

Registered number:02333935

PRINCIPLE CLEANING SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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PRINCIPLE CLEANING SERVICES LIMITED

COMPANY INFORMATION

Directors

D.P Cooke
T Murphy
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 2023

Introduction

The Directors present their strategic report for Principle Cleaning Services Limited for the year ended 31 March 2023.

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 maintains its ethos as a family run business even though we are now owned by our employees via the Employee Ownership Trust. It has the same ethos it had when it was established over 30 years ago in 1989: passionate about people, quality, sustainability, and innovation. As noted below in the review of the year, the Group are delighted to announce its transition to an Employee Ownership Trust during the course of the year.

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 leading edge of all new developments.

Sustainability is at the forefront of 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 be 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

The board maintain a risk register which is constantly reviewed and updated.

The biggest risk the Group has faced these past couple of years has been global pandemic COVID-19 which, through the actions of the Board, we successfully navigated. Indeed, we have emerged from this crisis in good financial health.

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.

PRINCIPLE CLEANING SERVICES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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. The macro economic environment is also a risk as many commentators predict low GDP growth or even a recession.

Review of the year

Our 2022-2023 year was another successful year.

Our overriding important update for this period is that we were delighted to be able complete our transition to an Employee Ownership Trust just before our year concluded, and we spent quite a long time working on this project during the 22-23 financial year. We are extremely pleased to report that we are now majority owned by our employees, preserving our ethos of putting our people first whilst at the same time preserving Principle's legacy for the foreseeable future.

Financially, revenues and profits grew from the previous year. It is pleasing to report healthy bottom-line profits for this year and that the Group's cash build continued. The Directors are satisfied with the Group'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.

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 the 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.

PRINCIPLE CLEANING SERVICES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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:

	2023 £'000	2022 £'000
Profit before tax	4,857	3,980
Cash balance	16,167	12,766
Entity net assets	11,005	9,679

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:

Future outlook

We currently see no reason why we continue to grow, and grow prudently and profitably in our financial year ended 31 March 2024, and beyond. The board have developed a five-year plan, for the years ending up to 31 March 2028 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 60 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 more additional external finance other than that planned to part fund the second tranche monies due under the EoT arrangements.

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.

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 2023**

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: 23/12/2023

PRINCIPLE CLEANING SERVICES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

The directors present their report with the financial statements of the company for the year ended 31 March 2023.

Results

The profit before taxation of the Company for the financial year was £4,856,832 (2022 - £3,979,968).

Dividends

An interim dividend was paid in the year ending 31 March 2023 totalling £2,520,000 (2022 - £2,576,000).

Directors

The directors who served during the year were:

D P Cooke
T Murphy
P J Smith (resigned 1 April 2023)
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 2023

Corporate governance statement

The directors have chosen to apply the Wates Corporate Governance code in the year ended 31 March 2023, 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. Three 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 three 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 risk register, and this is reviewed and upgraded at every board meeting.

Remuneration

Remuneration across the Group is set by the remuneration committee, comprising of one executive board member 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 2023

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

During the course of this financial year, the Group converted to an Employee-Owned trust, under which the trust now owns c60% of the Holding company's share capital. On 3 April 2023, the group contributed £9,018,500 to the trust for it to meet its obligations under these arrangements. In addition, the Company was, by way of providing a guarantee, a party to a loan facility of £8m extended to the Employee Ownership Trust in October 2023 from the Group's existing bankers, as well as a working capital overdraft facility of £2m. An additional £9,292,500 was contributed to the employee-owned trust in October 2023 for the trust's further obligations on its acquisition of its majority holding in the Group's ultimate holding company, Principle Group Services Limited in March 2023.

The Company paid its first EoT bonus to eligible employees under the new EoT ownership structure in December 2023 at a cost of £226,000.

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

PRINCIPLE CLEANING SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

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.

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



D P Cooke
Director

Date:

22/12/2023

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 2023, 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 2023 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 2024 and 2025;
- 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 2023/24 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 and dividends) 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 , 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 Executive 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
- Health and safety and employment law

PRINCIPLE CLEANING SERVICES LIMITED

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

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations identified above:

- Detailed review of the procedure management has implemented over compliance with the Bribery Act and Health & Safety, and employment law;
- Review of right to work documentation of employees; and
- Communication with legal counsel regarding existing litigation.

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 controls and;
- Revenue recognition.

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

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

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: 22/12/23

PRINCIPLE CLEANING SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Turnover	4	74,372,420	60,594,013
Cost of sales		(58,869,220)	(51,336,033)
Other income	7	-	2,003,279
Gross profit		15,503,200	11,261,259
Administrative expenses		(10,689,807)	(7,237,255)
Other operating income	8	-	14,902
Operating profit	9	4,813,393	4,038,906
Interest receivable and similar income	10	110,000	54,000
Interest payable and similar charges	11	(66,561)	(112,938)
Profit before tax		4,856,832	3,979,968
Tax on profit	12	(1,011,339)	(876,427)
Profit for the financial year		3,845,493	3,103,541
Total comprehensive income for the year		3,845,493	3,103,541

The notes on pages 16 to 31 form part of these financial statements.

PRINCIPLE CLEANING SERVICES LIMITED
REGISTERED NUMBER: 02333935

BALANCE SHEET
AS AT 31 MARCH 2023

	Note	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Tangible assets	14		573,995		489,672
Investments	15				1,000,000
			573,995		1,489,672
Current assets					
Stocks	16	16,446		15,048	
Debtors: amounts falling due within one year	17	14,841,932		15,476,296	
Cash at bank and in hand	18	16,166,654		12,766,402	
		31,025,032		28,257,746	
Creditors: amounts falling due within one year	19	(20,594,512)		(18,818,396)	
Net current assets			10,430,520		9,439,350
Total assets less current liabilities			11,004,515		10,929,022
Creditors: amounts falling due after more than one year	21				(1,250,000)
Net assets			11,004,515		9,679,022
Capital and reserves					
Called up share capital	23		13,100		13,100
Capital redemption reserve	30		30		30
Profit and loss account	30		10,991,385		9,665,892
			11,004,515		9,679,022

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


D P Cooke
Director

The notes on pages 16 to 31 form part of these financial statements.

PRINCIPLE CLEANING SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2021	13,100	30	9,138,351	9,151,481
Comprehensive income for the year				
Profit for the year	-	-	3,103,541	3,103,541
Dividends: Equity capital	-	-	(2,576,000)	(2,576,000)
At 1 April 2022	13,100	30	9,665,892	9,679,022
Profit for the year	-	-	3,845,493	3,845,493
Dividends: Equity capital	-	-	(2,520,000)	(2,520,000)
At 31 March 2023	13,100	30	10,991,385	11,004,515

The notes on pages 16 to 31 form part of these financial statements.

PRINCIPLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. General information

Principle Cleaning Services Limited ("the Company") 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 2023 and these financial statements may be obtained from Companies House.

2.3 Going concern

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

In January 2023, leading up to the EoT transaction, the board commissioned an independent firm of Chartered Accountants to prepare a fully integrated profit and loss account, balance sheet and cash flow model covering the 5 years to 31 March 2028 to ensure the continuing financial viability of the company and group post the EoT transaction.

The model was healthy enough for the CBILS loan taken on as a precautionary measure to be repaid early and this was completed in February 2023, and for the board to then fully commit to the EoT transaction.

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 a 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 2023**

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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

PRINCIPLE CLEANING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

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.

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 Government's 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 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.

2.11 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet 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.

2.12 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.

2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

PRINCIPLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.14 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.

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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, 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.

2.16 Interest income

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

2.17 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.

2.18 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 2023**

2. Accounting policies (continued)

2.19 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.

2.20 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.

2.21 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 profit or loss 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 2023**

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.

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 as a percentage of each month's total. This is based on continual director analysis of monthly historical untaken leave. This is considered to represent the undiscounted salary costs of the future holiday entitlement accrued on the balance sheet date. The estimates still contain some carryover following COVID and are also cognizant of TUPE arrangements. (Note 21).

Leased machinery

The company tends to lease most of the operating machinery it uses to deliver its services. As with any such operating lease, there is inevitably an element of the leased kit that is broken beyond repair or lost. Under the terms of our lease agreement, an element of cost will arise to the group under these circumstances and accordingly the Directors have made an estimate of the cost of this that may arise based on an extrapolation of known historic data. (Note 21).

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 2024, 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 judgements 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 2023**

4. Turnover

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

	2023 £	2022 £
Provision of cleaning services	71,141,821	58,731,355
Sale of goods	3,230,599	1,862,658
	<u>74,372,420</u>	<u>60,594,013</u>

Analysis of turnover by country of destination:

	2023 £	2022 £
United Kingdom	<u>74,372,420</u>	<u>60,594,013</u>

5. Employees

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

	2023 £	2022 £
Wages and salaries	49,631,891	44,355,641
Social security costs	3,555,735	2,922,090
Other pension costs	824,676	992,649
	<u>54,012,302</u>	<u>48,270,380</u>

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

	2023 No.	2022 No.
Directors	11	11
Management operatives	60	53
Production operatives	2,090	1,962
Sales	10	7
Administration	57	29
	<u>2,228</u>	<u>2,062</u>

PRINCIPLE CLEANING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

6. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	1,886,072	1,818,479
Company contributions to defined contribution pension schemes	158,857	123,764
	<u>2,044,929</u>	<u>1,942,243</u>

During the year retirement benefits were accruing to 7 directors (2022 - 7) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £352,278 (2022 - £331,207).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2022 - £Nil).

7. Other Income

	2023 £	2022 £
Grant income received for CJRS - direct costs	-	2,003,279

8. Other operating Income

	2023 £	2022 £
Grant income received for CJRS - administrative costs	-	14,902

9. Operating profit

The operating profit is stated after charging:

	2023 £	2022 £
Depreciation owned assets	220,356	199,896
Audit fee	74,000	40,000
Operating lease rentals - property	155,896	136,972
Operating lease rentals - equipment	1,025,326	724,398
Operating lease rentals - motor vehicles	103,984	64,644
Defined contribution pension costs	824,676	992,649

PRINCIPLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

10. Interest receivable and similar income

	2023 £	2022 £
Other interest receivable	110,000	54,000

11. Interest payable and similar expenses

	2023 £	2022 £
Interest payable on bank loan	66,561	98,986
Interest payable on debt factoring	-	13,952
	66,561	112,938

During the prior year the Company's position with the debt factoring facility was closed.

12. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	1,030,249	781,716
Adjustments in respect of previous periods	28,819	-
Total current tax	1,059,068	781,716
Deferred tax		
Origination and reversal of timing differences	(47,729)	94,711
Total deferred tax	(47,729)	94,711
Taxation on profit on ordinary activities	1,011,339	876,427

PRINCIPLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - *higher than*) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	<u>4,856,832</u>	<u>3,979,968</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	922,798	756,194
Effects of:		
Expenses not deductible for tax purposes	85,066	29,790
Capital allowances for year in excess of depreciation	(73,073)	(18,538)
Adjustments to tax charge in respect of prior periods	76,548	(51,317)
Other timing differences leading to an increase in taxation	-	162,865
Group relief	-	(2,567)
Total tax charge for the year	<u>1,011,339</u>	<u>876,427</u>

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

	2023 £	2022 £
Dividends paid	<u>2,520,000</u>	<u>2,576,000</u>

PRINCIPLE CLEANING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

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 2022	67,217	1,194,265	199,122	396,442	722,306	2,579,352
Additions	-	130,273	-	-	174,406	304,679
At 31 March 2023	<u>67,217</u>	<u>1,324,538</u>	<u>199,122</u>	<u>396,442</u>	<u>896,712</u>	<u>2,884,031</u>
Depreciation						
At 1 April 2022	67,217	1,108,756	102,684	211,676	599,347	2,089,680
Charge for the year on owned assets	-	59,061	31,915	1,587	127,793	220,356
At 31 March 2023	<u>67,217</u>	<u>1,167,817</u>	<u>134,599</u>	<u>213,263</u>	<u>727,140</u>	<u>2,310,036</u>
Net book value						
At 31 March 2023	<u>-</u>	<u>156,721</u>	<u>64,523</u>	<u>183,179</u>	<u>169,572</u>	<u>573,995</u>
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>

15. Fixed asset investments

	Listed investments £
Valuation	
At 1 April 2022	1,000,000
Disposals	(1,000,000)
At 31 March 2023	<u>-</u>

PRINCIPLE CLEANING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

16. Stocks

	2023 £	2022 £
Finished goods and goods for resale	16,446	15,048

17. Debtors

	2023 £	2022 £
Trade debtors	10,385,841	9,548,652
Amounts owed by group undertakings	3,734,951	5,005,826
Other debtors	359,383	320,053
Prepayments and accrued income	276,138	563,875
Deferred taxation	85,619	37,890
	<u>14,841,932</u>	<u>15,476,296</u>

18. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	16,166,654	12,766,402

19. Creditors: Amounts falling due within one year

	2023 £	2022 £
Bank loans (note 22)	-	1,000,000
Trade creditors	2,490,581	1,711,320
Amounts owed to group undertakings	-	1,270,875
Corporation tax	1,182,396	967,128
Other taxation and social security	3,748,962	3,142,182
Other creditors	4,096,073	3,465,255
Accruals, deferred income and provisions	9,076,500	7,261,636
	<u>20,594,512</u>	<u>18,818,396</u>

PRINCIPLE CLEANING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

20. Deferred taxation

	2023 £	2022 £
At beginning of year	37,890	132,601
(Charged)/Credited to the profit or loss	47,729	(94,711)
At end of year	85,619	37,890
	2023 £	2022 £
Accelerated capital allowances	83,448	(75,892)
Other timing differences	2,171	113,782
	85,619	37,890

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

	2023 £	2022 £
Bank loans (note 22)	-	1,250,000

PRINCIPLE CLEANING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

22. Loans

Analysis of the maturity of loans is given below:

	2023 £	2022 £
Amounts falling due within one year		
Bank loans	-	1,000,000
Amounts falling due 1-2 years		
Bank loans	-	1,250,000
	<u>-</u>	<u>2,250,000</u>

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

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

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

The loan was repaid early in the year.

PRINCIPLE CLEANING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

23. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
100 (2022 - 100) Ordinary 'A' shares of £1.00 each	100	100
1,300,000 (2022 - 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.

24. 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 £824,676 (2022 - £992,649). There was £409,896 outstanding at the year end (2022 - £400,054).

25. Commitments under operating leases

At 31 March 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Not later than 1 year	582,830	308,147
Later than 1 year and not later than 5 years	916,310	655,530
	<u>1,499,140</u>	<u>963,677</u>

26. 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 2023**

27. Ultimate controlling party

At the beginning of the year, the ultimate controlling party was DP Cooke by virtue of his controlling interest in the share of the company. During the year, the ultimate controlling party changed to PGS Employee Ownership Trust, by virtue of their controlling interest in the share capital of the company.

28. Related party transactions

Included in other debtors at the year end are interest free loans owed by directors, amounting to £229,042 (2022 - £195,161).

Fees of £13,000 (2022 - £13,000) were paid to a company controlled by a director.

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

29. Post balance sheet events

During the course of this financial year, the Group converted to an Employee-Owned trust, under which the trust now owns c60% of the Holding company's share capital. On 3 April 2023, the group contributed £9,018,500 to the trust for it to meet its obligations under these arrangements. In addition, the Company was, by way of providing a guarantee, a party to a loan facility of £8m extended to the Employee Ownership Trust in October 2023 from the Group's existing bankers, as well as a working capital overdraft facility of £2m. An additional £9,292,500 was contributed to the employee-owned trust in October 2023 for the trust's further obligations on its acquisition of its majority holding in the Group's ultimate holding company, Principle Group Services Limited in March 2023.

The Company paid its first EoT bonus to eligible employees under the new EoT ownership structure in December 2023 at a cost of £226,000.

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

30. 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.