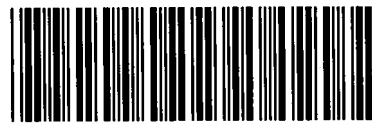


Financial Statements

Lesprit Limited

For the year ended 29 February 2016

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COMPANIES HOUSE

Company No. 8020588

Company information

Company registration number: 8020588

Directors:
R Morgan
A J Tough
S Adcock
M R Dixon
C M Coulton

Registered office:
Apollo House
6 Bramley Road
Mount Farm
MILTON KEYNES
MK1 1PT

Secretary:
Maclay Murray & Spens LLP
1 George Square
GLASGOW
G2 1AL

Bankers:
National Westminster Bank plc
501 Silbury Boulevard
Saxon Gate East
MILTON KEYNES
MK9 3ER

Solicitors:
Maclay Murray & Spens LLP
1 George Square
GLASGOW
G2 1AL

Auditor:
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Grant Thornton House
202 Silbury Boulevard
CENTRAL MILTON KEYNES
MK9 1LW

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Report of the directors

The directors present their report together with financial statements for the year ended 29 February 2016.

Directors

The directors who served the company during the year were as follows:

A McMurray (resigned 2 July 2015)
M E Hall
A J Tough
R Morgan
S Adcock (appointed 1 July 2015)

Mr M E Hall resigned from the Board on 3 March 2016. Mr M R Dixon and Mr C M Coulton were appointed to the Board on 3 March 2016 and 1 July 2016 respectively.

Financial risk management objectives and policies

The group's principal financial instruments comprise cash loan notes and various items, such as trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

The existence of these financial instruments exposes the group to a number of financial risks. The main risks arising from the group's financial instruments are credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Credit risk

The group seeks to manage its credit risk by dealing with blue-chip customers only, establishing clear contractual relationships with those customers, and by identifying and addressing any credit issues arising in a timely manner.

Interest rate risk

The group's principal financial liability is a shareholder loan note. Interest on the loan note is at a fixed rate. Interest to date has been accrued in full and not paid, to assist group cashflows.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Post balance sheet event

On 28 September 2016, Lesprit Limited and Lloyds Development Capital (Holdings) Limited signed a loan note variation thereby extending the repayment date of the loan from 1 December 2016 to 1 December 2018.

Report of the directors (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the directors, the Strategic 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); including FRS 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 and then apply them consistently
- make judgments and 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 group 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.

In so far as each of the directors is aware:

- there is no relevant audit information of which the company and the group's auditor is unaware; and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on 24 November 2016 and signed on its behalf.

ON BEHALF OF THE BOARD

A J Tough
Director



Strategic report

Principal activities

The company acts as a holding company. The principal activity of the trading entities within the group is the provision of effective, trustworthy and quality services in the fields of Facilities Management, Process Re-Engineering, Procurement, Financial Control, CSR and Energy Efficiencies, Asset Tagging and Software Solutions to major commercial and retail groups in the UK and overseas.

Business review and future developments

The group continues to provide high-quality services in the Facilities Management sector to major national and international organisations, both in the UK and in Continental Europe. We are proud to support these prestigious clients and look forward to working in partnership with them for many years to come. We work to rigorous operational targets agreed with clients, and our staff work hard to ensure that we meet these high standards.

Despite the loss of the WM Morrisons Supermarket plc contract during the year, following their strategic decision to take facilities management in-house, the Lesprit Group maintained turnover, in-line with the previous financial year, in excess of £196,000,000. This was in part due to the successfully mobilisation of a major new client in the UK, the retail pharmacy group Celesio / Lloyds, on 1st May 2015..

Furthermore, our relationship with Waitrose and John Lewis Partnership continues to strengthen with a new three year contract, including additional services, due to be signed before the end of November 2016. In Continental Europe, our relationship with our major customer, Auchan, also continues to strengthen as we are in the process of signing a new three year contract, increasing the level of services and divisions that we support. Furthermore, Auchan management is actively promoting the AMF model to their businesses across Continental Europe, including Luxembourg, Romania and Russia and we are currently delivering a proof of concept trial to Auchan Romania.

To further the growth of the business and win new high quality clients, we have continued to invest in our business development function in the UK and Continental Europe. As a result of this, and in addition to the successful mobilisation of Celesio / Lloyds, we mobilised Arqiva (a leading UK communications infrastructure company) in April 2016. This is an exciting development for our UK business, Maintenance Management Limited ("MML") into a new sector of operation, implementing our strategy to build a diverse portfolio of clients.

The business has a substantial pipeline of major opportunities across the UK and Continental Europe and we are confident that we will secure further high quality clients over the next year to continue to drive the business forward.

Strategic report (continued)

Going concern

Many of the efficiencies and improvements planned have now been implemented and are resulting in improved profitability and positive cash flows going forward.

The investors are pleased with the progress of the group and the improving financial performance means the guaranteed bank facilities are no longer required. In addition, an agreement to extend the repayment date of the shareholder loan to 1 December 2018 has been signed.

Our customer service performance targets continue to match our clients' expectations and client feedback continues to be positive. In addition, active bidding for new clients both in the UK and Continental Europe is taking place.

As a result, the financial statements have been prepared on a going concern basis, which assumes the continued support for the foreseeable future from the group's bankers and investors.

Principal risks and uncertainties

In terms of key risks, the Board expect pricing pressure in the current competitive climate to remain intense, although some protection is afforded by having fixed fee contracts lasting typically three years, and the group is constantly looking for efficiencies to provide an enhanced value for money service to clients.

As the client base is largely blue-chip national and international companies, credit risk is a relatively low risk factor in this business. Similarly, although we operate in the UK and France, we have zero transactional currency risk as revenues and costs stay within each country, producing a natural currency hedge. Cash flow risk is similarly low, as our income from fees is received monthly and our outgoing expenditures are primarily people costs and therefore monthly also. Both these cash streams are relatively predictable.

Financial key performance indicators

The group's profitability fell slightly in 2016 with an Operating Profit of £298,581 before exceptional items versus an Operating Profit in 2015 of £386,268. This was largely due to the benefit of the last few months of the Boots contract in the first quarter of 2015 otherwise 2016, on a like-for-like basis, was actually marginally better.

Exceptional restructuring costs were negligible in the year, an indication of the relative stability of the business following several years of transformational activity.

Similarly, in terms of cash, the group achieved a healthy cash position at February 2016 which is the result of trading profitably over a considerable period. A small amount of the cash balances relates to buffer amounts of cash in group bank accounts for client contractor payments, but the vast majority relates to the trading surplus in the MML and AMF bank accounts.

The group incurs loan interest due to LDC on the outstanding loan notes. In prior years all the interest has been accrued rather than paid out in cash, which reflects LDC's commitment to the business, however, the group was able to make an interim interest repayment of £600,000 in June 2015 having established a healthy and sustained cash balance over the last two years.

Strategic report (continued)

Other key performance indicators

We continue to meet the performance targets agreed with our clients from an operational perspective, covering metrics such as time to answer, average speed of answer, work orders completed, work orders overdue etc. We review these metrics with our clients on a regular basis, to ensure that we are meeting customer expectations.

Post balance sheet event

On 28 September 2016, Lesprit Limited and Lloyds Development Capital (Holdings) Limited signed a loan note variation thereby extending the repayment date of the loan from 1 December 2016 to 1 December 2018.

ON BEHALF OF THE BOARD

A J Tough
Director

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a series of loops and a final vertical stroke.



Independent auditor's report to the members of Lesprit Limited

We have audited the financial statements of Lesprit Limited for the year ended 29 February 2016 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 29 February 2016 and of the group's loss 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.



Independent auditor's report to the members of Lesprit Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Report of the directors and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

Grant Thornton UK LLP

Laura Brierley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

30 November 2016

Consolidated income statement

	Note	2016 £	2015 £
Turnover	4	196,162,837	196,319,343
Cost of sales		<u>(188,879,741)</u>	<u>(188,922,970)</u>
Gross profit		7,283,096	7,396,373
Administrative expenses		<u>(6,984,515)</u>	<u>(7,010,105)</u>
Operating profit		298,581	386,268
Exceptional items:			
Restructuring costs of continuing operations		(8,469)	(143,034)
Net interest	6	<u>(642,312)</u>	<u>(510,729)</u>
Loss on ordinary activities before taxation	4	(352,200)	(267,495)
Tax on loss on ordinary activities	7	<u>(42,559)</u>	<u>34,864</u>
Loss transferred to reserves		<u><u>(394,759)</u></u>	<u><u>(232,631)</u></u>

All activities are classed as continuing.

The accompanying notes form part of these financial statements.

Consolidated statement of comprehensive income

	2016 £	2015 £
Loss for the financial year	(394,759)	(232,631)
Other comprehensive income:		
Exchange movement relating to net assets of foreign subsidiary undertakings	8,017	(14,630)
Total comprehensive income for the year	<u>(386,742)</u>	<u>(247,261)</u>

Consolidated statement of financial position

	Note	£	2016 £	£	2015 £
Fixed assets					
Intangible assets	9		3,076,911		3,346,952
Tangible assets	10		<u>84,044</u>		<u>99,146</u>
			3,160,955		3,446,098
Current assets					
Debtors	12	39,694,526		42,106,634	
Cash at bank	13	<u>1,621,924</u>		<u>1,898,879</u>	
		41,316,450		44,005,513	
Creditors: amounts falling due within one year	14	<u>(40,550,424)</u>		<u>(43,242,079)</u>	
Net current assets			<u>766,026</u>		<u>763,434</u>
Total assets less current liabilities			3,926,981		4,209,532
Creditors: amounts falling due after more than one year	15		(5,586,549)		(5,482,358)
Provisions for liabilities and charges	17		<u>-</u>		<u>-</u>
			<u>(1,659,568)</u>		<u>(1,272,826)</u>
Capital and reserves					
Share capital	19		47,500		47,500
Share premium	20		45,500		45,500
Foreign exchange translation reserve	20		(4,439)		(12,456)
Profit and loss account	20		<u>(1,748,129)</u>		<u>(1,353,370)</u>
Shareholders' funds			<u>(1,659,568)</u>		<u>(1,272,826)</u>

These financial statements were approved and authorised for issue by the directors on 24 November 2016 and are signed on their behalf by:

A J Tough
Director



Registration number 8020588

The accompanying notes form part of these financial statements.

Company statement of financial position

	Note	£	2016 £	£	2015 £
Fixed assets					
Investments	11		4,490,215		4,490,215
Current assets					
Debtors	12	208,570		208,570	
Cash at bank		-		-	
		208,570		208,570	
Creditors: amounts falling due within one year	14	<u>(1,040,563)</u>		<u>(500,350)</u>	
Net current liabilities			<u>(831,993)</u>		<u>(291,780)</u>
Total assets less current liabilities			3,658,222		4,198,435
Creditors: amounts falling due after more than one year	15		<u>(5,586,549)</u>		<u>(5,482,358)</u>
			<u>(1,928,327)</u>		<u>(1,283,923)</u>
Capital and reserves					
Share capital	19		47,500		47,500
Share premium	20		45,500		45,500
Profit and loss account	20		<u>(2,021,327)</u>		<u>(1,376,923)</u>
Shareholders' funds			<u>(1,928,327)</u>		<u>(1,283,923)</u>

These financial statements were approved and authorised for issue by the directors on 24 November 2016 and are signed on their behalf by:

A J Tough
 Director



Registration number 8020588

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity

	Called-up share capital	Share premium account	Foreign exchange translation reserve	Profit and loss account	Total
	£	£	£	£	£
At 1 March 2014	47,500	45,500	2,174	(1,120,739)	(1,025,565)
Loss for the year	-	-	-	(232,631)	(232,631)
Other comprehensive income	-	-	(14,630)	-	(14,630)
Total comprehensive income for the year	-	-	(14,630)	(232,631)	(247,261)
Dividends paid	-	-	-	-	-
At 28 February 2015	47,500	45,500	(12,456)	(1,353,370)	(1,272,826)
Loss for the year	-	-	-	(394,759)	(394,759)
Other comprehensive income	-	-	8,017	-	8,017
Total comprehensive income for the year	-	-	8,017	(394,759)	(386,742)
Dividends paid	-	-	-	-	-
At 29 February 2016	47,500	45,500	(4,439)	(1,748,129)	(1,659,568)

The accompanying notes form part of these financial statements.

Company statement of changes in equity

	Called-up share capital	Share premium account	Profit and loss account	Total
	£	£	£	£
At 1 March 2014	47,500	45,500	(842,517)	(749,517)
Loss for the year	-	-	(534,406)	(534,406)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(534,406)	(534,406)
Dividends paid	-	-	-	-
At 28 February 2015	47,500	45,500	(1,376,923)	(1,283,923)
Loss for the year	-	-	(644,404)	(644,404)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(644,404)	(644,404)
Dividends paid	-	-	-	-
At 29 February 2016	47,500	45,500	(2,021,327)	(1,928,327)

Consolidated statement of cash flows

	2016 £	2015 £
Cash flows from operating activities		
Loss for the financial year	(394,759)	(232,631)
Adjustments for:		
Amortisation of intangible assets	297,797	297,369
Loss on disposal of intangible fixed assets	1,125	-
Depreciation of tangible assets	56,024	70,057
Loss on disposal of tangible fixed assets	1,337	751
Interest payable	644,270	513,329
Interest receivable	(1,958)	(2,600)
Taxation	42,559	(34,864)
Decrease in trade and other debtors	2,415,027	4,410,893
Decrease in trade and other creditors	(2,639,172)	(4,396,424)
Foreign exchange movements	(9,955)	(23,023)
Cash from operations	412,295	602,857
Income taxes paid	(43,886)	(60,903)
Net cash generated from operating activities	368,409	541,954
Cash flows from investing activities		
Purchases of tangible assets	(42,078)	(29,007)
Purchases of intangible assets	(28,630)	(96,724)
Acquisitions	-	(25,000)
Interest received	1,958	2,600
Net cash from investing activities	(68,750)	(148,131)
Cash flows from financing activities		
Interest paid	(600,079)	(8,859)
Net cash used in financing activities	(600,079)	(8,859)
Net (decrease)/increase in cash and cash equivalents	(300,420)	384,964
Foreign exchange translation adjustment	4,070	(3,279)
Cash and cash equivalents at the beginning of year	1,898,879	1,517,194
Cash and cash equivalents at end of year	1,602,529	1,898,879

The accompanying notes form part of these financial statements.

Notes to the financial statements

1 General information

Lesprit Limited ("the Company") is a private limited company domiciled and incorporated in England. The entity is registered at Apollo House, 6 Bramley Road, Mount Farm, Milton Keynes MK1 1PT.

The company acts as a holding company. The principal activity of the trading entities within the group is the provision of effective, trustworthy and quality services in the fields of Facilities Management, Process Re-Engineering, Procurement, Financial Control, CSR and Energy Efficiencies, Asset Tagging and Software Solutions to major commercial and retail groups in the UK and overseas.

2 Accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 and with the Companies Act 2006. The financial statements have been prepared under the historical cost basis as modified by the revaluation of freehold property and in accordance with applicable accounting standards.

The Group transitioned from previously extant UK GAAP to FRS 102 as at 1 March 2014. This is the first year in which the financial statements have been prepared under FRS 102. The impact of the transition has been detailed in note 30.

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 5.

The following principal accounting policies have been applied:

2.2 Going concern

At 29 February 2016 the group has a loss after tax of £394,759 (2015: £232,631) and a net liability position of £1,659,568 (2015: £1,272,826). Many of the efficiencies and improvements planned have now been implemented and are resulting in improved profitability and positive cash flows going forward.

The investors are pleased with the progress of the group and the improving financial performance means the guaranteed bank facilities are no longer required. In addition, an agreement to extend the repayment date of the shareholder loan to 1 December 2018 has been signed.

Our customer service performance targets continue to match our clients' expectations and client feedback continues to be positive. In addition, active bidding for new clients both in the UK and Continental Europe is taking place.

As a result, the financial statements have been prepared on a going concern basis, which assumes the continued support for the foreseeable future from the group's bankers and investors.

Notes to the financial statements (continued)

2 Accounting policies (continued)

2.3 Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings (see note 11) drawn up to 29 February 2016.

Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over its estimated useful economic life. The results of companies acquired or disposed of during the year are included in the income statements after or up to the date that control passes respectively. As a consolidated income statement is published, a separate income statement for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

2.4 Goodwill

Goodwill arising on acquisition of subsidiary and associated undertakings and businesses represents any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired. Goodwill is capitalised and written off on a straight-line basis over the directors' estimated useful economic life of 20 years.

The carrying value of goodwill is reviewed for impairment in years if events or changes in circumstances indicate the carrying value may not be recoverable.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group 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:

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 group 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.

Notes to the financial statements (continued)

2 Accounting policies (continued)

2.6 Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost, net of depreciation. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

Computer equipment	33% per annum
Plant and machinery	33% per annum
Office equipment	25% per annum
Fixtures and fittings	25% per annum

2.7 Intangible assets (other than goodwill)

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

- Computer software costs 3 years

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

2.8 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only 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.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

Notes to the financial statements (continued)

2 Accounting policies (continued)

2.8 Taxation (continued)

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense or income.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.9 Foreign currency translation

Functional currency and presentation currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are presented in Sterling (£).

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the income statement in the period in which they arise. However, in the consolidated financial statements exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised in other comprehensive income and are not reclassified to the income statement.

Notes to the financial statements (continued)

2 Accounting policies (continued)

2.9 Foreign currency translation (continued)

Translation of group companies

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated from their functional currency to Sterling (£) using the closing exchange rate. Income and expenses are translated using the average rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on the translation of group companies are recognised in other comprehensive income and are not reclassified to the income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate

2.10 Retirement benefits

Defined Contribution Pension Scheme

The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting year.

2.11 Operating lease agreements

Leases where substantially all of the risks and rewards of ownership are not transferred to the group are treated as operating leases. Rentals under operating leases are charged against profits on a straight line basis over the year of the lease.

2.12 Research and development

Research expenditure is charged to profits in the period in which it is incurred. Development costs incurred on specific projects are capitalised when recoverability can be assessed with reasonable certainty and amortised in line with the expected sales arising from the project. All other development costs are written off in the year of expenditure.

2.13 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.

2.14 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.

Notes to the financial statements (continued)

2 Accounting policies (continued)

2.15 Financial instruments

The Company only enters into basic financial instruments 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 non-puttable 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 payables or receivables, 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 the future cash flow 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 income statement.

2.16 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.

2.17 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

2.18 Finance costs

Finance costs are charged to the income statement 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.

2.19 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

Notes to the financial statements (continued)

2 Accounting policies (continued)

2.20 Investments

Investments in subsidiaries and joint ventures are valued at cost less provision for impairment. Equity investments (other than in shares of subsidiaries or joint ventures) are carried at fair value through profit and loss provided fair values can be measured reliably. Where fair value cannot be measured reliably, equity investments are carried at cost less impairment.

3 Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements required management to make significant judgments and estimates. The items in the financial statements where these judgements and estimates have been made include:

Accrued costs

The calculation of cost of sales and the commensurate matching value for income in respect of “pass-through” sub-contractor costs that are sold on to clients is driven by our business systems, which provide data that allows us to assess all likely liabilities. These liabilities are then accrued for where invoices have not been received but does result in significant values remaining accrued for more than six months, often totalling over £3m across all clients. As these accrued costs are also provided to clients to include in their accounting records, a joint process of assessment and review takes place to judge when it is appropriate to release very old accruals where it is considered reasonable to conclude that no invoice will be received for the accrued amount.

Notes to the financial statements (continued)

4 Turnover and loss on ordinary activities before taxation

The turnover and loss on ordinary activities before taxation are attributable to providing integrated maintenance and support services to the retail sector.

All turnover relates to the UK and European market.

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	194,570,995	194,597,497
European Union	1,591,842	1,721,846
	<u>196,162,837</u>	<u>196,319,343</u>

The loss on ordinary activities is stated after:

	2016 £	2015 £
Auditors' remuneration:		
Audit services	8,500	8,000
Non-audit services - audit of subsidiary undertakings	29,000	27,500
- taxation services	7,750	7,500
- other services	1,250	-
Depreciation – owned tangible fixed assets	56,024	70,057
Amortisation – goodwill	188,843	188,843
Amortisation – other intangible fixed assets	108,954	108,526
Operating lease rentals	<u>299,585</u>	<u>284,076</u>

5 Directors and employees

Staff costs during the year were as follows:

	2016 £	2015 £
Wages and salaries	4,544,402	4,565,353
Social security costs	566,772	616,241
Other pension costs	80,883	66,503
	<u>5,192,057</u>	<u>5,248,097</u>

Notes to the financial statements (continued)

5 Directors and employees (continued)

The average number of employees of the group, including directors, during the year was:

	2016 Number	2015 Number
Management and administration	<u>201</u>	<u>205</u>

Remuneration in respect of the directors was as follows:

	2016 £	2015 £
Emoluments	<u>310,627</u>	<u>289,572</u>

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2016 £	2015 £
Emoluments	<u>189,585</u>	<u>163,802</u>

6 Net interest

	2016 £	2015 £
Interest payable and similar charges	644,270	513,329
Interest receivable and similar income	<u>(1,958)</u>	<u>(2,600)</u>
	<u>642,312</u>	<u>510,729</u>

7 Tax on loss on ordinary activities

The tax charge/(credit) represents:

	2016 £	2015 £
Corporation tax charge	21,957	40,030
Adjustments in respect of prior years	(5,850)	(72,874)
Overseas taxation	<u>7,109</u>	<u>-</u>
Total current tax	<u>23,216</u>	<u>(32,844)</u>
Origination and reversal of timing allowances - deferred tax	<u>19,343</u>	<u>(2,020)</u>
Tax on loss on ordinary activities	<u>42,559</u>	<u>(34,864)</u>

Notes to the financial statements (continued)

7 Tax on loss on ordinary activities (continued)

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 20.08% (2015 – 21.17%). The differences are explained as follows:

	2016 £	2015 £
Loss on ordinary activities before tax	<u>(352,206)</u>	<u>(267,495)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.08% (2015 – 21.17%).	(70,723)	(56,629)
Effect of:		
Expenses not deductible for tax purposes	83,337	73,948
Unutilised tax losses	32,313	22,532
Other timing differences	-	(1,538)
Differences in tax rates on deferred tax	3,528	-
Marginal relief	(46)	(303)
Adjustment in respect of prior period	<u>(5,850)</u>	<u>(72,874)</u>
Tax charge/(credit) for the year	<u><u>42,559</u></u>	<u><u>(34,864)</u></u>

Factors that may affect future tax charges

Deferred tax provisions have been calculated at 18%, being the rate substantively enacted at the statement of financial position date. Since the year end, a new rate of 17% has been announced which will be effective from 1 April 2020. This will affect the size of the deferred tax recognised in future years.

8 Loss for the financial year

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent's loss for the year is £644,404.

Notes to the financial statements (continued)

9 Intangible fixed assets

The Group

	Computer software £	Development costs £	Goodwill on consolidation £	Total £
Cost				
At 1 March 2015	159,188	167,753	3,776,856	4,103,797
Additions	28,630	-	-	28,630
Disposals	-	(1,125)	-	(1,125)
Exchange difference	-	11,518	-	11,518
	<hr/>	<hr/>	<hr/>	<hr/>
At 29 February 2016	187,818	178,146	3,776,856	4,142,820
	<hr/>	<hr/>	<hr/>	<hr/>
Amortisation				
At 1 March 2015	149,131	80,016	527,698	756,845
Charge for the year	22,091	86,863	188,843	297,797
Exchange difference	-	11,267	-	11,267
	<hr/>	<hr/>	<hr/>	<hr/>
At 29 February 2016	171,222	178,146	716,541	1,065,909
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value is at 29 February 2016	16,596	-	3,060,315	3,076,911
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 28 February 2015	10,057	87,737	3,249,158	3,346,952
	<hr/>	<hr/>	<hr/>	<hr/>

Amortisation of intangible fixed assets is included in administrative expenses. The company had no intangible fixed assets.

Notes to the financial statements (continued)

10 Tangible fixed assets

The Group

	Computer equipment £	Plant and machinery £	Office equipment £	Fixtures and fittings £	Total £
Cost					
At 1 March 2015	225,871	25,081	224,645	72,187	547,784
Additions	34,080	-	7,998	-	42,078
Disposals	-	-	(2,820)	-	(2,820)
Exchange difference	-	-	483	-	483
At 29 February 2016	259,951	25,081	230,306	72,187	587,525
Depreciation					
At 1 March 2015	182,619	22,538	176,049	67,432	448,638
Provided in the year	20,292	2,246	28,919	4,567	56,024
Eliminated on disposal	-	-	(1,483)	-	(1,483)
Exchange difference	-	-	302	-	302
At 29 February 2016	202,911	24,784	203,787	71,999	503,481
Net book amount at 29 February 2016	<u>57,040</u>	<u>297</u>	<u>26,519</u>	<u>188</u>	<u>84,044</u>
Net book amount at 28 February 2015	<u>43,252</u>	<u>2,543</u>	<u>48,596</u>	<u>4,755</u>	<u>99,146</u>

The company had no tangible fixed assets.

11 Fixed asset investments

The company

	Shares in subsidiary undertakings £
Cost and net book value At 28 February 2015 and 29 February 2016	<u>4,490,215</u>

Notes to the financial statements (continued)

11 Fixed asset investments (continued)

At 29 February 2016 the company held more than 20% of the allotted share capital of the following undertakings:

Subsidiary undertakings	Country of incorporation	Class of share capital held	Proportion held	Nature of business
Seckloe 280 Limited	England	Ordinary	100%	Holding company
Maintenance Management Limited	England	Ordinary	100%*	Retail maintenance and support
Atrium MS International Limited	England	Ordinary	100%	Holding company
Atrium Maintenance France SAS	France	Ordinary	100%*	Retail maintenance and support

* shares held by intermediate holding companies

12 Debtors

	2016 £	Group 2015 £	2016 £	Company 2015 £
Amounts falling due within one year:				
Trade debtors	34,032,512	35,160,676	-	-
Amounts owed by group undertakings	-	-	181,578	181,578
Other debtors	308,514	42,155	-	-
Prepayments and accrued income	5,289,904	6,820,864	-	-
Called up share capital not paid	26,992	26,992	26,992	26,992
Deferred tax asset	36,604	55,947	-	-
	<u>39,694,526</u>	<u>42,106,634</u>	<u>208,570</u>	<u>208,570</u>

Trade debtor balances impaired in the current year were £nil (2015- £nil).

Amounts owed by group undertakings are all trading balances repayable on demand and are not subject to any interest.

The deferred tax asset is recoverable after more than one year.

13 Cash and cash equivalents

	Group 2016 £	2015 £
Cash at bank and in hand	<u>1,602,529</u>	<u>1,898,879</u>

Notes to the financial statements (continued)

14 Creditors: amounts falling due within one year

	2016	Group 2015	2016	Company 2015
	£	£	£	£
Trade creditors	33,781,314	34,504,624	-	-
Amounts owed to group undertakings	-	-	1,040,563	440,350
Corporation tax	16,108	36,778	-	-
Social security and other taxes	546,543	547,710	-	-
Other creditors	300,135	499,891	-	60,000
Accruals and deferred income	5,906,324	7,617,449	-	-
	<u>40,550,424</u>	<u>43,206,452</u>	<u>1,040,563</u>	<u>500,350</u>

Amounts owed to group undertakings are all trading balances repayable on demand and are not subject to any interest.

15 Creditors: amounts falling due after more than one year

	2016	Group 2015	2016	Company 2015
	£	£	£	£
Shareholder loan	5,408,079	5,363,888	5,408,079	5,363,888
Other creditors	178,470	118,470	178,470	118,470
	<u>5,586,549</u>	<u>5,482,358</u>	<u>5,586,549</u>	<u>5,482,358</u>

16 Borrowings

Borrowings are repayable as follows:

	2016	Group 2015	2016	Company 2015
	£	£	£	£
After one and within two years				
Shareholder loan	-	5,363,888	-	5,363,888
After two and within five years				
Shareholder loan	5,408,079	-	5,408,079	-
	<u>5,408,079</u>	<u>5,363,888</u>	<u>5,408,079</u>	<u>5,363,888</u>

The shareholder loan represents an Unsecured Loan Note of £ 4,255,000 (2015 - £4,255,000). Interest is payable at 10% per annum and to date has been accrued, compounded and added to, the loan principal. The loan was originally repayable on 1 June 2015, but the term has now been extended initially by a further 18 months and subsequently to 1 December 2018.

Notes to the financial statements (continued)

17 Provisions for liabilities and charges

	Group Deferred taxation (note 12) £	Company Deferred taxation (note 12) £
At 1 March 2016 - asset	55,947	-
Charge for the year	(19,343)	-
	<u>36,604</u>	<u>-</u>
At 29 February 2016 - asset	<u>36,604</u>	<u>-</u>

18 Deferred tax

Deferred taxation recognised as an asset in the financial statements is set out below:

	2016 £	2015 £
Differences between capital allowances and depreciation	5,520	10,410
Other timing differences	<u>31,084</u>	<u>45,537</u>
	<u>36,604</u>	<u>55,947</u>

19 Share capital

	2016 £	2015 £
Authorised		
65,000 A ordinary shares of 30p each	19,500	19,500
28,000 B ordinary shares of £1 each	<u>28,000</u>	<u>28,000</u>
	<u>47,500</u>	<u>47,500</u>
Allotted, called up and fully paid		
65,000 A ordinary shares of 30p each	<u>19,500</u>	<u>19,500</u>
Allotted, called up and partly paid		
28,000 B ordinary shares of £1 each		
- unpaid	26,992	26,992
- paid	<u>1,008</u>	<u>1,008</u>
	<u>28,000</u>	<u>28,000</u>

There are equal voting rights in respect of A ordinary shares and B ordinary shares, subject to A ordinary shareholders holding no more than 49.9% of total voting rights, except where there is a breach of the company's articles where the A ordinary shareholders will be deemed to hold 95% of total voting rights of all shares at that time.

Notes to the financial statements (continued)

20 Reserves

Called up share capital

This represents the nominal value of shares that have been issued.

Share premium account

This includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Foreign exchange translation reserve

This reserve comprises translation differences arising from the translation of the financial statements of the group's foreign subsidiary undertakings into sterling (£).

Profit and loss account

This includes all current and prior period profits and losses.

21 Non-cash transactions

In June 2015 an interim interest repayment of £600,000 was made, therefore interest accrued but not paid on the shareholder loan note at the year end amounted to £44,191 (2015 - £504,470).

22 Acquisitions

The company paid deferred acquisition costs of £nil (2015 - £25,000) during in the year.

23 Operating lease commitments

At 29 February 2016 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2016	2015	2016	2015
	£	£	£	£
Expiry date:				
Within 1 year	18,333	18,333	29,817	30,762
Between 2 and 5 years	<u>730,000</u>	<u>220,000</u>	<u>35,834</u>	<u>-</u>

The company had no operating lease commitments at 29 February 2016 or 28 February 2015.

24 Capital commitments

The company and group had no capital commitments at 29 February 2016 or 28 February 2015.

25 Contingent liabilities

There were no contingent liabilities at 29 February 2016 or 28 February 2015.

26 Post balance sheet event

On 28 September 2016, Lesprit Limited and Lloyds Development Capital (Holdings) Limited signed a loan note variation thereby extending the repayment date of the loan from 1 December 2016 to 1 December 2018.

Notes to the financial statements (continued)

27 Financial assets and liabilities

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Financial assets held at amortised cost	36,007,154	37,184,649	208,570	208,570
Financial liabilities held at amortised cost	34,154,124	35,377,038	1,040,563	500,350

The group financial assets measured at amortised cost comprise cash, trade debtors and other assets readily convertible into cash.

The group financial liabilities measured at amortised cost comprise trade creditors, borrowings and other liabilities which are likely to require settlement in monetary terms.

The company financial assets measured at amortised cost comprise cash, trade debtors, intercompany debtors and other assets readily convertible into cash.

The company financial liabilities measured at amortised cost comprise trade creditors, intercompany creditors, borrowings and other liabilities which are likely to require settlement in monetary terms.

The group accounts for all financial assets and liabilities as basic financial instruments in accordance with FRS 102 and has no financial instruments carried at fair value through profit and loss.

28 Retirement benefits

The group operates defined contribution pension schemes for the benefit of its employees. The assets of the schemes are administered by trustees in funds independent from those of the company. The pension cost charge represents contributions payable by the group to the fund and amounted to £80,883 (2015: £66,503). Contributions totaling £nil (2015: £nil) were payable to the fund at the balance sheet date.

29 Controlling related parties

The company's controlling party is Lloyds Development Capital (Holdings) Limited.

30 Related party transactions

Compensation payable to the key management personnel of the group in respect of the year amounted to £521,318 (2015: £494,873).

During the financial year M Hall and A McMurray were non-executive directors of Maintenance Management Limited, Lesprit Limited and also a main contractor Emprise Services Limited. This was in their capacity as non-executive directors. All transactions between the companies were on an arm's length basis at normal market rates for the provision of cleaning services to group clients. During the year to February 2016 Maintenance Management Limited bought cleaning services with a value of £5,431,444 (2015: £5,022,538). At the end of the year the balance due from Emprise Services Limited was £8,300 (2015: £250,737 credit) which is included within debtors.

Notes to the financial statements (continued)

31 First time adoption of FRS 102

The Company transitioned to FRS 102 from previously extant UK GAAP as at 1 March 2014. The impact of the transition to FRS 102 is as follows:

Reconciliation of equity at 1 March 2014

	£
Equity at 1 March 2014 under previous UK GAAP	(982,672)
Transitional adjustment 1	(42,893)
Equity shareholders' funds at 1 March 2014 under FRS 102	<u><u>(1,025,565)</u></u>

Reconciliation of equity at 28 February 2015

Equity at 28 February 2015 under previous UK GAAP	(1,237,199)
Transitional adjustment 1	(35,627)
Equity shareholders' funds at 28 February 2015 under FRS 102	<u><u>(1,272,826)</u></u>

Reconciliation of profit and loss account for the year ended 28 February 2015

Loss for the year under UK GAAP	(239,897)
Transitional adjustment 1	7,266
Loss for the year ended 28 February 2015 under FRS 102	<u><u>(232,631)</u></u>

The following were changes in accounting policies arising from the transition to FRS 102:

1 Under FRS 102 there is a requirement to accrue for holiday entitlement due but not taken at the year end. The adjustments represent the holiday pay accrual for each of the periods noted.