

Company Registration No. 11454668 (England and Wales)

RICHARD IRVIN FM LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

RICHARD IRVIN FM LIMITED

COMPANY INFORMATION

Directors	Mr M Buchan Mr M Ritchie Mr C Campbell Mr P R Emmerson Mr F Gray Gold Round Limited
Secretary	RJP Secretaries Limited
Company number	11454668
Registered office	5th Floor 24 Old Bond Street London United Kingdom W1S 4AW
Auditor	Johnston Carmichael LLP Bishop's Court 29 Albyn Place ABERDEEN AB10 1YL

RICHARD IRVIN FM LIMITED

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RICHARD IRVIN FM LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2020

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

Fair review of the business and key performance indicators

Richard Irvin FM Limited is a technical facilities management service provider. The core focus is on providing planned preventative maintenance and reactive repairs, including mechanical and electrical maintenance, compliance testing, building fabric maintenance, mirror works and minor projects.

The business operates from its key locations in Edinburgh, Glasgow, Aberdeen, Stirling and Inverness.

In the 5 month period to 31st December 2020 the business was impacted by the Covid-19 pandemic, like many other businesses with challenging conditions across all divisions. However, against a difficult market the business has performed well and delivered turnover for the period of £9.7m, generating a gross margin of £2.0m (20.2%). This generated a net profit before tax of £53k for the 5 months.

The business is now performing strongly with budgeted turnover of £32m for the 12 months from January to December 2021. The business also benefits from a strong cash position and at 31st December 2020 had a cash balance of £1m, allowing the business to withstand fluctuations in trading and market conditions.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks affecting the core activities of the company are set out below. Risks are reviewed by the board and appropriate processes put in place to monitor and mitigate them.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company monitors the timing of cash flows and aligns this with its strategic planning. Forecasts are produced to assist management in identifying liquidity requirements and maintaining adequate resources. The company's primary sources of finance are the operating cash flows and shareholder investment.

Credit risk

The company's principal financial assets are bank balances and cash and trade and other receivables. Its credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identifiable loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

The credit risk in liquid funds is limited because the counterparties are banks with credit ratings assigned by international credit rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a number of customers.

Brexit

This remains a matter of uncertainty for the UK, and whilst the full impact remains uncertain, the impact on the company is expected to be minimal. The main potential risk may be in relation to the availability of skilled labour following the UK's exit from the EU.

COVID-19

The global pandemic had an impact on the financial result to 31st December 2020. However, due to the essential nature of the technical FM service the business has quickly returned to near normal activity level. The business has not been significantly impacted by subsequent local lockdowns due to the essential services, and sectors we operate in.

Oil and gas price/market

Richard Irvin holds contracts with some key oil and gas customers based in Aberdeen and London. However, given the nature of our services the exposure to oil and gas price instability is minimal.

RICHARD IRVIN FM LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

Principal risks and uncertainties (continued)

Contract renewals

The company has a significant number of successful term contracts in place. These contracts are well executed with key clients, and renewed on a regular basis. However, the loss of any contract could have an impact on the financial standing of the business.

Future Developments

The company continues to build on it's strong customer base.

Since the 31st December 2020 the company has secured a number of contract extensions. The business continues to grow in existing markets with the company's strategic vision being further UK expansion, with new offices now registered in Sunderland and Warrington to facilitate this.

On behalf of the board

Mr M Ritchie
Director

5 August 2021

RICHARD IRVIN FM LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the period ended 31 December 2020.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr M Buchan
Mr M Ritchie
Mr C Campbell
Mr P R Emmerson
Mr F Gray
Gold Round Limited

Results and dividends

The results for the period are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including liquidity, credit risk, Brexit and the oil and gas market. These risks, their impact on the company and how the board mitigate this risk are dealt with as part of the Strategic Report and form part of this report through cross-reference. It has also done so in respect of future developments.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Auditor

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

RICHARD IRVIN FM LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

On behalf of the board

Mr M Ritchie
Director

5 August 2021

RICHARD IRVIN FM LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2020

The directors are responsible for preparing the strategic report, 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 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

RICHARD IRVIN FM LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RICHARD IRVIN FM LIMITED

Opinion

We have audited the financial statements of Richard Irvin FM Limited (the 'company') for the period ended 31 December 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the period 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.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

RICHARD IRVIN FM LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF RICHARD IRVIN FM LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

RICHARD IRVIN FM LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF RICHARD IRVIN FM LIMITED

Auditor's responsibilities for the audit of the financial statements

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

Extent to which an audit is considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company. The most relevant frameworks identified include:

- UK GAAP
- Companies Act 2006
- Corporation Tax legislation
- Health & Safety legislation
- VAT legislation

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management. We corroborated these enquiries through our review of submitted returns, relevant correspondence with regulatory bodies and board minutes.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it was considered there was a susceptibility to fraud. This evaluation also considered how management were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk. The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance;
- Reviewing level and reasoning behind the company's procurement of legal and professional services;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material risk due to fraud is higher than the risk of not detecting one resulting from error as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-resp>
This description forms part of our auditor's report.

RICHARD IRVIN FM LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF RICHARD IRVIN FM LIMITED

Use of our report

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

Graeme Fraser (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP

5 August 2021

Chartered Accountants
Statutory Auditor

Bishop's Court
29 Albyn Place
ABERDEEN
AB10 1YL

RICHARD IRVIN FM LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2020

		Period ended 31 December 2020 £	Year ended 31 July 2020 £
	Notes		
Turnover	3	9,733,663	23,038,303
Cost of sales		(7,689,791)	(19,270,031)
Gross profit		2,043,872	3,768,272
Administrative expenses		(1,967,328)	(5,381,821)
Other operating income		75,994	743,114
Exceptional items	4	(59,746)	(195,647)
Operating profit/(loss)	5	92,792	(1,066,082)
Interest payable and similar expenses	8	(39,871)	(134,943)
Profit/(loss) before taxation		52,921	(1,201,025)
Tax on profit/(loss)	9	(12,000)	180,588
Profit/(loss) for the financial period		40,921	(1,020,437)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses in the current or previous period other than as included in the profit and loss account. Accordingly, no separate statement of comprehensive income is presented.

RICHARD IRVIN FM LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	Period ended 31 December 2020		Year ended 31 July 2020	
		£	£	£	£
Fixed assets					
Intangible assets	10		71,144		80,752
Tangible assets	11		300,872		320,030
			<u>372,016</u>		<u>400,782</u>
Current assets					
Debtors	12	5,522,631		5,187,985	
Cash at bank and in hand		952,042		2,622,393	
		<u>6,474,673</u>		<u>7,810,378</u>	
Creditors: amounts falling due within one year	13	<u>(4,787,849)</u>		<u>(6,653,600)</u>	
Net current assets			<u>1,686,824</u>		<u>1,156,778</u>
Total assets less current liabilities			<u>2,058,840</u>		<u>1,557,560</u>
Creditors: amounts falling due after more than one year	14		(500,000)		-
Provisions for liabilities	17		-		(39,641)
Net assets			<u>1,558,840</u>		<u>1,517,919</u>
Capital and reserves					
Called up share capital	20		9		9
Profit and loss reserves			1,558,831		1,517,910
Total equity			<u>1,558,840</u>		<u>1,517,919</u>

The financial statements were approved by the board of directors and authorised for issue on 5 August 2021 and are signed on its behalf by:

Mr M Ritchie
Director

Company Registration No. 11454668

RICHARD IRVIN FM LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2020

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 August 2019	9	2,538,347	2,538,356
Period ended 31 July 2020:			
Loss and total comprehensive expense for the period	-	(1,020,437)	(1,020,437)
Balance at 31 July 2020	9	1,517,910	1,517,919
Period ended 31 December 2020:			
Profit and total comprehensive income for the period	-	40,921	40,921
Balance at 31 December 2020	9	1,558,831	1,558,840

RICHARD IRVIN FM LIMITED

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2020

	Notes	Period ended 31 December 2020		Year ended 31 July 2020	
		£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	24		(843,303)		2,881,434
Interest paid			(39,871)		(134,943)
Income taxes paid			(240,000)		-
			<u> </u>		<u> </u>
Net cash (outflow)/inflow from operating activities			(1,123,174)		2,746,491
Investing activities					
Purchase of tangible fixed assets		(34,163)		(294,124)	
Proceeds on disposal of tangible fixed assets		10,230		12,525	
		<u> </u>		<u> </u>	
Net cash used in investing activities			(23,933)		(281,599)
Financing activities					
Repayment of borrowings		(500,000)		(250,000)	
Payment of finance leases obligations		(23,244)		(69,031)	
		<u> </u>		<u> </u>	
Net cash used in financing activities			(523,244)		(319,031)
Net (decrease)/increase in cash and cash equivalents			(1,670,351)		2,145,861
Cash and cash equivalents at beginning of period			2,622,393		476,532
			<u> </u>		<u> </u>
Cash and cash equivalents at end of period			<u> 952,042</u>		<u> 2,622,393</u>

RICHARD IRVIN FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	4 years straight line
Computers	4 years straight line
Motor vehicles	1-3 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at call with banks

RICHARD IRVIN FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

RICHARD IRVIN FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

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

Current tax

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

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

RICHARD IRVIN FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.16 Exceptional items

Exceptional items are identified by the board as transactions through profit or loss outwith the normal course of business and which are considered material to the financial statements, and as such require separate identification in order to provide necessary explanation to the results of the company.

RICHARD IRVIN FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements

The following are considered to be either judgements that have had the most significant effect on the amounts recognised in the financial statements, or estimates that are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date:

Carrying value, estimated useful life and associated depreciation of tangible fixed assets

These are judgements made by directors to assess the useful life of these fixed assets and depreciate over the appropriate period.

Recoverability of accrued income and work in progress

The recoverability and carrying value of these balances are judgements exercised by directors. Directors regularly assess whether projects, jobs and other debts are recoverable. Should they identify instances where the carrying value does not represent the recoverable value of a job, provisions are recognised accordingly.

Work in progress cost accruals

The value of accruals provided against certain work in progress projects is a judgement exercised by directors. The directors regularly review the gross margins achieved by divisions to ensure that all relevant costs have been accrued. Where any variances against expectation are identified, further review is performed and appropriate provisions for costs are made.

3 Turnover and other revenue

	Period ended 31 December 2020 £	Year ended 31 July 2020 £
Turnover analysed by class of business		
Managed services	4,587,000	10,946,000
Mobile services	2,369,000	6,001,000
Housing services	1,904,000	3,728,000
Energy & projects	873,663	2,363,303
	<u>9,733,663</u>	<u>23,038,303</u>

RICHARD IRVIN FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

3	Turnover and other revenue	(Continued)	
		2020	2020
		£	£
	Other significant revenue		
	Grants received	75,994	742,437
		<u>75,994</u>	<u>742,437</u>
		2020	2020
		£	£
	Turnover analysed by geographical market		
	United Kingdom	9,733,663	23,038,303
		<u>9,733,663</u>	<u>23,038,303</u>

Government grants relates to amounts received under the Coronavirus Job Retention Scheme.

4	Exceptional items	Period ended	Year ended 31
		31 December	July 2020
		2020	
		£	£
	Restructure and redundancy costs	59,746	41,791
	Other professional and consultancy costs	-	106,835
	Covid-19 enforced closure costs	-	47,021
		<u>59,746</u>	<u>195,647</u>
	Exceptional expenditure	59,746	195,647
		<u>59,746</u>	<u>195,647</u>
5	Operating profit/(loss)	Period ended	Year ended 31
		31 December	July 2020
		2020	
		£	£
	Operating profit/(loss) for the period is stated after charging/(crediting):		
	Government grants	(75,994)	(742,437)
	Fees payable to the company's auditor for the audit of the company's financial statements	13,690	18,000
	Depreciation of owned tangible fixed assets	53,321	449,698
	Profit on disposal of tangible fixed assets	(10,230)	(3,109)
	Amortisation of development costs	9,608	-
	Operating lease charges	111,572	161,515
		<u>111,572</u>	<u>161,515</u>

Results for the prior year include an adjustment of £263,000 in relation to accrued income brought forward from the acquisition in December 2018 which has since been reassessed and deemed irrecoverable.

RICHARD IRVIN FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

6 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	Period ended 31 December 2020 Number	Year ended 31 July 2020 Number
Direct	179	203
Administrative	86	88
Directors	3	3
	<u>268</u>	<u>294</u>

Their aggregate remuneration comprised:

	Period ended 31 December 2020 £	Year ended 31 July 2020 £
Wages and salaries	4,134,328	8,146,327
Social security costs	370,106	748,466
Pension costs	141,675	111,284
	<u>4,646,109</u>	<u>9,006,077</u>

7 Directors' remuneration

	Period ended 31 December 2020 £	Year ended 31 July 2020 £
Remuneration for qualifying services	92,836	208,350
Company pension contributions to defined contribution schemes	3,541	8,571
	<u>96,377</u>	<u>216,921</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2020 - 3).

RICHARD IRVIN FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

7 Directors' remuneration (Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	Period ended 31 December 2020 £	Year ended 31 July 2020 £
Remuneration for qualifying services	n/a	96,000

As total directors' remuneration was less than £200,000 in the current period, no disclosure is provided for that period.

8 Interest payable and similar expenses

	Period ended 31 December 2020 £	Year ended 31 July 2020 £
Interest on financial liabilities measured at amortised cost:		
Other interest on financial liabilities	39,041	133,219
Other finance costs:		
Other interest	830	1,724
	<u>39,871</u>	<u>134,943</u>

9 Taxation

	Period ended 31 December 2020 £	Year ended 31 July 2020 £
Current tax		
UK corporation tax on profits for the current period	12,000	-
Adjustments in respect of prior periods	-	(180,588)
Total current tax	<u>12,000</u>	<u>(180,588)</u>

RICHARD IRVIN FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

9 Taxation (Continued)

The actual charge/(credit) for the period can be reconciled to the expected charge/(credit) for the period based on the profit or loss and the standard rate of tax as follows:

	Period ended 31 December 2020 £	Year ended 31 July 2020 £
Profit/(loss) before taxation	52,921	(1,201,025)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	10,055	(228,195)
Tax effect of expenses that are not deductible in determining taxable profit	1,945	47,607
Taxation charge/(credit) for the period	12,000	(180,588)

10 Intangible fixed assets

	Development costs £
Cost	
At 1 August 2020 and 31 December 2020	80,752
Amortisation and impairment	
At 1 August 2020	-
Amortisation charged for the period	9,608
At 31 December 2020	9,608
Carrying amount	
At 31 December 2020	71,144
At 31 July 2020	80,752

RICHARD IRVIN FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

11 Tangible fixed assets

	Leasehold improvements	Computers	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 August 2020	168,174	78,766	712,854	959,794
Additions	-	34,163	-	34,163
Disposals	-	-	(28,419)	(28,419)
At 31 December 2020	168,174	112,929	684,435	965,538
Depreciation and impairment				
At 1 August 2020	29,573	14,300	595,891	639,764
Depreciation charged in the period	12,050	9,208	32,063	53,321
Eliminated in respect of disposals	-	-	(28,419)	(28,419)
At 31 December 2020	41,623	23,508	599,535	664,666
Carrying amount				
At 31 December 2020	126,551	89,421	84,900	300,872
At 31 July 2020	138,601	64,466	116,963	320,030

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2020 £	2020 £
Motor vehicles	63,662	89,339

12 Debtors

	Period ended 31 December 2020 £	Year ended 31 July 2020 £
Amounts falling due within one year:		
Trade debtors	2,192,254	2,467,556
Gross amounts owed by contract customers	1,677,051	1,368,621
Other debtors	23,861	34,996
Prepayments and accrued income	1,629,465	1,316,812
	5,522,631	5,187,985

RICHARD IRVIN FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

13 Creditors: amounts falling due within one year

		Period ended 31 December 2020 £	Year ended 31 July 2020 £
	Notes		
Obligations under finance leases	16	10,402	33,646
Other borrowings	15	-	1,000,000
Trade creditors		1,577,554	1,728,221
Gross amounts owed to contract customers		754,286	574,501
Corporation tax		221,560	409,919
Other taxation and social security		1,616,925	2,297,882
Other creditors		203,773	219,405
Accruals and deferred income		403,349	390,026
		<u>4,787,849</u>	<u>6,653,600</u>

14 Creditors: amounts falling due after more than one year

		2020 £	2020 £
	Notes		
Other borrowings	15	500,000	-
		<u>500,000</u>	<u>-</u>

15 Loans and overdrafts

		Period ended 31 December 2020 £	Year ended 31 July 2020 £
Other borrowings		500,000	1,000,000
		<u>500,000</u>	<u>1,000,000</u>
Payable within one year		-	1,000,000
Payable after one year		500,000	-
		<u>500,000</u>	<u>1,000,000</u>

The lender holds fixed and floating charges over the company's assets and a negative pledge.

The loan carries an interest rate of 10% per annum or 6% over the base lending rate, whichever is higher.

During the period the repayment terms attached to the loan were amended whereby the loan is now due for repayment on 30 November 2022.

RICHARD IRVIN FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

16 Finance lease obligations

	Period ended 31 December 2020 £	Year ended 31 July 2020 £
Future minimum lease payments due under finance leases:		
Within one year	10,402	33,646

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The liabilities are secured over the assets to which they relate.

17 Provisions for liabilities

		Period ended 31 December 2020 £	Year ended 31 July 2020 £
	Notes		
Deferred tax liabilities	18	-	39,641

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2020 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	-	39,641

19 Retirement benefit schemes

	Period ended 31 December 2020 £	Year ended 31 July 2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	141,675	111,284

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

RICHARD IRVIN FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

20 Share capital

	Period ended 31 December 2020 £	Year ended 31 July 2020 £
Ordinary share capital Issued and fully paid		
80,000 A ordinary of 0.01p each	8	8
10,000 B ordinary of 0.01p each	1	1
	<u>9</u>	<u>9</u>

A ordinary and B ordinary share capital have attached to them full voting, dividend and capital distribution rights. They do not confer any rights of redemption.

21 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Period ended 31 December 2020 £	Year ended 31 July 2020 £
Within one year	125,789	137,224
Between two and five years	19,800	26,400
	<u>145,589</u>	<u>163,624</u>

22 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	Period ended 31 December 2020 £	Year ended 31 July 2020 £
Aggregate compensation	92,836	232,427

During the period, the company made purchases of £97,708 (2020: £235,856) from a related party company and £27,066 (2020: £59,717) from a company with common directorship. As at 31 December 2020, the company owed £5,446 (2020: £5,400) to the company with common directorship and £18,000 (2020: £18,000) to the company under common control.

At the balance sheet date, the company owed £500k in loans and paid related interest of £39,041 to an entity under common control.

RICHARD IRVIN FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

23 Ultimate controlling party

No individual has ultimate control of the company.

24 Cash (absorbed by)/generated from operations

	Period ended 31 December 2020 £	Year ended 31 July 2020 £
Profit/(loss) for the period after tax	40,921	(1,020,437)
Adjustments for:		
Taxation charged/(credited)	12,000	(180,588)
Finance costs	39,871	134,943
Gain on disposal of tangible fixed assets	(10,230)	(3,109)
Amortisation and impairment of intangible assets	9,608	-
Depreciation and impairment of tangible fixed assets	53,321	449,698
Movements in working capital:		
(Increase)/decrease in debtors	(334,646)	2,626,707
(Decrease)/increase in creditors	(654,148)	874,220
Cash (absorbed by)/generated from operations	(843,303)	2,881,434

25 Analysis of changes in net funds

	1 August 2020 £	Cash flows £	31 December 2020 £
Cash at bank and in hand	2,622,393	(1,670,351)	952,042
Borrowings excluding overdrafts	(1,000,000)	500,000	(500,000)
Obligations under finance leases	(33,646)	23,244	(10,402)
	1,588,747	(1,147,107)	441,640

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