

Registered number: 05572730

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# ATLAS FACILITIES MANAGEMENT LIMITED

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## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019



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**ATLAS FACILITIES MANAGEMENT LIMITED**

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**COMPANY INFORMATION**

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| <b>Directors</b>            | N J Earley<br>R W Empson<br>Atlas FM Limited  |
| <b>Registered number</b>    | 05572730  |
| <b>Registered office</b>    | 82 Hampton Road West<br>Hanworth<br>Middlesex<br>TW13 6DZ   |
| <b>Independent auditors</b> | Barnes Roffe LLP<br>Chartered Accountants & Statutory Auditors<br>3 Brook Business Centre<br>Cowley Mill Road<br>Uxbridge<br>Middlesex<br>UB8 2FX |

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## **ATLAS FACILITIES MANAGEMENT LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **Introduction**

The principal activity of the company continues to be that of contract cleaning.

#### **Business review**

We are pleased to report a continuation of successful growth with our management team having once again exceeded expectations.

We are seeing the benefits of our national footprint through which we are able to offer our clients a properly supported service combining local knowledge and staffing throughout the UK, delivered by a professional and financially robust single source supplier.

The National Living Wage and staff recruitment remain a challenge but we work closely with our clients and are confident that these issues will continue to be well managed. Our loyal staff ensure that the business continues to perform well with prestigious new clients joining our portfolio and trading during 2020 to date fully on track.

#### **Principal risks and uncertainties**

The company's primary financial instruments are bank overdrafts, trade debtors, trade creditors and intercompany balances. These arise directly from the company's trading operations and management have implemented policies to monitor and control the liquidity and credit risks which derive from their financial assets and liabilities. Liquidity risk is managed by the company's finance director using simple forecasting and projection methods. Credit risk is managed through the use of a credit controller.

#### **Financial key performance indicators**

The directors monitor the performance of the group with reference to the following financial key performance indicators:

- The company's turnover increased from £44,101,301 to £45,789,358.
- The company's gross profit increased from £4,354,921 to £6,719,950.

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## ATLAS FACILITIES MANAGEMENT LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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#### **Directors' statement of compliance with duty to promote the success of the Company**

As the board at Atlas FM we are of course fully aware that we have a legal responsibility under section 172 of the Companies Act 2006 to act in the way we consider, in good faith, would be most likely to promote the company's success for the benefit of its members as a whole (why else would we be in business?) and to have regard to the long term effect of our decisions on the company and its stakeholders. This statement addresses the ways in which we as a board approach this responsibility.

Atlas FM, through its operating companies, has provided cleaning, security and related facilities management services since formation in 1986 with the business still owned and overseen by its founders. We always have a mind to our long term and highly valued relationships with our employees, customers and suppliers along with any potential impact we might have on the wider economy and environment.

Our staff are our key asset and as such we ensure that they are treated fairly and with respect. Our high rate of staff retention speaks for itself. During this unprecedented time of global pandemic we have ensured that their interests have been at the forefront of our business management process and whilst we have gratefully benefited from the government's superb furlough scheme we have brought staff back into operational roles as quickly as possible, with the majority now being again gainfully employed and with limited job losses.

To state the obvious, without customers we would have no business and of course we ensure that our service levels are maintained both during normal times and through the course of the pandemic. We work closely with our client base and ensure that we tailor our services to their needs. Our business continues to thrive even during these difficult times which has been achieved by ensuring that we meet customer needs, something which is facilitated by our fantastic workforce.

Our suppliers are a key element of our service delivery chain and we ensure that we partner with the right businesses and have appropriate processes in place to manage and maintain strong relationships with these critical partners. We ensure that we pay our suppliers promptly.

We are fully cognisant of the potential impact of our business on the wider environment and the people we engage with. We follow up to date environmental and health and safety policy and practice with a team of dedicated qualified professionals employed to ensure we fulfil our responsibilities. Being a consistently profitable business we pay corporation tax along with the collection and transmission of the range of sales and payroll taxes, thus making a very significant direct financial contribution to the wider economy (in addition to the indirect impact of employment).

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## ATLAS FACILITIES MANAGEMENT LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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#### Future developments

After a record financial performance for the year ending 31 December 2019, we were delighted to follow this with our best ever quarter to 31 March 2020.

Unfortunately, the world was then hit with the Covid-19 pandemic and the re-set button pressed. This has been an incredibly difficult and worrying time for all and in particular business owners and their employees. The majority of businesses have been supported by the government's job support scheme and working in an industry where our employees usually work at client sites, many of which closed, we have by necessity taken advantage of this critical business support. This allowed us to avoid wide-scale redundancies and once the business world began to resurface from lockdown a high proportion of our staff were brought back from furlough and back to work.

Certain business sectors where we operate, such as hospitality, remain strongly challenged and this has had, and will continue to have, a negative impact on our operations. This represents around 10% of our business and of course is of concern to us, particularly with its impact on our staff.

Subject to the vagaries of Covid-19 itself and indeed the government's approach to the challenges presented, we are confident that our business is back on track. We continued to operate profitably through the second quarter of 2020, benefiting from a strong presence in quasi-government and manufacturing sectors. Whilst a number of clients are closing premises permanently or reducing their service requirement, we are winning new business and this has allowed us to switch staff from the more challenged sectors, thus retaining jobs for our valued workforce.

We have always financially managed our business conservatively and have ensured that we do not have significant unavoidable fixed costs with minimal property and asset leases and have maintained sufficient working capital to allow us to operate with a minimum of financial stress. We are confident that we will continue to prosper during the coming period despite the obvious challenges of the pandemic.

This report was approved by the board on *29<sup>th</sup> September, 2020* and signed on its behalf.

  
**N J Earley**  
Director

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## ATLAS FACILITIES MANAGEMENT LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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The directors present their report and the financial statements for the year ended 31 December 2019.

#### Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

#### Results and dividends

The profit for the year, after taxation, amounted to £3,213,089 (2018 - £550,245).

No dividends have been declared in the year under review (2018 - £Nil).

#### Directors

The directors who served during the year were:

N J Earley  
R W Empson  
Atlas FM Limited

#### Disabled employees

It is the company's policy to give disabled people full and fair consideration for all job vacancies for which they offer themselves as suitable candidates, having regard to their particular aptitudes and abilities. Training and career development opportunities are available to all employees and the company endeavours to retrain any member of staff who develops a disability while in the employment of the company.

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**ATLAS FACILITIES MANAGEMENT LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Matters covered in the strategic report**

The company has chosen in accordance with section 414C of the Companies Act 2006, to set out financial risk management objectives and policies within the strategic report.

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Auditors**

The auditors, Barnes Roffe LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on *29<sup>th</sup> September, 2020* and signed on its behalf.



**N J Earley**  
Director

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## **ATLAS FACILITIES MANAGEMENT LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATLAS FACILITIES MANAGEMENT LIMITED**

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#### **Opinion**

We have audited the financial statements of Atlas Facilities Management Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 December 2019 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 Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.



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## **ATLAS FACILITIES MANAGEMENT LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATLAS FACILITIES MANAGEMENT LIMITED (CONTINUED)**

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#### **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 Auditors' 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 this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

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## ATLAS FACILITIES MANAGEMENT LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATLAS FACILITIES MANAGEMENT LIMITED (CONTINUED)

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#### Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 4, 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.


#### Auditors' 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 Auditors' 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 Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

#### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

  
Mark Hancock FCA (Senior statutory auditor)  
for and on behalf of  
**Barnes Roffe LLP**  
Chartered Accountants & Statutory Auditors  
3 Brook Business Centre  
Cowley Mill Road  
Uxbridge  
Middlesex  
UB8 2FX

Date: 30 September 2020

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**ATLAS FACILITIES MANAGEMENT LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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|  | Note | 2019<br>£            | 2018<br>£          |
|--|------|----------------------|--------------------|
| Turnover   | 4    | 45,789,358           | 44,101,301         |
| Cost of sales                                      |      | (39,069,408)         | (39,746,380)       |
| <b>Gross profit</b>                                |      | <b>6,719,950</b>     | <b>4,354,921</b>   |
| Administrative expenses                            |      | (2,736,651)          | (3,602,880)        |
| <b>Operating profit</b>                            | 5    | <b>3,983,299</b>     | <b>752,041</b>     |
| Interest payable and expenses                      | 9    | (17,718)             | (58,264)           |
| <b>Profit before tax</b>                           |      | <b>3,965,581</b>     | <b>693,777</b>     |
| Tax on profit                                      | 10   | (752,492)            | (143,532)          |
| <b>Profit for the financial year</b>               |      | <b>3,213,089</b>     | <b>550,245</b>     |
| <br><b>Total comprehensive income for the year</b> |      | <br><b>3,213,089</b> | <br><b>550,245</b> |

The notes on pages 12 to 24 form part of these financial statements.

**ATLAS FACILITIES MANAGEMENT LIMITED**  
**REGISTERED NUMBER: 05572730**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

|  | Note | £                | 2018<br>£               | £                | 2018<br>£             |
|--|------|------------------|-------------------------|------------------|-----------------------|
| <b>Fixed assets</b>                            |      |                  |                         |                  |                       |
| Tangible assets                                | 11   |                  | 466,425                 |                  | 120,118               |
| <b>Current assets</b>                          |      |                  |                         |                  |                       |
| Debtors: amounts falling due within one year   | 12   | 7,821,471        |                         | 6,838,700        |                       |
| Cash at bank and in hand                       | 13   | 1,949,240        |                         | 20,438           |                       |
|  |      | <u>9,770,711</u> |                         | <u>6,859,138</u> |                       |
| Creditors: amounts falling due within one year | 14   | (6,239,009)      |                         | (6,253,810)      |                       |
| <b>Net current assets</b>                      |      |                  | <u>3,531,702</u>        |                  | <u>605,328</u>        |
| <b>Total assets less current liabilities</b>   |      |                  | <u>3,998,127</u>        |                  | <u>725,446</u>        |
| <b>Provisions for liabilities</b>              |      |                  |                         |                  |                       |
| Deferred tax                                   | 16   | (76,012)         |                         |                  | (16,420)              |
| <b>Net assets</b>                              |      |                  | <u><u>3,922,115</u></u> |                  | <u><u>709,026</u></u> |
| <b>Capital and reserves</b>                    |      |                  |                         |                  |                       |
| Called up share capital                        | 17   |                  | 2                       |                  | 2                     |
| Profit and loss account                        | 19   | 3,922,113        |                         |                  | 709,024               |
|  |      |                  | <u><u>3,922,115</u></u> |                  | <u><u>709,026</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

*29<sup>th</sup> September, 2020*

  
**N J Earley**  
 Director

The notes on pages 12 to 24 form part of these financial statements.

**ATLAS FACILITIES MANAGEMENT LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

|  | Called up<br>share capital | Profit and<br>loss account | Total equity     |
|--|----------------------------|----------------------------|------------------|
|  | £                          | £                          | £                |
| At 1 January 2019                              | 2                          | 709,024                    | 709,026          |
| <b>Comprehensive income for the year</b>       |                            |                            |                  |
| Profit for the year                            | -                          | 3,213,089                  | 3,213,089        |
| <b>Total comprehensive income for the year</b> | -                          | 3,213,089                  | 3,213,089        |
| <b>Total transactions with owners</b>          | -                          | -                          | -                |
| <b>At 31 December 2019</b>                     | <b>2</b>                   | <b>3,922,113</b>           | <b>3,922,115</b> |

The notes on pages 12 to 24 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

|  | Called up<br>share capital | Profit and<br>loss account | Total equity   |
|--|----------------------------|----------------------------|----------------|
|  | £                          | £                          | £              |
| At 1 January 2018                              | 2                          | 158,779                    | 158,781        |
| <b>Comprehensive income for the year</b>       |                            |                            |                |
| Profit for the year                            | -                          | 550,245                    | 550,245        |
| <b>Total comprehensive income for the year</b> | -                          | 550,245                    | 550,245        |
| <b>Total transactions with owners</b>          | -                          | -                          | -              |
| <b>At 31 December 2018</b>                     | <b>2</b>                   | <b>709,024</b>             | <b>709,026</b> |

The notes on pages 12 to 24 form part of these financial statements.

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## ATLAS FACILITIES MANAGEMENT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1. General information

Atlas Facilities Management Limited is a company limited by shares, incorporated in England and Wales. The address of the registered office is 82 Hampton Road West, Hanworth, Middlesex, TW13 6DZ.

The company's principle activity is that of an industrial cleaning contractor.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Going concern

The directors have taken consideration of the impact of COVID-19 on the business and the withdrawal of the United Kingdom from the European Union. However, the directors are mindful that conditions in the market are uncertain and at the date of this report, it is not possible to reliably determine the effects that these events will have on the company in the future. Nevertheless, the directors note that the company is trading adequately and if this continues, they will have sufficient working capital and other finance available to continue trading for a period of not less than 12 months from the Statement of financial position date. As such, the directors believe that there are no significant uncertainties in their assessment of whether the business is a going concern and therefore have prepared the accounts on a going concern basis.

##### 2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

###### Sale of goods

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

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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## ATLAS FACILITIES MANAGEMENT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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## 2. Accounting policies (continued)

### 2.3 Revenue (continued)

#### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Revenue is recognised at the date cleaning services are provided.

### 2.4 Cashflow statement

The Company has taken exemption from providing a cashflow statement as it is included in the parent company's consolidated financial statements.

### 2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

### 2.6 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### 2.7 Pensions

#### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

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## ATLAS FACILITIES MANAGEMENT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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## 2. Accounting policies (continued)

### 2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### 2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

|                     |   |                   |
|---------------------|---|-------------------|
| Plant and machinery | - | 25% Straight line |
| Office equipment    | - | 33% Straight line |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

### 2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.



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## ATLAS FACILITIES MANAGEMENT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 2. Accounting policies (continued)

##### 2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### 2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

##### 2.14 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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## ATLAS FACILITIES MANAGEMENT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 2. Accounting policies (continued)

##### 2.14 Financial instruments (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

#### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements in applying the above accounting policies that have had the most significant effect on the amounts recognised in the financial statements:

1. Bad debt provision is made based on the company's assessment of the year end trade debtors and their knowledge of the clients and their ability to repay amounts that are due.

#### 4. Turnover

An analysis of turnover by class of business is as follows:

|                   | 2019<br>£         | 2018<br>£         |
|-------------------|-------------------|-------------------|
| Cleaning services | 37,924,788        | 36,121,257        |
| Security services | 6,677,726         | 6,938,007         |
| Sale of goods     | 1,186,844         | 1,042,037         |
|                   | <u>45,789,358</u> | <u>44,101,301</u> |

Analysis of turnover by country of destination:

|                | 2019<br>£         | 2018<br>£         |
|----------------|-------------------|-------------------|
| United Kingdom | 45,789,358        | 44,101,301        |
|                | <u>45,789,358</u> | <u>44,101,301</u> |

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**ATLAS FACILITIES MANAGEMENT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**5. Operating profit**

The operating profit is stated after charging:

|                               | 2019<br>£         | 2018<br>£         |
|-------------------------------|-------------------|-------------------|
| Depreciation                  | 93,325            | 25,912            |
| Other operating lease rentals | 132,897           | 141,861           |
| Pension costs                 | 486,437           | 362,443           |
|                               | <u>          </u> | <u>          </u> |

**6. Auditors' remuneration**

|  | 2019<br>£         | 2018<br>£         |
|--|-------------------|-------------------|
| Fees payable to the Company's auditor for the audit of the Company's annual financial statements | 9,100             | 7,850             |
|  | <u>          </u> | <u>          </u> |

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

**7. Employees**

The average number of employees including directors during the accounting year was 2,468 (2018 - 2,725).

|                                     | 2019<br>£         | 2018<br>£         |
|-------------------------------------|-------------------|-------------------|
| Wages and salaries                  | 31,776,226        | 32,981,963        |
| Social security costs               | 1,929,795         | 2,039,874         |
| Cost of defined contribution scheme | 486,437           | 362,443           |
|                                     | <u>          </u> | <u>          </u> |
|                                     | <u>34,192,458</u> | <u>35,384,280</u> |

**8. Directors' remuneration**

Directors' remuneration during the year was £Nil (2018 - £Nil).

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ATLAS FACILITIES MANAGEMENT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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9. Interest payable and similar expenses

|                                 | 2019<br>£     | 2018<br>£     |
|---------------------------------|---------------|---------------|
| Bank overdraft interest payable | 17,718        | 58,121        |
| Other loan interest payable     | -             | 143           |
|                                 | <u>17,718</u> | <u>58,264</u> |

10. Taxation

|  | 2019<br>£      | 2018<br>£      |
|--|----------------|----------------|
| <b>Corporation tax</b>                           |                |                |
| Current tax on profits for the year              | 692,900        | 127,112        |
| <b>Total current tax</b>                         | <u>692,900</u> | <u>127,112</u> |
| <b>Deferred tax</b>                              |                |                |
| Origination and reversal of timing differences   | 59,592         | 16,420         |
| <b>Total deferred tax</b>                        | <u>59,592</u>  | <u>16,420</u>  |
| <b>Taxation on profit on ordinary activities</b> | <u>752,492</u> | <u>143,532</u> |

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ATLAS FACILITIES MANAGEMENT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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10. Taxation (continued)

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

|  | 2019<br>£             | 2018<br>£             |
|--|-----------------------|-----------------------|
| Profit on ordinary activities before tax   | <u>3,965,581</u>      | <u>693,777</u>        |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%) | <b>753,460</b>        | <b>131,818</b>        |
| <b>Effects of:</b>   |                       |                       |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment                  | 3,128                 | 3,451                 |
| Capital allowances for year in excess of depreciation  | (66,603)              | (17,524)              |
| Other timing differences   | 2,941                 | 9,367                 |
| Origination and reversal of timing differences   | 59,566                | 16,420                |
| <b>Total tax charge for the year</b>   | <u><b>752,492</b></u> | <u><b>143,532</b></u> |

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ATLAS FACILITIES MANAGEMENT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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10. Taxation (continued)

Factors that may affect future tax charges

There were no material factors which may affect tax charges.

11. Tangible fixed assets

|                                     | Plant and<br>machinery<br>£ | Office<br>equipment<br>£ | Total<br>£ |
|-------------------------------------|-----------------------------|--------------------------|------------|
| <b>Cost</b>                         |                             |                          |            |
| At 1 January 2019                   | 132,981                     | 14,993                   | 147,974    |
| Additions                           | 437,182                     | 2,450                    | 439,632    |
| At 31 December 2019                 | 570,163                     | 17,443                   | 587,606    |
| <b>Depreciation</b>                 |                             |                          |            |
| At 1 January 2019                   | 23,483                      | 4,373                    | 27,856     |
| Charge for the year on owned assets | 89,270                      | 4,055                    | 93,325     |
| At 31 December 2019                 | 112,753                     | 8,428                    | 121,181    |
| <b>Net book value</b>               |                             |                          |            |
| At 31 December 2019                 | 457,410                     | 9,015                    | 466,425    |
| At 31 December 2018                 | 109,498                     | 10,620                   | 120,118    |

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**ATLAS FACILITIES MANAGEMENT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**12. Debtors**

|                                    | 2019<br>£        | 2018<br>£        |
|------------------------------------|------------------|------------------|
| Trade debtors                      | 5,605,197        | 6,744,945        |
| Amounts owed by group undertakings | 1,339,011        | 28,977           |
| Other debtors                      | 790,580          | 51,156           |
| Prepayments and accrued income     | 86,683           | 13,622           |
|                                    | <u>7,821,471</u> | <u>6,838,700</u> |

Trade debtors are secured against the company's invoice discounting facility. At the year end, the company was owed £776,244 by (2018 - owed £169,697 to) the finance provider.

**13. Cash and cash equivalents**

|                          | 2019<br>£        | 2018<br>£     |
|--------------------------|------------------|---------------|
| Cash at bank and in hand | 1,949,240        | 20,438        |
|                          | <u>1,949,240</u> | <u>20,438</u> |

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

|                                    | 2019<br>£        | 2018<br>£        |
|------------------------------------|------------------|------------------|
| Trade creditors                    | 812,604          | 935,724          |
| Corporation tax                    | 442,900          | 127,112          |
| Other taxation and social security | 2,458,683        | 2,323,679        |
| Other creditors                    | 2,437,052        | 2,370,042        |
| Accruals and deferred income       | 87,770           | 497,253          |
|                                    | <u>6,239,009</u> | <u>6,253,810</u> |

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**ATLAS FACILITIES MANAGEMENT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**15. Financial instruments**

|   | 2019<br>£        | 2018<br>£        |
|---|------------------|------------------|
| <b>Financial assets</b>   |                  |                  |
| Financial assets that are debt instruments measured at amortised cost | <u>7,815,499</u> | <u>6,825,078</u> |
| <b>Financial liabilities</b>  |                  |                  |
| Financial liabilities measured at amortised cost                      | <u>3,330,367</u> | <u>3,305,766</u> |

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and other debtors and amounts owed by group undertakings.

Financial liabilities measure at amortised cost comprise trade creditors, other creditors and amounts owed to group undertakings.

**16. Deferred taxation**

|  | 2019<br>£            |
|--|----------------------|
| At beginning of year                             | 16,420               |
| Charged to the Statement of comprehensive income | 59,592               |
| <b>At end of year</b>                            | <u><u>76,012</u></u> |

The provision for deferred taxation is made up as follows:

|                                | 2019<br>£            | 2018<br>£            |
|--------------------------------|----------------------|----------------------|
| Accelerated capital allowances | <u>76,012</u>        | <u>16,420</u>        |
|                                | <u><u>76,012</u></u> | <u><u>16,420</u></u> |



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## ATLAS FACILITIES MANAGEMENT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 17. Share capital

|   | 2019<br>£ | 2018<br>£ |
|---|-----------|-----------|
| <b>Allotted, called up and fully paid</b> |           |           |
| 2 Ordinary shares of £1 each              | 2         | 2         |
|   | <u>2</u>  | <u>2</u>  |

#### 18. Contingent liabilities

The company has provided an intercompany guarantee covering Atlas Cleaning Limited, Atlas Contractors Limited, Atlas Managed Integrated Services Limited and Atlas FM Limited. At the year end the potential liability of Atlas Cleaning Limited was £Nil (2018 - £Nil).

There is a bank guarantee of £1,040,000 (2018 - £Nil) relating to a loan secured against a property held by a group company.

#### 19. Reserves

##### Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

#### 20. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £486,437 (2018 - £362,443).

#### 21. Related party transactions

The company has taken advantage of the exemption in FRS 102 Section 33: Related party disclosures from the requirement to disclose transactions with other wholly owned group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

The company has made purchases of £85,306 (2018 - £82,850) from Uniform Express Limited, a company with common directors. Included within trade creditors is an amount of £69,378 (2018 - £33,226) which was outstanding at the year end.

The company has made purchases of £1,891,992 (2018 - £Nil) from Hayes Hygiene Limited, a company under common control. Included within trade creditors is an amount of £184,449 (2018 - £Nil) which was outstanding at the year end.

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**ATLAS FACILITIES MANAGEMENT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**22. Controlling party**

The ultimate parent company is Atlas FM Limited, a company incorporated in England and Wales. That company has prepared group accounts for the year ended 31 December 2019. Consolidated accounts for Atlas FM Limited are available at Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ. This is the only company in the group which prepares consolidated accounts.

The directors of Atlas FM Limited are of the opinion that there is no individual controlling party.