

**GROSVENOR FACILITIES
MANAGEMENT LIMITED**

AUDITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 MAY 2016**

MONDAY



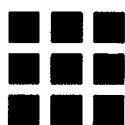
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COMPANIES HOUSE



**Wellden
Turnbull**

Chartered Accountants and
Chartered Tax Advisers
Statutory Auditors

GROSVENOR FACILITIES MANAGEMENT LIMITED

COMPANY INFORMATION

Directors

Mr R J Austin
Mr P P Copley
Mr A T S Parry
Mr G I Eckersall (resigned 24 February 2016)

Company secretary

Mr D A Barber

Registered number

03089465

Registered office

4 Greengate
Cardale Park
Harrogate
HG3 1GY

Independent auditors

Wellden Turnbull Ltd
Chartered Accountants & Statutory Auditors
Munro House
Portsmouth Road
Cobham
Surrey
KT11 1PP

GROSVENOR FACILITIES MANAGEMENT LIMITED

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GROSVENOR FACILITIES MANAGEMENT LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MAY 2016

INTRODUCTION

During the year the principal activity of the company was the provision of services under the Private Finance Initiative (PFI) focused upon the provision of operational facility management services in healthcare, educational and public buildings.

BUSINESS REVIEW

The company made a profit before taxation of £905,990 for the year (2015 - £959,295) on a turnover of £20,329,517 (2015 - £18,486,071). At 31 May 2016 the company had net assets of £3,032,106 (2015 - £3,016,698).

In the twelve months to May 2016 the company has consolidated its position and strategic plans in continuing to grow across a range of sectors.

All centres have been fully operational during the year providing revenues in line with the underlying financial models in order for the company to meet its financial obligations.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the company relate to the non - delivery of services which could impact on the level of the Facilities Management charges and the company's ability for financial obligations to be met.

The company does not hold any financial instruments that involve financial risk management (including price risk, credit risk, liquidity risk and cash flow risk) or any instrument that requires a hedge accounting policy.

FINANCIAL KEY PERFORMANCE INDICATORS

The key financial performance indicators are cashflow, its management and profitability as shown in its monthly management accounts and financial overview.

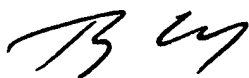
OTHER KEY PERFORMANCE INDICATORS

Financial penalties are levied by the relevant Borough or Authority via the special purpose vehicle in the event of the company failing to make areas of the managed facilities available for its use (availability deductions) and in the event of service performance not being achieved according to detailed criteria set out in the Concession Agreement (performance deductions).

Any such deductions are an indication of the level of performance achieved. In the year to 31 May 2016, unavailability deductions were minimal and below budgetary forecasts for the year.

The directors consider the performance against this KPI to be satisfactory for the year and as at 31 May 2016.

This report was approved by the board on *7 February 2017* and signed on its behalf.



Mr A T S Parry
Director

GROSVENOR FACILITIES MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2016

The directors present their report and the financial statements for the year ended 31 May 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results

The profit for the year, after taxation, amounted to £726,408 (2015 - £784,271).

Directors

The directors who served during the year were:

Mr R J Austin
Mr P P Copley
Mr A T S Parry
Mr G I Eckersall

Disclosure of information to auditors

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

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

GROSVENOR FACILITIES MANAGEMENT LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2016**

This report was approved by the board on

9 February 2017

and signed on its behalf.


Mr A T S Parry
Director

GROSVENOR FACILITIES MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GROSVENOR FACILITIES MANAGEMENT LIMITED

We have audited the financial statements of Grosvenor Facilities Management Limited for the year ended 31 May 2016, set out on pages 6 to 27. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 May 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those accounts. In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors Report.

GROSVENOR FACILITIES MANAGEMENT LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GROSVENOR FACILITIES
MANAGEMENT LIMITED (CONTINUED)**

Matters on which we are required to report by exception

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

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



Robin John FCA CTA (Senior Statutory Auditor)

for and on behalf of
Wellden Turnbull Ltd

Chartered Accountants
Statutory Auditors

Munro House
Portsmouth Road
Cobham
Surrey
KT11 1PP

Date: 26/02/17

GROSVENOR FACILITIES MANAGEMENT LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2016**

	Note	2016 £	2015 £
Turnover	4	20,329,517	18,486,071
Administrative expenses		(19,419,065)	(17,591,189)
Exceptional administrative expenses		-	55,000
OPERATING PROFIT	5	<u>910,452</u>	<u>949,882</u>
Interest payable and similar charges	7	(3,462)	(6,587)
Other finance (costs)/income		<u>(1,000)</u>	<u>16,000</u>
PROFIT BEFORE TAX		<u>905,990</u>	<u>959,295</u>
Tax on profit on ordinary activities	9	(179,582)	(175,024)
PROFIT FOR THE YEAR		<u><u>726,408</u></u>	<u><u>784,271</u></u>

The notes on pages 11 to 27 form part of these financial statements.

GROSVENOR FACILITIES MANAGEMENT LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2016**

	Note	2016 £	2015 £
Profit for the financial year		726,408	784,271
OTHER COMPREHENSIVE INCOME			
Actuarial loss on defined benefit schemes		(11,000)	(35,000)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>715,408</u>	<u>749,271</u>

GROSVENOR FACILITIES MANAGEMENT LIMITED
REGISTERED NUMBER: 03089465

BALANCE SHEET
AS AT 31 MAY 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Intangible assets	12		52,502		56,252
Tangible assets	13		312,485		361,241
Investments	14		16,922		2
			<u>381,909</u>		<u>417,495</u>
CURRENT ASSETS					
Stocks	15	195,916		189,700	
Debtors: amounts falling due within one year	16	4,125,129		3,650,997	
Cash at bank and in hand	17	746,792		1,044,489	
		<u>5,067,837</u>		<u>4,885,186</u>	
Creditors: amounts falling due within one year	18	(2,373,669)		(2,274,983)	
NET CURRENT ASSETS			<u>2,694,168</u>		<u>2,610,203</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,076,077</u>		<u>3,027,698</u>
Creditors: amounts falling due after more than one year	19		(19,971)		-
Pension liability			<u>(24,000)</u>		<u>(11,000)</u>
NET ASSETS			<u><u>3,032,106</u></u>		<u><u>3,016,698</u></u>
CAPITAL AND RESERVES					
Called up share capital	22		2		2
Profit and loss account	23		3,032,104		3,016,696
			<u>3,032,106</u>		<u>3,016,698</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on *9 February 2017*

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Mr A T S Parry
Director

The notes on pages 11 to 27 form part of these financial statements.

GROSVENOR FACILITIES MANAGEMENT LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2016**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 June 2015	2	3,016,696	3,016,698
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	726,408	726,408
Actuarial losses on pension scheme	-	(11,000)	(11,000)
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	(11,000)	(11,000)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	715,408	715,408
DISTRIBUTIONS TO SHAREHOLDERS			
Dividends: Equity capital	-	(700,000)	(700,000)
AT 31 MAY 2016	<u>2</u>	<u>3,032,104</u>	<u>3,032,106</u>

GROSVENOR FACILITIES MANAGEMENT LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2015**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 June 2014	2	2,767,425	2,767,427
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	784,271	784,271
Actuarial losses on pension scheme	-	(35,000)	(35,000)
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	(35,000)	(35,000)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	749,271	749,271
DISTRIBUTIONS TO SHAREHOLDERS			
Dividends: Equity capital	-	(500,000)	(500,000)
AT 31 MAY 2015	2	3,016,696	3,016,698

The notes on pages 11 to 27 form part of these financial statements.

GROSVENOR FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

1. GENERAL INFORMATION

Grosvenor Facilities Management Limited is a private company, limited by shares, incorporated in England and Wales, registered number 03089465. The registered office is 4 Greengate, Cardale, Harrogate, North Yorkshire, HG3 1GY.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention 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.

Information on the impact of first-time adoption of FRS 102 is given in note 28.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

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 4 Statement of Financial Position paragraph 4.12(a)(iv);
- 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 GH Newco 1 Limited as at 31/05/2016 and these financial statements may be obtained from the registered office at 4 Greengate, Cardale Park, Harrogate, North Yorkshire, HG3 1GY.

GROSVENOR FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

2. ACCOUNTING POLICIES (continued)

2.3 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:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Profit and Loss Account over its useful economic life of 20 years in line with underlying facilities contracts.

GROSVENOR FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

2. ACCOUNTING POLICIES (continued)

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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Motor vehicles	- 25%
Fixtures, fittings and equipment	- 14% to 25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.7 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. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 Debtors

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

2.9 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.

GROSVENOR FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

2. ACCOUNTING POLICIES (continued)

2.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

2.11 Creditors

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

2.12 Finance costs

Finance costs are charged to the Profit and Loss Account 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.

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.14 Operating leases: the Company as lessee

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

GROSVENOR FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

2. ACCOUNTING POLICIES (continued)

2.15 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Profit and Loss Account 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.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the 31/05/2016 less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

GROSVENOR FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

2. ACCOUNTING POLICIES (continued)

2.16 Provisions for liabilities

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

Provisions are charged as an expense to the Profit and Loss Account 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.

2.17 Taxation

Tax is recognised in the Profit and Loss Account, except that a change 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.

2.18 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with FRS102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the actual results.

Critical areas of judgement

The directors have relied on the valuation of a qualified actuary in order to value the position of the defined benefit pension scheme.

First time adoption of FRS102

Reconciliations and descriptions of the effect of the transition to FRS 102 on; (i) equity at the date of transition to FRS 102; (ii) equity at the end of the comparative period; and (iii) profit or loss for the comparative period reported under previous UK GAAP are detailed in note 29.

GROSVENOR FACILITIES MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016**

4. TURNOVER

All turnover arose within the United Kingdom.

5. OPERATING PROFIT

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	154,057	177,595
Amortisation of intangible assets, including goodwill	3,750	3,750
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	11,000	11,000
Operating lease rentals	136,302	123,105
Defined contribution pension cost	129,219	135,602
	<u> </u>	<u> </u>

During the year, no director received any emoluments (2015 - £NIL).

6. EMPLOYEES

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	7,043,937	6,942,841
Social security costs	503,509	495,884
Cost of defined benefit scheme	68,000	59,000
Cost of defined contribution scheme	129,219	135,602
	<u> </u>	<u> </u>
	<u>7,744,665</u>	<u>7,633,327</u>

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

	2016 No.	2015 No.
Head office	20	20
Facilities management	356	364
	<u> </u>	<u> </u>
	<u>376</u>	<u>384</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £	2015 £
Bank interest payable	1,646	4,126
Finance leases and hire purchase contracts	1,816	2,461
	<u> </u>	<u> </u>
	<u>3,462</u>	<u>6,587</u>

GROSVENOR FACILITIES MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016**

8. OTHER FINANCE (COSTS)/INCOME

	2016 £	2015 £
Expected return on pension scheme assets	47,000	66,000
Interest on pension scheme liabilities	(48,000)	(50,000)
	<u>(1,000)</u>	<u>16,000</u>

9. TAXATION

	2016 £	2015 £
CORPORATION TAX		
Current tax on profits for the year	179,582	175,024
	<u>179,582</u>	<u>175,024</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>179,582</u>	<u>175,024</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	905,990	959,295
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	181,198	201,452
EFFECTS OF:		
Group relief and other timing differences	(1,616)	(26,428)
TOTAL TAX CHARGE FOR THE YEAR	<u>179,582</u>	<u>175,024</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

10. DIVIDENDS

	2016 £	2015 £
Ordinary Dividends	700,000	500,000
	<u>700,000</u>	<u>500,000</u>

GROSVENOR FACILITIES MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016**

11. EXCEPTIONAL ITEMS

	2016 £	2015 £
Legal settlement credit	-	(55,000)
	-	(55,000)
	<u> </u>	<u> </u>

12. INTANGIBLE ASSETS

	Goodwill £
COST	
At 1 June 2015	75,002
At 31 May 2016	<u>75,002</u>
AMORTISATION	
At 1 June 2015	18,750
Charge for the year	3,750
At 31 May 2016	<u>22,500</u>
NET BOOK VALUE	
At 31 May 2016	<u>52,502</u>
At 31 May 2015	<u>56,252</u>

GROSVENOR FACILITIES MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016**

13. TANGIBLE FIXED ASSETS

	Motor vehicles £	Fixtures and fittings and equipment £	Total £
COST			
At 1 June 2015	76,171	860,660	936,831
Additions	-	128,737	128,737
Disposals	(34,043)	(200,733)	(234,776)
At 31 May 2016	<u>42,128</u>	<u>788,664</u>	<u>830,792</u>
DEPRECIATION			
At 1 June 2015	76,040	499,550	575,590
Charge owned for the period	131	145,545	145,676
Charge financed for the period	-	8,380	8,380
Disposals	(34,043)	(177,297)	(211,340)
At 31 May 2016	<u>42,128</u>	<u>476,178</u>	<u>518,306</u>
NET BOOK VALUE			
At 31 May 2016	<u>-</u>	<u>312,486</u>	<u>312,486</u>
At 31 May 2015	<u>131</u>	<u>361,110</u>	<u>361,241</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2016 £	2015 £
Fixtures, fittings and equipment	<u>34,171</u>	<u>24,726</u>
	<u>34,171</u>	<u>24,726</u>

GROSVENOR FACILITIES MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016**

14. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £	Unlisted investments £	Total £
COST OR VALUATION			
At 1 June 2015	2	-	2
Additions	-	16,920	16,920
At 31 May 2016	2	16,920	16,922
At 31 May 2016	-	-	-
NET BOOK VALUE			
At 31 May 2016	2	16,920	16,922
At 31 May 2015	2	-	2

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
GH (Property Services & Maintenance) Limited	UK	Ordinary	100 %	Dormant

The aggregate of the share capital and reserves as at 31 May 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £
GH (Property Services & Maintenance) Limited	2
	2

15. STOCKS

	2016 £	2015 £
Consumables and finished goods	195,916	189,700

GROSVENOR FACILITIES MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016**

16. DEBTORS

	2016 £	2015 £
Trade debtors	1,450,796	1,625,757
Amounts owed by group undertakings	1,163,140	39,634
Other debtors	302,383	542,017
Prepayments and accrued income	1,208,810	1,443,589
	<u>4,125,129</u>	<u>3,650,997</u>

17. CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash at bank and in hand	746,792	1,044,489
	<u>746,792</u>	<u>1,044,489</u>

18. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	1,146,953	1,303,718
Corporation tax	180,000	176,679
Taxation and social security	678,647	291,570
Obligations under finance lease and hire purchase contracts	12,874	25,252
Other creditors	82,784	93,738
Accruals and deferred income	272,411	384,026
	<u>2,373,669</u>	<u>2,274,983</u>

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

	2016 £	2015 £
Net obligations under finance leases and hire purchase contracts	19,971	-
	<u>19,971</u>	<u>-</u>

Secured loans

Net obligations under finance leases and hire purchase contracts are secured on the underlying fixed assets.

GROSVENOR FACILITIES MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016**

20. HIRE PURCHASE & FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	2016 £	2015 £
Within one year	12,874	8,417
Between 1-2 years	6,813	8,417
Between 2-5 years	7,799	8,417
	<u>27,486</u>	<u>25,251</u>

21. FINANCIAL INSTRUMENTS

	2016 £	2015 £
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	16,920	-
Financial assets that are debt instruments measured at amortised cost	2,916,319	2,207,409
	<u>2,933,239</u>	<u>2,207,409</u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(1,218,534)	(1,373,014)
	<u>(1,218,534)</u>	<u>(1,373,014)</u>

22. SHARE CAPITAL

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

23. RESERVES

Profit and loss account

The profit and loss account represents cumulative profits and losses net of all adjustments.

GROSVENOR FACILITIES MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016**

24. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amount to £129,219 (2015 - £135,602). There were no contributions payable at the balance sheet date.

The Company operates a Defined Benefit Pension Scheme.

The company operates a final salary defined benefit pension scheme which is funded by the payment of contributions to separately administered trust funds.

The valuation is based on the most recent Actuarial valuation at 31 May 2016. Scheme assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are established by applying published broker's forecasts to each category of scheme assets.

Reconciliation of present value of plan liabilities:

	2016 £	2015 £
RECONCILIATION OF PRESENT VALUE OF PLAN LIABILITIES		
At the beginning of the year	1,342,000	1,196,000
Current service cost	51,000	55,000
Expenses	17,000	4,000
Interest cost	48,000	50,000
Actuarial gains/losses	(52,000)	94,000
Contributions by scheme participants	6,000	7,000
Benefits paid	(34,000)	(64,000)
AT THE END OF THE YEAR	1,378,000	1,342,000

Composition of plan liabilities:

	2016 £	2015 £
Present value of defined benefit obligation	1,378,000	1,342,000
TOTAL PLAN LIABILITIES	1,378,000	1,342,000

	2016 £	2015 £
RECONCILIATION OF PRESENT VALUE OF PLAN ASSETS		
At the beginning of the year	1,331,000	1,201,000
Interest income	47,000	51,000
Actuarial losses/gains	(63,000)	74,000
Contributions by employer	67,000	62,000
Contributions by scheme participants	6,000	7,000
Benefits paid	(34,000)	(64,000)
AT THE END OF THE YEAR	1,354,000	1,331,000

GROSVENOR FACILITIES MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016**

24. PENSION COMMITMENTS (continued)

Composition of plan assets:

	2016 £	2015 £
Equity	832,000	814,000
Bonds	156,000	157,000
Government bonds	230,000	222,000
Other (property, cash etc)	136,000	138,000
TOTAL PLAN ASSETS	1,354,000	1,331,000

	2016 £	2015 £
Fair value of plan assets	1,354,000	1,331,000
Present value of plan liabilities	(1,378,000)	(1,342,000)
NET PENSION SCHEME LIABILITY	(24,000)	(11,000)

The amounts recognised in profit or loss are as follows:

	2016 £	2015 £
Current service cost	(51,000)	(55,000)
Interest on obligation	(48,000)	(50,000)
Expenses	47,000	66,000
Expenses	(17,000)	(4,000)
TOTAL	(69,000)	(43,000)

	2016 £	2015 £
Interest income on plan assets	47,000	66,000

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was £349,000 (2015 - £338,000).

The Company expects to contribute £67,000 to its Defined Benefit Pension Scheme in 2017.

GROSVENOR FACILITIES MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016**

24. PENSION COMMITMENTS (continued)

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2016 %	2015 %
Discount rate	3.4	3.5
Future salary increases	3.1	3.4
Future pension increases	3.1	3.4
Inflation assumption	3.1	3.4
Mortality rates		
- for a male aged 65 now	27.5 years	27.4 years
- at 65 for a male aged 45 now	30.0 years	29.8 years
- for a female aged 65 now	29.9 years	29.8 years
- at 65 for a female member aged 45 now	32.4 years	32.3 years

25. COMMITMENTS UNDER OPERATING LEASES

At 31 May 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Land and Buildings		
Not later than 1 year	37,625	37,625
Later than 1 year and not later than 5 years	94,063	112,875
	<u>131,688</u>	<u>150,500</u>
	2016 £	2015 £
Other operating leases		
Not later than 1 year	64,102	70,487
Later than 1 year and not later than 5 years	57,897	87,371
	<u>121,999</u>	<u>157,858</u>

GROSVENOR FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

26. RELATED PARTY TRANSACTIONS

FM fees and other recharges of £329,883 (2015 - £337,982) have been charged to GH Runwell Limited which is a related party by virtue of common directors/shareholders in GH Newco 1 Limited and Grosvenor PFI Holdings Limited. The amount owed by GH Runwell Limited at the year end was £36,067 (2015 - £106,057).

FM fees and other recharges of £274,544 (2015 - £251,529) have been charged to GH Braintree Limited which is a related party by virtue of common directors/shareholders in GH Newco 1 Limited and Grosvenor PFI Holdings Limited. The amount owed by GH Braintree Limited at the year end was £125,584 (2015 - £71,602).

FM fees and other recharges of £161,105 (2015 - £153,473) have been charged to GH Stanley Limited which is a related party by virtue of common directors/shareholders in GH Newco 1 Limited and Grosvenor PFI Holdings Limited. The amount owed by GH Stanley Limited at the year end was £22,237 (2015 - £49,336).

FM fees and other recharges of £332,685 (2015 - £239,806) have been charged to GH Lanchester Limited which is a related party by virtue of common directors/shareholders in GH Newco 1 Limited and Grosvenor PFI Holdings Limited. The amount owed by GH Lanchester Limited at the year end was £81,254 (2015 - £72,322).

FM fees and other recharges of £797,725 (2015 - £376,959) have been charged to GH North Yorkshire Limited which is a related party by virtue of common directors/shareholders in GH Newco 1 Limited and Grosvenor PFI Holdings Limited. The amount owed by GH North Yorkshire Limited at the year end was £52,680 (2015 - £146,940).

At 31 May 2016 the company owed the directors Mr R J Austin £11,850 (2015 - £15,295) and Mr P P Copley £11,850 (2015 - £15,295). The loan is being repaid to the directors over a 5 year period and interest of 7% per annum is payable on the loan.

During the year Grosvenor Project Development Limited, a company under common directorship, charged the company £1,123 (2015 - £1,222) for costs paid on the company's behalf and £300,000 (2015 - £Nil) in regards to management charges. At the year end the company owed Grosvenor Project Development Limited £8,996 (2015 - £8,053) an amount included within other creditors.

During the year, the company paid costs on behalf of its investment Homes for Students Limited totalling £7,173 (2015 - £Nil). At the year end the total amount owed from Homes for Students Limited was £8,022 (2015 - £Nil).

The company has taken advantage of FRS102 section 33 paragraph 1A not to disclose transactions with wholly owned group members.

27. CONTROLLING PARTY

The ultimate parent undertaking and controlling party is GH Newco 1 Limited.

Consolidated financial statements are available from the registered office at 4 Greengate, Cardale Park, Harrogate, North Yorkshire, HG3 1GY.

28. FIRST TIME ADOPTION OF FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.