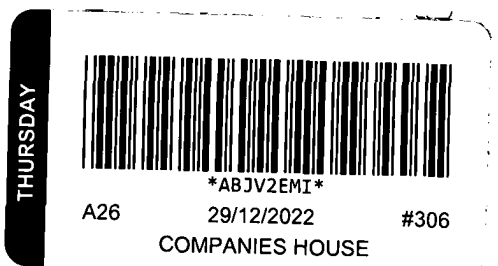


Registered number:02333935

PRINCIPLE CLEANING SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022



PRINCIPLE CLEANING SERVICES LIMITED

COMPANY INFORMATION

Directors	D P Cooke T Murphy P J Smith L L Silva D A Saville M B Gammon T W Lloyd W J Quinney D P Hoskins M J Kuwertz A R Cooke
Company secretary	E S U Cooke
Registered number	02333935
Registered office	Solar House Romford Road London E15 4LJ
Independent auditor	CLA Evelyn Partners Limited Chartered Accountants & Statutory Auditor 45 Gresham Street London EC2V 7BG
Accountants	Barnes Roffe LLP Leytonstone House Leytonstone London E11 1GA
Bankers	Lloyds Bank plc 39 Threadneedle Street London EC2R 8AU

PRINCIPLE CLEANING SERVICES LIMITED

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PRINCIPLE CLEANING SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

Introduction

The Directors present their strategic report for Principle Cleaning Services Limited for the year ended 31 March 2022.

Background

The Company offers traditional daily office cleaning services, sales of cleaning consumable products as well as window cleaning services, including high access window cleaning. We act for several managed estate clients, high profile buildings and names, as well as many valued niche clients throughout the Greater London area. The company is a family run business with the same ethos it had when it was established over 30 years ago in 1989: passionate about people, quality, sustainability, and innovation.

Goals and objectives

The Company has always run its business in a professional and prudent fashion and for the benefit of all its key stakeholders, including its employees and service and supply chain. The Company continues to concentrate on its key strategy of focusing on quality service lines aimed at the central London market. We pay London Living Wage where possible. The Company has no current desire to extend service lines beyond its current offering or extend our offering to different geographical markets.

The Company aims to make a reasonable return on its services, and we re-invest a significant proportion of our profits back into our business, both in terms of technology and innovation as well as people, which as noted above are key parts of our corporate philosophy. We embrace new technologies and strive to be at the forefront of all new developments.

Sustainability is at the forefront our product offering and forms a very important part of what we deliver both in house and to our clients. We are on a plan to net zero and have recently contracted to use the services of Planet Mark to help us achieve that. The Directors have also pledged their own green initiatives to demonstrate leadership in this area. We hold regular seminars for our clients on this subject matter and have recruited a full-time sustainability manager.

We have grown our business organically to date and regularly review our marketplace and our own strategy within it.

Principal risks and uncertainties

To date the Company has successfully navigated the Covid 19 outbreak, which was probably the biggest risk factor we have seen in the UK for decades. The situation in the Ukraine however has placed a financial burden across the world, on individual and businesses, and energy prices and inflation are soaring. This will place a strain on public and private finances and may well have an impact on the UK economy which would then affect our business model. Our balance sheet should protect us to a large degree to any significant downturn and our cash flow forecast, prepared on a prudent basis, show the Company remains cash positive on a worse case basis.

Other risks remain broadly the same. There is always the risk that some of our clients will self-deliver the services currently outsourced to companies like ourselves, but we feel we are now diversified enough to transition through any impact should this happen. As we grow, some potential clients may want national deals, and this is something that may inhibit our growth as we currently do not envisage any material geographic change to go outside of London. To mitigate this we are negotiating with customers to pass this on to our contracts which has been successful in a significant number of cases.

PRINCIPLE CLEANING SERVICES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

The board does actively pursue a policy to ensure that no one customer represents a certain percentage of our total revenues, and the way we are growing, and the market is changing, this may also slow our growth down, but the board is convinced that this strategy is the correct path to follow.

Recruiting and retaining staff in all areas has become more of a problem in recent years. We aim to be an employer of choice by paying competitive rates of pay and benefits.

Prices for goods and services across the UK are rising and our industry is not immune from this. We have had several price increases imposed on us from our supply chain and not all of these are able to be fully recovered from our customer base in the competitive environment in which we operate.

Review of the year

Our 2021-2022 year was a solid year. Revenues and profits grew from the previous COVID-19 affected period. It is pleasing to report healthy bottom-line profits for this year and that the Company's cash build continued. Shareholders will be pleased to note the return of dividend payments in this year, following a year of prudent management when no dividends were paid as the directors wished to keep a careful monitor on how the pandemic played out. The directors are satisfied with the Company's financial performance during this year and in the table below are some of the KPI metrics the board follows.

Both client retention and new client wins, as well as staff retention, were well above target, with several key accounts retained during this year and our largest ever client win which successfully mobilised in February 2022.

We continue to invest in and develop new technologies as well as sustainability issues. We are driving sustainability policies across our client base as well as undertaking several key sustainability issues in our own office locations.

Key performance indicators

Senior management regularly reviews key operational financial performance targets against actual out-turns, as well as other matters the board considers critical to measure key aspects of how the business is performing.

Some of the key financial measures we target and report on are net assets, pre-tax profit and cash build. Gross margin is also critically assessed on a contract-by-contract basis. These measures are taken and discussed monthly by the senior management team all throughout the year.

The board also tracks and monitors client and staff retention, vital health and safety measures, technology spend as well as a host of other matters such as sustainability issues we face and wish to promote, waste management and HR performance issues. All readings taken on our KPI's performed well and above target for the year under review.

A summary of the key financial measures the board reports on are shown in the table below:

The figures below refer to the entity Principle Cleaning Services Limited.

	2022 £'000	2021 £'000
Profit before tax	3,980	3,446
Cash balance	12,766	6,643
Entity net assets	9,679	9,151

The Directors are pleased with the performance of all staff, the reaction and extreme helpfulness of our clients and supply chain, and the financial outcome the group has achieved. We have emerged from this global pandemic in strong financial health.

PRINCIPLE CLEANING SERVICES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Future outlook

We currently see no reason why we will not continue to grow prudently and profitably in our financial year ended 31 March 2023, and beyond. The board have developed a three-year plan, for the three years ending 31 March 2025 and will at regular intervals take measure from it. At the time of writing, we are well on track to deliver this plan.

The directors have undertaken further reviews of the business from all aspects, mainly centering on the operational and financial impacts. Several scenarios have been considered and financial forecasts made for the 30 months following the date of this report. The cash flow forecast and projections for this period show that on a stress and pessimistic basis, the Company and Group can continue to meet its debts as when they fall due, and sufficient headroom in cash is available to fund working capital requirements and avoid having to take on any additional external finance.

The directors are confident about the future, and believe as the economy recovers, cleaning will be a high priority for all businesses and that this Company and Group are well placed to take advantage of this when it does happen. The current economic outlook for the UK has weakened in the last few months and inflation is surging. We are seeing an uptick in supply chain costs and in the main our customer base is understanding of these and are accepting our price increases accordingly. London living wage rose over 8% in September 2022 and again most of our clients support this rate of pay in their costs base.

For the Group in its current year to 31 March 2023, the board remains committed to central London as its core and dominant market and does not intend to diversify main service lines. This has consistently delivered strong, stable and positive results.

The 2022-2023 year has started well with good profit in the months of trading, and with revenues and profits above those budgeted. Client retention and significant client wins are also at healthy levels. Our staff dedication, loyalty and professionalism has remained strong, for which the directors are extremely grateful. The directors will always put the health and safety of our employees, customers and supply chain as our top priority.

S172 reporting

The Directors take very seriously their responsibilities to act in, and promote, the best interests of the company and for it to succeed, for the benefit of all our colleagues, supply chain, customers, and shareholding members. The Board of Directors meets at least 4 times a year to discuss and monitor progress and to set long term goals and meets once a year for strategy and planning. At these meetings the directors set and agree budgets and strategy and monitor and measure progress against these. We usually have an annual away day strategy session over a 2-day period. These sessions are attended by all board Directors and chaired by the Non-executive Directors. We discuss issues such as geographical spread, potential new business lines, risks the business is facing and opportunities in our markets as well as a review of our marketplace.

The Directors are very aware of the need to act in the best interests of shareholders, and to act fairly to them, notwithstanding that all Directors are themselves also shareholders. Our board has two Non-executive Directors to bring balance to the executive team and the shareholding base.

PRINCIPLE CLEANING SERVICES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Business relationships

We have quarterly meetings with all our top and key suppliers where we discuss performance against their KPI's and SLA's, costings, innovations, and service levels generally. These are attended by our CEO and at least one other Director, as well as members of the senior management team. We have individual business champions on our teams who look after their own dedicated championed supplier and the champions take up day to day issues with their supplier to ensure smoother operations. It is a two-way process, whereby our suppliers listen and act on our concerns, as we do on theirs too. Our supply chain is often challenged by the operating directors to come up with innovations to enhance our product offering as well as being asked to consider their sustainability and environmental footprint. We try to limit the number of key suppliers for efficiencies and cost savings. New suppliers and customers are credit checked and references are taken from our industry community. All new large suppliers are approved by the Board.

Our senior management team hold regular meetings with their clients throughout the year. The aim is to meet face to face at least quarterly with all clients each year. These are often attended by Directors, and operational and finance issues are addressed, as well as opportunities that may be available to us and our clients. The board monitors our revenues per client, and we aim to ensure we are not overly exposed to any one client as one way of mitigating the risks we face.

We, our customer's, and our supply chain take very seriously the impact we have on the environment in our day-to-day operations, and we regularly challenge our supply chain on sustainability and innovation issues. All Board Directors have given individual and personal pledge targets to reduce their carbon outputs.

Our reputation is very important to us, and we are passionate about service, quality innovation and our people, which we see as our core values. The directors place a very high emphasis on these values.

We strive to be at the forefront of technology, which we hope has an impact on the wider community in terms of hygiene benefits and, in particular, an increased rate of recycling. We try to partner with suppliers who have the same values as we do, and many of our partners have schemes such as beach cleaning days, which some of our staff attend, as well as free meals for certain parts of the community and tree planting schemes to aid the environment.

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



D.P Cooke
Director

Date: 23/12/2022

PRINCIPLE CLEANING SERVICES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

The directors present their report with the financial statements of the company for the year ended 31 March 2022.

Results

The profit before taxation of the Company for the financial year was £3,979,968 (2021 - £3,445,616).

Dividends

Two interim Dividends were paid in the year ending 31 March 2022 totalling £2,576,000.

Directors

The directors who served during the year were:

D P Cooke
T Murphy
P J Smith
L L Silva
D A Saville
M B Gammon
T W Lloyd
W J Quinney
D P Hoskins
M J Kuwertz
A R Cooke

Future developments

The directors consider that future trading prospects are satisfactory. Going forward, the company will continue to trade within current principal activities and the directors anticipate future profits to be sufficient to enable it to maintain its status within the industry.

Employment policies

The Company's employment policies are regularly reviewed and updated to ensure they remain effective. They are designed to promote a working environment which supports the recruitment and retention of highly effective employees, improves productivity and fosters relationships free of discrimination.

The Company has maintained and developed arrangements aimed at systematically providing employees with information on matters of concern to them as employees, consulting them or their representatives on a regular basis, so that their views may be taken into account in making decisions which are likely to affect their interests. This is achieved by methods such as the issue of a company newsletter and by regular meetings between management and employee representatives.

The Company is committed to giving full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. The company also has appropriate arrangements for the continuing employment and training, career development and promotion of disabled persons employed by the Company.

PRINCIPLE CLEANING SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Corporate governance statement

The directors have chosen to apply the Wates Corporate Governance code in the year ended 31 March 2022, and report accordingly.

Purpose and Leadership

Our board operates a clear strategy which we discuss annually and liaise with our senior management teams on. All directors act with integrity on behalf of all stakeholders, especially our workforce, regarding all companies within the Group, and in a way to promote the success of all Group companies. We remain absolutely committed to our core principles – passionate about people, quality, first class service and innovation.

Board Composition

Our board is diverse and well balanced, covering all disciplines within the business. It has an executive chairman and a Chief Executive Officer, as well as two experienced non-executive Directors. Four members of our board also form the remuneration committee, which oversees the pay, and the terms and conditions for the whole Group.

Director Responsibilities

The board comprises executive Directors who cover all disciplines the group faces, from operations to finance. Our non-executive directors, together with the Executive Chairman and Chief Executive Officer, regularly review the composition of the board and confirm that it remains fit for purpose to achieve the long-term strategy the board sets out each year, as well as monitoring performance against pre-set criteria for board reporting. There is a separate remuneration committee comprising four board members, as well as two members who maintain our risk register.

Opportunity and risk

As a board we remain committed to our core service offering and geographical market. We are always on the look-out for opportunities within these parameters, and carefully seek to identify specific targets within them. We have limits on the value of revenues we derive from any one client to avoid commercial risk. We maintain an active register, and this is reviewed and upgraded at every board meeting.

Remuneration

Remuneration across the Group is set by the remuneration committee, comprising of two executive board members and two non-executive board members, who hear remuneration proposals from each head of department.

We are keen payers of the London Living wage for our operational staff and are members of the London Living wage foundation.

Stakeholder relationships and engagement

We hold regular updates with all our teams. For the senior teams these are presented on many occasions throughout the year, and for the wider operational staff, this is via our in-house magazine, Oneprinciple. We welcome feedback from all our staff. We meet regularly with our key suppliers at director level, as well as meet with our customers throughout the year as much as we can.

PRINCIPLE CLEANING SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Statement of directors' responsibilities

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 the 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), including Financial Reporting Standard 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 accounting estimates that are reasonable and prudent;
- state whether applicable 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.

Disclosure of information to auditor

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

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

Post balance sheet events

Since the year end, the Company has paid a dividend to shareholders of £2,520,000.

There are no other events since the balance sheet date that the Company needs to report on.

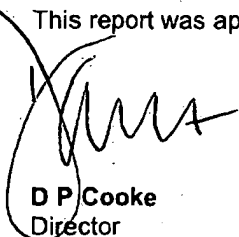
Auditor

The auditor, CLA Evelyn Partners Limited, will be proposed for reappointment at the forthcoming Annual General Meeting in accordance with section 489 of the Companies Act 2006.

PRINCIPLE CLEANING SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

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



D P Cooke
Director

Date:

23/12/2021

PRINCIPLE CLEANING SERVICES LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022**

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

PRINCIPLE CLEANING SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRINCIPLE CLEANING SERVICES LIMITED

Opinion

We have audited the financial statements of Principle Cleaning Services Limited (the 'Company') for the year ended 31 March 2022, which comprise of the Company Statement of Comprehensive Income, the Company Balance Sheet, the Company Statement of Changes in Equity and the 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 March 2022 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.

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 as applied to other entities of public interest, 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. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- Challenging the assumptions used in the detailed budgets and forecasts prepared by management for the financial years ending 2023 and 2024;
- Considering historical trading performance by comparing recent growth rates of both revenue and operating profit;
- Comparing the forecast results to those actually achieved in the 2023 financial period so far;
- Reviewing bank statements to monitor the cash position of the company post year end, and obtaining an understanding of significant expected cash outflows (such as capital expenditure) in the forthcoming 12-month period;
- Considering the company's funding position and requirements;
- Reviewing and challenging management's calculations suggesting the Company is able to comply with all loan facility covenants in the 12 months from approval of the financial statements; and
- Considering the sensitivity of the assumptions and re-assessing headroom after sensitivity.

PRINCIPLE CLEANING SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRINCIPLE CLEANING SERVICES LIMITED (CONTINUED)

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 and Financial Statements other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Financial Statements. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and the Directors' report for the financial year 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 the 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 or 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.

PRINCIPLE CLEANING SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRINCIPLE CLEANING SERVICES LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. 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.

We obtained an understanding of the Company's legal and regulatory framework through enquiry of management concerning their understanding of relevant laws and regulations and of the Company's policies and procedures regarding compliance. We also drew on our existing understanding of the Company's industry and regulation.

We understand that the Company comply with the framework through:

- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change.
- The directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements and which are central to the Company's ability to conduct its business and where failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the Company:

- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements
- Regulations relating to the Coronavirus Job Retention Scheme
- Health and safety and employment law

PRINCIPLE CLEANING SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRINCIPLE CLEANING SERVICES LIMITED
(CONTINUED)

The senior statutory auditor led a discussion with members of the engagement team regarding the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur.

The areas identified in this discussion were:

- Manipulation of the financial statements and;
- Revenue recognition and;
- Accounting for matters relating to the COVID-19 pandemic, including the Coronavirus Job Retention Scheme claims and related assets and liabilities

The procedures that we carried out in order to gain evidence in the above area included:

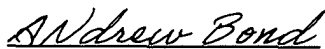
- Testing of journal entries, selected through applying specific risk assessments based on the Company's processes and controls.
- Review of revenue recognition
- Review of the accounting recorded by management for balances relating to the Coronavirus Job Retention Scheme along with supporting information.

The senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities.

A further description of our responsibilities is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

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



ANdrew Bond (Dec 23, 2022 13:10 GMT)

Andrew Bond, FCA (Senior Statutory Auditor)
for and on behalf of
CLA Evelyn Partners Limited
Chartered Accountants & Statutory Auditor
45 Gresham Street
London
EC2V 7BG

Date: 23 December 2022

PRINCIPLE CLEANING SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £	2021 £
Turnover	4	60,594,013	46,166,526
Cost of sales		(51,336,033)	(44,778,397)
Other income	7	2,003,279	8,211,120
Gross profit		11,261,259	9,599,249
Administrative expenses		(7,237,255)	(6,441,404)
Other operating income	8	14,902	320,880
Operating profit	9	4,038,906	3,478,725
Interest receivable and similar income	10	54,000	18,171
Interest payable and similar charges	11	(112,938)	(51,280)
Profit before tax		3,979,968	3,445,616
Tax on profit	12	(876,427)	(684,768)
Profit for the financial year		3,103,541	2,760,848
Total comprehensive income for the year		3,103,541	2,760,848

The notes on pages 17 to 34 form part of these financial statements.

PRINCIPLE CLEANING SERVICES LIMITED
REGISTERED NUMBER: 02333935

BALANCE SHEET
AS AT 31 MARCH 2022

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	14		489,672		348,611
Investments	15		1,000,000		-
			1,489,672		348,611
Current assets					
Stocks	16	15,048		7,297	
Debtors: amounts falling due within one year	17	15,476,296		18,520,101	
Cash at bank and in hand	18	12,766,402		6,643,493	
		28,257,746		25,170,891	
Creditors: amounts falling due within one year	19	(18,818,396)		(16,368,021)	
Net current assets			9,439,350		8,802,870
Total assets less current liabilities			10,929,022		9,151,481
Creditors: amounts falling due after more than one year	21		(1,250,000)		-
Net assets			9,679,022		9,151,481
Capital and reserves					
Called up share capital	24		13,100		13,100
Capital redemption reserve	31		30		30
Profit and loss account	31		9,665,892		9,138,351
			9,679,022		9,151,481

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


D P Cooke
Director

23/12/2022

The notes on pages 17 to 34 form part of these financial statements.

PRINCIPLE CLEANING SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 April 2020	13,100	30	6,377,503	6,390,633
Comprehensive income for the year				
Profit for the year	-	-	2,760,848	2,760,848
At 1 April 2021	13,100	30	9,138,351	9,151,481
Profit for the year	-	-	3,103,541	3,103,541
Dividends: Equity capital	-	-	(2,576,000)	(2,576,000)
At 31 March 2022	13,100	30	9,665,892	9,679,022

The notes on pages 17 to 34 form part of these financial statements.

PRINCIPLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. General information

Principle Cleaning Services Limited is a private company, limited by shares, incorporated and registered in England and Wales. The Company's registered number and registered office address can be found on the Company information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The financial statements have been prepared under the historic cost convention and rounded to the nearest £.

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Principle Group Services Limited as at 31 March 2022 and these financial statements may be obtained from Companies House.

PRINCIPLE CLEANING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.3 Going concern

The Directors have adopted the going concern basis in preparing these financial statements.

As soon as the COVID 19 pandemic hit the UK in 2020, the directors undertook a group wide review and assessment of our business. This included revised forecasts and cashflow projections, the latter now running out to 31 March 2025. The cash flows in particular have been sensitised on an expected and worse case basis. These cashflows have been updated for this financial year and are tracked to actual. The actual cashflows made against the forecasts made in 2021 for FY 2022 showed a positive variance and continue in this fashion into financial year 2023.

As a precautionary measure the directors approved a significant CLBILS funding loan which was completed in June 2021. This was taken purely on the basis of the potential for unknown future effects of the possible re-emergence of the COVID 19 pandemic, with all the additional variants that were being seen. This has given further confidence that any future restrictions that may arise out of those conditions will be able to be adequately managed by the group. This loan is being repaid in accordance with the banking schedule concerning this.

The cashflows on a worse case basis show that the group will be able to meet its liabilities as and when they fall due for the 12 months following the signing of these accounts as well as staying within all banking covenants in that period. The Directors have considered the impact of inflation, which is being passed on in the supply chain and labour markets to us, as well as possible forthcoming recession. We have found our customer base very understanding and supportive of the inflationary increases where we ourselves look to pass these on to our clients. Our balance sheet and cash position we believe will also put us in a strong position in the event of a recession in the near future.

Consequently, the directors consider it reasonable to continue to adopt the going concern basis in preparing these financial statements.

PRINCIPLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Sale of goods

As part of our service delivery to our clients, we also sell cleaning consumable goods and products which our client has specifically requested us to purchase as principal.

2.5 Tangible fixed assets

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

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Improvements to property	- 10% on cost
Plant and machinery	- 33% on cost
Fixtures and fittings	- 25% on cost and 25% on reducing balance
Motor vehicles	- 25% on cost
Computer equipment	- 20% on cost

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

PRINCIPLE CLEANING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Government grants

Grant income received relates to claims for wages through the UK Governments Coronavirus Job Retention Scheme and is recognised in the Statement of Comprehensive Income in the same period as the related expenditure. This has been recognised in both the gross margin and operating margin.

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

2.13 Dividends

Equity dividends are recognised when there is a contractual obligation for these to be payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

PRINCIPLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.15 Pensions

Defined contribution pension plan

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

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

2.16 Current and deferred taxation

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

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

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

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

2.17 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.18 Finance costs

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

2.19 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

PRINCIPLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.20 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each Balance Sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each Balance Sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.21 Valuation of investments

Investments are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.22 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

PRINCIPLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date, and the amounts reported in the Statement of Comprehensive Income during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. Some judgements as noted below have been made in this year and the previous year of reporting primarily as a result of the effects on contracts and any ongoing potential claims arising from the global COVID 19 pandemic.

The key assumptions concerning the future and other key sources of estimation at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Holiday pay accrual

The Company estimates the holiday pay accrual at a percentage of each months pay total, this is based on continual director analysis of monthly historical untaken leave. This is considered to represent the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date. Because of the COVID 19 pandemic, the provision made this year includes estimates of the cost of holidays being carried over by our staff, with Director's permission and in line with Group policy, into the 2022 holiday year, and therefore the provision this year, and last year, is much larger than usual. The holiday year for the group runs on a calendar year basis.

Provisions arising from the COVID 19 pandemic

The contract landscape evolved significantly since the COVID 19 pandemic began. Significant estimates, provisions and judgements have been made to align certain contract margins to as near normal as possible, by reference to historic and expected operating margins. This may extend into our financial year ended March 2023, or until full clarity can be achieved. Judgements and estimates have been made regarding after date credits and credit notes that have been, and may be, required as a result of furlough claims and contract changes. As contracts evolve, the directors are continually revising their estimates and consequently, these may change for the next financial period. The extra accruals and short term provisions are included primarily in creditors as accruals, deferred income and provisions (Note 19). Appropriate adjustments between current and deferred taxation have been made where appropriate.

Bad debts

The company and group make judgements around the recoverability of trade debtors. In line with HMRC VAT legislation on reclaiming VAT on older debtors, the company has provided on a specific basis on all trade debtors greater than six months old, whilst at the same time taking significant steps to ensure full recovery.

PRINCIPLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

4. Turnover

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

	2022 £	2021 £
Provision of cleaning services	58,731,355	44,934,944
Sale of goods	1,862,658	1,231,582
	<u>60,594,013</u>	<u>46,166,526</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	<u>60,594,013</u>	<u>46,166,526</u>

5. Employees

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

	2022 £	2021 £
Wages and salaries	44,355,641	40,438,898
Social security costs	2,922,090	2,411,491
Other pension costs	992,649	811,260
	<u>48,270,380</u>	<u>43,661,649</u>

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

	2022 No.	2021 No.
Directors	11	11
Management operatives	53	44
Production operatives	1,962	1,958
Sales	7	6
Administration	29	24
	<u>2,062</u>	<u>2,043</u>

PRINCIPLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

6. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	1,818,479	1,708,495
Company contributions to defined contribution pension schemes	123,764	119,500
	<u>1,942,243</u>	<u>1,827,995</u>

During the year retirement benefits were accruing to 7 directors (2021 - 7) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £331,207 (2021 - £365,042).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2021 - £NIL).

7. Other income

	2022 £	2021 £
Grant income received for CJRS - direct costs	<u>2,003,279</u>	<u>8,211,120</u>

8. Other operating income

	2022 £	2021 £
Grant income received for CJRS - administrative costs	<u>14,902</u>	<u>320,880</u>

9. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Depreciation owned assets	199,896	156,319
Audit fee	40,000	50,725
Audit incidental advice	-	6,975
Operating lease rentals- property	136,972	139,745
Operating lease rentals- equipment	724,398	738,368
Operating lease rentals- motor vehicles	64,644	62,007
Defined contribution pension costs	<u>992,649</u>	<u>811,261</u>

PRINCIPLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

10. Interest receivable and similar income

	2022 £	2021 £
Other interest receivable	54,000	18,171

11. Interest payable and similar charges

	2022 £	2021 £
Interest payable on bank loan	98,986	-
Interest payable on debt factoring	13,952	51,280
	112,938	51,280

During the year the Company's position with the debt factoring facility has been closed.

12. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	781,716	874,053
Total current tax	781,716	874,053
Deferred tax		
Origination and reversal of timing differences	94,711	(189,285)
Total deferred tax	94,711	(189,285)
Taxation on profit on ordinary activities	876,427	684,768

PRINCIPLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	3,979,968	3,445,616
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	756,194	654,667
Effects of:		
Expenses not deductible for tax purposes	29,790	2,402
Capital allowances for year in excess of depreciation	(18,538)	5,062
Adjustments to tax charge in respect of prior periods	(51,317)	16,753
Other timing differences leading to an increase in taxation	162,865	5,884
Group relief	(2,567)	-
Total tax charge for the year	876,427	684,768

Factors that may affect future tax charges

At the Budget 2021 on 3 March 2021, the Government announced that the corporation tax rate will increase to 25% for companies with profits above £250,000 with effect from 1 April 2023, as well as announcing a number of other changes to allowances and treatment of losses.

13. Dividends

	2022 £	2021 £
Dividends paid	2,576,000	-

PRINCIPLE CLEANING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

14. Tangible fixed assets

	Leasehold property and improvements £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation						
At 1 April 2021	67,217	1,137,897	75,237	235,739	722,306	2,238,396
Additions	-	56,368	123,885	160,703	-	340,956
At 31 March 2022	<u>67,217</u>	<u>1,194,265</u>	<u>199,122</u>	<u>396,442</u>	<u>722,306</u>	<u>2,579,352</u>
Depreciation						
At 1 April 2021	67,217	1,065,133	70,011	209,559	477,865	1,889,785
Charge for the year on owned assets	-	43,623	32,673	2,117	121,482	199,895
At 31 March 2022	<u>67,217</u>	<u>1,108,756</u>	<u>102,684</u>	<u>211,676</u>	<u>599,347</u>	<u>2,089,680</u>
Net book value						
At 31 March 2022	<u>-</u>	<u>85,509</u>	<u>96,438</u>	<u>184,766</u>	<u>122,959</u>	<u>489,672</u>
At 31 March 2021	<u>-</u>	<u>72,764</u>	<u>5,226</u>	<u>26,180</u>	<u>244,441</u>	<u>348,611</u>

15. Fixed asset investments

	Listed investments £
Valuation	
Additions	1,000,000
At 31 March 2022	<u>1,000,000</u>

The above represents units purchased in an indices linked investment plan maturing in October 2028. Income is received quarterly contingent upon the performance of the linked indices. The final capital return is also dependent upon the performance of the linked indices. There are minor charges for early encashment. The market value of the investment at the year end is not materially different to cost.

PRINCIPLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

16. Stocks

	2022 £	2021 £
Finished goods and goods for resale	<u>15,048</u>	<u>7,297</u>

PRINCIPLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

17. Debtors

	2022 £	2021 £
Trade debtors	9,548,652	6,268,881
Amounts owed by group undertakings	5,005,826	5,059,126
Other debtors	320,053	6,522,016
Prepayments and accrued income	563,875	537,477
Deferred taxation	37,890	132,601
	<u>15,476,296</u>	<u>18,520,101</u>

18. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	<u>12,766,402</u>	<u>6,643,493</u>

19. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank loans (note 22)	1,000,000	-
Trade creditors	1,711,320	802,577
Amounts owed to group undertakings	1,270,875	1,022,375
Corporation tax	967,128	860,177
Other taxation and social security	3,142,182	4,324,063
Other creditors	3,465,255	3,246,418
Accruals, deferred income and provisions	7,261,636	6,112,411
	<u>18,818,396</u>	<u>16,368,021</u>

PRINCIPLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

20. Deferred taxation

	2022 £	2021 £
At beginning of year	132,601	(56,684)
(Charged)/Credited to the profit or loss	(94,711)	189,285
At end of year	37,890	132,601
	2022 £	2021 £
Accelerated capital allowances	(75,892)	(81,510)
Other timing differences	113,782	214,111
	37,890	132,601

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

	2022 £	2021 £
Bank loans (note 22)	1,250,000	-

PRINCIPLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

22. Loans

Analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year		
Bank loans	1,000,000	-
Amounts falling due 1-2 years		
Bank loans	1,250,000	-
	<u>2,250,000</u>	<u>-</u>

The above loan is guaranteed by the British Business Bank guarantee in relation to the CLBILS.

The loan is repayable over three years in quarterly installments which commenced in August 2021. Interest is charged at 1.70% over the prevailing Bank of England base rate.

Early repayment is possible free of any penalty charge. The loan is unsecured.

23. Financial instruments

	2022 £	2021 £
Financial assets		
Financial assets measured at fair value through profit or loss	13,766,402	6,643,493
Financial assets that are debt instruments measured at amortised cost	6,714,383	18,190,361
	<u>20,480,785</u>	<u>24,833,854</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>16,367,280</u>	<u>11,183,791</u>

Financial assets measured at fair value through profit or loss comprise cash at bank.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors, amounts due from related parties, directors' loan accounts and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, amounts owed to related parties, accrued expenses and loans.

PRINCIPLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

24. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
100 (2021 - 100) Ordinary 'A' shares of £1.00 each	100	100
1,300,000 (2021 - 1,300,000) Ordinary 'E' shares of £0.01 each	13,000	13,000
	<u>13,100</u>	<u>13,100</u>

"A" shares carry full voting rights.

"E" shares carry no voting rights. In the event of winding up, each shareholder shall be entitled to £0.01 per E share.

25. Pension commitments

The Company operates a defined contribution pension scheme. The scheme is administered by an insurance company independent of the company's finances. The company contributions are charged to the profit and loss account in the year in which they are made. The pension charge for the year was £992,649 (2021 - £811,260). There was £400,054 outstanding at the year end (2021 - £241,122).

26. Commitments under operating leases

At 31 March 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	308,147	204,868
Later than 1 year and not later than 5 years	655,530	545,868
	<u>963,677</u>	<u>750,736</u>

27. Ultimate parent company

The immediate holding company is Principle Services Holdings Limited.

The ultimate parent company is Principle Group Services Limited.

Both companies are incorporated and registered in England and Wales and have registered office addresses at Solar House, 1-9 Romford Road, London, E15 4LJ.

PRINCIPLE CLEANING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

28. Ultimate controlling party

The company operates under the day to day control of the board of directors, however, the ultimate controlling party is the director D P Cooke, by virtue of his controlling interest of the ultimate parent company, Principle Group Services Limited.

29. Related party transactions

Included in other debtors at the year end are interest free loans owed by directors, amounting to £195,161 (2021 - £135,767).

Fees of £13,000 (2021 - £15,492) were paid to Quinney and Company in respect of the services of a director.

Key management personnel consisted of the directors of the Company as per note 5.

30. Post balance sheet events

Since the year end the Company has paid a dividend of £2,520,000 to its parent company, Principle Services Holdings Limited.

There are no other post balance sheet events to report on.

31. Reserves

Retained earnings

This reserve relates to cumulative retained earnings less amounts distributed to shareholders.

Capital redemption reserves

This reserve arises from the purchase of own share capital.