The average headroom on the leverage covenant over the Going Concern review period was 13% and it will require EBITDAE underperformance of 15% for the covenants to be breached. The Directors do not deem this to be likely as the Group has a strong pipeline of new business as well as support from Horizon to meet short- and medium-term cash targets. The external lenders also agreed to extend the interest repayment periods on the loan facilities from three months to six months in order to aid the short-term cash flow of the Group, which has been beneficial during the COVID-19 crises. The ultimate controlling party, Horizon Capital Partners LLP, has further agreed to fund certain acquisition related elements of the future cashflow requirements of the Group.

FINANCIAL RISK MANAGEMENT

Financial risk management is described in the Strategic Report on page 6.

POST BALANCE SHEET EVENTS

Post Balance Sheet events are disclosed in detail in note 26 of these financial statements.

Bell Rock Workplace Management Limited

Directors' Report (continued)

For the year ended 31 December 2019

DIRECTORS

The Directors of the Company during the year and to the date of this report are as listed below:

A P M Rudzinski (resigned 14 September 2020)
D J Smith
S Perkins (appointed 14 September 2020)

DIRECTORS' INDEMNITY

In accordance with the Articles of Association and to the extent permitted by the laws of England and Wales, the Directors are granted an indemnity from the Company in respect of liabilities incurred as a result of their office. In respect of those matters for which the Directors may not be indemnified, the Company maintained a directors' and officers' liability third party insurance policy throughout the financial year and up to date of the approval of these financial statements. Neither the indemnity nor the insurance provides cover in the event that a director is proven to have acted dishonestly or fraudulently. No claim was made under this provision during the year or prior year.

EMPLOYMENT POLICIES

The Bellrock Group's employment policies embody the principles of equal opportunity and are designed to meet the needs of the business. The Group is committed to engaging with its employees through communication, regular appraisals, the setting of personal objectives and the agreement of personal development plans. Steps are taken to give all employees an understanding of developments and the financial position of the company.

The Group is committed to providing adequate training for employees at all levels and is constantly reviewing and improving its procedures.

Suitable procedures are in operation to support the Group's policy that disabled persons, whether registered or not, shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities. Where members of staff become disabled every effort is made to make reasonable adjustments and ensure they are retrained according to their abilities.

HEALTH AND SAFETY

The Board is aware of its responsibilities on all matters relating to health and safety of employees, customers, visitors to Group premises and others affected by the Group's activities. The Director of HSEQ advises Directors and senior executives on all relevant issues relating to compliance with health and safety legislation. The Group has clearly defined health and safety policies that follow current best practices and meet or exceed legal requirements. In particular, these policies clearly define the Group's aspirations for health and safety affairs, including protecting the health and well-being of its employees, and ensuring that the responsibilities of all categories of employees within the Group are made clear to those concerned. Health and safety matters are an agenda item at Board meetings.

The policy is brought to the attention of all employees and copies of policy documents are available upon request to all interested parties.

A clearly defined system is in place to identify, assess and control any significant risks faced by both employees and others. This is reviewed regularly by the Group's Director of HSEQ.

The Group has adopted a computer-based health and safety management system, which produces a quantified measure of line management control of health and safety. This system provides the basis for setting health and safety targets and driving a process of continuous improvement.

The Group has arrangements in place to consult employees regarding health and safety matters. There are regular meetings of regional and site-based committees that are comprised of employee representatives and health and safety representatives where appropriate.

Bell Rock Workplace Management Limited
Directors' Report (continued)
For the year ended 31 December 2019

AUDITOR AND DISCLOSURE OF INFORMATION

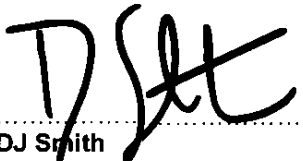
In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be reappointed as auditor in the absence of an Annual General Meeting.

Approved by the board and signed on its behalf by:


.....
DJ Smith
Director

12 October 2020

Bell Rock Workplace Management Limited
Directors' Report (continued)
For the year ended 31 December 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The Company only financial statements have been prepared under Financial Reporting Standard 101 (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 Company and of the profit or loss of the Company for that year.

In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- 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 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

In preparing the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has 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 inappropriate to presume that the Company will continue in business

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

Independent Auditor's Report to the Members of Bell Rock Workplace Management Limited

For the year ended 31 December 2019

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Bell Rock Workplace Management Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent Company's affairs as at 31 December 2019 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated Statement of Comprehensive Income;
- the consolidated and parent company Balance Sheets;
- the consolidated and parent company Statements of Changes in Equity;
- the consolidated Statement of Cash Flows;
- the statement of Significant Accounting Policies; and
- the notes to the financial statements 1 to 27.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Independent Auditors' Report to the members of Bell Rock Workplace Management Limited (continued)

For the year ended 31 December 2019

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

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.

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Independent Auditors' Report to the members of Bell Rock Workplace Management Limited (continued)

For the year ended 31 December 2019

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Halls FCA, (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom

12 October 2020

Bell Rock Workplace Management Limited
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2019

| Note | Year ended 31 December 2019 £000 | Year ended 31 December 2018 £000 |
|---|---|---|
| RESULTS FROM CONTINUING OPERATIONS | | |
| 1 REVENUE | 132,642 | 92,270 |
| Costs recharged to customers | (16,153) | (11,416) |
| 3 Adjusted revenue | 116,489 | 80,854 |
| Cost of sales | (90,116) | (62,641) |
| GROSS PROFIT | 26,373 | 18,213 |
| Administrative expenses | (25,870) | (20,031) |
| 2 OPERATING PROFIT/(LOSS) | 503 | (1,818) |
| 3 EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION, AMORTISATION AND EXCEPTIONAL OPERATING COSTS | 15,298 | 9,694 |
| Amortisation of intangible assets | (6,937) | (4,220) |
| Depreciation of Property plant and equipment | (2,076) | (282) |
| 5 Exceptional operating costs | (5,782) | (7,010) |
| OPERATING PROFIT/(LOSS) | 503 | (1,818) |
| 6 Finance costs | (3,418) | (2,174) |
| 6 Finance income | 1 | 1 |
| LOSS BEFORE TAXATION | (2,914) | (3,991) |
| 7 Taxation | (434) | 748 |
| LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT | (3,348) | (3,243) |

All results are derived from continuing operations.

The accounting policies and notes on pages 22 to 52 are an integral part of these financial statements.

Bell Rock Workplace Management Limited
Consolidated Statement of Changes in Equity
For the year ended 31 December 2019

| Note | | Share capital £000 | Share premium £000 | Retained losses £000 | Total Equity £000 |
|-----------|---|--------------------------|--------------------------|----------------------------|-------------------------|
| 22 | Balance at 1 January 2018 | - | 25,000 | (25,698) | (698) |
| | Loss and total comprehensive expense for the year | - | - | (3,243) | (3,243) |
| 22 | Balance at 31 December 2018 | - | 25,000 | (28,941) | (3,941) |
| | Loss and total comprehensive expense for the year | - | - | (3,348) | (3,348) |
| 22 | Balance at 31 December 2019 | - | 25,000 | (32,289) | (7,289) |

Company Statement of Changes in Equity
For the year ended 31 December 2019

| Note | | Share capital £000 | Share premium £000 | Retained losses £000 | Total Equity £000 |
|-----------|---|--------------------------|--------------------------|----------------------------|-------------------------|
| 22 | Balance at 1 January 2018 | - | 25,000 | (2,843) | 22,157 |
| | Loss and total comprehensive expense for the year | - | - | (5,937) | (5,937) |
| 22 | Balance at 31 December 2018 | - | 25,000 | (8,780) | 16,220 |
| | Loss and total comprehensive expense for the year | - | - | (6,417) | (6,417) |
| 22 | Balance at 31 December 2019 | - | 25,000 | (15,197) | 9,803 |

Bell Rock Workplace Management Limited
Consolidated Balance Sheet
As at 31 December 2019
Company number: 02970406

| Note | As at 31 December 2019 £000 | As at 31 December 2018 £000 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| NON-CURRENT ASSETS | | |
| 9 Goodwill | 36,452 | 36,452 |
| 10 Intangible assets | 21,929 | 25,667 |
| 20 Deferred tax assets | 932 | 1,343 |
| 11 Property, plant and equipment | 830 | 729 |
| 12 Right-of-use Assets | 3,310 | - |
| Other receivables | 837 | 794 |
| | 64,290 | 64,985 |
| CURRENT ASSETS | | |
| 14 Work-in-progress | 2,144 | 962 |
| Corporation tax | 12 | 273 |
| 15 Trade and other receivables | 22,507 | 20,774 |
| Cash and cash equivalents | 9,834 | 15,949 |
| | 34,497 | 37,958 |
| TOTAL ASSETS | 98,787 | 102,943 |
| | | |
| 16 Trade and other payables | (28,765) | (29,854) |
| Corporation tax | - | (52) |
| 17 Lease liabilities | (1,086) | - |
| Deferred and contingent consideration | (905) | (4,195) |
| | (30,756) | (34,101) |
| NET CURRENT ASSETS | 3,741 | 3,857 |

Bell Rock Workplace Management Limited
Consolidated Balance Sheet (continued)
As at 31 December 2019
Company number: 02970406

| Note | As at 31 December 2019 £000 | As at 31 December 2018 £000 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| NON-CURRENT LIABILITIES | | |
| 18 Loans from group companies | (69,267) | (68,084) |
| Deferred and contingent consideration | - | (546) |
| 17 Lease liabilities | (1,815) | - |
| 20 Deferred tax liabilities | (3,075) | (3,385) |
| 18 Other non-current liabilities | (1,163) | (768) |
| | (75,320) | (72,783) |
| TOTAL LIABILITIES | (106,076) | (109,901) |
| NET LIABILITIES | (7,289) | (3,941) |
| EQUITY | | |
| 22 Called-up share capital | - | - |
| 22 Share premium | 25,000 | 25,000 |
| Retained Losses | (32,289) | (28,941) |
| TOTAL EQUITY | (7,289) | (3,941) |

The accounting policies and notes on pages 22 to 52 are an integral part of these financial statements.

The financial statements of the Company, registered number 02970406, on pages 16 to 52 were approved by the Board of Directors and signed on its behalf by:


.....
DJ Smith
Director

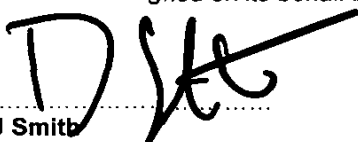
12 October 2020

Bell Rock Workplace Management Limited
Company Balance Sheet
As at 31 December 2019
Company number: 02970406

| Note | As at 31 December 2019 £000 | As at 31 December 2018 £000 |
|--|--------------------------------------|--------------------------------------|
| NON-CURRENT ASSETS | | |
| 13 Investments | 72,983 | 69,469 |
| 15 Trade and other receivables | - | - |
| | 72,983 | 69,469 |
| CURRENT ASSETS | | |
| 15 Trade and other receivables | - | 18 |
| | - | 18 |
| CURRENT LIABILITIES | | |
| 16 Trade and other payables | (12) | (469) |
| Deferred and contingent consideration | (2,388) | (8,599) |
| | (2,400) | (9,068) |
| NET CURRENT LIABILITIES | (2,400) | (9,050) |
| NON CURRENT LIABILITIES | | |
| 18 Other non-current liabilities | (60,780) | (43,653) |
| Deferred and contingent consideration | - | (546) |
| | (60,780) | (44,199) |
| NET ASSETS | 9,803 | 16,220 |
| CAPITAL AND RESERVES ATTRIBUTABLE TO THE COMPANY'S OWNERS | | |
| 22 Called up share capital | - | - |
| 22 Share premium | 25,000 | 25,000 |
| Retained Loss | (15,197) | (8,780) |
| TOTAL EQUITY | 9,803 | 16,220 |

The Company's result for the financial year, was a loss of £6,417k (2018: loss of £5,937k) after tax. The Company has taken an exemption in terms of S408 of the Companies Act 2006 not to disclose the Company's Statement of Comprehensive Income.

The financial statements of the Company, registered number 02970406, were approved by the Board of Directors and signed on its behalf by:


DJ Smith
Director

12 October 2020

Bell Rock Workplace Management Limited
Consolidated Statement of Cash Flows
For the year ended 31 December 2019

| Note | | Year ended 31 December 2019 £000 | Year ended 31 December 2018 £000 |
|----------|---|---|---|
| | CASH FLOWS FROM OPERATING ACTIVITIES | | |
| | Loss before tax from continuing operations for the year | (2,914) | (3,991) |
| | Adjustments for: | | |
| 6 | Finance costs | 3,418 | 2,174 |
| 10,11,12 | Depreciation and amortisation | 8,821 | 4,502 |
| | (Profit) / Loss on sale of plant and equipment, leasehold improvements and vehicles | (4) | - |
| | Operating cash flows before movements in working capital | 9,321 | 2,685 |
| 14 | Increase in work-in-progress | (1,182) | (768) |
| | Increase in trade and other receivables | 278 | (971) |
| | Increase in trade and other payables | (2,240) | 8,818 |
| | Cash generated by operations | 6,177 | 9,764 |
| | Income taxes paid | (267) | (635) |
| 6 | Interest received | 1 | 1 |
| | Lease interest paid | (127) | - |
| | Interest paid | (3,290) | (2,175) |
| | Net cash flows generated by operating activities | 2,494 | 6,955 |
| | CASH FLOWS FROM INVESTING ACTIVITIES | | |
| 10,11 | Purchase of plant and equipment, leasehold improvements, vehicles and software | (1,084) | (406) |
| | Proceeds from sale of plant and equipment, leasehold improvements and vehicles | 41 | - |
| 9 | Acquisition of subsidiaries, net of cash acquired | (6,759) | (22,244) |
| | Repayment of lease liabilities | (1,990) | - |
| | Net cash used by investing activities | (9,792) | (22,650) |
| | CASH FLOWS FROM FINANCING ACTIVITIES | | |
| 18 | Loans received from group companies | 1,183 | 23,104 |
| | Net cash generated by financing activities | 1,183 | 23,104 |
| | Cash and cash equivalents at start of year | 15,949 | 8,540 |
| | Net increase in cash in the year | (6,115) | 7,409 |
| | Cash and cash equivalents at end of year | 9,834 | 15,949 |

Bell Rock Workplace Management Limited

Statement of Significant Accounting Policies

For the year ended 31 December 2019

GENERAL INFORMATION

The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The Company's registered number is 02970406. The address of its registered office is Peat House, 1 Waterloo Way, Leicester, LE1 6LP.

Bell Rock Workplace Management Limited and its subsidiary companies are referred to as "the Bellrock Group" or "the Group".

The Bellrock Group provides facilities management and property services to the public and private sectors.

BASIS OF PREPARATION

The principal accounting policies applied in the preparation of this financial report are set out below. These policies have been consistently applied to the information presented, unless otherwise stated.

The consolidated financial statements of Bell Rock Workplace Management Limited have been prepared in accordance with International Financial Reporting Standards (IFRSs). They have also been prepared in accordance with the IFRSs as adopted by the EU, and the requirements of the Companies Act 2006 applicable to companies reporting under IFRS.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council and these financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework' for the year ended 31 December 2019.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

The Group financial statements consolidate the financial statements of Bell Rock Topco Limited and its subsidiary undertakings drawn up to 31 December 2019. The results for the subsidiary undertakings acquired are consolidated from the date on which control passed. The method under which acquisitions are accounted for is described in the Consolidation accounting policy below.

The financial statements have been prepared on a going concern basis under the historical cost convention unless otherwise specified within these accounting policies and in accordance with the International Financial Reporting Standards (IFRS) or Financial Reporting Standard 101 and the Companies Act 2006.

All cash inflows and outflows of the Company were transacted by other group companies and recorded by the Company as balances with group companies.

The preparation of financial statements in conformity with IFRS 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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below in the section entitled 'Critical accounting estimates and assumptions'.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following dormant subsidiary companies have elected to take exemption from preparing individual company financial statements under section 394A of the Companies Act 2006. These subsidiaries are exempt from the requirement to prepare individual accounts by virtue of this section:

Bell Rock Workplace Management Limited

Statement of Significant Accounting Policies (continued)

For the year ended 31 December 2019

| Company | Company registered number |
|--|---------------------------|
| Fasset Holdings Limited | (No. 11483734) |
| Eco FM Limited | (No. 10573403) |
| Eco Integrated Property Solutions Limited | (No. 11068565) |
| Macrocom (840) Limited* | (No. SC250948) |
| Workplace Management (Westminster) Limited | (No. 03770853) |
| NIFES Consulting Group Limited | (No. 09597848) |
| National Industrial Fuel Efficiency Services Limited | (No. 09626222) |
| SGP Property Services Limited | (No. 03948975) |
| Workplace Management (Healthcare) Limited | (No. 03765199) |
| Bellrock Education (New London) Limited | (No. 03921318) |

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

In the current year, the following standards are mandatory for the first time for the financial year beginning 1 January 2019:

- IFRS 16 Leases (January 2016)

Adoption of IFRS 16

Impact of initial application of IFRS 16 Leases

In the current year, the Group has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance leases and requires the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets.

The date of initial application of IFRS 16 for the Group is 1 January 2019.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported under IAS 17 and related interpretations. The Group applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into on or after 1 January 2019.

Impact of the new definition of a lease

The Group has made use of the practical expediency available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the lessee has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

Impact on Lessee Accounting

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet. Applying IFRS 16, for all leases (except as noted below), the Group:

- Recognises right-of-use (ROU) assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
- Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss; and
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within Operating activities) in the consolidated statement of cash flows.

Bell Rock Workplace Management Limited

Statement of Significant Accounting Policies (continued)

For the year ended 31 December 2019

Measurement of Right of Use Asset and Liability.

IFRS 16 was adopted from 1 January 2019 without restatement of comparative figures. The following policies were applied at the date of initial application, 1 January 2019.

The adoption of IFRS 16 has resulted in the Group recognising a right-of-use asset and a related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The Group has elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. At the date of initial application of IFRS 16 the Group has elected to include estimated dilapidation costs in the measurement of right-of-use assets and opted not to include any initial direct costs.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term. This expense is presented within Administrative expenses in the consolidated Statement of Comprehensive Income.

On transition to IFRS 16 the discount rate applied to measure the Lease Liability was 4% (the Group's incremental borrowing rate as at January 2019).

The Group does not hold any Finance Leases as at 31 December 2019.

Financial impact of initial application of IFRS 16

The following summarises the amount of Right of Use Asset and Lease liability recognised on initial adoption by class of asset on 1 January 2019.

ROU & Lease Liability recognised on 1 January 2019

| | Leased Property | Leased Equipment | Leased Vehicles |
|--------------------------|------------------------|-------------------------|------------------------|
| | £000 | £000 | £000 |
| Right of Use Asset | 3,157 | 149 | 1,197 |
| Lease liability | (2,729) | (149) | (1,197) |
| Dilapidation Provision | (428) | - | - |
| Retained earnings impact | - | - | - |

Reconciliation from IAS 17 to IFRS 16

| | £000 |
|---|--------------|
| Operating Lease obligations as at 31 December 2018 (note 23) | 2,342 |
| Relief for short term leases | (74) |
| Relief for low values leases | (201) |
| Additional commitments upon adoption of IFRS 16 | 2,152 |
| Revised Operating Lease liability as at 1 January 2019 | 4,219 |
| Discounting adjustment | (427) |
| Other | 10 |
| IFRS 16 opening lease liability as at 1 January 2019 | 3,802 |

Bell Rock Workplace Management Limited

Statement of Significant Accounting Policies (continued)

For the year ended 31 December 2019

The lease liabilities were discounted at the rate of 4% per annum which was reflective of Company's incremental borrowing rate as at 1st January 2019.

Profit and loss impact FY December 2019

Following the adoption of IFRS 16, the impact to the profit and loss for the year is an expense of £1.71m. This is made up of depreciation expense of £1.58m and lease interest expense of £0.13m.

Amendment to IFRIC 23

For accounting periods starting from 1 January 2019, amendments to IFRIC 23 Uncertainty over Income Tax Treatments were published. These changes resulted in no impact to the current or prior year figures for the Bellrock Group.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Amendment to IFRS 9

For accounting periods starting from 1 January 2019, amendments to IFRS 9 Financial Instruments were published. These changes resulted in no impact to the current or prior year figures for the Bellrock Group.

Amendment to IAS 19

For accounting periods starting from 1 January 2019, amendments to IAS 19 Employee Benefits (2011) were published. These changes resulted in no impact to the current or prior year figures for the Bellrock Group.

Amendment to IAS 28

For accounting periods starting from 1 January 2019, amendments to IAS 28 Investments in Associates and Joint Ventures (2011) were published. These changes resulted in no impact to the current or prior year figures for the Bellrock Group.

Annual improvements to IFRS Standards 2015-2017 Cycle

For accounting periods starting from 1 January 2019, amendments to Annual improvements to IFRS Standards 2015-2017 Cycle were published. These changes resulted in no impact to the current or prior year figures for the Bellrock Group.

Future changes to standards

At the date of signing these financial statements, the following Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective (and in some cases had not been adopted by the European Union ("E.U.")).

Amendments:

- IFRS 17 Insurance Contracts;
- Amendments to IFRS 9 Prepayment Features with Negative Compensation;
- Amendments to IAS 28 Long term Interests in Associates and Joint Venture;
- Annual Improvements to IFRS Standards 2015–2017 Cycle - Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs;
- Amendments to IAS 19 Employee Benefits- Plan Amendment, Curtailment or Settlement;
- IFRS 10 Consolidated Financial Statements and IAS 28 (amendments)- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture; and
- The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

It is expected that the impact of changes arising on the adoption of the other standards would not be material.

Bell Rock Workplace Management Limited

Statement of Significant Accounting Policies (continued)

For the year ended 31 December 2019

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no critical judgements to be disclosed.

The Group's estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future periods are discussed below:

Estimated impairment of goodwill

The Group tests at least annually whether there has been any impairment of goodwill, in accordance with the accounting policy. These calculations require an estimation of the future cash flows of the Group. The carrying value of Goodwill at the reporting date and prior period reporting date can be found in note 9 - Goodwill.

Management have projected cash flows based on approved financial budgets and forecasts until 2022.

The sensitivity analysis used in assessing carrying value of Goodwill is a key estimation uncertainty based on Management's estimation of future operating cashflows of the Group, which is subject to Management judgement and knowledge of the business. Further detail can be found in note 9 – Goodwill.

Other intangible assets

Other intangible assets comprise brands and customer contracts and relationships. The cost of the intangible asset is derived based upon management's assertions of projected cash flows at the date of acquisition. These calculations require the use of estimates regarding expected future cash flows to be derived from the asset, the useful economic life and the discount rate.

Management have projected cash flows based on approved financial budgets and forecasts until 2022.

The Company has no critical accounting judgements and no other estimates or assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future periods.

GOING CONCERN

After making due enquiries, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

In reaching this conclusion the Board has considered the financial position of the Group and its funding facilities. The Board has also undertaken a review of the Group's forecasts and associated risks and sensitivities. The Board recognises the uncertain economic outlook for the UK economy and the particular circumstances relevant to the Group.

The Group made a profit before exceptional items, interest, tax, depreciation and amortisation in 2019 and whilst the impact of Covid-19 will mean profits in 2020 are likely to reduce, the Group is forecast to return to growth in 2021. Although the current economic climate provides some level of uncertainty with regard to future performance, the Group is successfully winning new business and growing its market share.

The Board has assessed the ability of the Company to repay its liabilities should a sale of the Group or its subsidiary undertakings take place within 12 months of signing these accounts, as this would trigger repayment clauses in the external debt facilities. The Board has concluded that such a sale would generate sufficient proceeds to repay the debt, and as such will have no impact on the ability of the Company to continue as a going concern.

Bell Rock Workplace Management Limited

Statement of Significant Accounting Policies (continued)

For the year ended 31 December 2019

GOING CONCERN (continued)

External lenders have continued to show their support for the Group. During the year the group successfully renegotiated its banking covenants. As ten business purchase transactions have been concluded over the past 4 years, the group purposefully did not deleverage its debts in line with the original plan. This created a compliance risk that would not have existed if deleveraging had taken place. A reset of the banking covenants was therefore required to mitigate this risk. The average headroom on the leverage covenant over the Going Concern review period was 13% and it will require EBITDAE underperformance of 15% for the covenants to be breached. The Directors do not deem this to be likely as the Group has a strong pipeline of new business as well as support from Horizon to meet short- and medium-term cash targets. The external lenders also agreed to extend the interest repayment periods on the loan facilities from three months to six months in order to aid the short-term cash flow of the Group, which has been beneficial during the COVID-19 crises. The ultimate controlling party, Horizon Capital Partners LLP, has further agreed to fund certain acquisition related elements of the future cashflow requirements of the Group.

FORWARD LOOKING STATEMENTS

The terms 'expect', 'should be', 'will be', 'is likely to' and similar expressions identify forward looking statements.

Although the Board believes that the expectations reflected in these forward looking statements are reasonable, such statements are subject to a number of risks and uncertainties and actual results and events could differ materially from those currently expressed or implied in such forward looking statements.

Factors which may cause future outcomes to differ from those foreseen in forward looking statements include, but are not limited to: general economic conditions and business conditions in the Group's markets; exchange and interest rate fluctuations; customers' and clients' acceptance of its products and services; the actions of competitors; and legislative, fiscal and regulatory developments.

CONSOLIDATION

The financial statements consolidate the results of Bell Rock Workplace Management Limited (the "Company") and its subsidiary undertakings. Entities over which the Group has the ability to exercise control are accounted for as subsidiaries. Control is achieved where the Company has the power to direct the relevant activities of an investee entity and obtain variable returns from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The accounting years of subsidiary undertakings are coterminous with those of the Company. Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiaries' accounting policies are changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable tangible and intangible net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the Consolidated Statement of Comprehensive Income. Costs directly attributable to the cost of the acquisition are expensed to the Consolidated Statement of Comprehensive Income.

REVENUE RECOGNITION

Revenue is measured in accordance with relevant accounting standards. For all contracts within the scope of IFRS 15, the Group determines whether enforceable rights and obligations have been created with the customer and recognises revenue based on the total transaction price as estimated at the contract inception, being the amount which the Group expects to be entitled and has present enforceable rights under the contract. Revenue is allocated proportionally across the contract performance obligations and recognised either over time or at a point in time as appropriate.

Bell Rock Workplace Management Limited

Statement of Significant Accounting Policies (continued)

For the year ended 31 December 2019

REVENUE RECOGNITION (continued)

Long-term complex contracts

The Group has a number of long-term complex contracts which are predominantly integrated facilities management arrangements. Typically, these contracts involve the provision of multiple service lines, with a single management team providing an integrated service. Such contracts tend to be transformational in nature where the business works with the client to identify and implement cost saving initiatives across the life of the contract. The Group considers the majority of services provided within integrated facilities management contracts meet the definition of a series of distinct goods and services that are substantially the same and have the same pattern of transfer over time. The series constitutes services provided in distinct time increments (e.g. monthly or quarterly) and therefore the Group treats the series of such services as one performance obligation. The Group also delivers major project-based services under long-term complex contracts that include performance obligations under which revenue is recognised over time as value from the service is transferred to the customer. This may be where the Group has a legally enforceable right to remuneration for the work completed to date, or at milestone periods, and therefore revenue will be recognised in line with the associated transfer of control or milestone dates.

Repeat service-based contracts (single and bundled contracts)

The Group operates a number of single or joint-service line arrangements where repeat services meet the definition of a series of distinct services that are substantially the same (e.g. the provision of cleaning, security, catering, waste, and landscaping services). They have the same pattern of transfer of value to the customer as the series constitutes core services provided in distinct time increments (e.g. monthly or quarterly). The Group therefore treats the series of such services as one performance obligation delivered over time.

Short-term service-based arrangements

The Group delivers a range of other short-term service-based performance obligations and professional services work across certain reporting segments for which revenue is recognised at the point in time when control of the service has transferred to the customer. This may be at the point when the customer obtains control of the service in a contract with customer-specified acceptance criteria e.g. the delivery of a strategic operating model or report.

Sale of goods and software licences

Sales of goods are recognised when goods are delivered, and control has passed to the customer. Revenue from sale of software licences is recognised over time based on the period over which it grants customers right of access to the Concerto platform.

Other revenue

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

CONTRACT ASSETS

Pre-contract costs

The Group incurs pre-contract expenses (e.g. legal costs) when it is expected to enter into a new contract. The incremental costs to obtain a contract with a customer are recognised within contract assets if it is expected that those costs will be recoverable. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognised as an expense in the period.

Contract fulfilment costs

Costs incurred to ensure that the project or programme has appropriate organisational, operational and technical infrastructures, and mechanisms in place to enable the delivery of full services under the contract target operating model, are defined as contract fulfilment costs. Only costs which meet all three of the criteria below are included within contract assets on the Balance Sheet:

- I. the costs directly relate to the contract (e.g. direct labour, materials, sub-contractors);
- II. the Group is building an asset that belongs to the customer that will subsequently be used to deliver contract outcomes; and
- III. the costs are expected to be recoverable i.e. the contract is expected to be profitable after amortising the capitalised costs. Contract fulfilment costs covered within the scope of another accounting standard, such as inventories, intangible assets, or property, plant and equipment are not capitalised as contract fulfilment assets but are treated according to the other standard.

Bell Rock Workplace Management Limited

Statement of Significant Accounting Policies (continued)

For the year ended 31 December 2019

CONTRACT ASSETS (continued)

Amortisation and impairment of contract assets

The Group amortises contract assets (pre-contract costs and contract fulfilment costs) on a systematic basis that is consistent with the entity's transfer of the related goods or services to the customer. The expense is recognised in profit or loss in the period. A capitalised pre-contract cost or contract fulfilment cost is derecognised either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal. The Group is required to determine the recoverability of contract related assets at each reporting date. An impairment exists if the carrying amount of any asset exceeds the amount of consideration the entity expects to receive in exchange for providing the associated goods and services, less the remaining costs that relate directly to providing those goods and services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price which includes estimates around variable consideration. An impairment is recognised immediately where such losses are forecast.

EXCEPTIONAL ITEMS

Items that are deemed to be either material in size, non-operating, non-recurring in nature or are incurred solely as a result of the Groups' ownership structure are presented as exceptional items in the Statement of Comprehensive Income. The Directors are of the opinion that the separate reporting of exceptional items provides a better understanding of the underlying performance of the Group. Events which may give rise to the classification of items as exceptional include restructuring of businesses and expenses incurred in relation to business acquisitions.

TAXATION

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis. Deferred tax is not discounted.

Bell Rock Workplace Management Limited

Statement of Significant Accounting Policies (continued)

For the year ended 31 December 2019

DIVIDEND DISTRIBUTION

Under IAS 10 (Events after the balance sheet date) dividends to holders of equity instruments declared after the balance sheet date are not recognised as a liability as at the balance sheet date. Dividend distribution to the Company's shareholders is recognised in the financial statements in the year in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

INTANGIBLE ASSETS

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets and liabilities at the date of acquisition. Goodwill on acquisitions is included in non-current assets. Goodwill is tested at least annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Capitalised software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software and are included on the Balance Sheet within intangible assets. Costs are amortised, once commissioned, over their estimated useful lives (4 years) on a straight-line basis.

Costs associated with the general development and maintenance of computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the costs of employees involved in software development and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (4 years). Amortisation of computer software is charged to operating profit.

Separately identified intangible assets

Separately identified intangible assets comprise customer contracts and relationships recognised at cost. They are acquired on business combinations or by individual acquisition. Other intangible assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation of other intangible assets is calculated using the straight-line method to allocate the cost of the assets over their estimated useful lives (4 - 35 years). Amortisation of capitalised software is included within administrative expenses in the Consolidated Statement of Comprehensive Income in determining operating profit. Amortisation of other intangible assets is shown separately on the face of the Consolidated Statement of Comprehensive Income.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

PROPERTY, PLANT AND EQUIPMENT

Property plant and equipment are stated at cost or valuation net of depreciation, which is calculated to write off these assets, by equal annual instalments, over their estimated useful lives. Cost includes expenditure directly attributable to the acquisition of the assets. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The estimated useful economic lives by asset category are as follows:

| | |
|-----------------------------------|--|
| Plant and equipment | Three to ten years |
| Vehicles | Four years |
| Leasehold improvements | Lower of remaining lease period or their respective useful economic life |
| ROU plant, equipment and vehicles | Lower of remaining lease period or their respective useful economic life |
| ROU leasehold property | Lower of remaining lease period or their respective useful economic life |

Bell Rock Workplace Management Limited

Statement of Significant Accounting Policies (continued)

For the year ended 31 December 2019

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the Statement of Comprehensive Income during the financial year in which they are incurred.

Gains and losses on disposals are determined by comparing the net proceeds with the carrying amount and are recognised within the Statement of Comprehensive Income.

INVESTMENTS

Investments in subsidiaries are recorded at cost, which is the fair value of the consideration paid. Investments are tested at least annually for impairment and carried at cost less accumulated impairment losses. Where an impairment is identified, it is charged to the Statement of Comprehensive Income within intangibles amortisation and impairment. Investments that suffer an impairment are reviewed for possible reversal of the impairment at each future reporting date.

WORK-IN-PROGRESS

Work-in-progress includes outlays incurred on behalf of clients, including service costs, and other third-party costs that have not yet and cannot yet be billed and are considered receivables under IFRS 15 Revenue from Contracts with Customers.

FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and derecognised when it ceases to be a party to such provisions, when the instrument expires or when it is cancelled. Financial instruments are classified as cash and cash equivalents, trade and group receivables, trade payables, and other payables (excluding taxes). Non-derivative financial assets are categorised as "loans and receivables" and non-derivative financial liabilities are categorised as "other financial liabilities".

Other financial liabilities

Other financial liabilities, as categorised above, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. See note 15 for further information about the Group's accounting for trade receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the asset has incurred an expected credit loss. Changes in the carrying amount of the receivable are recognised in the Consolidated Statement of Comprehensive Income.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Lifecycle funds are cash balances held to fund certain contractual obligations within a number of the subsidiaries. This cash is not available for general use by the Group and can only be used to fund the specific costs to which it relates.

EMPLOYEE BENEFITS

Defined contribution pension scheme

The Group operates a defined contribution scheme (The Bellrock Group Pension plan) on behalf of eligible employees of the Group. The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Bell Rock Workplace Management Limited

Statement of Significant Accounting Policies (continued)

For the year ended 31 December 2019

Defined benefit pension scheme

Defined benefit scheme surpluses and deficits are measured at:

- the fair value of plan assets at the reporting date; less
- plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities; plus
- unrecognised past service costs; less
- the effect of minimum funding requirements agreed with scheme trustees.

Remeasurements of the net defined obligation are recognised directly within equity. The remeasurements include:

- actuarial gains and losses;
- return on plan assets (interest exclusive); and
- any asset ceiling effects (interest exclusive).

Service costs are recognised in profit or loss and include current and past service costs as well as gains and losses on curtailments. Settlements of defined benefit schemes are recognised in the period in which the settlement occurs.

Bonus Plans

The Group recognises a liability for bonuses paid on the profit attributable to the Group as appropriate and other pre-determined performance criteria. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to the termination of the employment of current employees according to a detailed formal plan without possibility of withdrawal.

CAPITAL RISK MANAGEMENT

The Group adopts normal capital risk management actions to manage working capital. These include ensuring that there are appropriate terms of trade with both clients and suppliers and there are suitable accounts receivable and accounts payable processes in place together with cash forecasts.

CONTINGENT CONSIDERATION

Contingent consideration payable on the acquisition of the trading subsidiaries is not discounted as there is uncertainty as to when it will fall due. Based on forecast trading information, and the tax position of the Group, the contingent consideration is included within non-current liabilities.

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

SHARE PREMIUM

Amounts in excess of the nominal value of share capital paid to the company for the purchase of shares are classed as share premium within equity in the financial statements.

PREFERRED SHARES

Preferred shares are treated as equity on the basis that no fixed rate of dividend is payable. Distributions accrued on the preferred shares and any capital amount shall only become payable at the absolute discretion of the Board or by shareholders' resolution.

Bell Rock Workplace Management Limited

Notes to the Financial Statements

For the year ended 31 December 2019

1 REVENUE

An analysis of the Group's revenue is as follows:

| | Year ended 31 December 2019 £000 | Year ended 31 December 2018 £000 |
|---|---|---|
| Property and facilities management services | 130,150 | 89,902 |
| Provision of software services | 2,492 | 2,368 |
| | 132,642 | 92,270 |

Disaggregated revenue

The Group disaggregates revenue from contracts with customers by service type. The Group believes this best depicts how the nature, timing and amount of revenue and cash flows are affected by economic factors. The following table includes a reconciliation of disaggregated revenue with the Group's reportable segments:

| | Year ended 31 December 2019 £000 | Year ended 31 December 2018 £000 |
|-----------------------------------|---|---|
| Workplace and Compliance Services | 99,695 | 74,794 |
| Technical and Real Estate | 20,995 | 11,170 |
| Mechanical and Electrical | 28,846 | 15,786 |
| | 149,536 | 101,750 |
| Less: Intercompany trading | (16,894) | (9,480) |
| | 132,642 | 92,270 |

All turnover for both the current and the preceding year arose within the United Kingdom.

2 OPERATING LOSS

| | Year ended 31 December 2019 £000 | Year ended 31 December 2018 £000 |
|--|---|---|
| Operating loss is stated after charging/(crediting): | | |
| Depreciation of Property, Plant and Equipment | | |
| - plant and equipment, leasehold improvements and vehicles | 496 | 282 |
| - right-of use assets | 1,580 | - |
| Profit on sale of tangible fixed assets | | |
| - plant and equipment, leasehold improvements and vehicles | 4 | - |
| Amortisation of intangible assets | | |
| - software | 630 | 768 |
| - customer relationships | 6,307 | 3,452 |
| Operating lease payments | | |
| - buildings | - | 582 |
| - plant and equipment, leasehold improvements and vehicles | - | 465 |
| Low value lease payments | | |
| - Plant and equipment, leasehold improvements and vehicles | 90 | - |

Bell Rock Workplace Management Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2019

2 OPERATING LOSS (continued)

| | Year ended 31 December 2019 £000 | Year ended 31 December 2018 £000 |
|--|---|---|
| Auditor's remuneration | | |
| Fees payable for the audit of the parent company and consolidated financial statements | 27 | 5 |
| Fees payable to the Company's auditor for other services: | | |
| - Audit of the Company's subsidiaries, pursuant to legislation | 169 | 145 |
| - Other services | 73 | 59 |

Other services relate mainly to tax compliance fees.

3 ALTERNATIVE PERFORMANCE MEASURES

The Group presents various Alternative Performance Measures (APMs) as the Directors believe that these are useful for users of the financial statements in helping to provide a balanced view of, and relevant information on, the Group's financial performance.

Adjusted revenue is an APM that is a more appropriate metric to use for margin analysis as it excludes revenue on which no margin is earned. The reconciliation from revenue to adjusted revenue can be seen in the Consolidated Statement of Comprehensive Income on page 16.

Earnings before interest, taxation, depreciation, amortisation and exceptional operating costs (EBITDAE) – is a more appropriate metric to assess the operating performance of the Group as it excludes non-cash movements for depreciation and amortisation and also excludes exceptional items, which are non-recurring by their nature. The reconciliation from the EBITDAE to the operating loss can also be seen in the Consolidated Statement of Comprehensive Income on page 16.

4 EMPLOYEES

| | Year ended 31 December 2019 £000 | Year ended 31 December 2018 £000 |
|--|---|---|
| Employee benefit expense | | |
| Staff costs during the year were as follows: | | |
| Wages and salaries | 32,534 | 18,624 |
| Social security costs | 3,252 | 1,868 |
| Defined contribution pension costs (note 21) | 1,085 | 513 |
| Redundancy (included within exceptional items) | 169 | 62 |
| Total | 37,040 | 21,067 |

The Company had no employees during the year.

The average monthly number of persons (including Directors) employed by the Group during the year was:

| | Year ended 31 December 2019 No. | Year ended 31 December 2018 No. |
|--------------|--|--|
| Management | 38 | 25 |
| Sales | 12 | 14 |
| Production | 964 | 551 |
| Finance | 46 | 30 |
| IT | 25 | 20 |
| Total | 1,085 | 640 |

Bell Rock Workplace Management Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2019

4 EMPLOYEES (continued)

KEY MANAGEMENT PERSONNEL

Members of the Board of Directors are the key management personnel and their aggregate emoluments are as follows:

| | Year ended 31 December 2019 £000 | Year ended 31 December 2018 £000 |
|--------------------------------|---|---|
| Short term employment benefits | 958 | 372 |
| Post-employment benefits | 20 | 22 |
| | 978 | 394 |

2 Directors (2018: 2) were members of the defined contribution money purchase scheme.

Highest Paid Director

| | Year ended 31 December 2019 £000 | Year ended 31 December 2018 £000 |
|---|---|---|
| Wages and salaries (excluding employers' pension contributions but including bonuses earned and benefits in kind) | 303 | 216 |
| Pension costs – defined contribution plans | 3 | 12 |
| | 306 | 228 |

5 EXCEPTIONAL OPERATING EXPENSES

| | Year ended 31 December 2019 £000 | Year ended 31 December 2018 £000 |
|--------------------------------------|---|---|
| Reorganisation costs | 2,495 | 1,100 |
| Transaction related expenditure | 1,329 | 1,457 |
| Deferred consideration payroll costs | 1,958 | 4,453 |
| | 5,782 | 7,010 |

The reorganisation costs relate to costs of departing people following a restructuring of the business as a result of changes in Board and the acquisitions made in the year.

Transaction related expenditure are those costs directly attributable to the acquisitions made by the Group and the potential sale of the Group.

The deferred consideration payroll costs represent amounts due in the year as a result of acquisitions, where a deferred payment or earn out is payable.

Bell Rock Workplace Management Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2019

6 FINANCE COSTS

| | Year ended 31 December 2019 £000 | Year ended 31 December 2018 £000 |
|--|---|---|
| Interest payable on inter-company balances | 3,065 | 2,021 |
| Other interest payable | 226 | 154 |
| Lease finance costs | 127 | - |
| Total finance costs | 3,418 | 2,175 |
| Interest receivable | (1) | (1) |
| Net finance costs | 3,417 | 2,174 |

7 TAXATION

| | Year ended 31 December 2019 £000 | Year ended 31 December 2018 £000 |
|--|---|---|
| Current tax (credit)/charge | | |
| UK Corporation tax (credit)/charge for the year at 19% (2018: 19%) | (801) | (14) |
| | (801) | (14) |
| Deferred tax credit | | |
| Deferred tax credit for the year | 367 | (734) |
| Total credit for taxation for continuing operations included in the Statement of Comprehensive Income | (434) | (748) |

At the balance sheet date, the group has unused tax losses of £494k (2018: £2,084k) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses as it is not considered probable that there will be future taxable profits available.

The tax for the year is lower (2018: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

| | Year ended 31 December 2019 £000 | Year ended 31 December 2018 £000 |
|--|---|---|
| Loss before taxation from continuing operations per the Statement of Comprehensive Income | (2,913) | (3,991) |
| Loss before taxation multiplied by average standard rate of corporation tax in the UK of 19% (2018: 19%) | (553) | (758) |
| Tax effect of expenses not deductible for tax | 694 | 219 |
| Changes in unrecognised deferred tax assets | (173) | 311 |
| Adjustment in respect of prior years | (386) | (14) |
| Origination and reversal of temporary differences | 367 | (734) |
| Deferred consideration payroll costs not deductible | 372 | 846 |
| Group relief utilised | (755) | (618) |
| Total tax credit for the year | (434) | (748) |

The income tax credit for the year is based on the effective United Kingdom statutory rate of Corporation Tax for the year of 19% (2018 - 19%). The Finance Act 2016 includes a reduction in the standard rate of Corporation Tax from 19% to 17% from 1 April 2020. However, on 11 March 2020 in the UK Budget it was further announced that the cut in the tax rate to 17% will now not occur and the tax rate will instead remain at 19%. This rate change was substantively enacted on 17 March 2020 via the Provisional Collection of Taxes Act 1968. As this change had been substantively enacted at the Balance Sheet date it is reflected in these financial statements.

Bell Rock Workplace Management Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

8 DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31 December 2019 (2018: £nil).

9 GOODWILL

| Group | 2019 £000 | 2018 £000 |
|--------------------------------|--------------|--------------|
| Cost | | |
| Cost brought forward | 36,452 | 22,997 |
| Acquisitions | - | 13,455 |
| Closing cost & carrying amount | 36,452 | 36,452 |

In accordance with International Financial Reporting Standards, Goodwill is not amortised, but instead is tested at least annually for impairment and carried at cost less accumulated impairment losses.

Goodwill is allocated to Cash Generating Units (CGU). The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets that are approved by the Board, excluding cash flows used in valuing the other intangible assets. Income and costs within the budget are derived on a detailed, 'bottom up' basis – all income streams and cost lines are considered and appropriate growth, or decline, rates are assumed for each, all of which are then reviewed and challenged, firstly by senior management and ultimately by the Board. Income and cost growth forecasts are discounted to reflect the specific risks facing the CGU and take account of the markets in which they operate. Cash flows beyond the budgeted year are extrapolated using the estimated growth rate stated below. Anticipated cash flows beyond 10 years have been ignored. The growth rate does not exceed the long-term average growth rate for the markets in which the CGU operates. Further, it is assumed that there are no material adverse changes in legislation that would affect the forecast cash flows.

The carrying amount of Goodwill is split by CGU's as follows:

| | 2019 £000 | 2018 £000 |
|--------------------------------------|--------------|--------------|
| The Naples Group | 5,799 | 5,799 |
| FME Properties Solutions Limited | 5,732 | 5,732 |
| Planned Engineering Services Limited | 1,212 | 1,212 |
| Bellrock and other acquisitions | 23,709 | 23,709 |
| Carrying amount | 36,452 | 36,452 |

The "Other" category in the table above is the combined carrying value of goodwill recognised on acquisitions of Concerto Support Services Limited, Stanley Hicks Limited and Property Solutions Limited in previous periods. The individual carrying value of goodwill for each of these CGU's is not individually material and have been aggregated for the purpose of this disclosure.

The key assumption used in the impairment test for goodwill, when utilised in the performance of the value-in-use calculations is:

- Growth rate: 2.0% per annum

The discount rate used in the recoverable amount calculation is 11.84% (2018: 11.41%). The discount rate used is pre-tax and reflects specific risks relating to the CGU and is based upon the weighted average cost of capital reflecting the specific principal risks and uncertainties applicable to the CGU.

Bell Rock Workplace Management Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

9 GOODWILL (continued)

The discount rate considers, amongst other things, the risk-free rate of return, the cost of equity, the market risk premium (which is used in deriving the cost of equity) and the cost of debt. The same discount rate has been used for the CGU as the principal risks and uncertainties associated with the Company, as highlighted on page 4 of this report as being those risks with the highest likelihood or impact, would also impact the CGU in a similar manner.

The Board acknowledge that there are additional factors that could impact the risk profile of the CGU given the difference in operations, customer base and trading performance over recent years. These additional factors were considered by way of a sensitivity analysis performed on each CGU as part of the annual impairment tests. The impairment tests and sensitivities evaluated, which even when aggregated did not indicate there was any impairment were:

- reduce budgeted cash flows to the year 1 level,
- delay new business recognised in the budget by 12 months, adjusting by the growth rate thereafter.

Having completed the 2019 annual impairment review, the Company has recognised no impairment (2018: £nil). The level of impairment recognised is predominantly dependent upon judgements used in arriving at future growth rates and the discount rate applied to cash flow projections. Key drivers to future growth rates are dependent on the Company's ability to maintain and grow income streams whilst effectively managing operating costs. The level of headroom may change if different growth rate assumptions or a different pre-tax discount rate were used in the cash flow projections.

Where the value-in-use calculations suggest an impairment, the Board would consider alternative use values prior to realising any impairment. Alternative use values may include, inter alia, net proceeds from an outright sale.

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations and the recoverable value in aggregate exceeds the carrying value by £53.05m.

Acquisitions (2019)

On 30 April 2019 the Group acquired Fasset Holdings Limited and as a result of this acquisition, acquired Fasset Limited, a national facilities management business.

Total acquisition costs incurred relating to the acquisition of Fasset Holdings Limited amounted to £0.13m, of which £0.13m was recognised as an expense within Exceptional Costs.

The amounts recognised, which are provisional fair values in respect of the identifiable assets acquired and liabilities assumed, are as set out below:

2019

| | Fasset Holdings Ltd Fair value to group £000 |
|--|--|
| Fixed assets | 84 |
| Identifiable intangible assets – customer relationships | 2,709 |
| Current assets | 3,355 |
| Current liabilities | (2,443) |
| Long-term liabilities | (193) |
| Total identifiable assets | 3,512 |
| Goodwill | - |
| Total consideration | 3,512 |

Bell Rock Workplace Management Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2019

9 GOODWILL (continued)

| | |
|--|--------------|
| Satisfied by: | |
| Cash | 3,337 |
| Deferred consideration | 175 |
| Total consideration transferred | 3,512 |
| Deferred consideration/earn out payments paid as remuneration | 243 |
| Net cash outflow arising on acquisition: | |
| Cash consideration | 3,337 |
| Less: Cash and cash equivalent balances acquired | (1,462) |
| | 1,875 |

Deferred and contingent considerations are payments due within 12 months of the balance sheet date based on certain business performance and revenue targets.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out below.

Acquisitions (2018)

On 11 April 2018, the Group acquired the entire issued share capital of ECO IPS Limited, obtaining control of ECO IPS Limited.

On 26 October 2018, the Group acquired the entire issued share capital of FME Properties Services Limited, obtaining control of FME Properties Services Limited.

On 23 November 2018, the Group acquired the entire issued share capital of The Naples Group Limited, obtaining control of The Naples Group Limited and subsidiaries.

The amounts recognised, which are provisional fair values in respect of the identifiable assets acquired and liabilities assumed, are as set out below.

Bell Rock Workplace Management Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2019

9 GOODWILL (continued)

| | ECO IPS Ltd Fair value to group £000 | FME Property Solutions Ltd Fair value to group £000 | The Naples Group Ltd Fair value to group £000 | Total Fair value to group £000 |
|--|---|---|---|---|
| Fixed assets | 26 | 4 | 31 | 61 |
| Identifiable intangible assets – customer relationships | 2,108 | 3,589 | 5,015 | 10,712 |
| Current assets | 1,473 | 4,869 | 5,390 | 11,732 |
| Current liabilities | (1,467) | (2,331) | (908) | (4,706) |
| Long term liabilities | (382) | (640) | (907) | (1,929) |
| Total identifiable assets | 1,758 | 5,491 | 8,621 | 15,870 |
| Goodwill | 1,924 | 5,732 | 5,799 | 13,455 |
| Total consideration | 3,682 | 11,223 | 14,420 | 29,325 |
| Satisfied by: | | | | |
| Cash | 3,682 | 10,132 | 14,420 | 28,234 |
| Deferred consideration | - | 1,091 | - | 1,091 |
| Total consideration transferred | 3,682 | 11,223 | 14,420 | 29,325 |
| Deferred consideration/earn out payments paid as remuneration | 377 | 909 | 3,700 | 4,986 |
| Net cash outflow arising on acquisition: | | | | |
| Cash consideration | 3,682 | 10,132 | 14,420 | 28,234 |
| Less: Cash and cash equivalent balances acquired | (485) | (2,161) | (3,344) | (5,990) |
| | 3,197 | 7,971 | 11,076 | 22,244 |

Deferred and contingent considerations are performance and revenue based payments both due within 12 months of the balance sheet date.

Acquisition - revenue and profit contribution

The acquired business contributed the following revenues and profit before tax to the group for the period from acquisition to 31 December 2019:

| | Fasset Holdings Ltd £000 | Total £000 |
|-------------------|--------------------------------|---------------|
| Revenue | 10,626 | 10,626 |
| Profit before tax | 618 | 618 |

If the acquisition had occurred on 1 January 2018, pro-forma revenue and profit contributed by these entities for the year ended 31 December 2018 would have been:

| | Fasset Holdings Ltd £000 | Total £000 |
|-------------------|--------------------------------|---------------|
| Revenue | 15,830 | 15,830 |
| Profit before tax | 920 | 920 |

Bell Rock Workplace Management Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2019

10 INTANGIBLE ASSETS

| Group | Capitalised software £000 | Customer relationships £000 | Total £000 |
|-----------------------------------|--|--|-----------------------|
| Cost | | | |
| At 1 January 2018 | 3,536 | 21,482 | 25,018 |
| Additions | 282 | - | 282 |
| Additions – Business Combinations | - | 10,712 | 10,712 |
| At 31 December 2018 | 3,818 | 32,194 | 36,012 |
| Additions | 504 | 2,709 | 3,213 |
| Additions – Business Combinations | (14) | - | (14) |
| At 31 December 2019 | 4,308 | 34,903 | 39,211 |
| Accumulated amortisation | | | |
| At 1 January 2018 | 2,136 | 3,989 | 6,125 |
| Charged during the year | 768 | 3,452 | 4,220 |
| At 31 December 2018 | 2,904 | 7,441 | 10,345 |
| Charged during the year | 630 | 6,307 | 6,937 |
| On disposals | - | - | - |
| At 31 December 2019 | 3,534 | 13,748 | 17,282 |
| Net book value | | | |
| At 31 December 2017 | 1,400 | 17,493 | 18,893 |
| At 31 December 2018 | 914 | 24,753 | 25,667 |
| At 31 December 2019 | 774 | 21,155 | 21,929 |

The Customer Relationship additions in the year arose from the acquisition of Fasset Holdings Limited and Fasset Limited on 30 April 2019.

The amortisation period for all current year additions is five years.

Bell Rock Workplace Management Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2019

11 PLANT PROPERTY AND EQUIPMENT

| | Plant and Equipment and Vehicles £000 | Leasehold Improvements £000 | Total £000 |
|---------------------------------|--|--|-----------------------|
| Cost | | | |
| At 1 January 2018 | 2,757 | 731 | 3,488 |
| Additions | 102 | 20 | 122 |
| Acquisition of subsidiary | 61 | - | 61 |
| Disposals | - | - | - |
| At 31 December 2018 | 2,920 | 751 | 3,671 |
| Additions | 532 | 5 | 537 |
| Acquisition of subsidiary | 84 | - | 84 |
| Disposals | (105) | (8) | (113) |
| At 31 December 2019 | 3,431 | 748 | 4,179 |
| Accumulated depreciation | | | |
| At 1 January 2018 | 2,327 | 333 | 2,660 |
| Charged during the year | 225 | 57 | 282 |
| On disposals | - | - | - |
| At 31 December 2018 | 2,552 | 390 | 2,942 |
| Charged during the year | 439 | 57 | 496 |
| On disposals | (81) | (8) | (89) |
| At 31 December 2019 | 2,910 | 439 | 3,349 |
| Net book value | | | |
| At 31 December 2017 | 430 | 398 | 828 |
| At 31 December 2018 | 368 | 361 | 729 |
| At 31 December 2019 | 521 | 309 | 830 |

12 RIGHT-OF-USE ASSETS

| | Plant and Equipment and Vehicles £000 | Leasehold Improvements £000 | Total £000 |
|---------------------------------|--|--|-----------------------|
| Cost | | | |
| At 1 January 2019 | - | - | - |
| Adoption of IFRS 16 | 1,345 | 3,157 | 4,502 |
| Additions | 212 | 176 | 388 |
| Disposals | - | - | - |
| At 31 December 2019 | 1,557 | 3,333 | 4,890 |
| Accumulated depreciation | | | |
| At 1 January 2019 | - | - | - |
| Charged during the year | 729 | 851 | 1,580 |
| On disposals | - | - | - |
| At 31 December 2019 | 729 | 851 | 1,580 |
| Net book value | | | |
| At 31 December 2018 | - | - | - |
| At 31 December 2019 | 828 | 2,482 | 3,310 |

Bell Rock Workplace Management Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2019

12 RIGHT-OF-USE ASSETS (continued)

The range of lease terms for Leased assets is as follows:

- Buildings 1-3 years
- Plant and Equipment 2-5 years
- Vehicles 3-4 years

| Amounts recognised in profit and loss | 31 December 2019 £000 |
|---|-----------------------------|
| Depreciation expense on right-of-use assets | 1,580 |
| Interest expense on lease liabilities | 127 |
| Expense relating to short-term and low-value leases | 90 |
| Total recognised in profit and loss | 1,797 |

The total cash outflow for leases in 2019 amount to £3.53m.

13 INVESTMENTS

The Company has the following investments in subsidiaries:

| | 2019 £000 | 2018 £000 |
|--|---------------|---------------|
| Cost | | |
| Cost brought forward | 69,469 | 40,144 |
| Additions | 3,514 | 29,325 |
| Carried forward cost and carrying value | 72,983 | 69,469 |

As at 31 December 2019 the company had the following investments, all of which are 100% owned by equity.

The following companies are registered in England and Wales:

| Company | Activity | Class of share |
|---|----------------------------|--|
| Bellrock Property & Facilities Management Limited | Facilities management | Ordinary, Ordinary A |
| Barnhill School Services Limited | Facilities management | Ordinary |
| Cardinal Heenan School Services Limited | Facilities management | Ordinary |
| Colfox School Services Limited | Facilities management | Ordinary |
| Bell Rock Education (New London) Limited | Non-trading | Ordinary |
| Workplace Management (Healthcare) Limited | Non-trading | Ordinary |
| Workplace Management (Westminster) Limited | Non-trading | Ordinary |
| SGP Property Services Limited | Non-trading | Ordinary |
| Stanley Hicks Limited | Property Services | Ordinary |
| Property Solutions (UK) Limited | Property Services | Ordinary |
| Concerto Support Services Limited | Software publishing | Ordinary A, Ordinary B |
| Profile Consultancy Limited | Property Services | Ordinary |
| Planned Engineering Services Limited | Mechanical & Electrical | Ordinary |
| Eco IPS Limited | Mechanical & Electrical | Ordinary A, Ordinary B, Ordinary C |
| FME Properties Solutions Limited | Mechanical & Electrical | Ordinary |
| The Naples Group Limited | Investment Holding Company | Ordinary |
| Oakleaf Facilities (UK) Limited | Facilities management | Ordinary |
| Oakleaf Surveying Limited | Property Services | Ordinary |
| Oakleaf Technical Services Limited | Property Services | Ordinary |

Bell Rock Workplace Management Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

13 INVESTMENTS (continued)

| | | |
|--|-------------------------|----------|
| NIFES Projects Limited | Mechanical & Electrical | Ordinary |
| NIFES Properties Limited | Property Services | Ordinary |
| NIFES Consulting Group Limited | Non-trading | Ordinary |
| National Industrial Fuel Efficiency Services Limited | Non-trading | Ordinary |
| Eco FM Limited | Non-trading | Ordinary |
| Eco Integrated Property Solutions Limited | Non-trading | Ordinary |
| Fasset Holdings Limited | Non-trading | Ordinary |
| Fasset Limited | Facilities management | Ordinary |

All of the companies noted above are registered at Peat House, 1 Waterloo Way, Leicester, England, LE1 6LP.

The following companies are registered in Scotland:

| Company | Activity |
|------------------------------------|-----------------------|
| Balfron Schools Services Limited | Facilities management |
| Dundee Healthcare Services Limited | Facilities management |
| East Ren Schools Services Limited | Facilities management |
| Macrocom (840) Limited | Non-trading |

All of the companies noted above are registered at 50 Lothian Way, Edinburgh, Scotland, EH3 9WJ.

The following dormant subsidiary companies have elected to take exemption from preparing individual company financial statements under section 394A of the Companies Act 2006:

| Company | Company registered number |
|--|---------------------------|
| Fasset Holdings Limited | (No. 11483734) |
| Eco FM Limited | (No. 10573403) |
| Eco Integrated Property Solutions Limited | (No. 11068565) |
| Macrocom (840) Limited* | (No. SC250948) |
| Workplace Management (Westminster) Limited | (No. 03770853) |
| NIFES Consulting Group Limited | (No. 09597848) |
| National Industrial Fuel Efficiency Services Limited | (No. 09626222) |

All of the companies noted above are registered at Peat House, 1 Waterloo Way, Leicester, England, LE1 6LP except for those marked as * of which are registered at 50 Lothian Way, Edinburgh, Scotland, EH3 9WJ.

The following subsidiary companies have elected to take exemption from audit under section 479A of the Companies Act 2006:

| Company | Company registered number |
|--------------------------------------|---------------------------|
| Concerto Support Services Limited | (No. 05124418) |
| Profile Consultancy Limited | (No. 06459483) |
| Property Solutions (UK) Limited | (No. 03002344) |
| Stanley Hicks Limited | (No. 10229810) |
| Eco IPS Limited | (No. 06793556) |
| Planned Engineering Services Limited | (No. 08320198) |
| FME Properties Solutions Limited | (No. 06464433) |
| The Naples Group Limited | (No. 07216339) |
| Oakleaf Facilities (UK) Limited | (No. 06155005) |
| Oakleaf Surveying Limited | (No. 06151373) |
| Oakleaf Technical Services Limited | (No. 06151419) |
| NIFES Projects Limited | (No. 09599382) |
| NIFES Properties Limited | (No. 09599379) |
| Fasset Limited | (No. 05422389) |
| Fasset Holdings Limited | (No. 11483734) |

Bell Rock Workplace Management Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2019

13 INVESTMENTS (continued)

All of the aforementioned companies are registered at Peat House, 1 Waterloo Way, Leicester, England, LE1 6LP.

In accordance with this Bellrock Workplace Management Limited has given a guarantee as set out in section 479C of the Companies Act 2006 over the liabilities of these companies.

14 WORK-IN-PROGRESS

An analysis of the work-in-progress held by the Group by Company is as follows:

| | 2019 £000 | 2018 £000 |
|--------------------------------------|--------------|--------------|
| Planned Engineering Services Limited | 1,355 | 266 |
| FME Property Solutions Limited | 763 | 670 |
| NIFES Property Limited | 13 | 13 |
| Oakleaf Surveying Limited | 13 | 13 |
| At 31 December 2019 | 2,144 | 962 |

15 TRADE AND OTHER RECEIVABLES

Group

| | 2019 £000 | 2018 £000 |
|--|---------------|---------------|
| Amounts falling due within one year: | | |
| Trade receivables | 14,676 | 14,729 |
| Less: provision for credit notes and bad debts | (220) | (361) |
| | 14,456 | 14,368 |
| Net trade receivables | | |
| Other receivables | 1,007 | 289 |
| Corporation tax | - | 324 |
| Prepayments and accrued income | 7,044 | 6,066 |
| | 22,507 | 21,047 |

The value of net bad debt expense in the Statement of Comprehensive Income is £81k (2018: £29k).

The average credit period on sales was 40 days.

The above assets are secured by a fixed and floating charge against the bank borrowings of the group.

Further numerical disclosures in respect of financial assets, are set out below:

| | At 31 December 2019 | | | At 31 December 2018 | | |
|---|---------------------|-------------------|---------------|---------------------|-------------------|---------------|
| | Gross £000 | Provision £000 | Net £000 | Gross £000 | Provision £000 | Net £000 |
| Trade and other receivables | | | | | | |
| - Not yet due and up to 3 months past due | 21,491 | (33) | 21,458 | 19,806 | - | 19,806 |
| - 3 to 6 months past due | 816 | (34) | 782 | 980 | - | 980 |
| - 6 to 12 months past due | 327 | (119) | 208 | 586 | (361) | 225 |
| - Over 12 months past due | 93 | (34) | 59 | 36 | - | 36 |
| | 22,727 | (220) | 22,507 | 21,408 | (361) | 21,047 |

Bell Rock Workplace Management Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2019

15 TRADE AND OTHER RECEIVABLES (continued)

Trade and other receivables which are less than three months past due are not considered impaired unless specific information indicates otherwise. Trade and other receivables greater than three months past due are considered for recoverability, and, where appropriate, a provision against bad debt is recognised.

The Group recognises lifetime expected credit losses for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The movement in the impairment provision for trade and other receivables is analysed below:

| | 2019 £000 | 2018 £000 |
|---|--------------|--------------|
| Fair value adjustments to assets acquired | (361) | (289) |
| Provision for receivables impairment | (37) | (72) |
| Utilisation | 178 | - |
| At 31 December 2019 | (220) | (361) |

The creation and release of provision for impaired receivables are included in 'Administrative expenses' in the Statement of Comprehensive Income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk of the reporting data is the fair value of each class of receivable. The Group does not hold any collateral as security.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's customer base being large and unrelated. Due to this, management believe that there is no further credit risk provision required in excess of the normal provision for doubtful receivables.

Company

| | 2019 £000 | 2018 £000 |
|---|--------------|--------------|
| Amounts falling due within one year: | | |
| Prepayments and accrued income | - | 18 |
| | - | 18 |

Company receivables from related parties are not past due or impaired. The carrying amounts of the Company's trade and other receivables on the Balance Sheet are denominated in sterling. There is deemed to be no difference between this and their fair value. Trade and other receivables which are less than three months past due are not considered impaired unless specific information indicates otherwise.

Bell Rock Workplace Management Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2019

16 TRADE AND OTHER PAYABLES

| Group | 2019 | 2018 |
|--|---------------|---------------|
| | £000 | £000 |
| Amount due within one year: | | |
| Trade payables | 12,991 | 12,970 |
| Other payables | 988 | 1,333 |
| Other taxation and social security liabilities | 3,076 | 2,963 |
| Accruals | 8,656 | 7,148 |
| Deferred consideration payable as remuneration | 1,745 | 4,543 |
| Deferred income | 1,291 | 878 |
| Finance leases | - | 1 |
| Settlement agreement | 18 | 18 |
| | 28,765 | 29,854 |

| Company | 2019 | 2018 |
|------------------------------------|-------------|-------------|
| | £000 | £000 |
| Amount due within one year: | | |
| Other payables | - | 382 |
| Accruals and deferred income | 12 | 87 |
| | 12 | 469 |

The average credit period taken for trade purchases is 47 days.

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

17 LEASE LIABILITIES

| | 2019 | 2018 |
|--------------------------|--------------|-------------|
| | £000 | £000 |
| Lease liabilities | | |
| Non-current | 1,815 | - |
| Current | 1,086 | 1 |
| Total | 2,901 | 1 |

| | 2019 | 2018 |
|--|--------------|-------------|
| | £000 | £000 |
| Maturity Analysis | | |
| Less than 1 year | 1,086 | 1 |
| More than 1 year and less than 5 years | 1,513 | - |
| More than 5 years | 302 | - |
| Total | 2,901 | 1 |

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

Bell Rock Workplace Management Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2019

18 OTHER NON-CURRENT LIABILITIES

| | 2019 | 2018 |
|------------------------------------|---------------|-------------|
| Group | £000 | £000 |
| Amounts owed to group undertakings | 69,267 | 68,084 |
| Life-cycle works | 669 | 684 |
| Settlement agreement | 66 | 84 |
| Dilapidations provision | 428 | - |
| | 1,163 | 768 |
| Company | 2019 | 2018 |
| | £000 | £000 |
| Amounts owed to group undertakings | 60,780 | 43,653 |
| | 60,780 | 43,653 |

Amounts due to Group companies are unsecured and attract interest at a fixed commercial rate of 5.1401%. This intercompany loan is repayable on 17 May 2024 and has been classified as due after more than one year after the date of this report.

19 FINANCIAL INSTRUMENTS

Details of the Group's policies and strategies in relation to Financial Instruments are given on page 31.

| | | |
|---|---------------|-------------|
| <i>Financial Assets measured at amortised cost</i> | 2019 | 2018 |
| | £000 | £000 |
| Group | | |
| Cash at bank and in hand (excluding Life-Cycle funds) | 9,199 | 15,077 |
| Cash at bank and in hand (Life-Cycle funds) | 635 | 872 |
| Total cash and cash equivalents | 9,834 | 15,949 |
| Net trade receivables (note 15) | 14,456 | 14,368 |
| | 24,290 | 30,317 |

Cash in respect of Life-Cycle funds can only be used to fund certain specific contractual obligations under certain Facilities Management contracts and is not part of the Group's cross guarantee arrangement.

| | | |
|---|---------------|-------------|
| <i>Financial Liabilities measured at amortised cost</i> | 2019 | 2018 |
| | £000 | £000 |
| Group | | |
| Inter group borrowings (note 18) | 69,267 | 68,084 |
| Trade payables (note 16) | 12,991 | 12,970 |
| Deferred consideration | 905 | 4,195 |
| Lease liabilities (note 17) | 2,901 | 1 |
| Settlement agreement (note 16 and 18) | 84 | 102 |
| | 86,148 | 85,352 |

Bell Rock Workplace Management Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2019

19 FINANCIAL INSTRUMENTS (continued)

Financial liabilities – analysis of maturity dates

The maturity profile of the financial liabilities, based on contractual cash flows, is as follows:

| 2019 | Inter group borrowings £000 | Trade payables £000 | Deferred consideration £000 | Settlement agreement £000 |
|---------------------|--|------------------------------------|--|--|
| Less than 1 year | - | 12,991 | 905 | 18 |
| One to two years | - | - | - | 18 |
| Two to three years | - | - | - | 18 |
| Three to four years | - | - | - | 18 |
| Four to five years | 69,267 | - | - | 12 |
| Beyond five years | - | - | - | - |
| Total | 69,267 | 12,991 | 905 | 84 |

| 2018 | Inter group borrowings £000 | Trade payables £000 | Deferred consideration £000 | Settlement agreement £000 |
|---------------------|--|------------------------------------|--|--|
| Less than 1 year | - | 12,970 | 4,195 | 18 |
| One to two years | - | - | 546 | 18 |
| Two to three years | - | - | - | 18 |
| Three to four years | - | - | - | 18 |
| Four to five years | - | - | - | 18 |
| Beyond five years | 83,034 | - | - | 12 |
| Total | 83,034 | 12,970 | 4,741 | 102 |

20 DEFERRED TAXATION

Deferred tax is calculated in full on temporary differences under the liability method.

| Group | Deferred tax assets 2019 £000 | Deferred tax liabilities 2019 £000 |
|--|--|---|
| Balance brought forward | 1,343 | (3,385) |
| Short term temporary differences | (411) | 778 |
| Temporary differences relating to acquisitions | - | (468) |
| | 932 | (3,075) |

| Group | Deferred tax assets 2018 £000 | Deferred tax liabilities 2018 £000 |
|---|--|---|
| Recognised deferred tax balances in respect of: | | |
| Balance brought forward | 1,343 | (2,190) |
| Short term temporary differences | - | 734 |
| Temporary differences relating to acquisitions | - | (1,929) |
| | 1,343 | (3,385) |

Deferred tax assets are recognised in full when it is anticipated that future profits will be available against which to offset the deferred tax assets. Any unused tax losses are not deemed to have an expiry date as the Group forecasts future profits of which to allocate the losses against.

The following provides a reconciliation of the movement in each of the major deferred tax assets / (liabilities):

Bell Rock Workplace Management Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2019

20 DEFERRED TAXATION (continued)

| | Losses £'000 | Accelerated capital allowances £000 | Intangible assets £000 | Other £000 | Acquisitions £000 | Total £000 |
|--|-----------------|--|------------------------------|---------------|----------------------|---------------|
| Balance brought forward | - | 1,550 | (329) | - | (2,068) | (847) |
| Arising on acquisitions | - | - | - | - | (1,929) | (1,929) |
| (Charge) / credit to Statement of Comprehensive Income | - | 44 | 131 | - | 559 | 734 |
| At 31 December 2018 | - | 1,594 | (198) | - | (3,438) | (2,042) |
| Arising on acquisitions | - | - | - | - | (468) | (468) |
| (Charge)/credit to Statement of Comprehensive Income | - | (339) | 69 | - | 637 | 367 |
| At 31 December 2019 | - | 1,255 | (129) | - | (3,269) | (2,143) |

21 RETIREMENT BENEFIT OBLIGATIONS

Defined contribution scheme

The Bellrock Group operates a defined contribution scheme (The Bellrock Group Pension plan) on behalf of eligible employees of the Group. The cost to the Group of contributions to this scheme during the year was £1,085k (2018: £513k).

The balance at the year-end which is payable to the scheme was £159k (2018: £120k). This is shown within other creditors due within one year.

Defined benefit scheme

The Bellrock Group operates a number of defined benefit pension schemes. The net consolidated position of these defined benefit pension schemes at 31 December 2019 was a deficit of £5k and therefore no further details have been disclosed on the grounds of materiality.

22 CALLED-UP SHARE CAPITAL

| | Shares No. | Share Capital £000 | Share Premium £000 |
|-----------------------------------|---------------|--------------------------|--------------------------|
| At 31 December 2019 | | | |
| Authorised, Issued and fully paid | | | |
| Ordinary shares of £1 each | 250 | - | 25,000 |
| At end of year | 250 | - | 25,000 |
| At 31 December 2018 | | | |
| Authorised, Issued and fully paid | | | |
| Ordinary shares of £1 each | 250 | - | 25,000 |
| At end of year | 250 | - | 25,000 |

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23 FINANCIAL COMMITMENTS

Group

Capital expenditure

Contracts placed for future financial expenditure contracted but not provided for in the financial statements are £nil (2018: £nil).

Revenue expenditure

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

| | 2019 | 2018 |
|--|--------------|--------------|
| | £000 | £000 |
| Land and buildings | | |
| - within one year | 584 | 625 |
| - between two and five years | 1,473 | 591 |
| - over five years | 353 | - |
| | 2,410 | 1,216 |
| Plant and machinery and motor vehicles | | |
| - within one year | 503 | 563 |
| - between two and five years | 294 | 563 |
| - over five years | - | - |
| | 797 | 1,126 |

Operating lease payments represent rentals payable by the Group for certain of its office properties and hire of vehicles and other equipment. These leases have average durations ranging from two to ten years. No arrangements have been entered into for contingent rental payments. Rentals are determined based on market rates.

From 1 January 2019 the Group adopted IFRS 16. The adoption of IFRS 16 has significantly impacted Lease accounting, further detail of which can be found on page 23. Such changes in the Lease accounting in line with IFRS 16 result in £nil revenue expenditure on lease rentals. Amounts listed in the above table form the sum of any financial obligations due from the Group.

Company

The Company has no financial commitments at 31 December 2019 (2018: £nil).

24 RELATED PARTY TRANSACTIONS

The Group has a related party relationship with its Shareholders, other Group Undertakings and with its Directors and Executive Officers. Transactions during the year and balances between these related parties are disclosed below:

| | 2019 | 2018 |
|---|--------------|--------------|
| | £000 | £000 |
| Costs recharged from Horizon Capital Partners LLP | (100) | (100) |

Other than emoluments paid to directors disclosed in note 4 there were no other transactions with Directors occurring during the year.

| | 2019 | 2018 |
|-----------------------------------|--------------|--------------|
| | £000 | £000 |
| Balance with Related Party | | |
| Horizon Capital Partners LLP | (197) | (317) |

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with wholly owned subsidiaries.

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Bell Rock Workplace Management Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

25 CONTINGENT LIABILITIES

In 2017 a former director of a business from which trade and assets were acquired prior to the acquisition by Horizon Capital Partners LLP raised a legal claim against the Group for non-compliance with the Sale and Purchase Agreement relating to the purchase of those assets. The Group has an indemnity from Johnson Service Group relating to such matters pre-Horizon's ownership and has sought legal advice on this matter and our assessment is that the probability of success is low. As a result the liability is not provided for with the financial statements as the value is not known and the likelihood of a transfer of economic benefit is assessed to be low.

26 ULTIMATE CONTROLLING PARTY

The Company's immediate parent undertaking is Bell Rock Topco Limited, a company registered in England and Wales, Peat House, 1 Waterloo Way, Leicester LE1 6LP. The Company's ultimate parent undertaking, which is the parent undertaking of the largest group to consolidate these financial statements is Bell Rock Topco Limited. Copies of the ultimate parent's Consolidated Financial Statements may be obtained from The Company Secretary, Bell Rock Topco Limited, Peat House, 1 Waterloo Way, Leicester LE1 6LP.

The Company, being Bell Rock Workplace Management Limited, is the smallest group in which the Company is consolidated. Copies of these Consolidated Financial Statements may be obtained from The Company Secretary, Bell Rock Workplace Management Limited, Peat House, 1 Waterloo Way, Leicester LE1 6LP.

The ultimate controlling parties are funds managed by Horizon Capital Partners LLP, Brettenham House (North Entrance), Lancaster Place, London, England, WC2E 7EN, due to their holding of 97.8% of the A shares issued at the year-end of Bell Rock Topco Limited. The remaining 'A' ordinary shares and 100% of the 'B' Ordinary Shares of Bell Rock Topco Limited are owned by Management.

The funds managed by Horizon Capital Partners LLP and their associated Ordinary A shareholdings comprise of Horizon Capital Fund 2013 A Limited Partnership (95.9%), Horizon Capital Fund 2013 B Limited Partnership (1.2%) and Horizon Capital 2013 Friends And Family Limited Partnership (0.7%) whose principal place of business are Brettenham House (North Entrance), Lancaster Place, London, England, WC2E 7EN.

27 POST BALANCE SHEET EVENTS

Following the year end several dormant Group companies were struck off from the Company Register. These companies bore no impact on the investment value held by the Group or the Company. The companies which were struck off were as follows:

| | |
|--|----------------|
| Eco FM Limited | (No. 10573403) |
| Eco Integrated Property Solutions Limited | (No. 11068565) |
| Macrocom (840) Limited | (No. SC250948) |
| National Industrial Fuel Efficiency Services Limited | (No. 09626222) |
| SGP Property Services Limited | (No. 03948975) |
| Workplace Management (Healthcare) Limited | (No. 03765199) |
| Bellrock Education (New London) Limited | (No. 03921318) |

On 30 January 2020, the World Health Organisation (WHO) announced the Coronavirus outbreak as a global health emergency. On 11 March 2020, it announced that Coronavirus was a global pandemic. As discussed in the Strategic Report, the directors have considered the potential impact of COVID-19 and have assessed this to be an event that does not require an adjustment to these accounts.