
ATLAS CLEANING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011



ATLAS CLEANING LIMITED

COMPANY INFORMATION

DIRECTORS

N J Earley
R W Empson

COMPANY SECRETARY

T H Earley

COMPANY NUMBER

01995941

REGISTERED OFFICE

82 Hampton Road West
Hanworth
Middlesex
TW13 6DZ

AUDITORS

Barnes Roffe LLP
Chartered Accountants & Statutory Auditor
3 Brook Business Centre
Cowley Mill Road
Uxbridge
Middlesex
UB8 2FX

ATLAS CLEANING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and the financial statements for the year ended 31 December 2011

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

PRINCIPAL ACTIVITIES

The company continues to trade in the office cleaning business.

BUSINESS REVIEW

The directors are pleased to report that the group enjoyed another successful year.

The group and the company continue to perform well and the directors forecast another strong year of trading for 2012.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £73,813 (2010 - £212,609).

The directors do not recommend any dividend payment for the year.

DIRECTORS

The directors who served during the year were

N J Earley
R W Empson

ATLAS CLEANING LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011**

FUTURE DEVELOPMENTS

The group continues to be committed to providing the highest possible service standards whilst maximising operating efficiencies

FINANCIAL RISK MANAGEMENT AND POLICIES

The group's primary financial instruments are bank overdrafts, trade debtors, trade creditors and intercompany balances. These arise directly from the group's trading operations and management have implemented policies to monitor and control the liquidity and credit risks which derive from their financial assets and liabilities. Liquidity risk is managed by the group's finance director using simple forecasting and projection methods. Credit risk is managed through the use of a credit controller.

PROVISION OF INFORMATION TO AUDITORS

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

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

AUDITORS

The auditors, Barnes Roffe LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on *20th August, 2012* and signed on its behalf



N J Earley
Director

ATLAS CLEANING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ATLAS CLEANING LIMITED

We have audited the financial statements of Atlas Cleaning Limited for the year ended 31 December 2011, set out on pages 5 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ATLAS CLEANING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ATLAS CLEANING LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, 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

Barnes Roffe LV

David Aston
Senior statutory auditor
for and on behalf of
Barnes Roffe LLP
Chartered Accountants
Statutory Auditor
3 Brook Business Centre
Cowley Mill Road
Uxbridge
Middlesex
UB8 2FX
Date *16 September 2011*

ATLAS CLEANING LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 £	2010 £
TURNOVER	1	20,370,000	21,370,000
Cost of sales		<u>(15,299,336)</u>	<u>(16,486,169)</u>
GROSS PROFIT		5,070,664	4,883,831
Administrative expenses		(3,688,843)	(3,904,343)
Exceptional administrative expenses		(1,477,889)	-
Total administrative expenses		<u>(5,166,732)</u>	<u>(3,904,343)</u>
OPERATING (LOSS)/PROFIT	2	(96,068)	979,488
EXCEPTIONAL ITEMS			
Other exceptional items	6	-	<u>(911,595)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		(96,068)	67,893
Interest receivable and similar income		169,940	186,544
Interest payable and similar charges	5	(59)	<u>(15,837)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		73,813	238,600
Tax on profit on ordinary activities	7	-	<u>(25,991)</u>
PROFIT FOR THE FINANCIAL YEAR	13	73,813	<u>212,609</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the profit and loss account

The notes on pages 8 to 17 form part of these financial statements

ATLAS CLEANING LIMITED
REGISTERED NUMBER: 01995941

BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	2011 £	£	2010 £
FIXED ASSETS				
Tangible assets	8		196,260	276,377
CURRENT ASSETS				
Stocks	9	30,250		30,250
Debtors amounts falling due after more than one year	10	5,585,437		5,264,856
Debtors amounts falling due within one year	10	2,716,423		5,610,038
Cash at bank		1,665,826		1,802,254
		<u>9,997,936</u>		<u>12,707,398</u>
CREDITORS: amounts falling due within one year	11	<u>(5,457,850)</u>		<u>(8,321,242)</u>
NET CURRENT ASSETS			<u>4,540,086</u>	<u>4,386,156</u>
NET ASSETS			<u>4,736,346</u>	<u>4,662,533</u>
CAPITAL AND RESERVES				
Called up share capital	12		100	100
Profit and loss account	13		4,736,246	4,662,433
SHAREHOLDERS' FUNDS	14		<u>4,736,346</u>	<u>4,662,533</u>

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

20th August, 2012



N J Earley
 Director

The notes on pages 8 to 17 form part of these financial statements

ATLAS CLEANING LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 £	2010 £
Net cash flow from operating activities	15	181,447	3,238,622
Returns on investments and servicing of finance	16	169,881	170,707
Taxation		(433,893)	(364,376)
Capital expenditure and financial investment	16	(53,863)	(302,157)
(DECREASE)/INCREASE IN CASH IN THE YEAR		<u>(136,428)</u>	<u>2,742,796</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011 £	2010 £
(Decrease)/Increase in cash in the year	<u>(136,428)</u>	<u>2,742,796</u>
MOVEMENT IN NET DEBT IN THE YEAR	<u>(136,428)</u>	<u>2,742,796</u>
Net funds/(debt) at 1 January 2011	<u>1,802,254</u>	<u>(940,542)</u>
NET FUNDS AT 31 DECEMBER 2011	<u><u>1,665,826</u></u>	<u><u>1,802,254</u></u>

The notes on pages 8 to 17 form part of these financial statements

ATLAS CLEANING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards and on the assumption that the company is a going concern

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

Turnover is recognised at the date the service is supplied

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Plant & machinery	-	33 33% straight line
Motor vehicles	-	25% straight line
Fixtures & fittings	-	25% straight line
Office equipment	-	25% straight line

1.4 Operating leases

Rentals 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 period until the date the rent is expected to be adjusted to the prevailing market rate

1.5 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks

1.6 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

1.7 Cash and liquid resources

Cash, for the purpose of the cashflow statement comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand

ATLAS CLEANING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

2. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging

	2011 £	2010 £
Amortisation - intangible fixed assets	-	25,100
Depreciation of tangible fixed assets - owned by the group	135,963	164,842
Operating lease rentals - other operating leases	268,727	225,185
	268,727	225,185

During the year, no director received any emoluments (2010 - £NIL)

3. AUDITORS' REMUNERATION

	2011 £	2010 £
Fees payable to the company's auditor for the audit of the company's annual accounts	9,622	8,400
Fees payable to the company's auditor and its associates in respect of All other services	37,881	18,853
	37,881	18,853

4. STAFF COSTS

Staff costs were as follows

	2011 £	2010 £
Wages and salaries	14,127,010	15,130,637
Social security costs	629,990	806,931
	14,757,000	15,937,568

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

	2011 No.	2010 No
Administration	78	81
Cleaning operatives	2,451	2,470
	2,529	2,551

ATLAS CLEANING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

5. INTEREST PAYABLE

	2011	2010
	£	£
On bank loans and overdrafts	59	12,341
Other interest payable	-	3,496
	<u>59</u>	<u>15,837</u>

6. EXCEPTIONAL ITEMS

	2011	2010
	£	£
Write off of related party bad debts	477,889	911,595
Provision against loan notes	1,000,000	-
	<u>1,477,889</u>	<u>911,595</u>

7. TAXATION

	2011	2010
	£	£
Analysis of tax charge in the year		
UK corporation tax charge on profit for the year	-	26,000
Adjustments in respect of prior periods	-	(9)
	<u>-</u>	<u>25,991</u>

ATLAS CLEANING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

7. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 26% (2010 - 28%) The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before tax	<u>73,813</u>	<u>238,600</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2010 - 28%)	19,191	66,808
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	21,646
Profit on sale of fixed assets and investments	-	(340)
Depreciation for the period in excess of capital allowances	911	(10,901)
Adjustments to tax charge in respect of prior period	-	(9)
Utilisation of non trading loan relationship losses	(44,184)	-
Utilisation of tax losses brought forward	-	(51,253)
Unrelieved losses carried forward	24,082	-
Over (under) provision	-	168
Marginal relief	-	(128)
Current tax charge for the year (see note above)	<u>-</u>	<u>25,991</u>

Factors that may affect future tax charges

The company has approximately £880,300 of non trading loan relationship losses available for offset against future non trading income or gains

ATLAS CLEANING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

8 TANGIBLE FIXED ASSETS

	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost				
At 1 January 2011	602,997	589,521	168,658	1,361,176
Additions	13,330	34,981	10,335	58,646
Disposals	-	(35,531)	-	(35,531)
At 31 December 2011	<u>616,327</u>	<u>588,971</u>	<u>178,993</u>	<u>1,384,291</u>
Depreciation				
At 1 January 2011	563,219	413,094	108,486	1,084,799
Charge for the year	30,808	80,992	24,163	135,963
On disposals	-	(32,731)	-	(32,731)
At 31 December 2011	<u>594,027</u>	<u>461,355</u>	<u>132,649</u>	<u>1,188,031</u>
Net book value				
At 31 December 2011	<u>22,300</u>	<u>127,616</u>	<u>46,344</u>	<u>196,260</u>
At 31 December 2010	<u>39,778</u>	<u>176,427</u>	<u>60,172</u>	<u>276,377</u>

9. STOCKS

	2011 £	2010 £
Raw materials and consumables	<u>30,250</u>	<u>30,250</u>

The difference between the purchase price or production cost of stocks and their replacement cost is not material

ATLAS CLEANING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

10. DEBTORS

	2011 £	2010 £
Due after more than one year		
Amounts owed by undertakings in which the company has a participating interest	3,585,437	3,264,856
Other debtors	2,000,000	2,000,000
	<u>5,585,437</u>	<u>5,264,856</u>
	2011 £	2010 £
Due within one year		
Amounts owed by undertakings in which the company has a participating interest	1,558,107	3,875,075
Other debtors	698,316	1,434,963
Prepayments and accrued income	460,000	300,000
	<u>2,716,423</u>	<u>5,610,038</u>

11. CREDITORS:

Amounts falling due within one year

	2011 £	2010 £
Trade creditors	408,729	734,434
Social security and other taxes	714,877	941,031
Other creditors	4,254,843	6,620,093
Accruals and deferred income	79,401	25,684
	<u>5,457,850</u>	<u>8,321,242</u>

The bank loans and overdraft are secured by -

1) A mortgage debenture dated 3 July 1993 incorporating a fixed and floating charge over all current and future assets of the company

2) A cross guarantee dated 30 July 1993 (refer to note 21 for further details)

12. SHARE CAPITAL

	2011 £	2010 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

ATLAS CLEANING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

13. RESERVES

	Profit and loss account £
At 1 January 2011	4,662,433
Profit for the year	73,813
	4,736,246
At 31 December 2011	4,736,246

14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Opening shareholders' funds	4,662,533	4,449,924
Profit for the year	73,813	212,609
	4,736,346	4,662,533
Closing shareholders' funds	4,736,346	4,662,533

15 NET CASH FLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
Operating (loss)/profit	(96,068)	979,488
Exceptional items	-	(911,595)
Amortisation of intangible fixed assets	-	25,100
Depreciation of tangible fixed assets	135,963	164,842
Profit on disposal of tangible fixed assets	(1,983)	(1,215)
Decrease in debtors	3,006,927	1,427,314
(Decrease)/increase in creditors	(2,863,392)	1,554,688
	181,447	3,238,622
Net cash inflow from operating activities	181,447	3,238,622

16 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2011 £	2010 £
Returns on investments and servicing of finance		
Interest received	169,940	186,544
Interest paid	(59)	(15,837)
	169,881	170,707
Net cash inflow from returns on investments and servicing of finance	169,881	170,707

ATLAS CLEANING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

16. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2011 £	2010 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(58,646)	(307,497)
Sale of tangible fixed assets	4,783	5,340
Net cash outflow from capital expenditure	(53,863)	(302,157)

17. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2011 £	Cash flow £	Other non-cash changes £	31 December 2011 £
Cash at bank and in hand	1,802,254	(136,428)	-	1,665,826
Net funds	1,802,254	(136,428)	-	1,665,826

18. CONTINGENT LIABILITIES

There is a composite cross guarantee in place covering Atlas Cleaning Limited and Atlas Contractors Limited

19. OPERATING LEASE COMMITMENTS

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2011 £	2010 £
Expiry date.		
After more than 5 years	120,000	120,000
	120,000	120,000

ATLAS CLEANING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

20 RELATED PARTY TRANSACTIONS

During the year the company made rental payments of £140,000 (2010 - £140,000) for the rent of properties owned by N J Earley & R W Empson, directors

Included in other creditors are loans due to the directors, N J Earley & R W Empson, amounting to £2,596,436 (2010 - £4,749,762) and £877,364 (2010 - £1,689,052) respectively

Uniform Express Limited

During the year under review the group traded with Uniform Express Limited, a company in which the directors have a beneficial interest. The balance owing to the group at the year end was £2,589,098 (2010 - £2,264,857). During the year there was a recharge of salaries and expenses of £Nil (2010 - £Nil) and £18,000 (2010 - £18,000), respectively

Atlas Contractors Limited

Atlas Cleaning Limited exclusively services Atlas Contractors Limited's cleaning contracts. That company during the year was under the direct control and ownership of N J Earley and R W Empson. The following transactions took place between the two companies

	2011 £	2010 £
Sales	19,586,293	20,720,000
Overhead recharges	339,730	323,000
Labour, management fees and salary recharges	443,977	327,000
Management charges	(200,000)	(225,000)
	<u>20,170,000</u>	<u>21,145,000</u>

The amount owed by Atlas Contractors Limited at the year end was £1,558,107 (2010 - £3,318,521)

Atlas New Homes Limited

The company has advanced funds to Atlas New Homes Limited, a company owned and controlled by the directors, N J Earley and R W Empson. The amount due from Atlas New Homes Limited at the year end amounted to £1,061,637 of which £1,061,637 has been provided for (2010 - £1,057,438 of which £958,636 had been provided for)

Atlas Homes (North East) Limited

The company has advanced funds to Atlas Homes (North East) Limited, a company controlled by the directors, N J Earley and R W Empson. The amount due from Atlas Homes (North East) Limited at the year end was £201,169 (2010 - £199,519 of which £Nil had been provided for), the balance has been provided for in full

Deeprise Developments Limited

The company has made loans to Deeprise Developments Limited, a company in which the directors have a beneficial interest. The balance owing to the group at the year end was £600,000 which has been fully provided for (2010 - £600,000 which had been fully provided for)

ATLAS CLEANING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

20 RELATED PARTY TRANSACTIONS (continued)

South Midlands Group Plc

The company was advanced funds by South Midlands Group Plc, a company owned and controlled by the directors, N J Earley and R W Empson. At the year end an amount of £185,311 was due to South Midlands Group Plc (2010 - £198,741)

Atlas Managed Integrated Services Limited

At the year end the company owed Atlas Managed Integrated Services Limited, a company owned and controlled by the directors, N J Earley and R W Empson, £414,438 (2010 - £395,691 owed from)

Atlas Industrial Engineering Limited

The company has advanced funds to Atlas Industrial Engineering Limited, a company owned and controlled by the directors, N J Earley and R W Empson. The amount outstanding at 31 December 2011 was £2,340,058 of which £1,293,719 has been provided for (2010 - £2,170,058 of which £1,120,000 had been provided for)

21. POST BALANCE SHEET EVENTS

On 28 March 2012, the entire share capital of the company was acquired by Atlas FM Limited in a share for share exchange

22 CONTROLLING PARTY

Prior to 28 March 2012, the directors of the company were of the opinion that there was no individual controlling party

On 28 March 2012, the entire share capital of the company was acquired by Atlas FM Limited, a company incorporated in England and Wales. The directors of Atlas FM Limited are of the opinion that there is no individual controlling party