Registered number: 03075427

BELLROCK PROPERTY & FACILITIES MANAGEMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

BELLROCK PROPERTY & FACILITIES MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	A P M Rudzinski D J Smith R Singleton (resigned 1 April 2018) G Davies (appointed 21 January 2019) D Richards (appointed 21 January 2019)
Company secretary	A P M Rudzinski
Registered number	03075427
Registered office	Peat House 1 Waterloo Way Leicester United Kingdom LE1 6LP
Independent auditor	Deloitte LLP Statutory Auditor Four Brindleyplace Birmingham United Kingdom B1 2HZ
Bankers	HSBC Bank Plc P.O. Box 105 33 Park Row Leeds United Kingdom LS1 1LD

BELLROCK PROPERTY & FACILITIES MANAGEMENT LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their Strategic Report for the year ended 31 December 2018.

Principal activities

Bellrock Property & Facilities Management Limited's (hereafter the "Company") 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 Company 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 (hereafter the "Group"), of which this company is the major trading subsidiary, 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 Company 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

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 Company, meaning there are significant opportunities for growth. We aim to change the face of estate management, bringing together excellent people, technology and supply chain partners to provide the best possible service to our clients.

The Company 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 Company'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 Company 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 Company 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 of statutory compliance; and
- Flexibility to customise a supply chain to match a client's needs. This included self-delivery or outsourced services provided by accredited national, regional or local suppliers. .

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

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

People:

The Company continues to build on initiatives in 2018 around an Employee Charter, Employee Values and a Customer Charter. This has helped 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 Company's operating platform for all of 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 Company'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 Company 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

The results for the Company show a pre-tax loss of £607k (2017 - £175k) for the year and revenue excluding costs recharged to customers of £62,976k (2017 - £53,200k). Exceptional charges in the year were £2,190k compared to £1,810k in the prior year. The Company's EBITDAE, which is management's preferred measure of underlying operational profitability, has delivered a decrease of £397k (9%) compared to 2017. The reconciliation of EBITDAE to the numbers reported in the statutory financial statements is as follows:

	2018 £000	2017 £000
Reconciliation to EBITDAE:		
Operating profit	484	1,028
Add back:		
Amortisation of intangible assets (note 14)	1,158	1,177
Depreciation of tangible fixed assets	232	302
Exceptional costs	2,190	1,810
EBITDAE	4,064	4,317

Acquisition fees and related costs reported within exceptional items were fully funded from a cash flow perspective through the acquisition financing process.

Exceptional costs

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 in relation to continuing operations of £1,167k being incurred (2017 - £1,810k) alongside transaction related expenditure of £1,018k (2017 - £nil).

Principal risks and uncertainties

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

Market risk
As with most businesses, the Company is influenced by prevailing conditions in the markets in which it operates. This risk is mitigated by the Company providing a broad range of services to both private and public sector clients across a number of sectors. A significant proportion of the Company'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 Company 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 Company competes against a large number of other companies in a fragmented market. Whilst the Directors believe that the Company is well positioned in its markets and sectors the Company 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 Company 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.

Key performance indicators

The Company's strategy is one of growth with improved profitability. The Directors monitor progress against this strategy by reference to a number of KPIs. Performance for the years ended 31 December 2018 and 2017 is set out below.

KPI	2018	2017	Definition/Method of Calculation
Gross Margin	12.8%	24.2%	Gross profit divided by revenue, expressed as a percentage
EBITDAE	£4,064k	£4,317k	Earnings before interest, tax, depreciation, amortisation and exceptional items
Call Wait Time	27 seconds	43 seconds	Average call wait time in Contact Centre

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Creditor payment policy

The Company 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 Company for the year ended 31st December 2018 (excluding the impact of acquisitions) were 70 days (2017 - 60), based on the ratio of Company trade creditors at the end of the year to the amounts invoiced during the year by trade creditors.

Financial risk management

The Company'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 Company's ultimate parent is Bell Rock Topco Limited and is part of the Bellrock Group.

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

Credit risk
The Company has no significant concentrations of credit risk. It has policies in place to ensure that its 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 Company 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 Company has an interest bearing liability. Interest bearing liabilities include loans from the parent company at variable rates of interest.

This report was approved by the board and signed on its behalf by:

D J Smith
Director

Date: 01/08/19

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their Annual Report and the audited financial statements for the year ended 31 December 2018.

Results and dividends

The loss for the year, after taxation, amounted to £372k (2017 - loss £1,126k).

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

Accounting framework

During the year the decision was made to change the accounting framework applied from full International Financial Reporting Standards (IFRSs) to Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101). The financial statements have therefore been prepared under FRS 101, the details of the transition can be found in Note 2.1 - Basis of Preparation of Financial Statements and in Note 30 - First Time Adoption of FRS 101.

Directors

The Directors who served during the year and up to the date of this report were:

A P M Rudzinski
D J Smith
R Singleton (resigned 1 April 2018)
G Davies (appointed 21 January 2019)
D Richards (appointed 21 January 2019)

Going concern

After making due enquiries, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements and for this reason, the going concern basis continues to be adopted in preparing the financial statements.

In reaching this conclusion the Board have considered the financial position of the Company, its funding facilities and the formal confirmation of support received from the ultimate parent undertaking. The Board has undertaken a review of the Company'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 Company.

The Bellrock Group made a profit before exceptional costs, interest, tax, depreciation and amortisation in 2018 and has forecast a profit before exceptional costs, interest, tax, depreciation and amortisation for both 2019 and 2020. On the basis that although the current economic climate provides some level of uncertainty with regard to future performance, the Company 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.

Health and safety of employees

The Board is aware of its responsibilities on all matters relating to health and safety of employees, customers, visitors to Company premises and others affected by the Company's activities. A working party advises Directors and senior executives on all relevant issues relating to compliance with health and safety legislation. The Company 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 Company's aspirations for health and safety affairs, including protecting the health and wellbeing of its employees, and ensuring that the responsibilities of all categories of employees within the Company 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 Company's Health & Safety Manager.

The Company 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 Company 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.

Future developments

The future prospects for the Company and the Bellrock Group remain strong as the Group is now 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 Group successfully having acquired an additional £20m loan facility from Ardian Private Debt that enabled the acquisition of the subsidiaries.

Alongside new financing from Ardian Private Debt and the Balance Sheet restructure as noted in the Directors' Report, 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.

Employee involvement

The Company's employment policies embody the principles of equal opportunity and are designed to meet the needs of the business. The Bellrock 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 Company 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 Company'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.

Qualifying third party indemnity provisions

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 the date of 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 policy during the year or prior year.

Disclosure of information to auditor

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

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

Post balance sheet events

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

Auditor

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.

This report was approved by the board and signed on its behalf by:

D J Smith
Director

Date: 01/08/19

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

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

Company law requires the Directors to prepare audited financial statements for each financial year. Under that law the Directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these audited financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELLROCK PROPERTY & FACILITIES MANAGEMENT LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Bellrock Property & Facilities Management (the "Company"):

- give a true and fair value of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and Loss Account;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 30.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELLROCK PROPERTY & FACILITIES MANAGEMENT LIMITED

Other Information

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

Other Information (continued)

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 financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that *are free from material misstatement, whether due to fraud or error.*

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the 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 AUDITOR'S REPORT TO THE MEMBERS OF BELLROCK PROPERTY & FACILITIES MANAGEMENT LIMITED

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report has 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 Directors' Report.

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 Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Halls FCA (Senior statutory auditor)

for and on behalf of

Deloitte LLP

Statutory Auditor

Birmingham
United Kingdom

Date: 01/08/19

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Continuing operations 2018 £	Discontinued operations 2018 £	Total 2018 £	Continuing operations 2017 £	Discontinued operations 2017 £000	Total 2017 £000
Turnover	4	62,976	-	62,976	53,200	516	53,716
Cost of sales		(53,903)	-	(53,903)	(41,617)	(1,573)	(43,190)
Gross profit		9,073	-	9,073	11,583	(1,057)	10,526
Administrative expenses		(6,399)	-	(6,399)	(8,745)	(35)	(8,780)
Exceptional administrative expenses		(2,190)	-	(2,190)	(1,810)	(318)	(2,128)
Operating profit/(loss)	5	484	-	484	1,028	(1,410)	(382)
Interest receivable and similar income	9	-	-	-	1,083	-	1,083
Interest payable and expenses	10	(1,091)	-	(1,091)	(2,286)	-	(2,286)
Loss before tax		(607)	-	(607)	(175)	(1,410)	(1,585)
Tax on loss	11	235	-	235	188	271	459
Loss for the financial year		(372)	-	(372)	13	(1,139)	(1,126)

There was no other comprehensive income for 2018 (2017 - £nil) and hence no statement of comprehensive income is presented.

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Goodwill	15		17,901		17,901
Intangible assets	14		5,973		6,849
Tangible assets	16		594		728
			24,468		25,478
Current assets					
Debtors: amounts falling due after more than one year	17	7,104		26,267	
Debtors: amounts falling due within one year	17	11,283		9,658	
Cash at bank and in hand	18	8,833		7,183	
		27,220		43,108	
Creditors: amounts falling due within one year	19	(17,151)		(12,553)	
Net current assets			10,069		30,555
Total assets less current liabilities			34,537		56,033
Creditors: amounts falling due after more than one year	20		(41,555)		(62,679)
Net liabilities			(7,018)		(6,646)
Capital and reserves					
Called up share capital	23		1,550		1,550
Share premium account	24		100		100
Profit and loss account	24		(8,668)		(8,296)
			(7,018)		(6,646)

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

D J Smith
Director

Date: 31/05/19

The notes on pages 15 to 39 form part of these financial statements.

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2017	**1,550**	**100**	**(7,170)**	**(5,520)**
Loss for the year	-	-	(1,126)	(1,126)
At 1 January 2018	**1,550**	**100**	**(8,296)**	**(6,646)**
Loss for the year	-	-	(372)	(372)
At 31 December 2018	**1,550**	**100**	**(8,668)**	**(7,018)**

The notes on pages 15 to 39 form part of these financial statements.

1. General information

The Company is a private company limited by shares, incorporated and domiciled in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The Company's registered number is 03075427. The address of its registered office is Peat House, 1 Waterloo Way, Leicester, LE1 6LP, England.

The Company is a wholly owned subsidiary of Bell Rock Workplace Management Limited ("the Parent") whose ultimate parent company is Bell Rock Topco Limited.

The nature of the Company's operations and its principal activities are set out in the Strategic Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the requirements of the Companies Act 2006.

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 IFRS Standards adopted by the European Union to FRS 101 'Reduced Disclosure Framework'. This transition is considered to have not had a material effect on the financial statements.

Information on the impact of first-time adoption of FRS 101 is given in note 30.

The financial statements are presented in pound sterling (£) because that is the currency of the economic environment in which the Company operates.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

First time application of FRS 100 and FRS 101

In the current year the Company has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared in accordance with International Reporting Standards (IFRSs) as endorsed for use with European Union.

The following principal accounting policies have been applied:

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2. Accounting policies (continued)

2.3 Changes in accounting policy 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 Company's reported profit or cash flows.

Adoption of IFRS 9

In the current year, the Company 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 Company 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 Company financial statements.

Adoption of IFRS 15

In the current year, the Company 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 Company'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 Company'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 Company's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Company.

2. Accounting policies (continued)

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 (January 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 Company has begun, but not yet completed its assessment of the potential impacts of IFRS 16 "Leases". This assessment will be completed to ensure that any impacts can be understood prior to adoption.

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 Company 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 Company will be 1 January 2019. The Company has chosen the modified retrospective application of IFRS 16. Consequently, the Company 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 Company 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.

2. Accounting policies (continued)

Impact of IFRS 16

Operating leases

IFRS 16 will change how the Company 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 Company 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; and
c) For short term leases (lease term of 12 months or less) and leases of low value assets (under £2,000), the Company will opt to recognise a lease expense on a straight line basis as permitted by IFRS 16.

As at 31 December 2018, the Company has operating lease commitments of £936,000, see note 27.

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 Company will recognise a right of use asset of approximately £2.1m and a corresponding lease liability of approximately £2.1m in respect of all these leases. The impact on profit or loss is to decrease other expenses by c£0.5m, to increase depreciation by c£0.4m and to increase interest expenses by c£0.1m .

2.4 Going concern

After making due enquiries, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements and for this reason, the going concern basis continues to be adopted in preparing the financial statements.

In reaching this conclusion the Board have considered the financial position of the Company, its funding facilities and the formal confirmation of support received from the ultimate parent undertaking. The Board has undertaken a review of the Company'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 Company.

The Bellrock Group made a profit before exceptional costs, interest, tax, depreciation and amortisation in 2018 and has forecast a profit before exceptional costs, interest, tax, depreciation and amortisation for both 2019 and 2020, on the basis that although the current economic climate provides some level of uncertainty with regard to future performance, a level of confidence has returned to the market. The Board has taken this into account in considering the forecasts.

2.5 Revenue

Revenue recognition
Revenue is measured in accordance with relevant accounting standards. For all contracts within the scope of IFRS 15, the Company 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 Company 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

2. Accounting policies (continued)

2.5 Revenue (continued)

The Company 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 Company 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 Company treats the series of such services as one performance obligation. The Company 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 Company 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.

Repeat service-based contracts (single and bundled contracts)
The Company 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 Company therefore treats the series of such services as one performance obligation delivered over time.

Short-term service-based arrangements
The Company 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.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2. Accounting policies (continued)

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.8 Interest income

Interest income is recognised in the Profit and Loss Account using the effective interest method.

2.9 Finance costs

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

2.10 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.11 Current and deferred taxation

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

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

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

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

2. Accounting policies (continued)

2.11 Current and deferred taxation (continued)

allowances have been met.

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

2.12 Exceptional items

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

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 Profit and Loss Account. 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.

2.13 Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

When a business combination agreement provides for an adjustment to the cost of the combination which is contingent on future events, the Company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probably and can be measured reliably. However, if the potential adjustment is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination. Changes in the estimated value of contingent consideration arising on business combinations completed as a consequence result in a change in the carrying value of the related goodwill.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view. The effect of this departure has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

2. Accounting policies (continued)

2.14 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

2.15 Tangible fixed assets

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

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

The estimated useful lives range as follows:

Short-term leasehold property	- lower of remaining lease period or respective useful economic life
Plant and equipment	- three to ten years
Motor vehicles	- four years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and Loss Account.

2.16 Debtors

Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. 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 Profit and Loss Account.

2. Accounting policies (continued)

2.17 Cash and cash equivalents

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.

2.18 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.19 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 17 for further information about the Company'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.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company'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.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future periods are discussed below:

Estimated impairment of goodwill
The Company tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated on page 19. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Intangible assets
Other intangible assets comprise brands and customer contracts and relationships. The cost of the intangible asset is derived based upon management's assertions of projected cash flows. 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.

4. Revenue

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

	2018 £000	2017 £000
Revenue from services	51,560	48,377
Costs recharged to customers	11,416	5,338

All revenue arose within the United Kingdom.

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets	**232**	302
Amortisation of intangible assets	**1,158**	1,177
Operating lease payments		
- minimum lease payments	**432**	387

6. Auditor's remuneration

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2018 £000	2017 £000
Fees for assurance services	**100**	69
Fees for tax compliance services	**22**	20
Other fees payable	**-**	5
	122	94

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	2018 £000	2017 £000
Wages and salaries	10,768	11,591
Social security costs	992	1,087
Cost of defined contribution scheme	334	330
	12,094	13,008

The average monthly number of employees, including the Directors, during the year was as follows:

	2018 No.	2017 No.
Management	11	18
Sales	11	12
Production	381	372
Finance	25	28
IT	20	20
	448	450

8. Directors' remuneration

	2018 £000	2017 £000
Directors' emoluments	372	576
Company contributions to defined contribution pension schemes	22	28
	394	604

During the year retirement benefits were accruing to 3 Directors (2017 - 3) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £206k (2017 - £216k).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £12k (2017 - £12k).

9. Interest receivable

	2018 £000	2017 £000
Interest receivable from group companies	-	1,083

10. Interest payable and similar expenses

	2018 £000	2017 £000
Bank interest payable	6	-
Other loan interest payable	109	-
Loans from group undertakings	976	2,286
	1,091	2,286

11. Taxation

	2018 £000	2017 £000
Deferred tax		
Origination and reversal of temporary differences	(235)	(459)
Taxation on loss	(235)	(459)

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £000	2017 £000
Loss before tax	(607)	(1,585)
Loss multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(115)	(305)
Effects of:		
Expenses not deductible for tax purposes	389	87
Capital allowances for year in excess of depreciation	24	-
Utilisation of tax losses	(297)	-
Adjustments to tax in relation to previous years	-	(256)
Unrelieved tax losses carried forward	(214)	-
Group relief surrendered	(22)	15
Total tax charge for the year	(235)	(459)

Factors that may affect future tax charges

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.

12. Exceptional items

	2018 £000	2017 £000
Reorganisation costs	1,167	2,128
Transaction related expenditure	1,018	-
Deferred consideration payroll costs	5	-
	2,190	2,128

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 is those costs directly attributable to the acquisitions made by the Company.

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.

13. Discontinued operations

During the prior year, the operations of Bellrock Maintenence 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 which have been disclosed on the face of the Profit and Loss Account.

14. Intangible assets

	Customer relationships £000	Capitalised development costs £000	Total £000
Cost			
At 1 January 2018	22,422	5,044	27,466
Additions - external	-	282	282
At 31 December 2018	22,422	5,326	27,748
Amortisation			
At 1 January 2018	16,950	3,667	20,617
Charge for the year	390	768	1,158
At 31 December 2018	17,340	4,435	21,775
Net book value			
At 31 December 2018	5,082	891	5,973
At 31 December 2017	5,472	1,377	6,849

Other intangible assets comprise brands, customer contracts and relationships, and pre-contract bid costs, 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 development costs is included within administrative expenses in the Profit and Loss Account in determining operating profit. Amortisation of other intangible assets is shown separately on the face of the Profit and Loss Account.

15. Goodwill

	2018 £000
Cost	
At 1 January 2018	**17,901**
At 31 December 2018	**17,901**
Net book value	
At 31 December 2018	**17,901**
At 31 December 2017	17,901

Goodwill (continued)

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

Goodwill is allocated to Cash Generating Units (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.

The key assumptions used in the value-in-use calculations are as follows:

Growth rate: 2% 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 in the Strategic 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 however given the significant headroom a sensitivity analysis was not performed as part of the annual impairment tests.

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.

16. Tangible fixed assets

	Leasehold improvements £000	Plant, equipment and vehicles £000	Total £000
Cost or valuation			
At 1 January 2018	724	2,630	3,354
Additions	20	78	98
At 31 December 2018	744	2,708	3,452
Depreciation			
At 1 January 2018	326	2,300	2,626
Charge for the year on owned assets	58	174	232
At 31 December 2018	384	2,474	2,858
Net book value			
At 31 December 2018	360	234	594
At 31 December 2017	398	330	728

The net book value of land and buildings may be further analysed as follows:

	2018 £000	2017 £000
Short leasehold	360	398
	360	398

17. Debtors

	2018 £000	2017 £000
Due after more than one year		
Amounts owed by group undertakings	6,528	25,926
Deferred tax asset	576	341
	7,104	26,267

	2018 £000	2017 £000
Due within one year		
Trade debtors	5,353	4,174
Amounts owed by group undertakings	402	630
Other debtors	581	51
Prepayments and accrued income	4,947	4,803
	11,283	9,658

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. 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. Given the short term nature there is deemed to be no difference between the carrying amounts and their fair value.

Amounts due from Group companies are unsecured, and attract interest at rates linked to LIBOR.

At 1 January 2018 the impairment provision brought forward was £77k (2017 - £115k). To this was added the provisions for receivables impairment amounting to £37k (2017 - £47k). The provision utilised (deduction) totalled £63k (2017 - £85k). Leaving a carried forward balance of £51k (2017 - £77k).

The accrual and release of provision for impaired receivables are included in 'administrative expenses' in the Profit and Loss Account. 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 Company does not hold any collateral as security.

Concentrations of credit risk with respect to trade receivables are limited due to the Company'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 general provision for doubtful receivables.

18. Cash and cash equivalents

	2018 £000	2017 £000
Cash at bank and in hand	**8,833**	7,183

19. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	**10,502**	5,989
Amounts owed to group undertakings	**65**	-
Other taxation and social security	**415**	1,186
Other creditors	**212**	79
Accruals and deferred income	**5,957**	5,299
	17,151	12,553

All trade and other payable balances at the balance sheet date are held at amortised cost. Given their short term nature there is deemed to be no difference between this and their fair value.

Amounts due to Group companies are unsecured and attract interest at affixed commercial rate of 5.1401%. This loan is repayable on 7 August 2020 and has been classified as due after more than one year after the date of this report.

20. Creditors: Amounts falling due after more than one year

	2018 £000	2017 £000
Amounts owed to group undertakings	**41,555**	62,679
	41,555	62,679

Amounts due to Group companies are unsecured and attract interest at affixed commercial rate of 5.1401%. This loan is repayable on 7 August 2020 and has been classified as due after more than one year after the date of this report.

21. Financial instruments

The Company has no financial assets or financial liabilities measured at fair value through profit or loss.

22. Deferred taxation

	2018 £000	2017 £000
At beginning of year	341	(118)
Charged to profit or loss	235	459
At end of year	**576**	**341**

The deferred tax asset is made up as follows:

	2018 £000	2017 £000
Accelerated capital allowances	576	341
	576	341

A deferred tax asset amounting to £213k (2017 - £452k) for trading losses has not been recognised because it is not sufficiently certain that there will be suitable taxable profits available in the foreseeable future to utilise these tax losses.

The deferred tax asset recognised is based on unclaimed capital allowances of which there is not deemed to be any expiry date.

23. Share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
3,055,000 (2017 - 3,055,000) Ordinary shares of £0.50 each	1,527	1,527
45,000 (2017 - 45,000) Ordinary 'A' shares of £0.50 each	23	23
	1,550	1,550

23. Share capital (continued)

The total number of authorised shares as at the year end was 3,100,000 (2017 - 3,100,000).

Ordinary and 'A' Ordinary shareholders have equal rights to dividends and equal voting rights. The Bellrock Group hold 100% of rights to both class of share.

On return of assets on liquidation of the Company, the assets of the Company shall be applied in the following order:

- First in paying to the holders of the 'A' Ordinary shares £2.20 per share together with a sum equal to any arrears or accruals of the dividends on the 'A' Ordinary shares calculated down to the date of the return of capital.
- Second in paying to the holders of Ordinary shares the subscription price paid per ordinary share.
- The balances of any assets after the above distributions are distributed amongst the holders of the 'A' Ordinary shares.

24. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium. There have been no movements in the share premium account.

Profit and loss account

Includes all current and prior period retained profits and losses.

25. Contingent liabilities

The Company has guaranteed the banking facilities of Bell Rock Topco Limited and certain of its subsidiary undertakings under a cross guarantee arrangement. No losses are expected from this arrangement.

26. Pension commitments

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 Company of contributions to this scheme during the year was £334k (2017 - £330k). The balance at the year-end which was payable to the scheme was £94k (2017 - £43k). This is shown within other payables due within one year.

27. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £000	2017 £000
Not later than 1 year	437	426
Later than 1 year and not later than 5 years	499	811
	936	1,237

28. Related party transactions

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

29. Controlling party

The Company's immediate parent undertaking is Bell Rock Workplace Management Limited, a company registered in England and Wales, and is the smallest group to consolidate these financial statements. The registered addess of the immediate parent company is Peat House, 1 Waterloo Way, Leciester, LE1 6LP. The Company's ultimate parent undertaking, which is the parent undertaking of the largest group to consolidate these financial statements and controlling party 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, the registered address is Peat House, 1 Waterloo Way, Leicester, LE1 6LP.

The ultimate controlling parties are funds managed by Horizon Capital Partners LLP, Brettenham House (North Entrance), Lancaster Place, London, England, WC2E 7EN, due to their holding of 97.5% 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.

30. First time adoption of FRS 101

The policies applied under the entity's previous accounting framework are not materially different to FRS 101 and have not impacted equity or profit or loss.