Parent of 10229810
Note on page 40

Bell Rock Workplace Management Limited
Registered No: 02970406

Amended Annual Report and Consolidated Financial Statements
for the year ended 31 December 2018

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COMPANIES HOUSE

Bell Rock Workplace Management Limited
Annual Report and Consolidated Financial Statements
For the year ended 31 December 2018

CONTENTS

Bell Rock Workplace Management Limited
Directors and Professional Advisers

DIRECTORS	A P M Rudzinski D J Smith
COMPANY SECRETARY	A P M Rudzinski
REGISTERED OFFICE	Peat House 1 Waterloo Way Leicester England United Kingdom LE1 6LP
BANKERS	HSBC Bank Plc Leeds City Branch P.O. Box 105 33 Park Row Leeds West Yorkshire United Kingdom LS1 1LD
AUDITOR	Deloitte LLP Statutory Auditor Four Brindleyplace Birmingham B1 2HZ United Kingdom

Bell Rock Workplace Management Limited
Strategic Report
For the year ended 31 December 2018

The Directors present their strategic report for the year to 31 December 2018.

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

PRINCIPAL ACTIVITIES

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

ACTIVITIES OF THE BELLROCK GROUP

The Bellrock Group's principal activities are to provide a range of fully integrated software, property and facilities management services often under long term contracts to blue chip clients across healthcare, education and corporate in both public and private sectors. The Group continue to invest in leading-edge technological and operational solutions to deliver technology led services that are fully integrated with the supply chain. The Bellrock Group, has 27 (2017: 27) PPP (Public Private Partnership) contracts – 20 PFI (Private Finance Initiative) and 7 LIFTs (Local Improvement Finance Trusts) - generating annual revenue in excess of £33.5m (2017: £34.0m) and with a forward order book in excess of £520m (2017: £488m).

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

BUSINESS REVIEW OF THE BELLROCK GROUP

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

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

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

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

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

- On 11 April 2018 the Group acquired ECO IPS Limited, a national facilities management business;
- On 26 October 2018, the Group acquired the entire issued share capital of FME Properties Services Limited, a fabric, mechanical and electrical engineering maintenance business;
- On 23 November 2018, the Group acquired the entire issued share capital of The Naples Group Limited, obtaining control of The Naples Group Limited and its subsidiaries, a group that provides condition surveys, compliance and M&E and risk management consultancy.

The impact of these acquisitions on revenue and profit before tax has been disclosed in note 10 – Goodwill.

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

People:

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

Technology:

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

Process:

The Group's target operating model based around Concerto streamlined its business processes thereby improving the service to its customers and increasing the ease of doing business with the Group. This was evidenced through an increase in customer satisfaction across 2018.

Supply Chain:

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

Results

Management's preferred measure of underlying operational profitability is earnings before interest, taxation, depreciation, amortisation and exceptional operating expenses ("EBITDAE"). For the year under review EBITDAE was £9,694k, an increase of £2,904k (42.8%) compared to the prior year balance of £6,790k.

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

	2018	2017
	£000	£000
Operating loss	**(1,818)**	(554)
Add back:		
Amortisation of intangible assets (note 11)	**4,220**	2,873
Depreciation of tangible fixed assets (note 12)	**282**	327
Exceptional operating expenses (note 5)	**7,010**	4,144
EBITDAE	**9.694**	6,790
Cash generated by (utilised in) operations	**9,764**	3,668

The improvement in the Group's EBITDAE is in line with the strategy to expand its capabilities and has been driven by organic growth and the full year results of the 2017 acquisitions, and part year results of those made in 2018.

The results for the Company show a loss of £6,075k (2017: loss of £2,737k) for the year. The Company is an intermediate holding company in the Group and as such does not report any revenue. No dividends were paid in the year (2017: £nil).

EXCEPTIONAL OPERATING EXPENSES

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

The cost base review resulted in reorganisation costs of £1,100k (2017: £1,720k) being incurred alongside transaction related expenditure of £1,457k (2017: £239k), deferred consideration costs of £4,453k (2017: £2,185k) and refinancing fees and associated costs of £nil (2017: £738k).

PRINCIPAL RISKS AND UNCERTAINTIES

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

Market risk

As with most businesses, the Group is influenced by prevailing conditions in the markets in which it operates. This risk is mitigated by the Group providing a broad range of services to both private and public sector clients across a number of sectors. A significant proportion of the Group's revenue is provided under long term PFI or LIFT contracts with unexpired terms of between 7 and 27 years. The Directors believe that the Group is not unduly reliant on any single client. In addition to the above, the Group has further diversified its market risk by making a number of acquisitions outside of its core business and is not exposed to the construction sector.

The board had reviewed the potential impact of a 'no deal Brexit' and considers the overall impact on the business to be low. The main direct impact is likely to be regarding overseas nationals with EU passports. Less than 50 (<5%) of our workforce are EU nationals so the impact would be limited in the event they were not able to, or chose not to, secure the right to work in the UK. Our supply chain; notably cleaning, catering and security providers; may be impacted more but we have engaged with them around their contingency planning.

Competitors

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

CREDITOR PAYMENT POLICY

The Group fully supports the CBI initiative on payments to suppliers and has continued to apply the Prompt Payment Code in respect of all suppliers. The main features of the code are that payment terms are agreed at the outset of a transaction and are adhered to; that there is a clear and consistent policy that bills will be paid in accordance with the contract; and that there are no alterations to payment terms without prior agreement of both parties involved in that transaction. Copies of the Code can be obtained from the CBI. Trade creditor days of the Group for the year ended 31st December 2018 (excluding the impact of acquisitions) were 70 days (2017: 62), based on the ratio of Company trade creditors at the end of the year to the amounts invoiced during the year by trade creditors.

KEY PERFORMANCE INDICATORS

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

KPI	2018	2017	Definition/Method of Calculation
EBITDAE Margin	**11.9%**	12.1%	EBITDAE divided by net revenue, expressed as a percentage
EBITDAE	**£9,694k**	£6,790k	Earnings before interest, tax, depreciation, amortisation and exceptional items (detailed on page 3)
Statutory Compliance	**93.5%**	-	Average proportion of customer assets certified as meeting statutory compliance.
% Calls answered in 45 seconds	**92%**	78%	Average inbound call answered in Contact Centre

FINANCIAL RISK MANAGEMENT

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

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

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

During the year, as part of the wider re-structuring noted in the Directors' Report on page 7 the Group entered into a new loan facility with Ardian Private Debt. The new loan is interest only with an element of interest being cash settled and the balance of interest being accrued.

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

Credit risk
The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales are made to clients with an appropriate credit history and risk and levels of exposure are constantly and closely monitored.

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

Interest rate risk
The Group has an interest bearing liability. Interest bearing liabilities include bank borrowings, loan notes and preferred shares. Interest on preferred shares and loan notes is payable upon exit.

Bell Rock Workplace Management Limited
Strategic Report (continued)
For the year ended 31 December 2018

FUTURE OUTLOOK

The future prospects for the Bellrock Group remain strong as the Group is now well positioned to build on the acquisitions in 2017 and 2018, our place on the Crown Commercial Services Framework, new contract wins and accelerating cross sales of our multiple services lines to our growing customer base. Our strategy is to continue to increase market share in our core estate management markets through the provision of facilities management, technical project management, consultancy and compliance services. Our advisory and specialist services include property consultancy, whole life asset value, client experience, behavioural change, supply chain optimisation and sustainability and energy services. These services are provided through the intelligence centre using data aggregation and analytics on our proprietary Concerto suite.

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

This confidence in the business is further evidenced by the Bell Rock Topco Limited Group successfully having acquired an additional £20m loan facility from Ardian Private Debt that enabled the acquisition of the subsidiaries detailed on page 2.

Alongside new financing from Ardian Private Debt and the balance sheet restructure as noted in the Directors' Report on page 7, this will enable further strategically targeted acquisitions and ensures that the Group continues to build its compelling offer for clients through the added value benefits as part of a wider combined Facilities Management and Property Services outsourced solution.

Approved by the board and signed on its behalf by

DJ Smith
Director
30th September 2019

Bell Rock Workplace Management Limited
Directors' Report
For the year ended 31 December 2018

The Directors present their Annual report and audited consolidated financial statements for the year to 31 December 2018.

REVISED ACCOUNTS

These revised financial statements replace the original financial statements for the year ended 31 December 2018, which were approved by the board on 30 September 2019. These are now the statutory financial statements of the company for that financial year. In accordance with Companies Act 2006 ('the Act'), the financial statements have been revised as at the date of the original financial statements and not as at the date of this revision. Accordingly, they do not deal with events between those dates.

The original financial statements did not comply with the Act in the following respect. The Directors' Report and the notes to the financial statements did not include the subsequent event disclosure around the Group's acquisition of Fasset Holding Limited for £2.3m. This has now been disclosed in Note 25 to the financial statements along with the Directors' Report. Furthermore, the original financial statements omitted the disclosure requirements of S479A of the Act as the Group opted to exercise the provisions under the Act. This has now been included within Note 13 of the revised financial statements. The Act requires that where revised financial statements are issued, a revised auditor's report is issued and this is attached.

Under S454 of the Act, the Directors have the authority to revise annual financial statements, the Strategic Report, the Directors' Report or directors' remuneration report if they do not comply with the Act. The revised financial statements or report must be amended in accordance with The Companies (Revision of Defective Accounts and Reports) Regulations 2008 and in accordance therewith do not take account of events, which have taken place after the date on which the original financial statements were approved. The Regulations require that the revised financial statements show a true and fair view as if they were prepared and approved by the directors as at the date of the original financial statements.

FUTURE DEVELOPMENTS

An indication of the likely future developments of the business is included in the Strategic Report on page 6.

EVENTS AFTER THE BALANCE SHEET DATE

Following the year end, the Group acquired the entire share capital of Fasset Holdings Limited for £2.3m. More information on this acquisition can be found in note 25.

CHARITABLE AND POLITICAL DONATIONS

Donations made to charities in the year amounted to £nil (2017: £nil).
There were no political donations during the financial year (2017: £nil).

DIVIDENDS

No dividends were paid during the current year (2017: £nil). The directors do not recommend the payment of a final dividend (2017: £nil).

GOING CONCERN

After making due enquiries, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements.

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

The Group made a profit before exceptional items, interest, tax, depreciation and amortisation in 2018 and has forecast profit to grow in both 2019 and 2020. On the basis that although the current economic climate provides some level of uncertainty with regard to future performance, the Group is successfully winning new business and growing its market share. It has a record level of new business opportunities and has secured three contracts with annualised revenue of over £8m since the balance sheet date. The Board has taken this into account in considering the forecasts.

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

FINANCIAL RISK MANAGEMENT

Financial risk management is described in the Strategic Report on page 5.

DIRECTORS

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

APM Rudzinski
DJ Smith

DIRECTORS' INDEMNITY

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

EMPLOYMENT POLICIES

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

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

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

HEALTH AND SAFETY

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

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

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

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

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

AUDITOR AND DISCLOSURE OF INFORMATION

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

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

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

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

Approved by the board and signed on its behalf by

DJ Smith
Director
21st November 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the 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 of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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.

Under section 454 of the Act the Directors have authority to revise the annual financial statements, the Strategic Report and the Directors' Report if they do not comply with the Act. The revised financial statements and reports must be amended in accordance with the Companies (Revision of Defective Accounts and Report) Regulations 2008 and in accordance therewith do not take account of events which have taken place after the date on which the original financial statements were approved. The Regulations require that the revised financial statements show a true and fair view as if they were prepared and approved by the Directors as at the date of the original financial statements.

Approved by the board and signed on its behalf by

DJ Smith
Director
21st November 2019

Registered in England and Wales No. 02970406

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

For the year ended 31 December 2018

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Bell Rock Workplace Management Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the revised financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company statement of cash flows;
- the statement of significant accounting policies; and
- the notes to the financial statements 1 to 25.

These revised financial statements replace the original financial statements approved by the directors on 30 September 2019.The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice). The revised financial statements have been prepared under the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly do not take account of events, which have taken place after the date the original financial statements were approved.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

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

Emphasis of Matter – Additions to Directors' report and note 25 to the revised financial statements

We draw your attention to the prominent statement contained in the directors' report, which describes the need for the revision of the financial statements and related disclosures. The original financial statements were approved on 30 September 2019 and previous audit report was signed on that date. We have not performed a subsequent events review for the period from the date of our previous auditor's report to the date of this report. Our opinion is not modified in this respect.

Independent Auditors' Report to the members of Bell Rock Workplace Management Limited (continued)
For the year ended 31 December 2018

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the revised 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 revised financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the revised 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 revised financial statements.

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

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

For the year ended 31 December 2018

We are also required to report whether in our opinion the original financial statements failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors. The audit of revised financial statements includes the performance of procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the original financial statements for the year ended 31 December 2018 failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in the prominent statement contained in the directors' report.

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

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

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 any material misstatements in the strategic report or the revised directors'

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with the Companies (Revision of Defective Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Halls FCA, (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, U.K.

21 November 2019

Bell Rock Workplace Management Limited
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2018

Note		Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
	RESULTS FROM CONTINUING OPERATIONS		
1	**REVENUE**	**92,270**	61,656
	Costs recharged to customers	**(11,416)**	(5,338)
3	Adjusted revenue	**80,854**	56,318
	Cost of sales	**(62,641)**	(42,224)
	GROSS PROFIT	**18,213**	14,094
	Administrative expenses	**(20,031)**	(14,648)
2	**OPERATING LOSS**	**(1,818)**	(554)
3	**EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION, AMORTISATION AND EXCEPTIONAL OPERATING COSTS**	**9,694**	6,790
	Amortisation of intangible assets	**(4,220)**	(2,873)
	Depreciation of Property plant and equipment	**(282)**	(327)
5	Exceptional operating costs	**(7,010)**	(4,144)
	OPERATING LOSS	**(1,818)**	(554)
6	Finance costs	**(2,175)**	(1,538)
6	Finance income	**1**	-
	LOSS BEFORE TAXATION	**(3,991)**	(2,092)
7	Taxation	**748**	450
	LOSS FROM CONTINUING OPERATIONS	**(3,243)**	(1,642)
8	Loss for the year from discontinued operations net of taxation	**-**	(1,139)
	LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**(3,243)**	(2,781)

The accounting policies and notes on pages 20 to 46 are an integral part of these financial statements.

Bell Rock Workplace Management Limited
Consolidated Statement of Changes in Equity
For the year ended 31 December 2018

Note		Share capital £000	Share premium £000	Retained earnings £000	Total Equity £000
	Balance at 1 January 2017	-	25,000	(22,916)	2,084
	Loss and total comprehensive loss for the year	-	-	(2,782)	(2,782)
	Balance at 31 December 2017	-	25,000	(25,698)	(698)
	Loss and total comprehensive loss for the year	-	-	**(3,243)**	**(3,243)**
	Balance at 31 December 2018	-	**25,000**	**(28,941)**	**(3,941)**

Company Statement of Changes in Equity
For the year ended 31 December 2018

Note		Share capital £000	Share premium £000	Retained earnings £000	Total Equity £000
	Balance at 1 January 2017	-	25,000	(106)	24,894
	Loss and total comprehensive loss for the year	-	-	(2,737)	(2,737)
	Balance at 31 December 2017	-	25,000	(2,843)	22,157
	Loss and total comprehensive loss for the year	-	-	**(5,937)**	**(5,937)**
	Balance at 31 December 2018	-	**25,000**	**(8,780)**	**16,220**

Bell Rock Workplace Management Limited
Consolidated Balance Sheet
As at 31 December 2018
Company number: 08604683

Note		As at 31 December 2018	As at 31 December 2017
		£000	£000
	NON-CURRENT ASSETS		
10	Goodwill	**36,452**	**22,997**
11	Intangible assets	**25,667**	**18,893**
18	Deferred income tax assets	**1,343**	**1,343**
12	Property, plant and equipment	**729**	**828**
	Other receivables	**794**	**813**
		64,985	**44,874**
	CURRENT ASSETS		
	Inventories	**962**	**194**
14	Trade and other receivables	**21,047**	**13,991**
	Cash and cash equivalents	**15,949**	**8,540**
		37,958	**22,725**
	CURRENT LIABILITIES		
15	Trade and other payables	**(29,854)**	**(19,114)**
	Corporation tax	**(52)**	**(248)**
	Deferred and contingent consideration	**(4,195)**	**(950)**
		(34,101)	**(20,312)**
	NET CURRENT ASSETS	**3,857**	**2,413**
	TOTAL ASSETS LESS CURRENT LIABILITIES	**68,842**	**47,287**

Bell Rock Workplace Management Limited
Consolidated Balance Sheet (continued)
As at 31 December 2018
Company number: 08604683

Note		As at 31 December 2018 £000	As at 31 December 2017 £000
	NON-CURRENT LIABILITIES		
16	Loans from group companies	**(68,084)**	(44,980)
	Deferred and contingent consideration	**(546)**	-
18	Deferred income tax liabilities	**(3,385)**	(2,190)
16	Other non-current liabilities	**(768)**	(815)
		(72,783)	(47,985)
	NET LIABILITIES	**(3,941)**	(698)
	EQUITY		
20	Called-up share capital	-	-
20	Share premium	**25,000**	25,000
	Retained Losses	**(28,941)**	(25,698)
	TOTAL EQUITY	**(3,941)**	(698)
	TOTAL EQUITY LESS NON-CURRENT LIABILITIES	**68,842**	47,287

The accounting policies and notes on pages 20 to 46 are an integral part of these financial statements. The financial statements of the Company, registered number 08604683, on pages 14 to 46 were approved by the Board of Directors on 21st November 2019 and signed on its behalf by:

DJ Smith
Director

Bell Rock Workplace Management Limited
Company Balance Sheet
As at 31 December 2018
Company number: 08604683

Note		As at 31 December 2018	As at 31 December 2017
		£000	£000
	NON-CURRENT ASSETS		
13	Investments	**69,469**	40,144
14	Trade and other receivables	**-**	48,867
		69,469	89,011
	CURRENT ASSETS		
14	Trade and other receivables	**18**	18
		18	18
	CURRENT LIABILITIES		
15	Trade and other payables	**(469)**	(60)
	Deferred and contingent consideration	**(8,599)**	(1,721)
		(9,068)	(1,781)
	NET CURRENT LIABILITIES	**(9,050)**	**(1,763)**
	TOTAL ASSETS LESS CURRENT LIABILITIES	**60,419**	**87,248**
	NON CURRENT LIABILITIES		
16	Other non-current liabilities	**(43,653)**	(63,941)
	Deferred and contingent consideration	**(546)**	(1,150)
		(44,199)	(65,091)
	NET ASSETS	**16,220**	22,157
	CAPITAL AND RESERVES ATTRIBUTABLE TO THE COMPANY'S OWNERS		
20	Called up share capital	**-**	-
20	Share premium	**25,000**	25,0000
	Retained Loss	**(8,780)**	(2,843)
	TOTAL EQUITY	**16,220**	22,157
	TOTAL EQUITY LESS NET CURRENT LIABILITIES	**60,419**	87,248

The Company's result for the financial year, was a loss of £5,937k (2017: loss of £2,737k) after tax. The Company has taken an exemption in terms of S408 of the Companies Act 2006 not to disclose the Company's income statement

The financial statements of the Company, registered number 08604683, were approved by the Board of Directors on 21st November 2019 and signed on its behalf by:

DJ Smith
Director

Bell Rock Workplace Management Limited
Consolidated Statement of Cash Flows
For the year ended 31 December 2018

Note		Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
	CASH FLOWS FROM OPERATING ACTIVITIES		
	Loss before tax from continuing operations for the year	**(3,991)**	(2,093)
	Adjustments for:		
6	Finance costs	**2,174**	1,538
	Depreciation and amortisation	**4,502**	3,200
	(Profit) / Loss on sale of plant and equipment, leasehold improvements and vehicles	**-**	(7)
	Operating cash flows before movements in working capital	**2,685**	2,638
	Increase in inventories	**(768)**	(77)
	Increase in trade and other receivables	**(971)**	(168)
	Increase in trade and other payables	**8,818**	1,275
	Cash generated by (used in) operations	**9,764**	3,668
	Income taxes paid	**(635)**	-
	Loss on disposal of discontinued operations	**-**	(1,410)
	Interest received	**1**	-
	Interest paid	**(2,175)**	(1,538)
	Net cash flows generated by operating activities	**6,955**	720
	CASH FLOWS FROM INVESTING ACTIVITIES		
	Purchase of plant and equipment, leasehold improvements, vehicles and software	**(406)**	(327)
	Proceeds from sale of plant and equipment, leasehold improvements and vehicles	**-**	8
	Acquisition of subsidiaries, net of cash acquired	**(22,244)**	(9,721)
	Net cash used by investing activities	**(22,650)**	(10,040)
	CASH FLOWS FROM FINANCING ACTIVITIES		
	Loans received from group companies	**23,104**	14,701
	Net cash generated by financing activities	**23,104**	14,701
	Cash and cash equivalents at start of year	**8,540**	3,159
	Net increase in cash in the year	**7,409**	5,381
	Cash and cash equivalents at end of year	**15,949**	8,540

Bell Rock Workplace Management Limited
Statement of Significant Accounting Policies
For the year ended 31 December 2018

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

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

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

BASIS OF PREPARATION

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

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

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2018 the Company has undergone transition from reporting under IFRSs adopted by the European Union to FRS 101 'Reduced Disclosure Framework'. This transition is not considered to have had any material effect on the financial statements.

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

The Group financial statements consolidate the financial statements of Bell Rock Workplace Management Limited and its subsidiary undertakings drawn up to 31 December 2018. The results for the subsidiary undertakings acquired are consolidated from the date on which control passed. Acquisitions are accounted for under the acquisitions method.

The financial statements have been prepared on a going concern basis under the historical cost convention.

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below in the section entitled 'Critical accounting estimates and assumptions'.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

In the current year, the following standards are mandatory for the first time for the financial year beginning 1 January 2018:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

The effects of the implementation of these standards have had no material impact on the Group's reported profit or cash flows.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Adoption of IFRS 9

In the current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives.

Additionally, the Group adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures about 2018 and to the comparative period.

IFRS 9 introduced new requirements for:

1. The classification and measurement of financial assets and financial liabilities,
2. Impairment of financial assets, and
3. General hedge accounting.

There has been no material impact on adopting IFRS 9 on the group financial statements.

Adoption of IFRS 15

In the current year, the Group has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of the new requirements as well as their impact on the Group's consolidated financial statements are described below.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however, the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position.

The Group's accounting policies for its revenue streams are disclosed in detail in the accounting policies section below. Apart from providing more extensive disclosures for the Group's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Group.

Accounting policies

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

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

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

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

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

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

Contract assets

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

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

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

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

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The Group's prior year policy under IAS 18 and IAS 11

Revenue recognition
Revenue represented the invoiced value of services supplied exclusive of VAT and similar taxes. Facilities management income was recognised on an accruals basis representing contractual arrangements. Facilities management revenue comprised fees receivable and costs recharged to customers, where the relationship with the supplier of services is that of principal. These recharged costs, on which no margin was earned, have been shown separately in the Income Statement to aid interpretation of the business.

Facilities management pre contract costs
Pre contract costs were expensed as incurred up to the point that preferred bidder status is awarded from which time further directly attributable pre contract costs was recognised as an intangible asset and amortised over the life of the contract.

Future changes to standards

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

New or revised standards:	
IFRS 16	Leases (Jan 2016)
Amendments:	
IFRS 2	Classification and Measurement of Share-based Payment Transactions (June 2016)
IFRS 4	Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (September 2016)
IFRIC 22	Foreign Currency Transactions and Advance Consideration (December 2016)
IFRIC 23	Uncertainty over Income Tax Treatments (June 2017)
Various	Annual Improvements to IFRS Standards 2014–2016 Cycle (January 2016)

The Directors have considered the impact of IFRS 16 as noted below. The Directors do not expect that the adoption of the other standards listed above will have a material impact on the financial statements of the Group in future periods.

Adoption of IFRS 16

IFRS 16 'Leases' provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 'Leases' and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The date of initial application of IFRS 16 for the Group will be 1 January 2019. The Group has chosen the modified retrospective application of IFRS 16. Consequently, the Group will recognise a lease liability and a corresponding right-of-use asset, and no adjustment to the opening retained earnings, on 1st January 2019.

Impact of the new definition of a lease

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

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

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

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Impact of IFRS 16

Operating leases

IFRS 16 will change how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet. On initial application of IFRS 16, for all leases the Group will:

a) Recognise a right-of-use asset and lease liability in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
b) Not adjust the opening retained earnings on initial application;
c) For short term leases (lease term of 12 months or less) and leases of low value assets (under £2,000), the Group will opt to recognise a lease expense on a straight line basis as permitted by IFRS 16.

As at 31 December 2018, the Group has operating lease commitments of £2.3m, see note 23.

A preliminary assessment indicates that the majority of these arrangements relate to leases other than short term leases and leases of low value assets, and hence the Group will recognise a right of use asset of approximately £3.5m and a corresponding lease liability of approximately £3.5m in respect of all these leases. The impact on profit or loss is to decrease other expenses by c£1.1m, to increase depreciation by c£1.0m and to increase interest expenses by c£0.1m.

Finance leases

As at 31 December the Group had no contracts under finance leases.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

(a) Estimated impairment of goodwill
The Group tests at least annually whether there has been any impairment of goodwill, in accordance with the accounting policy stated on page 30. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require estimation of the future cash flows of the group.

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

GOING CONCERN

After making due enquiries, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements.

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

The Group made a profit before exceptional items, interest, tax, depreciation and amortisation in 2018 and has forecast profit to grow in both 2019 and 2020. On the basis that although the current economic climate provides some level of uncertainty with regard to future performance, the Group is successfully winning new business and growing its market share. It has a record level of new business opportunities and has secured three contracts with annualised revenue of over £8m since the balance sheet date. The Board has taken this into account in considering the forecasts.

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

FORWARD LOOKING STATEMENTS

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

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

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

CONSOLIDATION

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

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

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

EXCEPTIONAL ITEMS

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

TAXATION

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

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

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

DIVIDEND DISTRIBUTION

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

INTANGIBLE ASSETS

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

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

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

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

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

PROPERTY, PLANT AND EQUIPMENT

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

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

Plant and equipment	Three to ten years
Vehicles	Four years
Leasehold improvements	lower of remaining lease period or their respective useful economic life

PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

LEASED ASSETS

Rentals payable in respect of operating leases are charged to the Income Statement on a straight line basis over the lease term. From 1 January 2019, IFRS 16 'Leases' will be applied. The details of this implementation are disclosed in the 'Changes in accounting policies and disclosures' section above.

INVESTMENTS

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

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

FINANCIAL INSTRUMENTS

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

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

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. See note 14 for further information about the Group's accounting for trade receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the asset has incurred an expected credit loss. Changes in the carrying amount of the receivable are recognised in the income statement.

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

FINANCIAL INSTRUMENTS (continued)

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

EMPLOYEE BENEFITS

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

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

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

CAPITAL RISK MANAGEMENT

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

CONTINGENT CONSIDERATION

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

SHARE CAPITAL

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

SHARE PREMIUM

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

PREFERRED SHARES

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

1 REVENUE

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

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Property and facilities management services	**89,902**	59,976
Provision of software services	**2,368**	1,680
	92,270	61,656

Disaggregated revenue

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

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Workplace and Compliance Services	**74,794**	59,122
Technical and Real Estate	**11,170**	6,884
Mechanical and Electrical	**15,786**	3,984
	101,750	69,990
Less: Intercompany trading	**(9,480)**	(8,334)
	92,270	61,656

Throughput is revenue as defined in the Statement of Significant Accounting Policies, on which no margin is added (the revenue charged matches the costs that have been incurred).

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

2 OPERATING LOSS

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Operating loss is stated after charging/ (crediting):		
Depreciation of Property, Plant and Equipment		
- plant and equipment, leasehold improvements and vehicles	**282**	327
Profit on sale of tangible fixed assets		
- plant and equipment, leasehold improvements and vehicles	**-**	(7)
Amortisation of intangible assets		
- software	**768**	761
- customer relationships	**3,451**	2,113
Operating lease payments		
- buildings	**582**	287
- plant and equipment, leasehold improvements and vehicles	**465**	100

2 OPERATING LOSS (continued)

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Auditor's remuneration		
Fees payable for the audit of the parent company and consolidated financial statements	**5**	5
Fees payable to the Company's auditor for other services:		
- Audit of the Company's subsidiaries, pursuant to legislation	**145**	158
- Other services	**59**	96

Other services relate mainly to tax compliance fees.

3 ALTERNATIVE PERFORMANCE MEASURES

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

Adjusted revenue – is an APM that is a more appropriate metric to use for margin analysis as it excludes revenue on which no margin is earned. The reconciliation from revenue to adjusted revenue can be seen in the Consolidated Statement of Comprehensive Income on page 14.

Earnings before interest, taxation, depreciation, amortisation and exceptional operating costs (EBITDAE) – is a more appropriate metric to assess the operating performance of the Group as it excludes non-cash movements for depreciation and amortisation and also excludes exceptional items, which are non-recurring by their nature. The reconciliation from the EBITDAE to the operating loss can also be seen in the Consolidated Statement of Comprehensive Income on page 14.

4 EMPLOYEES

EMPLOYEE BENEFIT EXPENSE

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Staff costs during the year were as follows:		
Wages and salaries	**18,624**	14,972
Social security costs	**1,868**	1,499
Defined contribution pension costs (note 21)	**513**	407
Redundancy (included within exceptional items)	**62**	350
Total	**21,067**	17,228

The Company had no employees during the year.

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

	Year ended 31 December 2018 No.	Year ended 31 December 2017 No.
Management	**25**	32
Sales	**14**	12
Production	**551**	472
Finance	**30**	29
IT	**20**	20
Total	**640**	565

4 EMPLOYEES (continued)

KEY MANAGEMENT PERSONNEL

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

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Short term employment benefits	**372**	440
Post-employment benefits	**22**	22
	394	462

2 Directors (2017: 2) were members of the defined contribution money purchase scheme.

Highest Paid Director

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Wages and salaries (excluding employers' pension contributions but including bonuses earned and benefits in kind)	**206**	216
Pension costs – defined contribution plans	**12**	12
	218	228

5 EXCEPTIONAL OPERATING EXPENSES

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Reorganisation costs	**1,100**	1,720
Transaction related expenditure	**1,457**	239
Deferred consideration payroll costs	**4,453**	2,185
	7,010	4,144

The reorganisation costs relate to costs of departing people following a restructuring of the business as a result of changes in Board and the acquisitions made in the year. Transaction related expenditure are those costs directly attributable to the acquisitions made by the Group.

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

6 FINANCE COSTS

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Other interest payable	**154**	1
Interest payable on inter-company balances	**2,021**	1,537
Total finance costs	**2,175**	1,538
Interest receivable	**(1)**	-
Net finance costs	**2,174**	1,538

7 TAXATION

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Current tax (credit) / charge		
UK Corporation tax (credit) /charge for the year at 19% (2017: 19.25%)	**(14)**	5
	(14)	5
Deferred tax credit		
Deferred tax credit for the year from continuing operations	**(734)**	(455)
Total credit for taxation for continuing operations included in the Statement of Comprehensive Income	**(748)**	(450)

At the balance sheet date, the group has unused tax losses of £1,559k (2017: £494k) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses as it is not considered probable that there will be future taxable profits available.

The tax for the year is higher (2017: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Loss before taxation from continuing operations per the Income Statement	**(3,991)**	(2,093)
Loss before taxation multiplied by average standard rate of corporation tax in the UK of 19% (2017: 19.25%)	**(758)**	(403)
Tax effect of expenses not deductible for tax	**219**	(12)
Changes in unrecognised deferred tax assets	**311**	-
Adjustment in respect of prior years	**(14)**	-
Origination and reversal of temporary differences	**(734)**	(455)
Deferred consideration payroll costs not deductible	**846**	420
Group relief utilised	**(618)**	-
Total tax credit for the year	**(748)**	(450)

The income tax credit for the year is based on the effective United Kingdom statutory rate of Corporation Tax for the year of 19% (2017: 19.25%). In November 2015 the Government enacted the Finance (No. 2) Act 2015 which reduces the standard rate of corporation tax from its current level of 20% to 19% from 1 April 2017 and 17% from 1 April 2020. As these changes had been substantively enacted at the balance sheet date, the deferred tax assets and liabilities included within these financial statements have been calculated using these rates based on when the deferred tax temporary differences are expected to materially reverse.

8 DISCONTINUED OPERATIONS

During the previous year the operations of Bellrock Mobile Solutions division were discontinued due to ongoing losses. The results of this division for 2017 have therefore been treated as a loss on discontinued operations.

The results of the discontinued operations, which have been included in the consolidated income statement, were as follows:

	2018 £000	2017 £000
Revenue	-	516
Cost of Sales	-	(1,533)
Overheads	-	(75)
	-	(1,092)
Exceptional operating costs	-	(318)
Discontinued loss before taxation	-	(1,410)
Taxation	-	271
Discontinued loss	-	(1,139)

9 DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31 December 2018 (2017: £nil).

10 GOODWILL

Group	2018 £000	2017 £000
Cost		
Cost brought forward	**22,997**	18,817
Acquisitions	**13,455**	4,180
Closing cost & carrying amount	**36,452**	22,997

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

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

10 GOODWILL (continued)

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

	2018 £000	2017 £000
The Naples Group	**5,799**	-
FME Properties Solutions Limited	**5,732**	-
ECO IPS Limited	**1,924**	-
Planned Engineering Services Limited	**1,212**	1,212
Profile Consultancy Limited	**2,969**	2,969
Bellrock Property & Facilities Management	**17,902**	17,902
Other	**914**	914
Carrying amount	**36,452**	22,997

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

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

- Growth rate: 2.0% per annum

The discount rate used in the recoverable amount calculation is 11.41% (2017: 12.11%). The discount rate used is pre-tax and reflects specific risks relating to the CGU and is based upon the weighted average cost of capital reflecting the specific principal risks and uncertainties applicable to the CGU.

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

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

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

Having completed the 2018 annual impairment review, the Company has recognised no impairment (2017: £nil). The level of impairment recognised is predominantly dependent upon judgements used in arriving at future growth rates and the discount rate applied to cash flow projections. Key drivers to future growth rates are dependent on the Company's ability to maintain and grow income streams whilst effectively managing operating costs. The level of headroom may change if different growth rate assumptions or a different pre-tax discount rate were used in the cash flow projections.

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

10 GOODWILL (continued)

Acquisitions

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

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

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

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

2018

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

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

10 GOODWILL (continued)

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

2017

On 17 May 2017, the Group acquired the entire issued share capital of Profile Consultancy Limited, obtaining control of Profile Consultancy Limited.

On 29 September 2017, the Group acquired the entire issued share capital of Planned Engineering Services Limited, obtaining control of Planned Engineering Services Limited.

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

	Profile Consultancy Ltd Fair value to group £000	Planned Engineering Services Ltd Fair value to group £000	Total Fair value to group £000
Fixed assets	43	22	65
Identifiable intangible assets – customer relationships	5,164	1,396	6,560
Current assets	2,039	2,695	4,734
Current liabilities	(1,678)	(1,610)	(3,288)
Long term liabilities	(927)	(265)	(1,192)
Total identifiable assets	4,641	2,238	6,879
Goodwill	2,969	1,211	4,180
Total consideration	**7,610**	**3,449**	**11,059**
Satisfied by:			
Cash	7,610	3,343	10,953
Deferred consideration	-	106	106
Total consideration transferred	**7,610**	**3,449**	**11,059**
Deferred consideration/earn out payments paid as remuneration	**2,937**	**1,000**	**3,937**
Net cash outflow arising on acquisition:			
Cash consideration	7,610	3,343	10,953
Less: Cash and cash equivalent balances acquired	(998)	(234)	(1,232)
	6,612	**3,109**	**9,721**

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

10 GOODWILL (continued)

Acquisition - revenue and profit contribution

The acquired businesses contributed the following revenues and profit before tax to the group for the period from acquisition to 31 December 2018:

	ECO IPS Ltd £000	FME Property Solutions Ltd £000	The Naples Group Ltd £000	Total £000
Revenue	4,457	2,430	893	7,780
Profit before tax	482	154	173	809

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

	ECO IPS Ltd £000	FME Property Solutions Ltd £000	The Naples Group Ltd £000	Total £000
Revenue	6,218	16,227	5,724	28,169
Profit before tax	380	1,367	1,196	2,943

11 INTANGIBLE ASSETS

Group	Capitalised software £000	Customer relationships £000	Total £000
Cost			
At 31 December 2016	3,343	14,922	18,265
Additions	193	-	193
Additions – Business Combinations	-	6,560	6,560
At 31 December 2017	3,536	21,482	25,018
Additions	282	-	282
Additions – Business Combinations	-	10,712	10,712
At 31 December 2018	**3,818**	**32,194**	**36,012**
Accumulated amortisation			
At 31 December 2016	1,375	1,877	3,252
Charged during the year	761	2,112	2,873
At 31 December 2017	2,136	3,989	6,125
Charged during the year	768	3,452	4,220
On disposals	-	-	-
At 31 December 2018	**2,904**	**7,441**	**10,345**
Net book value			
At 31 December 2016	1,968	13,045	15,013
At 31 December 2017	1,400	17,493	18,893
At 31 December 2018	**914**	**24,753**	**25,667**

The business combination additions in the year, arose from the acquisition of:
- ECO IPS Limited on 11 April 2018,
- FME property Services Limited on 26 October 2018,
- The Naples Group Limited on 23 November 2018.

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

12 PLANT PROPERTY AND EQUIPMENT

	Plant and Equipment and Vehicles £000	Leasehold Improvements £000	Total £000
Cost			
At 31 December 2016	2,646	731	3.377
Additions	135	-	135
Acquisition of subsidiary	65	-	65
Disposals	(89)	-	(89)
At 31 December 2017	2,757	731	3,488
Additions	102	20	122
Acquisition of subsidiary	61	-	61
Disposals	-	-	-
At 31 December 2018	**2,920**	**751**	**3,671**
Accumulated depreciation			
At 31 December 2016	2,153	268	2,421
Charged during the year	262	65	327
On disposals	(88)	-	(88)
At 31 December 2017	2,327	333	2,660
Charged during the year	225	57	282
On disposals	-	-	-
At 31 December 2018	**2,552**	**390**	**2,942**
Net book value			
At 31 December 2016	493	463	956
At 31 December 2017	430	398	828
At 31 December 2018	**368**	**361**	**729**

13 INVESTMENTS

The Company has the following investments in subsidiaries:

	2018 £000	2017 £000
Cost		
Cost brought forward	**40,144**	29,085
Additions	**29,325**	11,059
Carried forward cost and carrying value	**69,469**	40,144

As at 31 December 2018 the company had the following investments, all of which are 100% owned by equity.

13 INVESTMENTS (continued)

The following companies are registered in England and Wales:

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

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

The following companies are registered in Scotland:

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

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

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

Company	Company registered number
Concerto Support Services Limited	(No. 05124418)
Profile Consultancy Limited	(No. 06459483)
Property Solutions (UK) Limited	(No. 07546592)
Stanley Hicks Limited	(No. 10229810)

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

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

14 TRADE AND OTHER RECEIVABLES

Group

	2018 £000	2017 £000
Amounts falling due within one year:		
Trade receivables	**14,729**	8,428
Less: provision for credit notes and bad debts	**(361)**	(289)
Net trade receivables	**14,368**	8,139
Other receivables	**289**	213
Corporation tax	**324**	-
Prepayments and accrued income	**6,066**	5,639
	21,047	13,991

The value of net bad debt expense in the income statement is £29k (2017: £174k).

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

	At 31 December 2018			At 31 December 2017		
	Gross £000	**Provision £000**	**Net £000**	Gross £000	Provision £000	Net £000
Trade and other receivables						
- Not yet due and up to 3 months past due	**19,806**	**-**	**19,806**	13,522	(89)	13,433
- 3 to 6 months past due	**980**	**-**	**980**	324	(54)	270
- 6 to 12 months past due	**586**	**(361)**	**225**	269	(105)	164
- Over 12 months past due	**36**	**-**	**36**	165	(41)	124
	21,408	**(361)**	**21,047**	14,280	(289)	13,991

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

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

	2018 £000	2017 £000
Fair value adjustments to assets acquired	**(289)**	(115)
Provision for receivables impairment	**(72)**	(259)
Utilisation	**-**	85
At 31 December 2018	**(361)**	(289)

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

The maximum exposure to credit risk of the reporting data is the fair value of each class of receivable. The Group does not hold any collateral as security. Concentrations of credit risk with respect to trade receivables are limited due to the Group's customer base being large and unrelated. Due to this, management believe that there is no further credit risk provision required in excess of the normal provision for doubtful receivables.

14 TRADE AND OTHER RECEIVABLES (continued)

Company

	2018 £000	2017 £000
Amounts falling due after more than one year:		
Amounts owed by Group undertakings	-	48,867
	-	48,867
Amounts falling due within one year:		
Prepayments and accrued income	18	18
	18	18

Company receivables from related parties are not past due or impaired. The carrying amounts of the Company's trade and other receivables on the Balance Sheet are denominated in sterling. There is deemed to be no difference between this and their fair value.

15 TRADE AND OTHER PAYABLES

Group	2018 £000	2017 £000
Amount due within one year:		
Trade payables	12,970	6,708
Other payables	1,333	1,593
Other taxation and social security liabilities	2,963	2,200
Accruals	7,148	5,669
Deferred consideration payable as remuneration	4,543	2,071
Deferred income	878	853
Finance leases	1	2
Settlement agreement (note 16)	18	18
	29,854	19,114

Company	2018 £000	2017 £000
Amount due within one year:		
Other payables	382	-
Accruals and deferred income	87	60
	469	60

16 OTHER NON-CURRENT LIABILITIES

Group	2018 £000	2017 £000
Amounts owed to group undertakings	68,084	44,980
Life-cycle works	684	713
Settlement agreement	84	102
	68,852	45,795

Company	£000	£000
Amounts owed to group undertakings	43,653	63,941
	43,653	63,941

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

17 FINANCIAL INSTRUMENTS

Details of the Group's policies and strategies in relation to Financial Instruments are given on page 22.

Financial Assets **Group**	**2018 £000**	2017 £000
Cash at bank and in hand (excluding Life-Cycle funds)	**15,077**	7,782
Cash at bank and in hand (Life-Cycle funds)	**872**	758
Total cash and cash equivalents	**15,949**	8,540
Net trade receivables (note 14)	**14,368**	8,139
	30,317	16,679

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

Financial Liabilities **Group**	**2018 £000**	2017 £000
Inter group borrowings	**68,084**	44,980
Trade payables (note 15)	**12,970**	6,708
Deferred consideration	**4,653**	950
Finance leases (note 15)	**1**	2
Settlement agreement (note 15 and note 16)	**102**	120
	85,810	52,760

Financial liabilities – analysis of maturity dates

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

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

17 FINANCIAL INSTRUMENTS (continued)

2017	Inter group borrowings £000	Trade payables £000	Deferred consideration £000	Settlement agreement £000
Less than 1 year	-	6,708	950	18
One to two years	-	-	-	18
Two to three years	-	-	-	18
Three to four years	-	-	-	18
Four to five years	-	-	-	18
Beyond five years	44,980	-	-	32
Total	44,980	6,708	950	120

18 DEFERRED TAXATION

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

Group	Deferred tax assets 2018 £000	Deferred tax liabilities 2018 £000
Balance brought forward	1,343	(2,190)
Short term temporary differences	-	734
Temporary differences relating to acquisitions	-	(1,929)
	1,343	(3,385)

Group	Deferred tax assets 2017 £000	Deferred tax liabilities 2017 £000
Recognised deferred tax balances in respect of:		
Balance brought forward	1,072	(1,449)
Short term temporary differences	271	455
Temporary differences relating to acquisitions	-	(1,196)
	1,343	(2,190)

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

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

	Losses £'000	Accelerated capital allowances £000	Intangible assets £000	Other £000	Acquisitions £000	Total £000
Balance brought forward	(87)	1,310	(176)	(151)	(1,272)	(376)
Arising on acquisitions	-	-			(1,196)	(1,196)
(Charge) / credit to income statement	87	240	(153)	151	400	726
At 31 December 2017	-	1,550	(329)	-	(2,068)	(847)
Arising on acquisitions	**-**	**-**		**-**	**(1,929)**	**(1,929)**
(Charge)/credit to income statement	**-**	**44**	**131**	**-**	**559**	**734**
At 31 December 2018	**-**	**1,595**	**(198)**	**-**	**(3,438)**	**(2,042)**

19 RETIREMENT BENEFIT OBLIGATIONS

Defined contribution scheme

The Bellrock Group operates a defined contribution scheme (The Bellrock Group Pension plan) on behalf of eligible employees of the Group. The cost to the Group of contributions to this scheme during the year was £513k (2017: £407k).

The balance at the year-end which is payable to the scheme was £120k (2017: £50k). This is shown within other creditors due within one year.

20 CALLED-UP SHARE CAPITAL

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

At 31 December 2017 Authorised, Issued and fully paid	Shares No.	Share Capital £000	Share Premium £000
Ordinary shares of £1 each	250	-	25,000
At end of year	250	-	25,000

21 FINANCIAL COMMITMENTS

Group

Capital expenditure

Contracts placed for future financial expenditure contracted but not provided for in the financial statements are £nil (2017: £nil).

Revenue expenditure

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

	2018 **£000**	2017 £000
Land and buildings		
- within one year	**625**	514
- between two and five years	**591**	694
- over five years	**-**	-
	1,216	1,208
Plant and machinery and motor vehicles		
- within one year	**562**	166
- between two and five years	**563**	200
- over five years	**-**	-
	1,125	366

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

Company

The Company has no financial commitments at 31 December 2018.

22 RELATED PARTY TRANSACTIONS

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

	2018	2017
	£000	£000
Horizon Capital Partners LLP		
Costs recharged from	**100**	100

Other than emoluments paid to directors disclosed in note 4 there were no other transactions with Directors occurring during the year. There were no balances outstanding at the year-end other than loan notes as below.

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

23 CONTINGENT LIABILITIES

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

24 ULTIMATE CONTROLLING PARTY

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

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

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

25 POST BALANCE SHEET EVENTS

On 30 April 2019 as part of the ongoing commitment to deliver the strategic plan, the Group acquired the entire share capital of Fasset Holdings Limited for £2.3m, a facilities management and property consultancy business. The acquisition was fully funded from the Group's banking facilities.