City Facilities Management Holdings Limited

Annual report and consolidated financial statements

Registered number SC199503

31 December 2020

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Strategic Report

The directors present their strategic report for the year ended 31 December 2020.

Principal activities

The company acts as a holding company for the group whose principal activity is the provision of facilities management, cleaning and related project services. The group also continues with the supply, installation and maintenance of air conditioning, refrigeration and other equipment.

The group's objective is to work in long term partnerships and deliver best in class facilities management and project services to major blue chip clients.

Business review

The financial statements show a group profit after taxation of £21,485,000 *(2019: £19,141,000)* for the year. Profit attributable to shareholders of the parent company was £18,467,000 *(2019: £15,407,000)* and profit attributable to non-controlling interest was £3,018,000 *(2019: £3,734,000)*.

Key performance indicators

The group's key financial and other performance indictors during the year were as follows:

	2020	2019
Turnover (£'000)	**1,250,599**	1,108,821
Operating profit (£'000)	**30,420**	27,525
Profit after tax (£'000)	**21,485**	19,141
Shareholders' funds (£'000)	**27,624**	16,161
Current assets as % of current liabilities ('quick ratio') (%)	**92%**	89.0%
Average number of employees (FTEs)	**13,886**	13,372

The group continues to expand services globally across a range of market sectors including retail and commercial. The retail markets in which the group operates remain very challenging and competitive. Given this backdrop we continue to invest in delivering service and value through various long term partnerships and as such we also share the cost challenges facing the markets.

2020 also saw the COVID-19 pandemic spread across the globe that impacted every territory that City operates in with government implementing restrictive measures in each continent. Early on in the pandemic workloads were considerably reduced, particularly in project services where construction sites were closed for a number of months, along with FM project work and new contracts taking longer to land. During this time the company ensured that there were no job losses due to COVID-19 and in the UK through our construction and hospitality business we utilised the job retention scheme with a total grant received of £1.3m mainly related to our construction activities where a number of colleagues were placed on furlough during the period of reduced project activity.

Despite these market conditions, through a combination of growth with our existing partnerships and securing new customers overall turnover for the group rose by 13% in 2020. Turnover from our FM business increased by 20%, with continued strong growth in all overseas businesses across new and existing markets. Projects Services turnover decreased from 2019 levels by 14% where the impact of COVID-19 was most felt as construction activities were halted for a number of months in the first half of the year before picking back up again. As part of the group's growth strategy, we have continued to invest significantly in developing innovative FM solutions and technology for both existing and new customers across all our territories.

Turnover from Facilities Management and Cleaning Services increased to £1.1bn (2019: £866m), with the main growth being delivered in North America, Asia and Australia. Turnover from Facilities Management in the United Kingdom and Europe fell by £9m mainly as a result of the sale of Maintenance Management Ltd in July 2019 resulting in a reduction to in year Revenues of £50m with the balance from the award of new customers in our UK businesses. Turnover increased in 2020 by £25m in Australia with additional income from the provision of new services to existing customers and the securing of new customers. Turnover in Asia increased by £22m mainly through a full year trading in Hong Kong that commenced trading during Q3 2019. Turnover from Facilities Management in the United States also increased by £135m with additional income from the expansion of our services to existing customers and the securing of new customers.

Strategic Report *(continued)*

Business review *(continued)*

Key performance indicators (continued)

Project Services turnover including construction services and the installation of refrigeration, bakery, security, air conditioning and electrical equipment reduced to £191m in 2020 *(2019: £223m)*. Turnover in the UK & Europe dropped by £2m with slow down on activity with COVID-19 in the first half of the year not fully recovering to prior year levels. Project turnover in the USA were also reduced by £30m again mainly as an impact of reduced project activity due to COVID-19.

The overall group operating profit based on the above performance increased 11% to £30.4m from £27.5m in 2019 as a direct result of increased revenues. Operating Profit also included continued investment in new innovative solutions, systems and business development both in the United Kingdom and overseas as well as contributions to local and national charities of £0.9m.

Principal risks and uncertainties

The group recognises that effective risk management is fundamental to delivering a safe and successful service. The group's systems for risk management seek to identify opportunities and anticipate risks in order to improve business performance.

The projects business is contract based and as such the group has a structured Project Approval process to ensure that all operational, legal, compliance and financial risks are addressed prior to concluding contracts with our clients.

Operating in the facilities management and projects markets, the group also places significant importance on the continuous improvement of its safety systems and performance to ensure the delivery of health and safety to our colleagues, customers and stakeholders. The integration of health and safety into the conduct of our business is a primary focus and the Board is committed to ensuring continuous improvement is engendered via the professionalism and competence of our people working within structured management frameworks. Group companies operating in the United Kingdom are externally verified and hold a range of accreditation including OHSAS 18001 and ISO 9001 in addition to operational accreditations including Constructionline, Gas Safe, FETA and NICEIC. Group companies operating out with the United Kingdom hold and comply with all equivalent accreditations for each respective market.

The group's policy does not permit trading in any financial instruments. The group's principal financial instruments comprise cash, intercompany deposits and or borrowings, the main purpose of which is to provide finance for its normal trading operations.

The group has various other financial instruments such as trade debtors and creditors that arise directly from its trading operations.

The main risks arising from the group's financial instruments are credit risk and liquidity risk. The group has policies for managing each of these risks, as summarised below.

Credit risk

The risk of financial loss due to a counterparty's failure to honour its obligations arises principally in relation to transactions where the company provides goods and services on deferred credit terms.

Group policies are aimed at minimising such losses and require that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored with customers subject to credit limits to ensure the group's exposure to bad debts is not significant.

Bank deposits are only placed with banks which have received a high credit rating.

Liquidity risk

The group aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets. Investment is carefully controlled, with authorisation limits operating at different levels up to group level and with rates of return and cash payback periods applied as part of the investment appraisal process.

Future Developments

The group has considered the impact of Brexit and this has had no material impact on its financial performance.

COVID-19 is still a worldwide issue through 2021 but given that our main clients operate within food retail it is expected to have no material impact on the performance of the business.

Strategic Report *(continued)*

Streamlined Energy and Carbon Reporting

Streamlined Energy and Carbon Reporting is presented in accordance with the 2019 UK Government Environmental Reporting Guidelines. The data collected includes the emissions for all the UK operations of the City Group. Year-end December 2019 will be used as the base year moving forward. Our chosen intensity measurement is gross emissions per £1m UK Revenue.

	2020	**2019**
Energy consumption used to calculate emissions (KWh)	1,867,582	3,300,267
Scope1 emissions in metric tonnes CO2e:		
Gas consumption	116	162
Leased transport	9,251	9,394
Diesel used on site	343	486
Process emissions	83	84
Total Scope 1	**9,793**	**10,126**
Scope 2 emissions in metric tonnes CO2e:		
Emissions from purchased electricity (market based)	**403**	**792**
Scope 3 emissions in metric tonnes CO2e:		
Business Travel	928	2,347
Waste and Water	26	36
Total Scope 3	**954**	**2,383**
Total gross emissions in metric tonnes CO2e	**11,150**	**13,301**
Intensity Ratio tonnes CO2e	**23.23**	**27.10**

Measures taken to improve energy efficiency

The company is committed to reducing our impact on the environment and have introduced various initiatives including REGO backed electricity for our Head Office along with electrical sub metering. We are also introducing plug in hybrids for company cars and as well as beginning to introduce electric vans into our fleet. We will continue to invest in the electrification of our fleet along with energy saving measures such as passive-infra red lighting sensors, energy efficient luminaires and improvements to our Building Management Systems.

Strategic Report *(continued)*

Section 172 Statement

Statement by the Directors in performance of their statutory duties in accordance with section 172 of the Companies Act 2006

The Directors acknowledge and understand their duties and responsibilities, including that of section 172, of the Companies Act 2006. A Director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

1) the likely consequences of any decision in the long term,
2) the interests of the company's employees,
3) the need to foster the company's business relationships with suppliers, customers and others,
4) the impact of the company's operations on the community and the environment,
5) the desirability of the company maintaining a reputation for high standards of business conduct, and
6) the need to act fairly as between members of the company

The board recognises that the long term success of the business is dependent on the way we interact with a large number of important stakeholders including our Colleagues, Clients and Shareholders. The Directors have had regard to the interests of our stakeholders while complying with their obligations to promote the ongoing success of the business in line with section 172 of the Companies Act.

Our colleagues are provided information on the group through the use of various mediums such as our website, internal newsletters and our in house information app.

Ahead of all board meetings the Directors are supplied with board papers that highlight relevant stakeholder considerations along with performance metrics and ongoing forecasts. The Directors are also in close contact with the senior management teams in each country that we operate in allowing good communication at a local level.

The board's decision making considers both risk and reward in the pursuit of delivering long term value to our stakeholders and acknowledging and understanding the current and potential risks to the business, both financial and non-financial, are fundamental to how we manage the business.

The Directors, both individually and collectively as a board, consider the decisions taken during the year ended 31st December 2020 were in conformance of their duty under section 172 of the Companies Act.

By order of the board

C Hawkins
Secretary

Caledonia House
2 Lawmoor Street
Glasgow
G5 0US

17th September 2021

Directors' Report

The directors present their directors' report and financial statements for the year ended 31 December 2020.

Political and charitable contributions

The Group made charitable donations totalling £850,000 *(2019: £639,000)*. The Group made no political donations during the year *(2019: £nil)* nor did they incur any political expenditure in the year *(2019: £nil)*.

Dividends

An ordinary dividend of £7,000,000 (*2019: £10,000,000)* was paid to shareholders of the company during the year. In addition, minority interests were paid a dividend of £3,516,000 *(2019: £4,019,000)*.

Directors

The directors who held office during the year and at the date of this report were as follows:

Lord Haughey Kt OBE
Lady Haughey CBE
Professor Dame Joan Stringer
C J Seggie
D A Still
S E Smith

Employees

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the group's policy, where practical, to provide continued employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

During the period, the policy of providing employees with information about the group has been continued through the group's internal newsletters. In this publication, employees are encouraged to present their suggestions and views on the group's operations and performance.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors is unaware; and each director 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.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial period have been included in the Strategic Report on pages 1 to 4.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

C Hawkins
Secretary

Caledonia House
2 Lawmoor Street
Glasgow
G5 0US

17th September 2021

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP
319 St Vincent Street
Glasgow
G2 5AS
United Kingdom

Independent auditor's report to the members of City Facilities Management Holdings Limited

Opinion

We have audited the financial statements of City Facilities Management Holdings Limited ("the Company") for the year ended 31 December 2020 which comprise the Consolidated Profit and Loss account, the Consolidated Balance sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:
- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the group's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the group's available financial resources over this period was the impact of the loss of one of their major contracts.

We considered whether these risks could plausibly affect the liquidity in the going concern period by assessing the Directors' sensitivities over the level of available financial resources in the group's financial forecasts taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively.

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern.

Our conclusions based on this work:
- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

Independent auditor's report to the members of City Facilities Management Holdings Limited *(continued)*

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud
To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the group to component audit teams of relevant fraud risks identified at the Group level and request to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at group.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue consists entirely of routine, non-complex transactions which are subject to systematic processing and do not require significant judgments. We did not identify any additional fraud risks.

We performed procedures including identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations
We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety and employment law, recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent auditor's report to the members of City Facilities Management Holdings Limited *(continued)*

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Lyn Niccolls (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Street,
Glasgow,
G2 5AS
24 September 2021

Consolidated Profit and Loss Account
for the year ended 31 December 2020

	Note	2020 £000	2019 £000
Turnover	3	**1,250,599**	1,108,821
Cost of sales		**(1,045,982)**	(928,277)
Gross profit		**204,617**	180,544
Goodwill amortisation		**(781)**	(711)
Administrative expenses		**(173,416)**	(152,308)
Group operating profit	4	**30,420**	27,525
Other interest receivable and similar income	7	**207**	262
Interest payable and similar charges	8	**(1,515)**	(1,352)
Profit before taxation		**29,112**	26,435
Tax on profit	9	**(7,627)**	(7,294)
Profit for the financial year		**21,485**	19,141
Profit or loss attributable to			
Shareholders of the parent company		**18,467**	15,407
Non-controlling interest		**3,018**	3,734
Total profit		**21,485**	19,141

The notes on pages 19 to 36 form part of the financial statements.

All activities of the company are classed as continuing.

Consolidated Other Comprehensive Income
for the year ended 31 December 2020

	2020	2019
	£000	£000
Profit for the year	**21,485**	19,141
Other comprehensive income		
Foreign exchange differences on translation of foreign operations	**(64)**	(374)
Total comprehensive income for the year	**21,421**	18,767
Total comprehensive income attributable to		
Shareholders of the parent company	**18,463**	14,993
Non-controlling interest	**2,958**	3,774
Total profit	**21,421**	18,767

Notes on pages 19 to 36 form part of the financial statements.

All activities in 2020 are continuing.

Consolidated Balance Sheet
as at 31 December 2020

	Note	**2020 £000**	**2020 £000**	2019 £000	2019 £000
Fixed assets					
Intangible assets					
Goodwill	*10*	**3,845**		4,626	
			3,845		4,626
Tangible assets	*11*		**47,128**		47,902
Investment	*12*		**19,765**		16,285
			70,738		68,813
Current assets					
Stocks	*13*	**53,612**		51,836	
Debtors	*14*	**152,004**		132,691	
Cash at bank and in hand	*15*	**77,298**		37,831	
		282,914		222,358	
Creditors: amounts falling due within one year	*16*	**(307,494)**		(250,004)	
Net current liabilities			**(24,580)**		(27,646)
Total assets less current liabilities			**46,158**		41,167
Creditors: amounts falling due after more than one year	*17*		**(15,985)**		(22,717)
Deferred tax	*18*		**(818)**		-
Net assets			**29,355**		18,450
Capital and reserves					
Called up share capital	*20*		**1,348**		1,348
Share premium account			**1,950**		1,950
Capital redemption reserve			**747**		747
Profit and loss account			**23,579**		12,116
Equity attributable to the parent's shareholders			**27,624**		16,161
Non-controlling interest			**1,731**		2,289
Shareholders' funds			**29,355**		18,450

The notes on pages 19 to 36 form part of the financial statements.

These financial statements were approved by the board of directors on 17th September 2021 and were signed on its behalf by:

Lord Haughey Kt OBE
Director

Company registered number: SC199503

Company Balance Sheet
as at 31 December 2020

	Note	**2020 £000**	**2020 £000**	2019 £000	2019 £000
Fixed assets					
Investments	*12*		**8,163**		8,163
Current assets					
Debtors	*14*	**2,883**		2,411	
Cash at bank and in hand		**676**		1,035	
		3,559		3,446	
Creditors: amounts falling due within one year	*16*	**(1,261)**		(619)	
Net current assets			**2,298**		2,827
Net assets			**10,461**		10,990
Capital and reserves					
Called up share capital	*20*		**1,348**		1,348
Share premium account			**1,950**		1,950
Capital redemption reserve			**2,888**		747
Merger reserve			**747**		2,888
Profit and loss account			**3,528**		4,057
Equity shareholders' funds			**10,461**		10,990

The notes on pages 19 to 36 form part of the financial statements.

These financial statements were approved by the board of directors on 17th September 2021 and were signed on its behalf by:

Haughey.

Lord Haughey Kt OBE
Director

Company registered number: SC199503

Consolidated Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Merger reserve £000	Profit and loss account £000	Total shareholders' equity £000	Non-controlling interest £000	Total Equity £000
Balance at 1 January 2019	1,348	1,950	747	112	7,011	11,168	2,534	**13,702**
Total comprehensive income for the period								
Profit for the financial year	-	-	-	-	15,407	15,407	3,734	**19,141**
Other comprehensive income	-	-	-	-	(414)	(414)	40	**(374)**
Total comprehensive income for the period	-	-	-	-	14,993	14,993	3,774	**18,767**
Transactions with owners, recorded directly in equity								
Dividends	-	-	-	-	(10,000)	(10,000)	(4,019)	**(14,019)**
Transfers	-	-	-	(112)	112	-	-	-
Total contributions by and distributions to owners	-	-	-	(112)	(9,888)	(10,000)	(4,019)	**(14,019)**
Balance at 31 December 2019	**1,348**	**1,950**	747	-	**12,116**	**16,161**	**2,289**	**18,450**

Consolidated Statement of Changes in Equity *(continued)*

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Merger reserve £000	Profit and loss account £000	Total shareholders' equity £000	Non-controlling interest £000	Total Equity £000
Balance at 1 January 2020	1,348	1,950	747	-	12,116	16,161	2,289	18,450
Total comprehensive income for the period								
Profit for the financial year	-	-	-	-	18,467	18,467	3,018	**21,485**
Other comprehensive income	-	-	-	-	(4)	(4)	(60)	**(64)**
Total comprehensive income for the period	-	-	-	-	18,463	18,463	2,958	**21,421**
Transactions with owners, recorded directly in equity								
Dividends	-	-	-	-	(7,000)	(7,000)	(3,516)	**(10,516)**
Total contributions by and distributions to owners	-	-	-	-	(7,000)	(7,000)	(3,516)	**(10,516)**
Balance at 31 December 2020	**1,348**	**1,950**	**747**	-	**23,579**	27,624	**1,731**	29,355

Company Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Merger reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2019	1,348	1,950	747	2,888	2,281	9,214
Total comprehensive income for the period						
Profit for the financial year	-	-	-	-	11,776	11,776
Total comprehensive income for the period	-	-	-	-	11,776	11,776
Transactions with owners, recorded directly in equity						
Dividends	-	-	-	-	(10,000)	(10,000)
Total contributions to and distributions to owners	-	-	-	-	(10,000)	(10,000)
Balance at 31 December 2019	**1,348**	**1,950**	**747**	**2,888**	**4,057**	**10,990**

Company Statement of Changes in Equity *(continued)*

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Merger reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2020	1,348	1,950	747	2,888	4,057	10,990
Total comprehensive income for the period						
Profit for the financial year	-	-	-	-	6,471	6,471
Total comprehensive income for the period	-	-	-	-	6,471	6,471
Transactions with owners, recorded directly in equity						
Dividends	-	-	-	-	(7,000)	(7,000)
Total contributions to and distributions to owners	-	-	-	-	(7,000)	(7,000)
Balance at 31 December 2020	**1,348**	**1,950**	**747**	**2,888**	**3,528**	**10,461**

Consolidated Cash Flow Statement
for the year ended 31 December 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Group operating profit		**30,420**	27,525
Adjustments for:			
Depreciation, amortisation and impairment	*10,11*	**8,868**	7,002
Loss on disposal of subsidiary	*2*	-	344
		39,288	34,871
Increase/(decrease) in trade and other debtors		**(18,300)**	4,419
Increase in stocks	*13*	**(1,776)**	(8,096)
Increase in trade and other creditors		**58,090**	31,288
		77,302	62,482
Dividends paid		**(10,516)**	(14,019)
Interest paid	*8*	**(1,515)**	(1,352)
Tax paid		**(11,218)**	(5,107)
Net cash from operating activities		**54,053**	42,004
Interest received	*7*	**207**	262
Acquisition of tangible fixed assets	*11*	**(8,360)**	(25,901)
Goodwill on acquisition	*2*	-	(2,399)
Ediston RES Ltd Addition	*12*	**(3,480)**	(16,285)
Disposal of tangible fixed assets	*11*	**1,047**	2,877
Proceeds on sale of subsidiary	*2*	-	1,766
Cash transferred in acquisition/disposal	*2*	-	(1,316)
Net cash from investing activities		**(10,586)**	(40,996)
Cash flows from financing activities			
Proceeds from new loan	*16,17*	-	16,000
Repayment of borrowings		**(4,000)**	(1,000)
Net cash from financing activities		**(4,000)**	15,000
Net increase in cash and cash equivalents		**39,467**	16,008
Cash and cash equivalents at 1 January		**37,831**	21,823
Cash and cash equivalents at 31 December	*15*	**77,298**	37,831

Notes
(forming part of the financial statements)

1 Accounting policies

City Facilities Management Holdings Limited (the "Company") is a private company, incorporated, domiciled and registered in Scotland in the UK. The Registered number is SC199503 and its registered address is Caledonia House, 2 Lawmoor Street, Glasgow G5 0US.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- Key Management Personnel compensation;
- No separate parent company Cash Flow Statement with related notes is included; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are disclosed in note 26.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

Notwithstanding net current liabilities of £24,580,000 as at 31 December 2020, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and the anticipated impact of COVID-19 on the operations and its financial resources, including holding back the levels of growth likely going forward, the group will have sufficient funds, through its overdraft facility to meet its liabilities as they fall due for that period. The group monitor cash flow on a weekly basis and are confident that there is sufficient headroom within the agreed bank facilities to ensure that the net current liabilities can be settled when due for the foreseeable future. The directors have assumed, in line with prior periods of lockdown, that any further lockdowns will have a limited impact on the group. The bank loan held will be paid back using income from underlying investments and the cash balance.

Consequently, the directors are confident that the group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December each year. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

Notes *(continued)*

1 Accounting policies *(continued)*

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

• Freehold land and buildings	2% straight line
• Leasehold improvements	over the term of the lease
• Plant and machinery	7%-50% straight line
• Motor vehicles	25% reducing balance and 25% straight line

No depreciation is provided for assets under construction. Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefit.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

FRS 102.35 grants certain exemptions from the full requirements of FRS 102 in the transition period. The Group elected not to restate business combinations that took place prior to 1 January 2014. In respect of acquisitions prior to 1 January 2014, goodwill is included on the basis of its deemed cost, which represents the amount recorded under old UK GAAP. Intangible assets previously included in goodwill, are not recognised separately.

1.7 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be between 5 and 10 years.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill is tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill may be impaired.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Construction contract debtors

Construction contract debtors represent the gross unbilled amount for contract work performed to date. They are measured at cost plus profit recognised to date (see the revenue accounting policy) less a provision for foreseeable losses and less progress billings. Variations are included in contract revenue when they are reliably measurable and it is probable that the customer will approve the variation itself and the revenue arising from the variation. Claims are included in contract revenue only when they are reliably measurable and negotiations have reached an advanced stage such that it is probable that the customer will accept the claim. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the entity's contract activities based on normal operating capacity.

Construction contract debtors are presented as part of debtors in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as accruals and deferred income in the balance sheet

1.10 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.11 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.12 Turnover

Turnover represents the value, net of value added tax, of goods and services supplied to customers during the year.

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods have passed to the buyer, usually on the despatch of the goods.

Rendering of services

Revenue from the supply, installation and maintenance of refrigeration, bakery, security, air conditioning and electrical equipment is recognised by reference to the stage of completion. Stage of completion is measured by reference to costs incurred to date as a percentage of total estimated costs for each contract. Where contract outcome cannot be measured reliably, revenue is only recognised to the extent of the expenses recognised that are recoverable.

Notes *(continued)*

1 Accounting policies *(continued)*

1.12 Turnover (continued)

Revenue from the supply of facilities management services is recognised by reference to the work done in the period within specific terms of the supply contract.

During the year we have received income through the Coronavirus Job Retention Scheme (JRS). As our FM business model passes costs through to our client on an open book basis, we have treated the JRS income as Turnover. JRS income from our Construction and Hospitality businesses of £1.3m has also been recorded as Turnover.

1.13 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss account as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

1.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes *(continued)*

1 Accounting policies *(continued)*

1.15 Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

1.16 Dividends

Dividends are recognised at the time they are received or paid in accordance with accounting standards. Dividends declared and paid are not presented in the profit and loss account but instead included in the notes to the accounts and the reconciliation of reserves.

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Notes *(continued)*

2 Acquisitions and disposal of businesses

No acquisitions in the current period.

Acquisitions in the previous period

City Facilities Management Holdings (UK) Limited, acquired 100% of the share capital in Edendale Ltd Group on 25th of September 2019, comprising ordinary shares at a total cost of £Nil. Edendale Ltd Group is involved in the hospitality, construction, and property investment sectors. The business contributed revenue of £2,158,000 and net profit of £129,000 to the revenue and net profit for the year.

	Book values £000	Fair value adjustments £000	Recognised values on acquisition £000
Acquiree's net assets at the acquisition date:			
Tangible fixed assets	**5,301**	-	**5,301**
Trade and other debtors	**1,562**	-	**1,562**
Cash	**76**	-	**76**
Trade and other creditors	**(9,338)**	-	**(9,338)**
Net identifiable assets and liabilities	**(2,399)**	-	**(2,399)**
Consideration paid:			
Initial cash price paid			-
Total consideration			-
Goodwill on acquisition			**(2,399)**

Disposals in the previous period

City Facilities Management Limited disposed of 100% of the share capital of Maintenance Management Limited on 4th of July 2019, comprising ordinary shares for a total consideration of £1,766,000.

	£000
Carrying amounts of net assets over which control was lost:	
Tangible fixed assets	**56**
Trade and other debtors	**20,258**
Cash	**1,392**
Trade and other creditors	**(19,596)**
Net identifiable assets and liabilities derecognised	**2,110**
Consideration received:	
Initial cash price consideration	**1,666**
Interest on Deferred Consideration payable by MML	**100**
Total consideration	**1,766**
Loss on disposal	**344**

Notes *(continued)*

3 Turnover

	2020 £000	2019 £000
Facilities management	**1,059,271**	885,532
Project services	**191,328**	223,289
Total turnover	**1,250,599**	1,108,821
By geographical market		
United Kingdom	**480,028**	490,870
Overseas	**770,571**	617,951
	1,250,599	1,108,821

4 Expenses and auditor's remuneration

Included in profit are the following:

	2020 £000	2019 £000
Depreciation of tangible fixed assets	**8,087**	6,291
Hire of plant and machinery under operating leases	**14,757**	12,447
Amortisation of goodwill	**781**	711

Auditor's remuneration:

	2020 £000	2019 £000
Audit of these financial statements	**14**	11
Disclosures below based on amounts receivable in respect of other services to the company and its subsidiaries		
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	**515**	528
Other services relating to taxation	**-**	146
Other	**85**	29

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2020	2019
Administration	**2,169**	2,030
Engineers	**3,348**	2,580
Other operational	**8,369**	8,762
	13,886	13,372

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£000	£000
Wages and salaries	**391,233**	314,125
Social security costs	**27,743**	21,516
Contributions to defined contribution plans	**12,587**	9,731
	431,563	345,372

6 Directors' remuneration

	2020	2019
	£000	£000
Directors' emoluments	**2,084**	1,573
Company contribution to defined contribution schemes	**35**	33
	2,119	1,606

The aggregate remuneration and amounts receivable under long term incentive schemes of the highest paid director was £526,670 *(2019: £450,000)*, and company pension contributions of £Nil *(2019: £Nil)* were made to a money purchase scheme on their behalf.

7 Other interest receivable and similar income

	2020	2019
	£000	£000
Other	**207**	262

Notes *(continued)*

8 Interest payable and similar charges

	2020 £000	2019 £000
On overdraft and other loans	**1,515**	1,352

9 Taxation

Total tax expense recognised in the profit and loss account

	2020 £000	2020 £000	2019 £000	2019 £000
Current tax				
Current tax on income for the period	**825**		448	
Adjustments in respect of prior periods	**(501)**		-	
Double tax relief	**(134)**		(95)	
Foreign tax		**190**		353
Current tax on income for the period		**5,665**		8,773
Total current tax		**5,855**		9,126
Deferred tax (see note 18)				
Origination and reversal of timing differences	**1,126**		(1,825)	
Adjustments in respect of prior periods	**536**		(7)	
Effects of change in tax rates	**110**		-	
Total deferred tax		**1,772**		(1,832)
Total tax		**7,627**		7,294

Reconciliation of effective tax rate

	2020 £000	2019 £000
Profit for the year	**21,485**	19,141
Total tax expense	**7,627**	7,294
Profit excluding taxation	**29,112**	26,435
Tax using the UK corporation tax rate of 19% *(2019: 19%)*	**5,531**	5,023
Non-deductible expenses	**481**	268
Income not taxable	**(4,234)**	-
Difference in tax rates relating to foreign income	**1,461**	1,941
Fixed asset differences	**-**	50
Adjustment to tax charge in respect of prior periods	**35**	(7)
Other movements	**268**	19
Group income	**4,085**	-
Total tax expense included in profit	**7,627**	7,294

Notes *(continued)*

9 Taxation *(continued)*

Factors affecting the future current and total tax charges

A UK corporation rate of 19% (effective from 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. The deferred tax liability has been calculated at 19% (2020: 19%).

The March 2021 budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date and as a result, deferred tax balances as at 31 December 2020 continue to be measured at 19%. If all of the deferred tax was to reverse at the amended 25% rate the impact on the closing DT position would be to increase the deferred tax liability by £258,000.

10 Intangible assets and goodwill

Group	**Goodwill £000**
Cost	
Balance at 1 January 2020	17,729
On acquisition (note 2)	-
Balance at 31 December 2020	17,729
Amortisation and impairment	
Balance at 1 January 2020	13,103
Amortisation for the year	781
Balance at 31 December 2020	13,884
Net book value	
At 1 January 2020	4,626
At 31 December 2020	**3,845**

Notes *(continued)*

11 Tangible fixed assets

Group	Freehold land and buildings	Plant and machinery	Motor vehicles	Leasehold land and buildings	Total
Cost	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 1 January 2020	12,664	49,077	1,747	11,452	74,940
Additions	-	8,125	175	60	8,360
Disposals	-	(1,254)	(24)	(380)	(1,658)
Balance at 31 December 2020	12,664	55,948	1,898	11,132	81,642
Depreciation and impairment					
Balance at 1 January 2020	3,016	21,592	193	2,237	27,038
Depreciation charge for the year	253	6,341	429	1,064	8,087
Disposals	-	(587)	(24)	-	(611)
Balance at 31 December 2020	3,269	27,346	598	3,301	34,514
Net book value					
At 1 January 2020	9,648	27,485	1,554	9,215	47,902
At 31 December 2020	**9,395**	**28,602**	**1,300**	**7,831**	**47,128**

Land and Buildings

The net book amount of land and buildings includes £310,000 *(2019: £310,000)* in respect of freehold land on which no depreciation is charged.

Included within Plant and Machinery are additions of £Nil *(2019: £Nil)* in relation to assets under construction which are not being depreciated.

12 Fixed asset investments

Cost	**£000**
At beginning of year	16,285
Additions – Ediston RES Ltd	3,480
At end of year	19,765
Provisions	
At beginning and end of year	-
Net book value	
At 1 January 2020	16,285
At 31 December 2020	**19,765**

Notes *(continued)*

12 Fixed asset investments *(continued)*

Company	Shares in group undertakings £000
Cost and net book value	
At beginning and end of year	**8,163**

The principal undertakings in which the Company had an interest at the year-end are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held
City Facilities Management Holdings (UK) Limited	Scotland	Intermediate holding company	Ordinary shares – 100%
City Facilities Management (UK) Limited	Scotland	Supply of facilities management and cleaning services	Ordinary shares – 100%
City Facilities Management (Northern Ireland) Limited	Northern Ireland	Supply of cleaning services	Ordinary shares – 100%
CBES Limited	Scotland	Installation of refrigeration, bakery, security, air conditioning and electrical equipment including the provision of construction services	Ordinary shares – 100%
City Facilities Management Limited	Scotland	Supply of facilities management services	Ordinary shares – 100%
City Facilities Management (Distribution) Limited	Scotland	Supply of facilities management services	Ordinary shares – 100%
City Energy Management Services Ltd	Scotland	Provision of ancillary energy services	Ordinary shares – 100%
City Facilities Management Systems Solutions Limited	Scotland	Facilities management software	Ordinary shares – 100%
Edendale Limited	Scotland	Hospitality, construction and Property investment sectors.	Ordinary shares – 100%
City Air Conditioning Company (UK) Limited [8]	Scotland	Provision of air conditioning Services	Ordinary shares – 100%
Stevens Property Development Co Limited [8]	Scotland	Property investment services	Ordinary shares – 100%
The 1&7 Pub Company Limited [8]	Scotland	Provision of hospitality services	Ordinary shares – 100%
City Facilities Management Holdings Singapore	Singapore	Intermediate holding company	Ordinary shares – 100%
City Facilities Management Singapore Limited[5]	Singapore	Supply of facilities management	Ordinary shares – 100%
City Holdings (Aus) Pty Limited	Australia	Intermediate holding company	Ordinary shares – 100%
City Facilities Management (Aus) Pty Limited [2]	Australia	Supply of facilities management	Ordinary shares – 100%
City Cleaning Services (Aus) Pty Limited [2]	Australia	Supply of cleaning services	Ordinary shares – 100%
City Building Engineering Services (Aus) Pty Limited [2]	Australia	Provision of installation and project services	Ordinary shares – 100%
City Facilities Management (QLD)Pty Limited [2]	Australia	Provision of facilities management	Ordinary shares – 100%
City Facilities Management Holdings (NZ) Ltd	New Zealand	Intermediate holding company	Ordinary shares – 100%
City Facilities Management (NZ) Ltd	New Zealand	Supply of facilities management	Ordinary shares – 100%

Notes *(continued)*

12 Fixed asset investments *(continued)*

	Country of incorporation	Principal activity	Class and percentage of shares held
City Holdings International Asia Sdn Bhd [3]	Malaysia	Intermediate holding company	Ordinary shares – 100%
City Facilities Management Sdn Bhd [3]	Malaysia	Supply of facilities management	Ordinary shares – 100%
City Procurement Services Sdn Bhd [3]	Malaysia	Procurement of facilities management and cleaning products	Ordinary shares - 100%
City Technical Solutions Sdn Bhd [3]	Malaysia	Provision of technical and energy related services	Ordinary shares – 55%
City Facilities Management Holdings (HKG) Limited [7]	Hong Kong	Intermediate holding company	Ordinary shares – 100%
City Facilities Management (HKG) Ltd [7]	Hong Kong	Provision of facilities management Services	Ordinary shares – 100%
City FM (Macau) Ltd [7]	Macau	Provision of facilities management services	Ordinary shares – 99%
City Facilities Management International	Cayman	Facilities management software	Ordinary Shares - 100%
City Facilities Management Cayman [6]	Cayman	Engineering development	Ordinary Shares - 100%
City Technical Services Inc	USA	Intermediate holding company	Ordinary shares - 100%
City Facilities Management (US) LLC [4]	USA	Supply of facilities management	Ordinary shares - 100%
City Facilities Management (FL) LLC [4]	USA	Supply of facilities management	Ordinary shares - 100%
City North East Facilities Management LLC[4]	USA	Supply of facilities management	Ordinary shares - 100%
Baltic Trail Facilities Management (FL) LLC [4]	USA	Supply of facilities management	Ordinary shares - 100%
City Facilities Management MA[4]	USA	Supply of facilities management	Ordinary shares - 100%
Lesprit Limited [1]	England	Intermediate holding company	Ordinary shares - 100%
Seckloe 280 Limited[1]	England	Intermediate holding company	Ordinary shares – 100%
City Facilities Management Holdings (Europe) Limited[1]	England	Intermediate holding company	Ordinary shares – 100%
Atrium Maintenance France SAS[5]	France	Provision of maintenance services	Ordinary shares – 100%
City Facilities Management Europe SAS[5]	France	Provision of maintenance services	Ordinary shares – 100%

The shares in subsidiaries are held by City Facilities Management Holdings (UK) Limited (a wholly owned subsidiary of City Facilities Management Holdings Limited) whose registered office is at Caledonia House, Glasgow G5 0US, except those marked [1] which are owned by City Facilities Management Limited (also registered at Caledonia House G5 0US), those marked [2]which are owned by City Holdings (Aus) Pty Limited registered at Wellington Road, VIC 3170, those marked [3] which are owned by City Holdings International Asia Sdn Bhd registered at Axiata Tower, 50470 Kuala Lumpur, those marked [4] which are owned by City Technical Services Inc. registered at Jacksonville FL 32256. , and those marked [5] which are owned by City Facilities Management Holdings (Europe) Limited, registered at Apollo House, 6 Bramley Rd, Mount Farm, Milton Keynes, MK1 1PT, and those marked [7] which are owned by City Facilities Management Holdings (HKG) Limited, registered 37/F AIA Kowloon Tower, Landmark East, 100 How Ming Street, Kwun Tong, Kowloon Hong Kong, and those marked [8] which are owned by Edendale Limited (also registered at Caledonia House, Glasgow G5 0US).

Notes *(continued)*

13 Stocks

	Group	
	2020	2019
	£000	£000
Raw materials and consumables	**2,968**	1,441
Work in progress	**50,644**	50,395
	53,612	51,836

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £158,917,000 *(2019: £226,354,000)*. The write-down of stocks to net realisable value amounted to £Nil *(2019: £Nil)*. The reversal of write-down amounted to £Nil *(2019: £Nil)*. The write-down and reversal are included in cost of sales.

14 Debtors

	Group		Company	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Trade debtors	**110,085**	91,573	-	-
Amounts recoverable on contracts	**15,255**	22,832	-	-
Director's loan	-	-	-	-
Prepayments and accrued income	**5,838**	6,923	-	-
Other debtors	**18,859**	10,409	-	-
Deferred tax *(see note 18)*	-	954	-	-
Group relief	-	-	**2,883**	2,411
Corporation tax	**1,967**	-	-	-
	152,004	132,691	**2,883**	2,411

15 Cash and cash equivalents

	2020	2019
	£000	£000
Group		
Cash at bank and in hand	**77,298**	37,831

16 Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Trade creditors	**74,628**	93,571	-	-
Payments received on account	**5,237**	4,094	-	-
Amounts owed to group undertakings	-	-	**1,261**	619
Taxation and social security	**39,599**	17,410	-	-
Accruals and deferred income	**184,900**	125,664	-	-
Corporation tax	-	3,393	-	-
Director's loan	**1,130**	2,622	-	-
Bank Loan	**2,000**	3,250	-	-
	307,494	250,004	**1,261**	619

Notes *(continued)*

17 Creditors: amounts falling due after more than one year

	Group		Company	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Other creditors	**5,985**	7,567	-	-
Deferred consideration	-	1,400	-	-
Bank Loan	**10,000**	13,750	-	-
	15,985	22,717	-	-

Of the £10,000,000 bank loan above, £4,000,000 is repayable in 2022 and £6,000,000 in 2023. The interest rate is 3% + LIBOR.

The amount of £1,400,000 in deferred consideration was repaid in March 2021.

18 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets	Assets	Liabilities	Liabilities	Net	Net
	2020	2019	**2020**	2019	**2020**	2019
	£000	£000	**£000**	£000	**£000**	£000
Accelerated capital allowances	**2,352**	-	**(2,021)**	(258)	**331**	(258)
Short term timing differences	**395**	1,468	**(1,544)**	-	**(1,149)**	1,468
Capital gain	-	-	-	(256)	-	(256)
Deferred tax assets/(liabilities)	**2,747**	1,468	**(3,565)**	(514)	**(818)**	954

19 Employee benefits

Defined contribution plans

Group

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £12,587,000 *(2019: £9,731,000)*.

20 Capital and reserves

Share capital

	2020	2019
	£000	£000
Allotted, called up and fully paid		
1,347,778 ordinary shares of £1 each	**1,348**	1,348

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes *(continued)*

21 Operating leases

Non-cancellable operating lease rentals are payable as follows:

Group	2020 £000	2019 £000
Less than one year	**11,238**	11,450
Between one and five years	**16,153**	17,067
	27,391	28,517

During the year £14,757,000 was recognised as an expense in the profit and loss account in respect of operating leases *(2019: £12,447,000)*.

22 Commitments

Capital commitments

There were £Nil capital commitments at the year-end for the group or company *(2019: £Nil)*.

23 Contingencies

The company has given its bankers cross guarantees secured by a bond and floating charge in respect of overdrafts and loans arising in City Facilities Management Holdings (UK) Limited, City Facilities Management (UK) Limited, City Facilities Management (Northern Ireland) Limited, CBES Limited, City Refrigeration (UK) Limited and City Facilities Management (Distribution) Limited.

At 31 December 2020 the company had a net contingent liability of £Nil *(2019: £20,471,935)* in respect of these obligations.

24 Related parties

The group entered into transactions with Lord Haughey Kt OBE, Edendale Limited and its subsidiaries, City Facilities Management International, Newton Holdings Limited and its subsidiary City Technical Services (UK) Limited. The Edendale Limited Group was owned by Lord Haughey Kt OBE and Lady Haughey CBE until the 25th of September 2019. Their son owns Go Radio and Newton Holdings Limited Group. The transactions and balances as at the balance sheet date are shown below. All transactions occurred in the ordinary course of business and at arm's length prices.

	Sales		Purchases	
	2020 £000	2019 £000	**2020 £000**	2019 £000
Edendale Limited group	-	12	-	404
Lord Haughey Kt OBE	**106**	183	-	-
Newton Holdings Limited group	**108**	162	**39**	45
Go Radio Limited	**6**	-	-	-

	Receivables outstanding		Creditors outstanding	
	2020 £000	2019 £000	**2020 £000**	2019 £000
Lord Haughey Kt OBE	**47**	-	-	-
Newton Holdings Limited group	**22**	48	-	-

As at 31 December 2020 loans due to Lord Haughey Kt OBE and his family were £1,129,077 *(2019: £2,612,797)*. The maximum amount due during the year was £2,612,797 *(2019: £13,547,395)*.

Notes *(continued)*

25 Subsequent events

In June 2021 the company acquired Craighead Properties Ltd for a total consideration of £15,964,000, of which £14,000,000 is deferred.
Craighead Properties Ltd main assets are 2 parcels of land on which the company has a future intention of developing residential properties for the rental market.

26 Accounting estimates and judgements

Key sources of estimation uncertainty

The group utilises estimates in regard to values of work in progress, accruals, deferred income and cost of sales; based on each stage of project completion. Fair judgement is used, and we believe there are no areas of material uncertainty which affect the financial statements.