

Company Registration No. 05539272 (England and Wales)

MSS FACILITIES SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

MSS FACILITIES SERVICES LIMITED

COMPANY INFORMATION

Directors	Mr W D Mayne	
	A A Ryder	(Appointed 10 June 2022)
	A S Draper	(Appointed 10 June 2022)
	C Knighton	(Appointed 10 June 2022)

Secretary	S Evans
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Company number	05539272
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Registered office	Galdames Place Ocean Park Cardiff South Glamorgan United Kingdom CF24 5RE
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Auditor	Azets Audit Services Ty Derw Lime Tree Court Cardiff Gate Business Park Cardiff United Kingdom CF23 8AB
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MSS FACILITIES SERVICES LIMITED

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MSS FACILITIES SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present the strategic report for the year ended 31 March 2022.

"We create and maintain clean, safe and secure environments"

The Financial Year ended 31 March 2022 marked another successful year of profitable growth across the Business. We exceeded our forecasts and budgets for the year including sales revenue, gross margins and EBITDA. We believe our continuing sustainable growth vindicates the investments we have made in the Company and the overall Strategic direction we have chosen to follow.

Our Organisation exists to create "Clean, Safe and Secure Environments" and the events of the past year have shown, more than ever before, the importance of this philosophy.

The company's annual revenue increased from £13.4m to £15.1m and returned a 25% gross profit margin and an EBITDA of £670k. Net current assets increased from £616k to £963k.

The company's cash position at year end was £812k.

We remain an Organisation committed to the safety, personal development, and well-being of our staff. We operate across a diverse range of difficult and hazardous environments which means Health & Safety comes before any other business objective.

Our employees are the reason behind the success of our business by delivering the strategies and goals set by our leadership team. To support these demands on our people we have continued to reward, recognise and train our employees, continue with our existing benefits such as enhanced family friendly policies, Death in Service benefit, Employee Discount Scheme, Counselling Service, Cycle to Work, You're a Star programmes celebrating individual and team success, increased holiday entitlement for service anniversaries along with badges for recognition.

The majority of our client base continues to consist of large multi-national businesses, major construction companies and public sector bodies. They choose us to carry out critical work that they do not have the skills to do themselves or that they do not develop because they are not core to their business.

We describe ourselves as "safe pair of hands" because consistent and reliable delivery of products and services is at the heart of everything we do. Our ability to do this has led to enduring relationships with companies that share our commitment to health & safety, quality, and working in partnership to deliver exceptional results. Historically we have a very low turnover of clients and we are pleased to report no losses of any note in the financial year. We are also delighted to have won several significant parcels of new business which have opened up opportunities for the business both geographically and in terms of products and services. As well as incorporating ISO 9001, ISO 14001 and ISO 45001 we are accredited by numerous professional bodies for the work we do. These include ARCA, LCA, Constructionline, SIA, Safecontractor, UKATA, and CHAS. Adherence to these controls and regulations is fully embedded in the way we work every day.

We are very conscious of our responsibilities to the communities in which we operate and to the wider environment. We support a number of local charities and other organisations including Llamau, Velindre Cancer, Cardiff Hospice as well as a number of smaller organisations. We are members of the CBI Cymru Board, Business in the Community, and Chartered both the Chartered Institute of Waste Management in Wales and WAMITAB. We were pleased to become the Principal Sponsors of Cardiff Blues and hope that this will in time result in greater brand awareness for MSS.

In June 2022 MSS Facilities Services as part of the MSS Group joined the RSK group of companies. We believe that the opportunities created through the acquisition will enable MSS to grow even more strongly, to the benefit of its staff, clients, and suppliers. Both companies share many similar values and beliefs which will ensure the culture of MSS can continue as before.

Key Performance Indicators

MSS FACILITIES SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

The performance of all areas of MSS Facilities is tracked on a daily, weekly, and monthly basis using our management information systems which has been even more comprehensive during the Pandemic.

We use these KPIs to track performance against budget on our fixed contracts and projects. The KPI data is analysed in detail to ensure Company is meeting all the objectives set out in the strategic review and the separate business plans for each business. This information is then passed to the board for regular reviews

	21/22	20/21
Revenue	15.1m	13.4m
Gross Profit	3.7m	3.4m
Gross Profit %	25%	25.4%
EBITDA	670k	818k
EBIT	516k	552k
EBIT%	3%	4%
Cash In Hand	812k	815k
Net Current Assets	963k	615k
Total Equity	1.2m	782k

MSS FACILITIES SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Principal Risks and Uncertainties

Whilst it is not possible to eliminate all risks and uncertainties, the Company has an established risk management and internal control system in place to manage them.

The following sets out the principal risks faced by the Company and how they are mitigated:

Contract delivery

- The Company has a number of contracts in progress at any point in time. Dependent on the nature, location and duration of the work and the legal framework of the contract, there is a risk that ineffective contract management could result in reputational damage, financial impact or failure to deliver on contracts.
- Contracts in progress are controlled and managed through the Company's operating structure and procedures. This includes regular monthly contract reviews of contract-to-date financial performance against budget as well as comparing end-life forecast against tender. Project risk registers are also reviewed.

People

- The Company depends on a flexible, diverse, and well-motivated workforce. If the Company fails in attracting, developing, and retaining skilled people, as well as understanding and embracing the diversity of those people, it will not be able to grow the business as anticipated.
- The Company monitors staff turnover closely. Pay and conditions are reviewed regularly against the prevailing market to ensure that we remain competitive. Succession planning and staff development are managed at all levels in the Company. The Company has a performance review process which is designed to assist in the career development of its staff and to identify potential successors to roles within the Company, including at board level.

Contract pricing

- The work for which the Company tenders can often be complex with significant associated risks. Tender assumptions may be inaccurate, or the risks associated with the tender may not be fully understood. If tenders are under-priced, contract losses and potential reputational damage will result. If tenders are over-priced, order books may suffer.
- Current mitigation includes the close involvement of the board in all complex tender negotiations which is designed to ensure a consistent approach with respect to the management of contract risks across the Company.

Reputation

- The Company's ability to tender and win new business and its relationship with customers, supply chain partners, employees and other stakeholders depends in large part on the good reputation that it has established and how it is perceived by others. The Company's growth targets may not be achieved if its reputation is adversely affected.

Safety

- The Company's activities are often complex and require the continuous monitoring and management of health, safety and environmental risks. Failure to manage these risks could result in injury to employees, sub-contractors or members of the public or damage to the environment. This could also expose the Company to a significant potential liability and to reputational damage.
- Detailed policies and procedures exist to mitigate such risks and are subject to review and monitoring by the business and external specialists. Compliance is monitored in a number of ways including audit, leadership tours and inspections.

These steps taken to maintain, protect and enhance the Company's reputation include effective leadership, community engagement and striving to operate a safe and sustainable business.

MSS FACILITIES SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

On behalf of the board

Mr W D Mayne

Director

12 December 2022

MSS FACILITIES SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of the company continued to be that of general industrial services including cleaning and maintenance.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr W D Mayne

Mr R Little

(Resigned 10 June 2022)

A A Ryder

(Appointed 10 June 2022)

A S Draper

(Appointed 10 June 2022)

C Knighton

(Appointed 10 June 2022)

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr W D Mayne

Director

12 December 2022

MSS FACILITIES SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 period. In preparing these 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;
- 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.

MSS FACILITIES SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MSS FACILITIES SERVICES LIMITED

Opinion

We have audited the financial statements of MSS Facilities Services Limited (the 'company') for the year ended 31 March 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the 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.

MSS FACILITIES SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MSS FACILITIES SERVICES LIMITED

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the 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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

MSS FACILITIES SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MSS FACILITIES SERVICES LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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 Howells (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

16 December 2022

Chartered Accountants
Statutory Auditor

Ty Derw
Lime Tree Court
Cardiff Gate Business Park
Cardiff
United Kingdom
CF23 8AB

MSS FACILITIES SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Turnover	3	15,143,322	13,369,204
Cost of sales		(11,445,333)	(9,950,310)
Gross profit		3,697,989	3,418,894
Administrative expenses		(3,182,045)	(2,885,022)
Other operating income		-	17,919
Operating profit	4	515,944	551,791
Interest receivable and similar income	7	2,175	-
Interest payable and similar expenses	8	(14,013)	(24,859)
Profit before taxation		504,106	526,932
Tax on profit	9	(99,037)	(113,135)
Profit for the financial year		405,069	413,797

The profit and loss account has been prepared on the basis that all operations are continuing operations.

MSS FACILITIES SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	£	£
Profit for the year	405,069	413,797
Other comprehensive income	-	-
Total comprehensive income for the year	<u>405,069</u>	<u>413,797</u>

MSS FACILITIES SERVICES LIMITED

BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Goodwill	11		17,952		23,994
Tangible assets	12		338,969		305,735
			<u>356,921</u>		<u>329,729</u>
Current assets					
Debtors	13	5,547,869		5,892,953	
Cash at bank and in hand		811,699		815,349	
		<u>6,359,568</u>		<u>6,708,302</u>	
Creditors: amounts falling due within one year	14	<u>(5,396,762)</u>		<u>(6,092,739)</u>	
Net current assets			<u>962,806</u>		<u>615,563</u>
Total assets less current liabilities			<u>1,319,727</u>		<u>945,292</u>
Creditors: amounts falling due after more than one year	15		(61,051)		(92,879)
Provisions for liabilities					
Deferred tax liability	17	<u>71,547</u>	<u>(71,547)</u>	<u>70,353</u>	<u>(70,353)</u>
Net assets			<u><u>1,187,129</u></u>		<u><u>782,060</u></u>
Capital and reserves					
Called up share capital	19		12,500		12,500
Profit and loss reserves			<u>1,174,629</u>		<u>769,560</u>
Total equity			<u><u>1,187,129</u></u>		<u><u>782,060</u></u>

The financial statements were approved by the board of directors and authorised for issue on 12 December 2022 and are signed on its behalf by:

Mr W D Mayne
Director

Company Registration No. 05539272

MSS FACILITIES SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2020	12,500	355,763	368,263
Year ended 31 March 2021:			
Profit and total comprehensive income for the year	-	413,797	413,797
Balance at 31 March 2021	12,500	769,560	782,060
Year ended 31 March 2022:			
Profit and total comprehensive income for the year	-	405,069	405,069
Balance at 31 March 2022	12,500	1,174,629	1,187,129

MSS FACILITIES SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

MSS Facilities Services Limited is a private company limited by shares incorporated in England and Wales. The registered office is Galdames Place, Ocean Park, Cardiff, South Glamorgan, United Kingdom, CF24 5RE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of MSS Group Limited. These consolidated financial statements are available from its registered office at MSS House, Galdames Place, Ocean Park, Cardiff, Wales, CF24 5RE.

1.2 Going concern

The financial statements have been prepared on a going concern basis which assumes the company will continue in operational existence for the foreseeable future. In making their assessment the directors have reviewed the balance sheet, the likely future cash flows of the business and have considered the working capital facilities that are in place at the date of signing the report.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents amounts recovered on contracts net of VAT. Turnover is recognised when the services are provided.

MSS FACILITIES SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Intangible fixed assets - goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2005, is being amortised evenly over its estimated useful life of twenty years.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	25% on cost
Fixtures, fittings & equipment	25% on cost
Computer equipment	25% on cost
Motor vehicles	25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

MSS FACILITIES SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

MSS FACILITIES SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

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

MSS FACILITIES SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

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

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

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

1.12 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.13 Leases

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

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

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

MSS FACILITIES SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2022 £	2021 £
Turnover analysed by class of business		
General industrial services	15,143,322	13,369,204
	<u>15,143,322</u>	<u>13,369,204</u>
	2022 £	2021 £
Other significant revenue		
Interest income	2,175	-
Grants received	-	17,919
	<u>2,175</u>	<u>17,919</u>
	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom	15,143,322	13,369,204
	<u>15,143,322</u>	<u>13,369,204</u>

MSS FACILITIES SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(17,919)
Fees payable to the company's auditor for the audit of the company's financial statements	5,000	5,000
Depreciation of owned tangible fixed assets	84,342	190,491
Depreciation of tangible fixed assets held under finance leases	63,882	69,366
Profit on disposal of tangible fixed assets	-	(35,666)
Amortisation of intangible assets	6,042	6,042
Operating lease charges	49,556	41,755
	<u> </u>	<u> </u>

5 Employees

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

	2022 Number	2021 Number
Administrative staff	51	44
Cleaning and maintenance staff	358	337
	<u> </u>	<u> </u>
Total	409	381
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	8,702,127	7,943,013
Social security costs	789,841	721,244
Pension costs	171,212	157,979
	<u> </u>	<u> </u>
	9,663,180	8,822,236
	<u> </u>	<u> </u>

6 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	81,049	116,877
Company pension contributions to defined contribution schemes	169	-
	<u> </u>	<u> </u>
	81,218	116,877
	<u> </u>	<u> </u>

MSS FACILITIES SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

7 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Interest on bank deposits	2,175	-
	<u>2,175</u>	<u>-</u>

8 Interest payable and similar expenses

	2022	2021
	£	£
Other interest on financial liabilities	6,813	3,804
Interest on finance leases and hire purchase contracts	7,200	21,055
	<u>14,013</u>	<u>24,859</u>

9 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	97,843	113,574
Adjustments in respect of prior periods	-	(9,283)
	<u>97,843</u>	<u>104,291</u>
Deferred tax		
Origination and reversal of timing differences	20,348	8,844
Adjustment in respect of prior periods	(19,154)	-
	<u>1,194</u>	<u>8,844</u>
Total tax charge	<u>99,037</u>	<u>113,135</u>

MSS FACILITIES SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	504,106	526,932
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	95,780	100,117
Tax effect of expenses that are not deductible in determining taxable profit	7,135	22,301
Adjustments in respect of prior years	(19,154)	-
Effect of change in corporation tax rate	17,171	-
Research and development tax credit	-	(9,283)
Enhanced Allowances	(1,895)	-
Taxation charge for the year	99,037	113,135

11 Intangible fixed assets

	Goodwill £
Cost	
At 1 April 2021 and 31 March 2022	120,845
Amortisation and impairment	
At 1 April 2021	96,851
Amortisation charged for the year	6,042
At 31 March 2022	102,893
Carrying amount	
At 31 March 2022	17,952
At 31 March 2021	23,994

Goodwill relates to the acquisition of shares in MEM Group Plc on 31 October 2005. Amortisation is being calculated over its economic life of 20 years.

MSS FACILITIES SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

12 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2021	914,788	301,097	20,712	197,708	1,434,305
Additions	153,871	12,491	-	15,096	181,458
At 31 March 2022	1,068,659	313,588	20,712	212,804	1,615,763
Depreciation and impairment					
At 1 April 2021	634,905	301,097	15,965	176,603	1,128,570
Depreciation charged in the year	136,544	-	4,747	6,933	148,224
At 31 March 2022	771,449	301,097	20,712	183,536	1,276,794
Carrying amount					
At 31 March 2022	297,210	12,491	-	29,268	338,969
At 31 March 2021	279,883	-	4,747	21,105	305,735

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2022 £	2021 £
Plant and machinery	203,592	221,712

13 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	3,480,678	3,627,338
Gross amounts owed by contract customers	37,285	161,273
Corporation tax recoverable	19,269	9,283
Amounts owed by group undertakings	1,728,086	1,819,802
Other debtors	160,421	178,661
Prepayments and accrued income	122,130	96,596
	5,547,869	5,892,953

MSS FACILITIES SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

14 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Obligations under finance leases	16	65,938	82,574
Trade creditors		566,599	607,929
Amounts owed to group undertakings		1,226,986	2,009,028
Corporation tax		97,843	114,265
Other taxation and social security		503,754	684,429
Other creditors		2,334,093	2,087,750
Accruals and deferred income		601,549	506,764
		<u>5,396,762</u>	<u>6,092,739</u>

Included within other creditors is £2,327,159 (2021 - £2,075,323) in relation to balances drawn down on the company's invoice discounting facility at the year end. The invoice discounting creditor is secured by a fixed charge over all of the debts purchased from the company and their associated rights and fixed and floating charges covering all property or undertaking of the company.

15 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Obligations under finance leases	16	61,051	92,879
		<u>61,051</u>	<u>92,879</u>

16 Finance lease obligations

	2022 £	2021 £
Future minimum lease payments due under finance leases:		
Within one year	65,938	82,572
In two to five years	61,051	92,881
	<u>126,989</u>	<u>175,453</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

MSS FACILITIES SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2022 £	Liabilities 2021 £
Balances:		
ACAs	78,237	72,832
Retirement benefit obligations	-	(2,479)
Other Short term timing differences	(6,690)	-
	<u>71,547</u>	<u>70,353</u>
		2022 £
Movements in the year:		
Liability at 1 April 2021		70,353
Charge to profit or loss		1,194
		<u>71,547</u>

The deferred tax liability set out above is expected to reverse in line with the associated depreciation rates and relates to accelerated capital allowances that are expected to mature within the same period.

18 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	171,212	157,979
	<u>171,212</u>	<u>157,979</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

19 Share capital

	2022 £	2021 £
Ordinary share capital		
Issued and fully paid		
12,500 Ordinary of £1 each	12,500	12,500
	<u>12,500</u>	<u>12,500</u>

20 Financial commitments, guarantees and contingent liabilities

A cross guarantee exists between MSS Group Limited and its subsidiary companies regarding security over loan and banking facilities provided to MSS Group Limited from Lloyds Bank Plc.

MSS FACILITIES SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

21 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	15,670	19,549
Between two and five years	14,293	14,849
	<u>29,963</u>	<u>34,398</u>

22 Related party transactions

The company has taken advantage of the exemption under Section 33.1a of FRS 102 and has not disclosed details of transactions or balances with other wholly-owned group companies.

23 Ultimate controlling party

The parent undertaking for which consolidated accounts are prepared is MSS Group Limited. Registered Office: MSS House Galdames Place, Ocean Park, Cardiff, Cardiff, UK, CF24 5RE.

On 10 June 2022 the Ultimate Controlling Party became RSK Group Ltd a company incorporated in the UK.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.