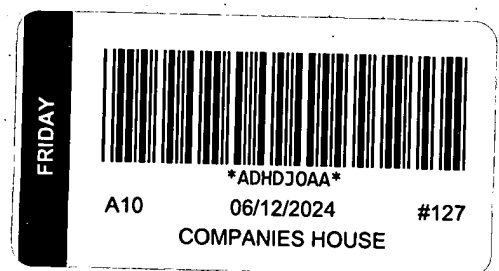


Registered number:02333935

PRINCIPLE CLEANING SERVICES LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**



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 2024

Introduction

The Directors present their strategic report for Principle Cleaning Services Limited (Principle) for the year ended 31 March 2024.

Background

This is the first full year of our company "via the Group Parent Company (see note 25)" being majority owned by our employees, having transitioned to this ownership structure, via an Employee-Owned Trust, in March 2023. The Directors are delighted with this ownership transition and welcome all colleagues to this exciting new relationship.

Our 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 still runs with the same ethos it had when it was established over 35 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 are keen payers of the London Living Wage. 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, in terms of sustainability, 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.

The Company is determined to be at the forefront of all sustainability initiatives and we now have a team of four looking after our sustainability service line.

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.

Our 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.

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.

PRINCIPLE CLEANING SERVICES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

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.

Rising interest rates and a low growth economy remain a concern for the wider market place, although the impact of these on our business are nominal.

Financial risk management

The Company is exposed to credit risk, which is disclosed in note 3 of the financial statements.

Review of the year

Our overriding important update for this period is that we were delighted to be able to complete our first full year as an Employee Ownership Trust (EoT). 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.

Our 2023-2024 year was another successful year. The operating profits were up 44% year on year, before payments made under the company's obligations to the offshore trust which now owns the majority of the Groups share capital on behalf of our eligible employees, following the EoT transaction concluded in March 2023. This enabled the board to deliver the first EoT bonus, which was paid in December 2023 at a cost of £226,000. The company revenues were up an impressive 25% compared to the previous year.

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.

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.

Our ESG strategy provides the framework for overall company strategy. Launched in October 2023 it was developed through a strategic analysis, stakeholder insights and double materiality assessment. The strategy covers the following 7 material topics to us, with KPIs and targets against each.

Our material topics:

- Climate change
- Carbon emissions and energy
- Employee training and development
- Fair and decent work
- Diversity and inclusion
- Innovation
- Health, safety and wellbeing

Accountability and transparency is maintained through the ESG committee and subcommittees that drive forward action on the KPIs and report monthly to the Board. Yearly reporting in line with the GRI framework will commence from December 2024.

PRINCIPLE CLEANING SERVICES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

Achievements include:

- Training 164 people in climate change
- ESG clauses in supply partner contracts from 2024
- 48% ethnic minority representation within senior management
- ENPS of 42
- Standardised training matrices for our Vertical and Specialist divisions

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.

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:

	2024 £'000	2023 £'000
Profit before tax	7,496	4,857
Cash balance	10,997	16,167
Entity net assets	5,118	11,005

Future outlook

We currently see no reason why we cannot continue to grow and grow prudently and profitably in our financial year ending 31 March 2025, and beyond. We believe our transition to an Employee ownership Trust will help this for the benefit of all employees. The board have developed a new five year plan which covers the years ending 31 March 2029 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 48 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 and when they fall due, and sufficient headroom in cash is available to fund working capital requirements post the Group's transition to an EoT.

The Directors are confident about the future and are excited by our new ownership structure.

For the Group in its current year to 31 March 2025, the board remains committed to central London as its core and dominant market and not diversify main service lines. This has consistently delivered strong, stable and positive results.

PRINCIPLE CLEANING SERVICES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

The 2024-2025 year has started well with a good profit in the months of trading since March 2024, and with revenues and profits above those budgeted for the current year to date. Client retention and significant client wins is 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. Our main focus and strategy remains to service the Central London market.

Since the year end, the company has issued share options to its senior management team, representing 15.05% of the total share capital if all options are fully exercised.

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 in the Group. Our board has two Non-executive Directors to bring balance to the executive team and the shareholding base.

Employee engagement

This is our first full year as an Employee-owned Trust and, as part of that, our strategic path is rolled out to the senior management team on at least two occasions over the year. We gather our senior team in for a company update and social event where the Directors report on progress and new initiatives, and invite constructive conversations with our team. These meetings are a two-way, fully interactive session. The Directors take on board comments from our employees as best we can, we engage with our employees at company social events.

We have instigated a "Junior Board," where key senior management hold regular meetings and feedback comments to the main statutory board. We host an annual summer party and invite all members of our staff and their families, and this is open to both full-time and part time employees.

We have formed a well-being committee to assist our staff, which is open to everyone. We communicate progress to all staff via our in-house publication, "Oneprinciple". Staff are encouraged to suggest operational improvements. In the interests of fairness amongst members and employees, we formed a remuneration committee which meets annually to set remuneration packages, and the results of these meetings are communicated face to face with all senior colleagues. Both of our Non-executive Directors are on this committee, to bring their outside experience to bear on this important aspect for all our staff. We are proud supporters of paying the London Living wage and are members of the London Living Wage Foundation. We truly value all our people, and hereby thank them for their hard work and dedication.

We paid our first bonus to all our eligible employees under the Employee-owned Trust arrangements in December 2023 at a cost of £226,000.

Since the year end, the Group has issued share options to its senior management team, representing 15.05% of the total share capital if all options are fully exercised.

PRINCIPLE CLEANING SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

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.

This year, we tendered and benchmarked one of our key suppliers in a very robust process which ultimately saw the incumbent to continue partnering with us.

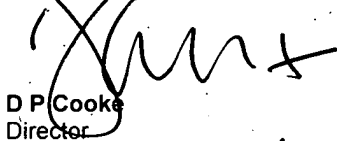
Our senior management team hold regular meetings with their clients throughout the year. The aim is to meet face to face at least quarterly with all clients each year. These are often attended by Directors, and operational and finance issues are addressed, as well as opportunities that may be available 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 customers, 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 output.

Our reputation is very important to us, and we are passionate about service, sustainability, 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:

02/12/2024

PRINCIPLE CLEANING SERVICES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2024**

The Directors present their report with the financial statements of the company for the year ended 31 March 2024.

Results

The profit before taxation of the Company for the financial year was £7,496,462 (2023 - £4,856,832).

Dividends

An interim dividend was paid in the year ending 31 March 2024 totalling £11,279,340 (2023 - £2,520,000).

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 2024

Corporate governance statement

The Directors have chosen to apply the Wates Corporate Governance code in the year ended 31 March 2024, 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. As noted above, 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 are presented with remuneration proposals from each head of department. This year, we benchmarked our rates of pay for senior management by using a third party contractor.

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 four 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 2024**

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 for the Company's financial statements and apply them consistently;
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Post balance sheet events

Since the year end, the Company has issued share options to its senior management team, representing 15.05% of the total share capital if all options are fully exercised.

Since the year end the group has paid £1,372,162 to the employee trust so the trust could pay shareholders interest owed to them for the period up to and including 31 March 2024.

There have been 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 2024

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:

02/12/2024.

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 2024, 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 2024 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 2025 and 2026;
- 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 2025 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 assessment of the Company's ability to comply with all relevant loan facility covenants in the 12 months from approval of the financial statements, including those to which it is a party in a Group context; 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 8, 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:

- Review of the procedures management has implemented over compliance with the Bribery Act and Health & Safety, and employment law;
- Review of right to work documentation of a sample of employees; and
- Discussion with management 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:

- Management override of controls, including through the posting of journal entries;
- The recognition of revenue in the incorrect period;
- Misappropriation of cash; and
- Significant related party transactions.

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

- Testing of a sample of journal entries, selected through applying specific risk assessments based on the Company's processes and controls.
- Review of revenue recognition and cut-off for a sample of transactions and ensuring this in accordance with revenue recognition policy and contract terms;
- Direct confirmation of bank balances through bank confirmation letters;
- Review of disclosure of related party transactions.

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: 31/2/24

PRINCIPLE CLEANING SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 £	2023 £
Turnover	4	93,502,747	74,372,420
Cost of sales		(75,380,552)	(58,869,220)
Gross profit		18,122,195	15,503,200
Administrative expenses		(10,467,512)	(10,689,807)
Operating profit	8	7,654,683	4,813,393
Interest receivable and similar income	9	58,817	110,000
Interest payable and similar expenses	10	(217,038)	(66,561)
Profit before tax		7,496,462	4,856,832
Tax on profit	11	(2,103,840)	(1,011,339)
Profit for the financial year		5,392,622	3,845,493
Other comprehensive income for the year			
Total comprehensive income for the year		5,392,622	3,845,493

The notes on pages 17 to 30 form part of these financial statements.

PRINCIPLE CLEANING SERVICES LIMITED
REGISTERED NUMBER: 02333935

BALANCE SHEET
AS AT 31 MARCH 2024

	Note	2024 £	2024 £	2023 £	2023 £
Fixed assets					
Tangible assets	13		814,114		573,995
Current assets					
Stocks	14	13,430		16,446	
Debtors: amounts falling due within one year	15	24,545,431		14,841,932	
Cash at bank and in hand	16	10,996,850		16,166,654	
		<u>35,555,711</u>		<u>31,025,032</u>	
Creditors: amounts falling due within one year	17	<u>(31,162,625)</u>		<u>(20,594,512)</u>	
Net current assets			4,393,086		10,430,520
Total assets less current liabilities			5,207,200		11,004,515
Creditors: amounts falling due after more than one year	19		(89,403)		
Net assets			5,117,797		11,004,515
Capital and reserves					
Called up share capital	22		13,100		13,100
Capital redemption reserve	29		30		30
Profit and loss account	29		5,104,667		10,991,385
			<u>5,117,797</u>		<u>11,004,515</u>

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 17 to 30 form part of these financial statements.

02/12/2024

PRINCIPLE CLEANING SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2024

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 April 2022	13,100	30	9,665,892	9,679,022
Comprehensive income for the year				
Profit for the year	-	-	3,845,493	3,845,493
Dividends	-	-	(2,520,000)	(2,520,000)
At 1 April 2023	13,100	30	10,991,385	11,004,515
Profit for the year	-	-	5,392,622	5,392,622
Dividends	-	-	(11,279,340)	(11,279,340)
At 31 March 2024	13,100	30	5,104,667	5,117,797

The notes on pages 17 to 30 form part of these financial statements.

PRINCIPLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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 2024 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 4 years to 31 March 2028 to ensure the continuing financial viability of the company and group post the EoT transaction.

The Directors have reviewed this model for the purpose of assessing the going concern status of Principle which had been performed as part of the Group. The Directors are pleased to note that after one year of preparing the model, all of the operating metrics have been exceeded and Principle is performing better than modelled. The EoT banking covenants have been met at the time of signing these accounts, and the future projections indicate compliance will be maintained for at least 12 months thereafter. This aligns with our disclosure on contingent liabilities in note 3 and 21 of the financial statements.

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 2024

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 2024**

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 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.

2.10 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.

2.11 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.

2.12 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.

2.13 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.

PRINCIPLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

2. Accounting policies (continued)

2.14 Payment of Employee Ownership Trust (EoT) bonus

The board will determine from time to time the payment to all eligible employees of a bonus to the EoT. Factors the board will consider before making such a payment include group profitability and working capital management performance in the year under review, particularly with regard to the cash resource available. Part time employees are included but will receive a payment at half the rate of that of full time employees.

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 2024**

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 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are charged as an expense to profit or loss.

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:

Payment of Employee Ownership Trust (EoT) bonus

The board will determine from time to time the payment to all eligible employees of a bonus to the EoT. Factors the board will consider before making such a payment include Principle profitability and working capital management performance in the year under review, particularly with regard to the cash resource available. Part time employees are included but will receive a payment at half the rate of that of full time employees. Estimates as to the number of eligible employees are necessarily made when the Board makes the decision to pay such a bonus because the actual number of employees vary throughout the year and are normally slightly different when the actual payment comes to be made.

Contingent liability

As described in note 21, the Company has provided a guarantee in respect of loans made to the Employee Ownership Trust. The Board has considered whether any provision is required against these guarantees and concluded that no provision is necessary.

PRINCIPLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

3. Judgments in applying accounting policies (continued)

Bad debts

The Company exercises judgment on the recoverability of trade debtors in accordance with its accounting policy, particularly for those outstanding for more than six months. Consistent with HMRC VAT regulations on reclaiming VAT for older debtors, the Company makes specific provisions for such debts while simultaneously implementing significant measures to ensure full recovery.

Other areas of estimation where the board think there is not a significant risk of material adjustment to the carrying amounts are as follows:

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 are also cognizant of TUPE arrangements.

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 Principle 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.

4. Turnover

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

	2024 £	2023 £
Provision of cleaning services	88,820,441	71,141,821
Sale of goods	4,682,306	3,230,599
	<u>93,502,747</u>	<u>74,372,420</u>

Analysis of turnover by country of destination:

	2024 £	2023 £
United Kingdom	<u>93,502,747</u>	<u>74,372,420</u>

PRINCIPLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

5. Employees

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

	2024 £	2023 £
Wages and salaries	63,860,923	49,631,891
Social security costs	4,303,632	3,555,735
Other pension costs	1,060,781	824,676
	<u>69,225,336</u>	<u>54,012,302</u>

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

	2024 No.	2023 No.
Directors	10	11
Management operatives	77	60
Production operatives	2,443	2,090
Sales	11	10
Administration	61	57
	<u>2,602</u>	<u>2,228</u>

6. Directors' remuneration

	2024 £	2023 £
Directors' emoluments	1,406,803	1,886,072
Company contributions to defined contribution pension schemes	157,966	158,857
	<u>1,564,769</u>	<u>2,044,929</u>

During the year retirement benefits were accruing to 7 directors (2023 - 7) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £244,932 (2023 - £352,278).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2023 - £NIL).

PRINCIPLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

7. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor:

	2024 £	2023 £
Fees payable to the Company's auditor for the audit of the Company's financial statements	<u>88,200</u>	<u>74,000</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

8. Operating profit

The operating profit is stated after charging:

	2024 £	2023 £
Depreciation owned assets	291,415	220,356
Audit fee	88,200	74,000
Operating lease rentals - property	168,715	155,896
Operating lease rentals - equipment	1,734,992	1,025,326
Operating lease rentals - motor vehicles	93,497	103,984
Defined contribution pension costs	<u>1,060,781</u>	<u>824,676</u>

9. Interest receivable and similar income

	2024 £	2023 £
Other interest receivable	<u>58,817</u>	<u>110,000</u>

10. Interest payable and similar charges

	2024 £	2023 £
Other interest payable	<u>217,038</u>	<u>66,561</u>

PRINCIPLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

11. Taxation

	2024 £	2023 £
Corporation tax		
Current tax on profits for the year	1,900,019	1,030,249
Adjustments in respect of previous periods	203,821	28,819
Total current tax	<u>2,103,840</u>	<u>1,059,068</u>
Deferred tax		
Origination and reversal of timing differences	-	(47,729)
Total deferred tax	<u>-</u>	<u>(47,729)</u>
Taxation on profit on ordinary activities	<u>2,103,840</u>	<u>1,011,339</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2023 - higher than) the standard rate of corporation tax in the UK of 25% (2023 - 19%). The differences are explained below:

	2024 £	2023 £
Profit on ordinary activities before tax	<u>7,496,462</u>	<u>4,856,832</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023 - 19%)	1,874,116	922,798
Effects of:		
Expenses not deductible for tax purposes	87,447	85,066
Capital allowances for year in excess of depreciation	(61,544)	(73,073)
Adjustments to tax charge in respect of prior periods	203,821	76,548
Total tax charge for the year	<u>2,103,840</u>	<u>1,011,339</u>

Factors that may affect future tax charges

There were no factors that may affect the future tax charge.

PRINCIPLE CLEANING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

12. Dividends

	2024 £	2023 £
Dividends paid	<u>11,279,340</u>	<u>2,520,000</u>

13. Tangible fixed assets

	Leasehold property and improvements £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation						
At 1 April 2023	67,217	1,324,538	199,122	396,442	896,712	2,884,031
Additions	-	216,996	174,016	-	140,522	531,534
At 31 March 2024	<u>67,217</u>	<u>1,541,534</u>	<u>373,138</u>	<u>396,442</u>	<u>1,037,234</u>	<u>3,415,565</u>
Depreciation						
At 1 April 2023	67,217	1,167,817	134,599	213,263	727,140	2,310,036
Charge for the year on owned assets	-	112,084	48,773	1,190	129,368	291,415
At 31 March 2024	<u>67,217</u>	<u>1,279,901</u>	<u>183,372</u>	<u>214,453</u>	<u>856,508</u>	<u>2,601,451</u>
Net book value						
At 31 March 2024	<u>-</u>	<u>261,633</u>	<u>189,766</u>	<u>181,989</u>	<u>180,726</u>	<u>814,114</u>
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>

14. Stocks

	2024 £	2023 £
Finished goods and goods for resale	<u>13,430</u>	<u>16,446</u>

PRINCIPLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

15. Debtors

	2024 £	2023 £
Trade debtors	15,354,804	10,385,841
Amounts owed by group undertakings	7,333,326	3,734,951
Other debtors	1,275,765	359,383
Prepayments and accrued income	495,917	276,138
Deferred taxation	85,619	85,619
	<u>24,545,431</u>	<u>14,841,932</u>

16. Cash and cash equivalents

	2024 £	2023 £
Cash at bank and in hand	<u>10,996,850</u>	<u>16,166,654</u>

17. Creditors: Amounts falling due within one year

	2024 £	2023 £
Trade creditors	6,659,512	2,490,581
Amounts owed to group undertakings	3,598,375	-
Corporation tax	2,432,608	1,182,396
Other taxation and social security	4,825,011	3,748,962
Obligations under finance lease and hire purchase contracts	25,615	-
Other creditors	3,802,815	4,096,073
Accruals, deferred income and provisions	9,818,689	9,076,500
	<u>31,162,625</u>	<u>20,594,512</u>

PRINCIPLE CLEANING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

18. Deferred taxation

	2024 £	2023 £
At beginning of year	85,619	37,890
Credited to the profit or loss	-	47,729
At end of year	85,619	85,619
	2024 £	2023 £
Accelerated capital allowances	83,448	83,448
Other timing differences	2,171	2,171
	85,619	85,619

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

	2024 £	2023 £
Net obligations under finance leases and hire purchase contracts	89,403	-

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2024 £	2023 £
Within one year	25,615	-
Between 1-5 years	89,403	-
	115,018	-

21. Contingent liabilities

The Group provided a guarantee and became 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.

PRINCIPLE CLEANING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

22. Share capital

	2024 £	2023 £
Allotted, called up and fully paid		
100 (2023 - 100) Ordinary 'A' shares of £1.00 each	100	100
1,300,000 (2023 - 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.

23. 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 £1,060,781 (2023 - £824,676). There was £525,614 outstanding at the year end (2023 - £409,896).

24. Commitments under operating leases

At 31 March 2024 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2024 £	2023 £
Not later than 1 year	608,391	582,830
Later than 1 year and not later than 5 years	1,053,308	916,310
	<u>1,661,699</u>	<u>1,499,140</u>

25. 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 2024**

26. Ultimate controlling party

The ultimate controlling party is PGS Employee Ownership Trust by virtue of their controlling interest in the share capital of the ultimate parent company.

27. Related party transactions

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

Included in other debtors at the year end are interest free loans owed by directors, amounting to £430,659 (2023 - £229,042).

Fees of £1,669,385 (2023 - £1,262,334) were paid to companies in which directors had an interest.

Sales of £510 (2023 - £7,521) were made to companies controlled by directors.

Included within creditors are amounts of £180,646 (2023 - £143,715) owed to companies in which directors had an interest.

Included within debtors are amounts of £12 (2023 - £40,605) owed by companies controlled by directors.

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

28. Post balance sheet events

Since the year end, the Group has issued share options to its senior management team, representing 15.05% of the total share capital if all options are fully exercised.

Since the year end the Group has paid £1,372,162 to the employee trust so the trust could pay shareholders interest owed to them for the period up to and including 31 March 2024.

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

29. 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.