

Tenon Facility Management UK Limited

Financial Statements

Year ended 31 March 2019



Registered No. 09628622

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Tenon Facility Management UK Limited
Registered No. 09628622

Company Information

Directors

Manjit Rajjain
Sandeep Kumar Gupta

Auditors

Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG

Registered Office

2nd Floor
No 1 Farriers Yard
77-85 Fulham Palace Road
London
W6 8AH

Tenon Facility Management UK Limited
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Strategic report

The directors present their strategic report for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Company is to provide business and management consultancy services and investment holding company.

The company has achieved an operating profit / (loss) before exceptional items of £ 95,824 (2018: £ 61,888), and an earning before interest and taxes of £ (4,102,717) (2018: £ (69,090)).

The company has booked an impairment loss of £ 4,198,541 on investments in its subsidiaries this year based on their recoverable amount at year end.

The company's exceptional cost of £ Nil (2018: £130,978) relates to payments by company in relation to the acquisition of Elite Cleaning & Environmental Services Ltd.

FUTURE DEVELOPMENTS

The services of the company will continue.

KEY PERFORMANCE INDICATORS

Given the straightforward nature of the holding company, the directors are of the opinion that analysis using Key Performance Indicators is not necessary.

PRINCIPAL RISKS AND UNCERTAINTIES

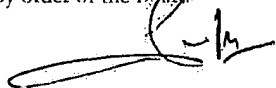
All comments regarding future plans reflect the knowledge and information available to the Directors at the date of this review and may be subject to the effect of unforeseen future events outside of their control.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The business' principal financial instruments comprise bank balances, and long term loans from bank and group.

Debtors are receivable from group undertakings.

By order of the Board



Sandeep Kumar Gupta
Director

Date: 24/10/2019

Tenon Facility Management UK Limited

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Directors' report

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

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £ 4,225,420 (2018: £ 335,259). The directors have not recommended a dividend.

DIRECTORS

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

Manjit Rajain
Sandeep Kumar Gupta

EVENTS AFTER THE REPORTING PERIOD

There have been no significant events after the reporting period requiring disclosure. There have been no dividends declared or proposed during this time.

GOING CONCERN

These financial statements have been prepared on a going concern basis because the immediate holding company has undertaken to provide continuing financial support so that the Company is able to pay its debts as and when they fall due.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report and 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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Directors' report

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.

The directors confirm that:

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

DONATIONS

No charitable or political donations were made during the current year (2018: £ nil)

PAYMENTS OF CREDITORS

The Companies Act 2006, as amended, requires the company to make a statement of its policy and practice on the payment of creditors.

It is, and will continue to be, the policy of the company to negotiate with suppliers so as to obtain the best available terms taking account of quality, delivery, price and period settlement and, having agreed those terms, to abide by them.

DISABLED EMPLOYEES

The company's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.

Disabled employees receive appropriate training to promote their career development within the company.

Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

EMPLOYEE INVOLVEMENT

Regular meetings are held between senior management and employee representatives to discuss matters of concern. Employees are kept well-informed about the progress and position of the company by means of regular departmental meetings, newsletters and journals.

STRATEGIC REPORT

The company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out within the company's Strategic Report the Company's Strategic Report Information Required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

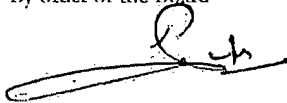
Tenon Facility Management UK Limited
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Directors' report

AUDITOR

Grant Thornton UK LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

By order of the Board



Sandeep Kumar Gupta
Director

Date: 24/10/2019

Tenon Facility Management UK Limited

Registered No. 09628622

Independent auditor's report to the members of Tenon Facilities Management UK Limited

Opinion

We have audited the financial statements of Tenon Facility Management UK Limited (the 'company') for the year ended 31 March 2019, which comprise the Statement of Comprehensive income, Statement of financial position, Statement of changes in equity, Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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.

Tenon Facility Management UK Limited
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Independent auditor's report to the members of Tenon Facilities Management UK Limited

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

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.

Matters on which we are required to report by exception

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.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement as set out on page 3 and 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.

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Independent auditor's report to the members of Tenon Facilities Management UK Limited

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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



Philip Westerman

for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

Date 24/10/19

Tenon Facility Management UK Limited
Registered No. 09628622

Statement of comprehensive income
for the year ended 31 March 2019

	Notes	2019 £	2018 £
Revenue		96,000	96,000
Cost of sales			
Gross profit		<u>96,000</u>	<u>96,000</u>
Administrative expenses		(41,98,717)	(1,65,090)
Operating (loss)/profit		<u>(41,02,717)</u>	<u>(69,090)</u>
Attributable to:			
Operating profit before exceptional items		95,824	61,888
Impairment of investment	5	(41,98,541)	-
Exceptional items	6	-	(1,30,978)
		<u>(41,02,717)</u>	<u>(69,090)</u>
Finance costs	7	(1,22,703)	(2,66,169)
Loss before taxation for the year		<u>(42,25,420)</u>	<u>(3,35,259)</u>
Income tax expense	8	-	-
Loss for the year		(42,25,420)	(3,35,259)
Loss for the period attributable to equity holders of the company		<u>(42,25,420)</u>	<u>(3,35,259)</u>
Other comprehensive income:			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, attributable to equity holders of the company		<u>(42,25,420)</u>	<u>(3,35,259)</u>

All amounts relate to continuing operations.

The notes on page 13 to 23 form part of these financial statements.

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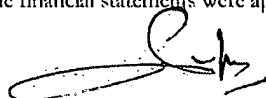
Statement of financial position

As at 31 March 2019

		31-Mar-19	31-Mar-18
	Notes	£	£
Assets			
Non-current assets			
Investments	9	81,05,444	1,23,03,985
		<u>81,05,444</u>	<u>1,23,03,985</u>
Current assets			
Trade and other receivables	10	5,08,964	1,87,847
Cash and short-term deposits	11	4,71,553	736
		<u>9,80,517</u>	<u>1,88,583</u>
Total assets		<u><u>90,85,961</u></u>	<u><u>1,24,92,568</u></u>
Equity and liabilities			
Equity			
Issued capital	12	1	1
Retained earnings		(47,46,818)	(5,21,398)
Total equity attributable to equity holders of the parent		<u>(47,46,817)</u>	<u>(5,21,397)</u>
Liabilities			
Non-current liabilities			
Borrowings	17	12,95,263	19,42,895
Trade and other payables	15	12,69,489	-
		<u>25,64,752</u>	<u>19,42,895</u>
Current liabilities			
Borrowings	16	6,47,632	6,47,632
Trade and other payables	14	1,06,20,394	1,04,23,438
		<u>1,12,68,026</u>	<u>1,10,71,070</u>
Total equity and liabilities		<u><u>90,85,961</u></u>	<u><u>1,24,92,568</u></u>

The notes on page 13 to 23 form part of these financial statements.

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



Sandeep Kumar Gupta
Director

Date: 24/10/2019

Tenon Facility Management UK Limited
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Statement of changes in equity
for the year ended 31 March 2019

	Issued capital £	Retained earnings £	Total equity £
As at 1 April 2017	1	(1,86,139)	(1,86,138)
Loss for the year	-	(3,35,259)	(3,35,259)
As at 31 March 2018	1	(5,21,398)	(5,21,397)
As at 1 April 2018	1	(5,21,398)	(5,21,397)
Loss for the year	-	(42,25,420)	(42,25,420)
As at 31 March 2019	1	(47,46,818)	(47,46,817)

The notes on page 13 to 23 form part of these financial statements.

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Statement of cash flow

for the year ended 31 March 2019

		31-Mar-19	31-Mar-18
	Notes	£	£
Cash flows from operating activities			
Loss profit before tax		(42,25,420)	(3,35,259)
Adjustments for;			
Finance costs	7	1,22,703	2,66,169
Impairment		41,98,541	-
Operating profit before working capital changes		95,824	(69,090)
Increase in trade and other receivables		(3,21,118)	(17,847)
Increase in trade and other payables		1,96,957	59,57,902
Cash generated from operations		(28,337)	58,70,965
Income taxes paid		-	-
Interest paid		(1,22,703)	(2,66,169)
Net cash generated (used in)/from operating activities		(1,51,040)	56,04,796
Cash flows from investing activities:			
Investment made		-	(59,65,985)
Net cash used in investing activities		-	(59,65,985)
Cash flows from financing activities:			
Proceeds from long-term borrowings		12,69,489	10,00,000
Repayment of long-term borrowings		(6,47,632)	(6,47,631)
Net cash flow from financing activities		6,21,857	3,52,369
Net increase/decrease in cash and cash equivalents		4,70,817	(8,820)
Cash and cash equivalents at beginning of the period		736	9,556
Cash and cash equivalents at end of the year	11	4,71,553	736

The notes on page 13 to 23 form part of these financial statements.

Tenon Facility Management UK Limited

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Notes to the financial statements

for the year ended 31 March 2019

1 Corporate information

The financial statements of Tenon Facility Management UK Limited for the year ended 31 March 2019 were authorised for issue in accordance with a resolution of the directors on 17th September 2019.

Tenon Facility Management UK Limited is a limited company incorporated and domiciled in the United Kingdom. The registered office is located at 2nd Floor, No 1 Parriets Yard, 77-85 Fulham Palace, Road, London W6 8AU.

2.1 Basis of preparation

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis. The financial statements are presented in sterling.

The Company has adopted new guidance for new or revised standards for the following

IFRS 15 - Revenue from contracts with Customers, there has been no impact from the adoption of the standard as the policy outlined in the new standard was already undertaken by the company (see further disclosure in note 2.2.1)

IFRS 9 - Financial Instruments, there has been no impact from the adoption of the standard despite the changes from IAS 39, (see Notes 2.2.2, 2.2.4 and 4)

The directors have a reasonable expectation that the company has adequate resources to continue operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Company's financial statements are included in the Tenon Facility Management (India) Private Limited consolidated financial statements for the year ended 31 March 2019. The company is exempt, under Section 400 of the Companies Act 2006, from the preparation of consolidated financial statements because it is included in the Annual Report and Financial Statements of the Group. These financial statements are separate financial statements.

2.2 Summary of significant accountancy policies

The following are the significant accounting policies applied by the Company in preparing its financial statements:

2.2.1 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The revenue shown in the profit and loss account represents amounts receivable for management and consultancy services provided during the year, net of trade discounts, VAT and other sales and related taxes.

Notes to the financial statements
for the year ended 31 March 2019

2.2 Summary of significant accountancy policies (continued)

The revenue shown in the profit and loss statement is measured using the principles of IFRS15 by applying the following five steps:

- 1 Identify the contract with a customer
- 2 Identify the performance obligations
- 3 Determine the transactions price
- 4 Allocate the transactions price to the performance obligations
- 5 Recognise revenue when performance obligation is satisfied

Applying IFRS15 has had no impact on the financials for the year owing to revenue recognition policy in previous years being in line with IFRS15.

2.2.2 Financial Instruments

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

IFRS 9 has been used for the measurement of financial instruments replacing IAS 39. The adoption of IFRS 9 has no impact on financial instruments in the year (refer to note 4)

IFRS 9 specifies how an entity should classify and measure financial assets and liabilities. For debt instruments this can be measured in three ways

- 1 Amortised cost
- 2 Fair value through the profit and loss
- 3 Fair value through other comprehensive income

The measurement basis for the company is amortised cost, owing to the intention to collect the contractual cash flows in the future and that the cash flows are payments of principal and interest only.

The debt has been assessed for credit risk and credit losses based on historical values and future expectations; there is no impact to the financial statements therefore no adjustment has been made.

2.2.3 Investments

Investments held as fixed assets are stated at cost. Under IAS 36 the value of these assets is assessed annually in an impairment review and adjusted as necessary.

In the financial year an impairment loss on investment was recognised owing to the recoverable amount being lower than the carrying amount. For details see Note 5.

2.2.4 Trade and other receivables

Trade receivables are stated at fair value. A provision for impairment is made where there is objective evidence of impairment (including customers in financial difficulty or seriously in default against agreed payment terms).

Tenon Facility Management UK Limited

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Notes to the financial statements

for the year ended 31 March 2019

2.2 Summary of significant accountancy policies (continued)

IFRS 9 has been applied to calculate any credit risk and credit losses, in measuring the expected losses the trade receivables have been reported on days overdue and provided accordingly. Write offs occur only when there is no reasonable expectation of payment.

2.2.5 Borrowings

Bank loans and overdrafts are recorded initially at their fair value, net of direct transaction costs and finance charges are recognised in the statement of comprehensive income over the term of the instrument.

See note 2.2.2 Financial Instruments

2.2.6 Other financial liabilities

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value.

2.2.7 Current tax

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustments to tax payable in respect of previous years.

3 Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The potential impact of these changes can not yet be reliably measured

IFRS 16	Leases
IFRS 17	Insurance Contracts
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
IFRSs	2015-2017 Cycle
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards

4 Financial risk management objectives and policies

The Company's principal financial statements comprise cash and bank borrowings. The fair values of these instruments are not materially different from their book values.

Transactions in financial instruments result in the Company assuming or transferring to another party one or more of the financial risks described below.

IFRS 9 has been applied to review any credit risk and credit losses, there is no impact for the company in the financial year

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Notes to the financial statements
for the year ended 31 March 2019

4 Financial risk management objectives and policies (continued)

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company closely monitors its access to bank and other credit facilities in comparison to its outstanding commitments to ensure it has sufficient funds to meet its obligations as they fall due. The Company's finance function prepares and reviews management accounts on a quarterly basis, so that the management can ensure that sufficient financing is in place as it is required.

Maturity Analysis

The table below analyses the Company's financial liabilities basis based on amount outstanding at the statement of financial position date up to maturity date:

31 March 2019

	Less than six month	Between 6 months & 1 year	Between 1 & 5 Years	Over 5 years	Total
	£	£	£	£	£
Loans	3,23,816	3,23,816	12,95,263	-	19,42,895
Amounts owed to fellow group undertakings	1,06,20,394	-	12,69,489	-	1,18,89,883
Other payables	-	-	-	-	-
Total liabilities	1,09,44,210	3,23,816	25,64,752	-	1,38,32,778

31 March 2018

	Less than six month	Between 6 months & 1 year	Between 1 & 5 years	Over 5 years	Total
	£	£	£	£	£
Loans	3,23,816	3,23,816	19,42,895	-	25,90,527
Amounts owed to fellow group undertakings	97,23,438	-	-	-	97,23,438
Other payables	7,00,000	-	-	-	7,00,000
Total liabilities	1,07,47,254	3,23,816	19,42,895	-	1,30,13,965

Interest rate risk

There are loans payable bearing a fixed rate of interest. The Company has interest-free borrowings from the group companies.

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Notes to the financial statements
for the year ended 31 March 2019

4 Financial risk management objectives and policies (continued)

The table below shows the Company's financial assets and liabilities split by those bearing fixed and floating rates and those that are non-interest bearing:

31 March 2019

	Fixed rate £	Floating rate £	Non-interest bearing £	Total £
Cash and cash equivalents	-	4,71,553	-	4,71,553
Amount owed by fellow group undertakings	-	-	4,34,000	4,34,000
Other receivables	-	-	74,964	74,964
Total assets	-	4,71,553	5,08,964	9,80,517
Amounts owed to fellow group undertakings	-	-	1,18,89,883	1,18,89,883
Loans payable	19,42,895	-	-	19,42,895
Other payables and accruals	-	-	-	-
Total liabilities	19,42,895	-	1,18,89,883	1,38,32,778

31 March 2018

	Fixed rate £	Floating rate £	Non-interest bearing £	Total £
Cash and cash equivalents	-	736	-	736
Amount owed by fellow group undertakings	-	-	1,00,000	1,00,000
Other receivables	-	-	87,847	87,847
Total assets	-	736	1,87,847	1,88,583
Amounts owed to fellow group undertakings	-	-	97,23,438	97,23,438
Loans payable	25,90,527	-	-	25,90,527
Other payables and accruals	-	-	7,00,000	7,00,000
Total liabilities	25,90,527	-	1,04,23,438	1,30,13,965

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Notes to the financial statements
for the year ended 31 March 2019

5 Impairment of investment

For the purpose of impairment testing, investments in each entity is considered as separate cash generating unit and the same is compared to its recoverable value:

Investment in each entity	Year ended 31 March 2019	Year ended 31 March 2018
Elite Cleaning & Environmental Services Limited (Elite)	59,65,985	59,65,985
Office & General Group Limited (OGG)	63,38,000	63,38,000
Less: Impairment loss	(41,98,541)	-
	<u>81,05,444</u>	<u>1,23,03,985</u>

The recoverable amount of each entity was determined based on value in use calculations, covering a detailed 5 year forecast, followed by an extrapolation of expected cash flow till terminal period. The present value of the expected cash flows of each entity is determined by applying a suitable discount rate reflecting current market assessments of the time value of money and risks specific to the entity.

Recoverable amount of each entity	Year ended 31 March 2019	Year ended 31 March 2018
Elite Cleaning & Environmental Services Limited	22,46,564	59,65,985
Office & General Group Limited	58,58,880	1,73,79,628

Key assumptions used in determining value in use of each entity (Year 2019)

	Elite	OGG
Annual growth rate	-25.5% to 5%	-16.7% to 5%
Long term growth rate	1.50%	1.50%
Discount rate	15.29%	12.68%

Key assumptions used in determining value in use of each entity (Year 2018)

	Elite	OGG
Annual growth rate	0.8% to 8%	2.8% to 5.5%
Long term growth rate	1.80%	1.70%
Discount rate	15.40%	10.79%

Growth rates

The Annual Growth rate considered during explicit period of 5 years is based on management estimation derived from past experience and current industry trend information available from external sources. The Long term growth rate is considered based on the long term GDP forecast of the country of operations.

Discount rate

The pre-tax discount rate applied to the pre-tax cash flow projections is based on management's estimates of the risks specific to the business.

Cash flow assumptions

Management's key assumptions include stable profit margins, based on past experience in this market. The Group's management believes that this is the best available input for forecasting this mature market. Cash flow projections reflect stable profit margins achieved during recent past years.

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5 Impairment of investment (continued)

The estimate of the recoverable amount for each cash generating unit is particularly sensitive to the discount rate and Growth rate. Below is the expected results of sensitivity analysis:

With respect to Elite Cleaning & Environmental Services Limited

Assumptions	Change in assumption	Impact on impairment loss	Impact on value in use
Growth rate	+0.5%/-0.5%	(332,541)/322,262	332,541/(322,262)
Discount rate	+0.5%/-0.5%	64,626/(71,036)	(64,626)/71,036

With respect to Office & General Group Limited

Assumptions	Change in assumption	Impact on impairment loss	Impact on value in use
Growth rate	+0.5%/-0.5%	(479,120)* / 1,881,017	1,940,621 / (1,881,017)
Discount rate	+0.5%/-0.5%	252,958 / (282,522)	(252,958) / 282,522

**restricted to the extent of impairment loss recognised*

Management is not currently aware of any other reasonably possible changes to key assumptions that would cause a unit's carrying amount to exceed its recoverable amount.

6 Exceptional items

	Year ended 31 March 2019	Year ended 31 March 2018
	£	£
Exceptional costs	-	1,30,978
		<u>1,30,978</u>

Exceptional costs relate to payments made by the company in relation to acquisition of Elite Cleaning & Environmental Services Ltd.

7. Finance Costs

	Year ended 31 March 2019	Year ended 31 March 2018
	£	£
Interest payable on loans	1,22,703	2,66,169
	<u>1,22,703</u>	<u>2,66,169</u>

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8 Current tax

The major components of income tax expense for the year ended 31 March 2019 and the year ended 31 March 2018 are:

	Year ended 31 March 2019	Year ended 31 March 2018
	£	£
Current income tax	-	-
UK corporation tax	-	-
Total current tax	-	-
Accounting loss before income tax	(42,25,420)	(3,35,259)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(8,02,830)	(63,699)
Effects of:	-	-
Non-deductible expenses	7,97,723	24,885
Transfer pricing adjustment	(32,305)	(27,186)
Non-trade loan relationship deficit carried forward	-	5,500
Group relief	37,412	60,500
	-	-

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9 Investments

Group companies

	£
Cost:	
As at 1 April 2018 and 31 March 2019	1,23,03,985
Impairment:	
As at 1 April 2018	-
Impairment charge in the year	41,98,541
As at 31 March 2019	41,98,541
Net book value:	
As at 31 March 2019	81,05,444
As at 31 March 2018	1,23,03,985

At 31 March 2019, the Company has the following issued share and voting rights capital of the following subsidiary undertakings:

Name of subsidiary	Country of Incorporation	Holding	Proportion of ownership	Principal activity
Elite Cleaning & Environmental Services Ltd	United Kingdom	Ordinary	100%	Cleaning and related
Office & General Group Limited	United Kingdom	Ordinary	100%	Investment company
Tenon FM Limited	United Kingdom	Ordinary	100%	Cleaning and related services

Office & General Group Limited and its subsidiaries were acquired on 7 September 2015.

Elite Cleaning & Environmental Services Ltd was acquired on 21 April 2017.

10 Trade and other receivables

	2019 £	2018 £
Amounts owed by group undertakings	4,34,000	1,00,000
Prepayments	74,964	87,847
	<u>5,08,964</u>	<u>1,87,847</u>

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11 Cash and short-term deposits

	2019	2018
	£	£
Cash at bank and on hand	4,71,553	736
	<u>4,71,553</u>	<u>736</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates.

12 Issued share capital and reserves

Authorised shares

	2019		2018	
	No.	£	No.	£
Allotted, called up and fully paid				
Ordinary shares of £ 1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

There are no authorised shares unissued or issued shares which are not fully paid.

13 Distributions made and proposed

The directors have not proposed or paid a dividend in respect to the year ended 31 March 2019.

14 Trade and other payables (current)

	2019	2018
	£	£
Trade payables and accruals	-	7,00,000
Amounts owed to group undertakings	1,06,20,394	97,23,438
	<u>1,06,20,394</u>	<u>1,04,23,438</u>

15 Trade and other payables (non-current)

	2019	2018
	£	£
Amounts owed to group undertakings	12,69,489	-
	<u>12,69,489</u>	<u>-</u>

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16 Borrowings (current)

	2019	2018
	£	£
Term loan - Barclays plc	6,47,632	6,47,632
	<u>6,47,632</u>	<u>6,47,632</u>

17 Borrowings (non current)

	2019	2018
	£	£
Term loan - Barclays plc	12,95,263	19,42,895
	<u>12,95,263</u>	<u>19,42,895</u>

18 Auditors' remuneration

The audit fee for the year has been borne by Tenon FM Limited.

19 Related party disclosures

Note 9 above provides the information about the subsidiaries and the Company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period.

		Amounts owed by related parties £	Amounts owed to related parties £
Parent company:			
Tenon Facility Management India Pvt Ltd	2019	-	12,69,489
	2018	-	-
Other related parties:			
Mortice Limited	2019	-	66,08,756
	2018	-	63,99,944
Tenon FM Limited	2019	-	11,60,638
	2018	-	8,73,495
Office & General Group Ltd	2019	4,34,000	-
	2018	1,00,000	-
Elite Cleaning & Environmental Services Ltd	2019	-	28,51,000
	2018	-	24,50,000

Transactions with key management personnel

No transaction has been entered during the current year with the key management personnel.

20 Events after the reporting period

There have been no significant events after the reporting period requiring disclosure. There have been no dividends declared or proposed during this time.

21 Immediate, ultimate parent company and controlling party