Registered number: 07317156

CHURCHILL CONTRACT SERVICES GROUP HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

COMPANY INFORMATION

Directors	J M Briggs P J Moxom J W Bradley (appointed 11 August 2023) B A van der Waag (appointed 11 August 2023)
Company secretary	C Briggs
Registered number	07317156
Registered office	Cedar House Parkland Square 750a Capability Green Luton Bedfordshire LU1 3LU
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

CHURCHILL CONTRACT SERVICES GROUP HOLDINGS LIMITED

CONTENTS

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2023

Churchill Contract Services Group Holdings Limited is the holding company of various trading subsidiaries, together referred to as the 'Churchill Group' or the 'Group'.

The directors present their Group Strategic Report for Churchill Contract Services Group Holdings Limited for the year ended 30 June 2023.

Business review

The directors are pleased to report a continuation of successful growth for the year. Group turnover has increased to £326.8m in the year end 30 June 2023, representing an increase of 16%. This growth has predominately been created via organic growth, successful tenders and the first full year of JV Price inclusion in the Group.

Group performance is on track with our business plan. Post year end margins are in line with the directors' expectations and forecast and the margins achieved so far for the year ending 30 June 2024 are also broadly in line with those achieved in the year ending 30 June 2023. This has been maintained due to the successful re tender and extension of some of our contracts with existing clients, a continued focus on strict cost control including regular costing reviews by constantly reassessing and monitoring the administration costs to ensure these are kept within budget and the expansion of our procurement department to ensure we achieve the most favourable supplier pricing.

Our focus across the Churchill Group remains firmly on our goal of consolidating and strengthening our increasingly unique position in the marketplace and growing our portfolio of business services across all sectors. The leadership team harbour a determined ambition to deliver differentiation and industry leading, first class services in the Facilities Management ("FM") sector.

During the financial year, the Group has undergone several changes in the senior management team, including promotion of a new Group Chief Executive Officer and also internal promotion of a new Group Chief Operating Officer. Within the year a new Group Chief Financial Officer was also appointed externally.

The core offering of cleaning related services continues to grow across existing sectors and the targeted growth of associated services is seeing results. Our reputation for delivering compliant, quality services is a key factor in achieving the new business targets with realistic margins. The board have ensured that the Group attracts the most promising talent in the wider FM industry and this is another key factor in ensuring continued success and future growth plans. The senior management team receive bonuses on performance and these bespoke incentive schemes have been continually innovated over time to ensure they drive the desired outcomes and behaviours.

Amulet provide a specialist intelligence led security partnering, providing a complete suite of security services for organisations looking for solutions more tailored to their needs. We combine industry leading technology with our highly trained personnel to provide security that helps organisations operate smoothly with minimum disruption. Amulet operates in a low margin industry caused mainly by the historic race to the bottom growth strategy, adopted by the larger players over the previous 10 years. The market has experienced endless well documented issues resulting from these procured practices and now the clients we target to work with are seeking more compliant, realistically costed solutions in increasing numbers. Amulet is now seeing impressive growth and the Group has won some significant contracts in the year which will see Amulet continue to display growth in the future. The directors fully expect to deliver exciting results in the coming financial years. Amulet is benefiting from the opportunities and relationships arising from the wider group client bases as it seeks to grow across the chosen sector.

Business review (continued)

Churchill Environment Services (CES) continues to grow steadily in the chosen sectors and geographies with a widening capability in compliance led services. The management team are successfully achieving continued growth in revenue through the introduction of innovation and tech led solutions to the markets and current client base. However due to this introduction, margins have been affected adversely in the current financial year with improvement already being seen post year end. Cati, our software compliance tool continues to enjoy further development and the directors believe this is a crucial differentiator in this growing and evolving market.

Chequers Contract Services Ltd and Chequers Electrical and Building Services Ltd are specialist services providers that offer a range of FM services and operate predominantly in the social housing sector. Post year end margins achieved so far for the year ending 30 June 2024 are in line with those achieved in the year ended 30 June 2023. The directors are constantly reassessing the administration costs to ensure these are kept under control.

Churchill Contract Catering (CCC) has experienced revenue growth in the financial year but unfortunately due to the unstable staffing market could not turn this increased revenue into a profit. The immediate need for staff on site has led to labour costs being charged at a premium with staff wages and agency costs being the largest cost of sales in the Company.

JV Price are a specialist window cleaning business acquired by Churchill Contract Services in May 2022 with June 2023 being their first full financial year of inclusion in the Churchill Contract Services Group Holding accounts. The company has performed stronger than budget and integrated well with working on behalf of Churchill Contract Services and Chequers Contract Services. Post financial year end JV Price systems and processes moved into the Group shared service centre.

The board continue to believe that our geographic footprint, strong market position, coupled with our diverse customer base will provide the Group with a solid foundation from which we will see continued success through the new financial year 2024. The Group has experienced an acceleration in sales growth during the COVID 19 pandemic with most contracts maintaining these higher levels due to a shift in the desire for visible cleaning strategies, including more regular deep cleaning.

The whole of the United Kingdom is currently experiencing a cost of living crisis. As yet the Group has been largely unaffected. This is because the Group is able to renegotiate billing for increases in legislative national minimum wage with its clients. The Group doesn't operate out of a high number of offices and therefore the increase of utility bills (gas and electric) hasn't had a large adverse effect. Fuel is the other area where the UK has been severely affected, however this forms a very small part of the Group's overhead.

Principal risks and uncertainties

The Group's primary financial instruments are invoice discounting facility, trade debtors, trade creditors and investor loans.

These arise directly from the Group's trading operations and management has implemented polices to monitor and control the liquidity and credit risks which derive from these financial assets and liabilities.

The principal risks of the business are:
- The recoverability of debtors. This is mitigated by continuous credit control and enforcement of credit terms.
- Non compliance with health and safety regulations. This is mitigated through training for all staff, risk assessment of activities, external compliance audits and internal monitoring.
- Liquidity risk is managed by the group finance director using forecasting and projection methods.
- Current cost of living crisis and wage increases will require continuous monitoring for the foreseeable future.
- Cyber security, the Group holds webinars twice a year to keep employees aware of the latest cyber attacks and dangerous areas to remain cautious.

Financial key performance indicators

The directors have considered the key performance indicators (KPIs) which are those that communicate the financial performance of the Group; they consider these to be turnover and EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation).

Group turnover has increased from £281.2m to £326.8m, representing a growth of 16%.

The key driver for this continued level of growth is new contract wins and organic growth of our existing client base resulting from our position in the FM market together with the acquisition of Chequers and CEBS in November 2019. This is underpinned by our widened capabilities to self deliver leading security and catering services through our Amulet and Radish brands, respectively.

Group consolidated EBITDA is as follows for the two periods:

	2023 £'000	2022 £'000
Profit after tax	12,435	15,182
Tax	3,176	3,178
Finance costs	44	260
Depreciation	2,472	1,991
Amortisation	2,367	2,441
EBITDA	20,494	23,052

This shows that Group EBITDA is £20.5m which is a decrease of £2.6 million from the previous year's results of £23.1m.

During the financial year there were also significant write offs of old assets from the fixed asset register also incurring a hit in the period. The Group invested in key personnel and we strengthened our back office processes and functions to ensure we are able to support and absorb our continuing and projected organic growth.

Current trading

There are several economic factors that have had an impact on the Group and the company over the last 12 months, including:

The UK economy continues to operate in a high inflation environment; however, inflation has started to decline after reaching a 40 year high in October 2022 at 11.1%. Inflation has continued to drop through the 2023 year and by June 2023 (7.9%) has dropped to below June 2022 rates of 9.4%. As a result of the economic and inflationary pressures experienced by the Group and the wider UK economy, the Group has seen an increase in the cost of certain goods and services, including energy and fuel prices.

Labour costs have increased in the year ended 30 June 2023, partially due to the UK National Living Wage (NLW) having increased by 9.7% on 1 April 2023 (April 2022 - 6.6%), representing the biggest hike increase in 20 years. The risk was mitigated by the Group renegotiating an increase in contract rate with clients.

The Group has successfully managed the increase in costs through continued focus on strict cost control, including regular costing reviews by constantly reassessing and monitoring the administration costs to ensure these are kept within budget.

Following the period end, Group EBITDA is in line with the directors' estimates.

Employee practices

The Group fosters a culture of inclusive, fair and equal development and is an equal opportunities employer that recruits based on merit and abides by the principles of no discrimination in any form. We believe that excellent service is underpinned by excellent people who have been trained, developed and equipped with the right values, attitudes and behaviours as well as the right tools and skills. A wellbeing, diversity and inclusion manager has been appointed to lead the mosaic programme, the Group's commitment to diversity, inclusivity and well being in the workplace.

The Group provides employees with information about the Group as well as welfare and support through the Group intranet, portals and e mails such as the WellMe initiative. A number of staff have been trained in mental health first aid skills training to enable them to support colleagues when needed.

Social, community and human rights issues

Corporate Social Responsibility (CSR) is central to every part of how we work. Our values of Always Doing the Right Thing, Always Seeking Better, and Always Putting People First, drive our commitment to having a positive impact on the environments we work in; from protecting our planet, to giving back to our local communities, creating prosperous futures for our people, and choosing supply partners that share our passions and ethics.

<u>Always Doing the Right Thing</u>

Social

We are passionate about having a positive impact on the communities in which we operate, supporting charities ranging from a local level through to significant Group supported projects. Our support is driven through the community team; a group of volunteers from across the Churchill Group. Their remit is to ensure that we not only spread our community support across the UK but that we work with the right projects and partners to have the biggest impact. This includes selecting the right charities to support in line with our core values and passions, promoting the local activities we are involved with across our regions.

Ethical Trading

As a socially responsible Group, we recognise that we can play a leadership role in influencing the behaviour of others, from business partners to industry colleagues to neighbouring businesses. We understand that ultimately it is in everyone's best interests to have as many companies as possible honouring the requirements and expectations of Corporate Social Responsibility. We aim to ensure that our services are delivered in a transparent, ethical and environmentally responsible manner, encouraging all our business partners to adopt best practices. We believe that by doing business with our suppliers in a responsible way and building and sustaining business partnerships based on mutual respect, we are able to grow our business alongside our suppliers and meet our business goals.

<u>Always Seeking Better</u>

Performance Beyond Compliance

We are committed to continual improvement and performing beyond compliance for all aspects of our business including quality, health & safety, environmental and sustainability. This commitment is ingrained in our core values and reinforced by the ISO certifications and accreditations held by this business. Ongoing monitoring and trend analysis help us to identify areas of improvement and to work towards society's wider goal of sustainable development.

<u>Always Putting People First</u>

Equality & Diversity

Churchill Group Holdings Limited believes in treating all people with respect and dignity. We strive to create and foster a supportive and understanding environment in which all individuals realise their maximum potential within the Group, regardless of their differences. We are committed to employing the best people to do the best job possible, offering equal opportunities and fairness in the recruitment process. We recognise the importance of reflecting the diversity of our customers and markets in our workforce. The diverse capabilities that reside within our talented workforce fulfil the needs of our industry to provide a high quality service.

Responsible Employer

As a responsible employer, we recognise our environmental, social and ethical obligations to everyone affected by our business. Our employees are our greatest asset and we strive to create a work environment where we prioritise the health and wellbeing of our employees. We nurture ambition and equip our employees with all necessary tools to succeed, giving great importance to the professional and personal development of every individual.

Anti-corruption and anti-bribery matters

Churchill Group Holdings Limited is an ethical trading business and the directors and Senior Management of the Group are responsible for ensuring all aspects of the businesses operations and support functions are conducted in a professional manner. The consequences of fraud and corruption are costly, time consuming, disruptive and unpleasant. Churchill is therefore committed to the elimination of fraud and corruption in all its forms. We take a zero tolerance approach to bribery and corruption and are committed to implementing and enforcing effective systems to counter bribery and corruption.

All employees are expected to comply with the Group's regulations, policies and legislative procedures and assist in the protection of the organisation. Anti-bribery and corruption training is completed by each employee when they start employment. Senior staff are expected to lead by example. Those who work in areas within our business identified as being particularly high risk will receive additional training and support in identifying and preventing corrupt activities.

The Group recognises the critical importance of implementing measures which prevent or reduce instances of fraud and corruption. Our policy is in line with the following:

Bribery Act 2010
Whistle Blowing policy
Disclosure and Barring Services

Directors' Duties

The directors of Churchill Contract Services Group Holdings Limited act in accordance with a set of duties that are in the best interests of stakeholders of the Group. These duties are in accordance with those detailed in Section 172 of the UK Companies Act 2016.

Directors' statement of compliance with duty to promote the success of the Group

Section 172 of the Companies Act 2006 requires directors to take into consideration the interests of stakeholders and other matters in their decision making. This applies to accounting periods beginning on or after 1 January 2019. The directors continue to have regard to the interests of the Group's employees and other stakeholders, the impact of its activities on the community, the environment and the Group's reputation for good business conduct, when making decisions. In this context, acting in good faith and fairly, the directors consider what is most likely to promote the success of the Group for its members in the long term. We explain in this annual report, and below, how the Board engages with stakeholders. Not all information is reported directly to the Board and not all engagement takes place directly with the Board.

- The Board regularly reviews the Group's principal stakeholders and how it engages with them. This is achieved through information provided by management and also by direct engagement with stakeholders themselves.
- We aim to work responsibly with our stakeholders, including suppliers. Detail of our anti corruption, anti bribery, equal opportunities and whistleblowing policies are detailed in the strategic report. These are reviewed regularly and updated as appropriate.

Relations with key stakeholders are considered below:

Employee engagement: the directors recognise that their employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible. Employee practices are detailed within the Strategic Report on page 4. During the year the Group consults with it's employees through surveys and issues such as inclusion and working from home have been covered during the year in this way to shape the Group's policies in the future.

Shareholders: the Group holds monthly board meetings with it's investors where the financial results for the period are presented. This meeting gives an opportunity to discuss current trading conditions, issues and future plans.

Suppliers: the Group engages regularly with it's key suppliers and recognises the importance of good relationships to support the supply of cleaning consumables to our end clients through the service we provide. We have strong long term relationships with our main suppliers and subcontractors built up over a number of years. Our ethos of operating in a socially responsible manner with our supply chain is detailed in the Strategic Report on page 5.

Directors' statement of compliance with duty to promote the success of the Group (continued)

The key board decisions made in the year were:

Significant events/Decisions	Key s172 matter(s) affected	Actions and impacts
Significant increase in the cost of goods and services, including: National Living Wages: Increased by 9.7% from 1 April 2023 Inflation has risen to a 40-year high in the 2023 financial year (June 23 – 7.9%).	Suppliers, employees, customers	• Continue to implement tighter cost control measures to ensure profit margins are maximised. • The commercial teams are in regular communication with the clients regarding price increases. • Our contracts allow for government led increases • We continue to procure from a reliable solid supply chain with the most attractive pricing.
Climate change, resulting in unpredictable and severe weather, has the potential to disrupt business operations and risk employees safety and well-being.	Employees and Customers	• Continue to raise energy awareness and behavioural change across our workforce, through implementing: 1. Regular company wide sustainability bulletins 2. Energy management training and internal sustainability campaigns • Our sustainability Charter remains the key driver in providing a strategic direction for minimising our environmental impact across the business.
J V Price integration	Suppliers, employees and customers	• The Group decided to integrate the back-office processes of JV Price into the shared services function of the Churchill Group from 1 July 2023.
Decision made for the Churchill Group to become majority owned by an Employee Ownership Trust	Employees	• In August 2023, Churchill Group became majority owned by an employee owned trust, making our employees beneficiaries of our future success.

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

J M Briggs
Director

Date: 18/12/2023

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023

The directors present their report and the financial statements for the year ended 30 June 2023.

Principal activity

The principal activity of the Company is that of a holding company. The principal activities of the subsidiary companies can be seen per note 15.

Results and dividends

The profit for the year, after taxation, amounted to £12,434,749 *(2022 - £15,181,596).*

There were no dividends declared or paid during the year *(2022 - £Nil).*

Directors

The directors who served during the year and up to the report date were:

J M Briggs
P J Moxom
J W Bradley (appointed 11 August 2023)
B A van der Waag (appointed 11 August 2023)

Going concern

The financial statements have been prepared on a going concern basis.

The Company is the parent company of the wider Churchill Contract Services Group, and its ultimate parent company is Oscar Topco Limited, ("the Churchill Group"). It shares banking arrangements with its parent and fellow subsidiaries and as such the going concern assessment has been undertaken for the Churchill Group.

The directors have considered the going concern assessment undertaken by the Churchill Group, which incorporated the Company and the Group. The assessment included profit and cash flow projections for the period to 30 June 2025. The Company has also received a support letter from the Parent. Having considered this assessment the directors have concluded that the Company and Group have sufficient financial resources in place to enable them to continue operating and to meet their liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. As such, the directors have concluded that it remains appropriate to prepare the financial statements on a going concern basis and that there is no material uncertainty in relation to going concern.

Future developments

The directors expect to continue to expand the business geographically and across all sectors in the forthcoming year.

Employee involvement

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

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

Disabled employees

The Group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made wherever possible for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Statement of corporate governance arrangements

The Wates Corporate Governance Principles for Large Private Companies (the Wates Principles) were published by the FRC in December 2018 as voluntary corporate governance principles for large private companies and is available on the FRC website.

The Wates Principles are intended to be the key code for companies that have 2,000 employees and/or a Statement of Financial Position total of more than £2bn and turnover of more than £200m which are required to publish a Statement of Corporate Governance Arrangements from periods beginning on or after 1 January 2019.

Good corporate governance is fundamental to the Group's success and we have in place a strong and effective governance framework and practices to ensure that high standards of governance, values and behaviours are consistently applied throughout the Group.

Set out below are disclosures regarding corporate governance arrangements and how we have applied the 6 Wates Principles over the past year.

1. Purpose and Leadership

We believe in doing right by our people, our customers, our society and our planet. We embrace our responsibility to deliver the best possible outcomes by making people happier in their environments, ensuring safety and compliance come as standard, enabling safe everyday life, and building better communities.

As a group of expert facilities management businesses, we have the ability and freedom to operate in a way that always delivers the right results for our customers. We're built on strong foundations of expertise, trust, a proven track record, and financial stability.

Each sector leading business in the Group - cleaning, security, catering, and environmental compliance - has its own core purpose to improve the environments it delivers in, all contributing to our principal philosophy of doing the right thing.

2. Board Composition

The composition of the Board and changes during the year is set out in the Directors' Report. The Board believes it has an appropriate balance in regards to the size and nature of the business. The directors are highly experienced business leaders and frequently consider the interests of a broad range of stakeholders (including employees) in their decision-making processes.

3. Board Responsibilities

The Board is committed to ensuring that it provides leadership to the Group as a whole, having regard to the interests and views of its shareholders and other stakeholders. It is also responsible for setting the Group's strategy, values and standards. The Board is responsible for the effective leadership, operation and governance of the Group. Directors contribute effectively in the development and implementation of the Group's strategy whilst ensuring that the nature and extent of the significant risks the Group is willing to embrace in the implementation of its strategy are determined and challenged. The directors, together, act in the best interests of the Group devoting sufficient time and consideration as necessary to fulfil their duties. Each director brings different skills, experience and knowledge to the Group.

4. Opportunity and risk

Each company in the Churchill group seeks to capitalise on opportunities (for example through new services and partnerships) while mitigating risks where possible.

5. Remuneration

The directors develop, maintain and implement remuneration policies. The overriding objective of such policies is to attract and retain high-calibre individuals with a competitive reward package based on the achievement of corporate performance targets. These are linked to individual performance and accountability, and supports the Group's commitment to high values while rewarding long-term value creation. The directors ensure that levels of compensation across the Group are sufficiently competitive to retain talent.

6. Stakeholders

The Board is committed to effective communications with its shareholders and engagement with stakeholders and this is discussed within the stakeholder disclosure of Section of the S172 (1) statement.

Environmental practices including carbon output

Churchill Contract Services Group Holdings Limited is committed to operating in a manner that minimises our impact on the environment. To this end we have established an environmental management system which has an accredited certification to BS EN ISO 14001:2015 and is monitored and updated to ensure we operate in a way that not only protects, but where possible enhances the environment. We are committed to comply with the requirements of BS EN ISO 14001:2015 and continually improve the effectiveness of the environmental management system. We recognise our legal and moral obligations and as such will comply with all applicable compliance requirements.

As an integral part of the Integrated Management System, all aspects of the operational processes are subject to regular monitoring activities, including internal and external audit and inspection. This ensures that significant risk to Churchill Group or others is promptly and appropriately actioned. Churchill Group considers a life cycle perspective in relation to Environmental Aspects and Impacts taking into consideration what it can either control or influence. Extreme weather events and resource availability are included in this register.

The Group is committed to quality. To this end we have an established quality management system which has an accredited certification to BS EN ISO 9001:2015 and is monitored and updated to ensure that we operate to the highest quality standards.

In order to comply with the requirements of the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (Streamlined Energy & Carbon Reporting (SECR)), we have produced an environmental report for the Churchill Group.

This has been produced in line with GHG Protocol Corporate Accounting and Reporting Standard, the UK Government Environmental Reporting Guidelines 2019; Including Streamline Energy and Reporting Guidelines and the Company's internal ISO50001 Energy Management System (EnMS). We have used the UK Government GHG Conversion Factors for company reporting to calculate our emissions.

Source	2022/23	*2021/22*
Energy consumption used to calculate emissions: / kWh (UK and Offshore)	**10,480,243**	*10,159,493*
Energy consumption used to calculate emissions: / kWh (Global: Excluding UK and Offshore)	**0**	*0*
Emissions from activities for which the company is responsible including combustion of fuel & operation of facilities & Scope 1) / tCO2e	**2,623.73**	*2,122.00*
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2)/tCO2e (location-based)	**67.20**	*70.10*
Total gross Scope 1 & Scope 2 emissions / tCO2e (location-based)	**2,690.93**	*2,192.10*
Intensity ratio: tCO2e (gross Scope 1 + 2)/£1,000,000 revenue (location-based)	**8.28**	*9.44*
Total gross Scope 3 emissions / tCO2e	**357.03**	*305.03*
Total gross Scope 1, Scope 2 & Scope 3 emissions / tCO2e (market-based)	**2986.67**	*2,435.10*
Intensity ratio: tCO2e (gross Scope 1 + 2 + 3)/ e.g. £1,000,000 revenue (market-based)	**9.19**	*10.48*

Scope 1 includes emissions from gas used within our offices, fuel combustion from use of machinery and transport from Group controlled vehicles as we own the lease arrangements. CO2 from Group controlled vehicles is calculated in line with DEFRA standards methodology. Scope 2 includes all purchased electricity used within Group offices. Scope 3 includes all grey fleet vehicles used for business related activities that are not owned or leased by the Group.

When defining the scope of our data we do not report on operations under client control as we do not have ownership over the purchasing of energy. For those operations which are beyond our reporting capabilities, we do encourage positive behaviours in energy usage and reduction. This includes employee awareness and training and on site monitoring.

Total emissions for 2022/23 has increased by 22%, across scopes 1, 2 & 3, when compared with the 2021/22 reporting year. The inclusion of JV Price's emissions has resulted in an increase of 550.56 tCO2e for this SECR reporting period. Data for JV Price includes plant machinery fuel consumption as well as grey and main fleet mileage. However, it is important to note that data could not be obtained for July to December 2022 for JV Price grey fleet mileage, so an average consumption figure based on January to June 2023 has been used.

When comparing for Scope 2 market-based emissions to that of location-based, the carbon footprint associated with electricity consumption has decreased by 90% due to eight out of ten offices utilising green energy contracts.

The 2022/23 reporting period has seen a 23.6% increase in emissions associated with gas use (scope 1) and a 4.1% decrease in emissions associated with purchased electricity (scope 2). The increase in scope 1 emissions is the result of the acquisition in JV Price and it's additional offices.

Annual financial turnover has been chosen as the intensity metric, as this is a common business metric for the services industry sector and most relevant to the reported energy consumption, given the majority of emissions result from activity outside of company premises. Our location-based intensity measurement has decreased this year, from 10.75 tCO_2e (gross Scope 1 + 2 + 3)/£1million revenue to 9.38 tCO_2e (gross Scope 1 + 2 + 3)/£1million revenue. Our market-based intensity measurement has decreased this year, from 10.48 tCO_2e (gross Scope 1 + 2 + 3)/£1million revenue to 9.19 tCO_2e (gross Scope 1 + 2 + 3)/£1million revenue.

Matters covered in the Group Strategic Report

Where necessary, disclosures relating to financial risk management objectives and policies, exposure to credit risk, liquidity risk and cash flow risk have been made in the Strategic Report and have not been repeated here in accordance with Section 414C of the Companies Act 2006.

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 and the Group'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 and the Group's auditor is aware of that information.

Post statement of financial position events

For the 2023 financial year, the directors JM Briggs and PJ Moxom were the ultimate controlling parties of the Churchill Group by virtue of their majority shareholdings in Oscar Topco Limited. In August 2023, Churchill Group Employee Ownership Trust (an employee ownership trust based in Jersey, the "EOT") acquired 53.2 % of the Oscar Topco Limited shares, leading to a change in control of the Churchill Group. The Group continues to be managed on a daily basis by the existing leadership team, with our founders acting as a guiding hand to support the long-term stability and sustainability of the business.

The Group hopes this change of ownership will empower our teams to share our goals and to help shape the future of the Group, as being owned by an EOT means the Group can be safe in the knowledge that every decision the business takes will be to positively affect our customers and employees. The Group vision is to support our colleagues and customers, and the communities we work with to ensure that they succeed and prosper. Our ownership by an EOT will create a long lasting positive impact for the people and spaces we serve.

As part of this transaction, in August 2023 the EOT entered into a term-loan facility of £30.5m and Oscar Topco Limited entered into a term-loan facility of £19.5m, both of which are repayable in 2030. Oscar Topco Limited and its subsidiary companies are all providing joint and several guarantees in relation to both of these loan facilities.

Investor Loan Notes, issued on 9 March 2020 by Oscar Midco Limited to ESO Investco VII Debtco II SARL (and secured on the assets of all Group companies) were repaid in full in August 2023, and the equity shares in Oscar Topco Limited held by ESO were purchased in full by the EOT. As part of this transaction, a dividend of £12m was also paid to ESO Investco VII Debtco II SARL by Oscar Topco in August 2023.

In August 2023, a dividend of £47.7m was received from a subsidiary company, and a dividend of £40.3m was declared to the Company's parent.

Deferred consideration of £5.9m due on the acquisitions of Chequers Contract Services Limited and Chequers Electrical Building Services Limited was paid out to the previous owners in August 2023.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

J M Briggs
Director

Date: 18/12/2023

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then 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 Group will continue in business.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHURCHILL CONTRACT SERVICES GROUP HOLDINGS LIMITED

Opinion

In our opinion the financial statements:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2023 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Churchill Contract Services Group Holding Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 June 2023 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, Consolidated Analysis of Net Debt, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent 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 Directors are responsible for the 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. 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.

Opinion 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.

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 16, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHURCHILL CONTRACT SERVICES GROUP HOLDINGS LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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

Non-compliance with laws and regulations
Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance including internal legal counsel; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be Companies Act 2006 and Financial Reporting Standard 102.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety at Work act, UK Employment Law, Data protection Act, UK tax law including corporate tax, VAT and PAYE.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Review of tax compliance; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud
We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the [Company's/Group's] policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;

- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be:
- Management override of controls
- Revenue recognition

Our procedures in respect of the above included:
- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Testing a sample of journal entries posted to revenue, those with unusual account combinations and journals posted by unexpected users and users with privileged IT access rights;
- A review of unusual and related party transactions that do not appear to be within the ordinary course of business; and
- Challenging assumptions and judgements made by management in their significant accounting estimates and judgements, including impairment testing, the measurement of provisions, capitalisation policies of tangible assets and going concern.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHURCHILL CONTRACT SERVICES GROUP HOLDINGS LIMITED (CONTINUED)

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Campbell (Senior Statutory Auditor)

for and on behalf of BDO LLP, Statutory Auditor
London

Date: 18 December 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 £	*2022* *£*
Turnover	4	326,798,946	*281,219,084*
Cost of sales		(253,303,160)	*(216,497,143)*
Gross profit		73,495,786	*64,721,941*
Administrative expenses		(57,718,610)	*(47,052,698)*
Other operating (expenses)/income	5	(122,833)	*878,410*
Operating profit	6	15,654,343	*18,547,653*
Interest receivable and similar income	10	248,919	*-*
Interest payable and similar expenses	11	(292,965)	*(187,745)*
Profit before tax		15,610,297	*18,359,908*
Tax on profit	13	(3,175,548)	*(3,178,312)*
Profit for the financial year		12,434,749	*15,181,596*
Other comprehensive income for the year			
Actuarial losses on defined benefit pension scheme		(36,000)	*(36,000)*
Other comprehensive income for the year		(36,000)	*(36,000)*
Total comprehensive income for the year		12,398,749	*15,145,596*

The notes on pages 31 to 62 form part of these financial statements.

CHURCHILL CONTRACT SERVICES GROUP HOLDINGS LIMITED
REGISTERED NUMBER: 07317156

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note		2023 £		2022 £
Fixed assets					
Intangible assets	14		19,157,767		20,692,494
Tangible assets	15		6,918,485		4,330,633
Investments	16		2,694,299		2,694,299
			28,770,551		27,717,426
Current assets					
Stocks	17	633,493		663,291	
Debtors: amounts falling due within one year	18	73,476,617		58,350,598	
Cash at bank and in hand	19	31,836,454		27,892,439	
		105,946,564		86,906,328	
Creditors: amounts falling due within one year	20	(52,984,238)		(47,092,465)	
Net current assets			52,962,326		39,813,863
Total assets less current liabilities			81,732,877		67,531,289
Creditors: amounts falling due after more than one year	21		(10,336,468)		(8,316,967)
Provisions for liabilities					
Deferred tax	23		(511,539)		(728,201)
Net assets			70,884,870		58,486,121
Capital and reserves					
Called up share capital	24		200,000		200,000
Share premium account	25		3,889,199		3,889,199
Surplus on sale of shares held in EBT	25		1,677,411		1,677,411
Other reserves	25		10,604,184		10,604,184
Profit and loss account	25		54,514,076		42,115,327
Shareholders' funds			70,884,870		58,486,121

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2023

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

J M Briggs
Director

Date: 18/12/2023

The notes on pages 31 to 62 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note		2023 £		2022 £
Fixed assets					
Investments	16		33,304,645		*33,228,197*
			33,304,645		*33,228,197*
Current assets					
Debtors: amounts falling due within one year	18	15,156,139		*5,481,049*	
		15,156,139		*5,481,049*	
Creditors: amounts falling due within one year	20	(26,136,476)		*(17,463,517)*	
Net current liabilities			(10,980,337)		*(11,982,468)*
Creditors: amounts falling due after more than one year	21		(5,892,065)		*(5,820,755)*
Net assets			16,432,243		*15,424,974*
Capital and reserves					
Called up share capital	24		200,000		*200,000*
Share premium account	25		14,493,383		*14,493,383*
Share option reserve	25		168,886		*168,886*
Profit and loss account	25		1,569,974		*562,705*
Shareholders' funds			16,432,243		*15,424,974*

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the Parent Company for the year was £1,007,269 *(2022 - £4,023,381)*.

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

J M Briggs
Director

Date: 18/12/2023

The notes on pages 31 to 62 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Called up share capital	Share premium account	Surplus on sale of shares held in EBT	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 July 2021	200,000	3,889,199	1,677,411	10,604,184	26,969,731	43,340,525
Comprehensive income for the year						
Profit for the year	-	-	-	-	15,181,596	15,181,596
Actuarial losses on pension scheme	-	-	-	-	(36,000)	(36,000)
At 1 July 2022	200,000	3,889,199	1,677,411	10,604,184	42,115,327	58,486,121
Comprehensive income for the year						
Profit for the year	-	-	-	-	12,434,749	12,434,749
Actuarial losses on pension scheme	-	-	-	-	(36,000)	(36,000)
At 30 June 2023	200,000	3,889,199	1,677,411	10,604,184	54,514,076	70,884,870

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Called up share capital	Share premium account	Share option reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 July 2021	**200,000**	**14,493,383**	**168,886**	**(3,460,676)**	**11,401,593**
Comprehensive income for the year					
Profit for the year	-	-	-	4,023,381	4,023,381
At 1 July 2022	**200,000**	**14,493,383**	**168,886**	**562,705**	**15,424,974**
Comprehensive income for the year					
Profit for the year	-	-	-	1,007,269	1,007,269
At 30 June 2023	**200,000**	**14,493,383**	**168,886**	**1,569,974**	**16,432,243**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	2023 £	*2022* *£*
Cash flows from operating activities		
Profit for the financial year	12,434,749	*15,181,596*
Adjustments for:		
Amortisation of intangible assets	2,366,840	*2,440,785*
Depreciation of tangible assets	2,472,167	*1,991,904*
Loss on disposal of tangible assets	440,381	*21,217*
Contingent consideration adjustment	-	*(446,827)*
Interest expense	292,965	*187,745*
Interest received	(248,919)	-
Taxation charge	3,176,548	*3,178,312*
Decrease/(increase) in stocks	29,798	*(143,099)*
Increase in debtors	(25,825,385)	*(12,938,411)*
Increase in creditors	16,200,963	*5,251,318*
Corporation tax paid	(3,830,517)	*(5,105,817)*
Difference between net pension expense and cash contribution	(36,000)	*(36,000)*
Net cash generated from operating activities	7,473,590	*9,582,723*
Cash flows from investing activities		
Purchase of tangible fixed assets	(2,127,415)	*(2,669,390)*
Sale of tangible fixed assets	355,843	*162,318*
Acquisition of subsidiaries, net of cash acquired	(773,451)	*(945,594)*
Loan to parent company	-	*(4,023,313)*
Net cash used in investing activities	(2,545,023)	*(7,475,979)*

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

	2023 £	*2022* *£*
Cash flows from financing activities		
Repayment of/new finance leases	(777,204)	*(153,073)*
Movements on invoice discounting	(48,803)	*(928,001)*
Interest paid	(158,545)	*(187,745)*
Net cash used in financing activities	(984,552)	*(1,268,819)*
Net increase in cash and cash equivalents	3,944,015	*837,925*
Cash and cash equivalents at beginning of year	27,892,439	*27,054,514*
Cash and cash equivalents at the end of year	31,836,454	*27,892,439*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	31,836,454	*27,892,439*
	31,836,454	*27,892,439*

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 30 JUNE 2023

	At 1 July 2022	Cash flows	Non-cash flows	At 30 June 2023
	£	£	£	£
Cash at bank and in hand	27,892,439	3,944,015	-	31,836,454
Finance leases	(1,132,956)	777,204	(3,728,826)	(4,084,578)
	26,759,483	4,721,219	(3,728,826)	27,751,876

Non-cash movements on finance leases represents new leases taken out during the year.

1. General information

Churchill Contract Services Group Holdings Limited is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 07317156). The registered office address is Cedar House Parkland Square, 750a Capability Green, Luton, Bedfordshire, LU1 3LU.

The Group's functional and presentational currency is GBP.

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Parent Company disclosure exemptions

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as the reconciliation for the Group and the Parent Company would be identical;
- No Statement of Cash Flows has been presented for the Parent Company;
- Disclosures in respect of the Parent Company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the Group as a whole.

2. **Accounting policies (continued)**

2.3 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 July 2017.

2.4 Going concern

The financial statements have been prepared on a going concern basis.

The Company is the parent company of the wider Churchill Contract Services Group, and its ultimate parent company is Oscar Topco Limited, ("the Churchill Group"). It shares banking arrangements with its parent and fellow subsidiaries and as such the going concern assessment has been undertaken for the Churchill Group.

The directors have considered the going concern assessment undertaken by the Churchill Group, which incorporated the Company and Group. The assessment included profit and cash flow projections for the period to 30 June 2025. The Company has also received a support letter from the parent company. Having considered this assessment the directors have concluded that the Company and Group have sufficient financial resources in place to enable them to continue operating and to meet their liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. As such, the directors have concluded that it remains appropriate to prepare the financial statements on a going concern basis and that there is no material uncertainty in relation to going concern.

2. Accounting policies (continued)

2.5 Turnover

The Group operates a range of contracts across its service lines and a range of methods are used to recognise turnover. Turnover represents income recognised in respect of goods and services provided and is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Cleaning and Electrical and Buildings Services

Contract revenue - the Group enters contracts with customers for set terms for specified services. Typically, the annual revenue is recognised equally over the term of the contract. Contract modifications may arise due to changes in customer requirements. Where this creates changes to the price and/ or scope of the contract, this is recognised once the modification has been approved. The contract price is determined at contract inception. This includes fixed prices stated in the contract plus any variable elements of consideration.

Non-contract sales - the Group recognises revenue once the service or goods have been delivered to the customer at the price agreed.

Security

Revenue from man-guarding services includes the amounts received by the guards including salary and salary-related employment costs and are based on actual hours worked. The Group has some fixed term contracts where the revenue is recognised equally over the term of the contract.

Environmental

Contract revenue - the Group enters contracts with customers for set terms for specified services. Typically, the annual revenue is recognised equally over the term of the contract. Contract modifications may arise due to changes in customer requirements. Where this creates changes to the price and/ or scope of the contract, this is recognised once the modification has been approved. The contract price is determined at contract inception. This includes fixed prices stated in the contract plus any variable elements of consideration.

Non contract sales - the Group recognises revenue once the service or goods have been delivered to the customer at the price agreed.

2. Accounting policies (continued)

2.5 Turnover (continued)

Catering

The Group operates a range of contracts across its service lines, which are predominantly grouped into Business & Industry, Education and Assisted Living and uses a range of methods to recognise revenue. Revenue represents income recognised in respect of goods and services provided and is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 Group enters contracts with customers for set terms for specified services. These contracts typically include a fixed and variable element. The fixed elements are recognised equally over the length of the contract, the variable elements are recognised as they are delivered to the end customer. Contract modifications may arise due to changes in customer requirements. Where this creates changes to the price and/or scope of the contract, this is recognised once the modification has been approved. The contract price is determined at contract inception. This includes fixed prices stated in the contract plus any variable elements of consideration.

2.6 Operating leases: the Group as lessee

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

2.7 Leased assets: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Group. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.8 Other operating income

The Coronavirus Job Retention Grant ("Furlough Scheme") is accounted under the accruals model as permitted by FRS 102. Income received under the furlough scheme is recognised in profit or loss in the same period as the related expenditure.

2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.10 Finance costs

Finance costs are charged to profit or loss 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. Accounting policies (continued)

2.11 Intangible assets

Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of the subsidiaries is included in the 'intangible assets'. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. If a reliable estimate cannot be made, the useful life of goodwill is presumed to be 10 years. Goodwill is being amortised to 'administrative expenses' over periods ranging from 3 to 20 years.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Customer contracts

Customer contracts are initially recognised at fair value, representing the present value of expected future economic benefits that will flow to the Group. The customers contracts are subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses. The contracts are amortised over a 10-year period, unless the contract has a shorter term, on a straight-line basis.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.12 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.

The Group 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 Group. 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.

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Long-term leasehold property	- Straight-line between 3 and 15 years
Plant and machinery	- 25% reducing balance and straight-line between 3 and 10 years
Motor vehicles	- 25% reducing balance and the shorter of lease term or 5 years
Fixtures and fittings	- Straight-line between 3 and 5 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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 profit or loss.

2.13 Impairment of fixed assets, goodwill and customer relationships

Fixed assets, goodwill and customer relationships are assessed as 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 statement of financial position date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased, except for goodwill where impairment losses previously recognised are not reversed.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted group shares, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in profit or loss for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2. Accounting policies (continued)

2.15 Stocks

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

At each reporting 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.

2.16 Employee benefit trust

A subsidiary company Churchill Contract Services Limited (CCS) has an Employee Benefit Trust ("the Trust") which until 9 March 2020, held shares in Churchill Contract Services Group Holdings Limited and from that date holds shares in Oscar Topco Limited. The assets and liabilities are consolidated within the Group; neither the shareholders nor the creditors would be entitled to the assets of the Trust.

The cost of benefits provided under the Trust is recognised when the employees become entitled to the benefits. Assets which vest unconditionally in beneficiaries of the Trust cease to be recognised as assets of CCS. Any income or expenditure incurred by the Trust is recognised in the CCS accounts.

2.17 Holiday pay accrual

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

2. Accounting policies (continued)

2.18 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

Defined benefit pension plan

The Group 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 consolidated statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting 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 Group 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 Group'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'

2. Accounting policies (continued)

2.19 Provisions for liabilities

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

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the reporting 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 Statement of Financial Position.

2.20 Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due.

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty 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 cash with insignificant risk of change in value. Cash and cash equivalents include cash balances mediately available from the invoice discounting facility.

The consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

2.21 Dividends

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

2. Accounting policies (continued)

2.22 Share-based payments

Where equity-settled share-based payments are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or either of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

2. Accounting policies (continued)

2.23 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 reporting date in the countries where the Group operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

In applying the Group's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

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

Judgements

All customers are credit checked and receive credit rating reviews, a full review of the debtors ledger is carried out to determine if a bad debt provision is required for each consolidated statement of financial position date (see note 18 - Debtors).

When considering intercompany balances owed to the parent company, the liquidity of the underlying company is considered and enquiries of that company's directors are made in assessing recoverability.

Judgement is required in determining whether there are indicators of impairment of the Group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. For the purposes of impairment testing, the carrying amounts of the non-current assets are reviewed and an impairment loss is recognised where the carrying amounts exceed the assets' recoverable amounts.

The directors classify lease arrangements as finance leases where substantially all of the risks and rewards incidental to ownership pass to the lessee. In making this judgement the directors have considered the substance of the arrangement, taking into account various factors including; legal ownership, options to purchase the asset, the term of the lease, the useful economic life of the asset and the present value of an operating lease, the minimum lease payments. Arrangements which are not classified as a finance lease are classified as an operating lease.

Estimates and assumptions

Useful lives - intangible fixed assets

The Group is amortising goodwill over the estimated useful life. In determining appropriate useful life, the directors have considered a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar business (see note 14 - Intangible fixed assets).

3. Judgements in applying accounting policies (continued)

Useful lives- tangible fixed assets

The Group depreciates tangible assets over their estimated useful lives. In determining appropriate useful lives of assets, the directors have considered historic performance as well as future expectations for factors such as the expected usage of the asset, physical wear and tear, technical and commercial obsolescence and legal limitations on the usage of the asset such as lease terms. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes (see note 15 - Tangible fixed assets).

Assessing indicators of impairment

Determine whether there are indicators of impairment of the Group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Business combinations

Management uses valuation techniques in determining the fair values of the assets and liabilities acquired in a business combination. Particularly, the fair value of contingent consideration is dependent on the outcome of many variables which affect future profitability (see note 14 - Intangible fixed assets).

4. Turnover

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

	2023 £	2022 £
Cleaning	256,577,752	227,074,857
Security	50,481,985	36,651,656
Water and air hygiene services	4,189,267	3,657,432
Catering	14,571,526	12,577,229
Electrical, building and grounds maintenance	978,416	1,257,910
	326,798,946	281,219,084

All turnover arose within the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

5. Other operating (expense)/income

	2023 £	2022 £
Vehicle and other rent received	**3,338**	*3,069*
Furlough scheme	**-**	*418,830*
Contingent consideration revaluation	**(126,171)**	*446,827*
Training receivable	**-**	*9,684*
	(122,833)	*878,410*

6. Operating profit

The operating profit is stated after charging:

	2023 £	2022 £
Loss on disposal of tangible fixed assets	**440,381**	*21,217*
Depreciation on tangible fixed assets	**2,472,167**	*1,991,904*
Amortisation on intangible fixed assets	**2,366,840**	*2,440,785*
Operating lease rentals	**7,237,783**	*5,540,864*

7. Auditor's remuneration

	2023 £	2022 £
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	**27,000**	*23,000*
Fees payable to the Group's auditor and its associates in respect of:		
The auditing of subsidiaries of the Group	**423,000**	*427,000*

8. Employees

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

	Group 2023 £	*Group 2022 £*	Company 2023 £	*Company 2022 £*
Wages and salaries	227,075,259	*195,095,236*	-	-
Social security costs	16,791,214	*14,150,368*	-	-
Cost of defined contribution scheme	4,949,957	*4,350,803*	-	-
	248,816,430	*213,596,407*	-	-

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

	2023 No.	*2022 No.*
Directors	2	*6*
Area managers	465	*423*
Office administration	189	*163*
Cleaning staff	11,715	*11,524*
Security staff	1,046	*736*
Water and air hygiene staff	58	*68*
Electrical, building and grounds maintenance	3	*7*
Catering staff	448	*485*
Window cleaning	55	-
	13,981	*13,412*

The Company has no employees other than the directors, who did not receive any remuneration *(2022 - £Nil)*

9. Directors' remuneration

	2023 £	*2022 £*
Directors' emoluments	1,314,316	*1,410,915*

The highest paid director received remuneration of £259,010 *(2022 - £259,320)*.

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

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

10. Interest receivable

	2023 £	*2022 £*
Other interest receivable	248,919	*-*

11. Interest payable and similar expenses

	2023 £	*2022 £*
On bank loans and overdrafts	85,133	*-*
Finance leases and hire purchase contracts	168,564	*75,555*
Other interest payable	39,268	*112,190*
	292,965	*187,745*

12. Other finance costs

	2023 £	*2022 £*
Interest income on pension scheme assets	23,000	*11,000*
Net interest on net defined benefit liability	(12,000)	*(7,000)*
Interest on the effects of the asset ceiling	(11,000)	*(4,000)*
	-	*-*

13. Taxation

	2023 £	*2022 £*
Corporation tax		
Current tax on profits for the year	3,473,140	*3,070,044*
Adjustments in respect of previous periods	(80,930)	*(471,720)*
Total current tax	3,392,210	*2,598,324*
Deferred tax		
Origination and reversal of timing differences	(306,005)	*62,303*
Changes to tax rates	-	*529,513*
Adjustments in respect of previous periods	89,343	*(11,828)*
Total deferred tax	(216,662)	*579,988*
Taxation on profit on ordinary activities	3,175,548	*3,178,312*

13. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2022 - lower than)* the standard rate of corporation tax in the UK of 20.5% *(2022 - 19%)* this being the blended rate after 9 months at 19% and 3 months at 25%. The differences are explained below:

	2023 £	*2022* *£*
Profit on ordinary activities before tax	15,610,297	*18,359,908*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.5% (2022 - 19%)	3,200,111	*3,488,383*
Effects of:		
Expenses not deductible for tax purposes	570,204	*272,781*
Fixed asset differences	(43,358)	*(12,487)*
Adjustments to tax charges in respect of prior periods	1,576	*57,793*
Adjustment to deferred tax charge in respect of prior periods	-	*(12,487)*
Deferred tax rate change	(48,652)	*60,658*
Group relief	(504,333)	*(513,853)*
Deferred tax not recognised	-	*(162,476)*
Total tax charge for the year	3,175,548	*3,178,312*

Factors that may affect future tax charges

Finance Act 2021 included legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. Following this increase, the new 25% rate is reflected in the above deferred tax balances.

14. Intangible assets

Group

	Customer relationships £	Goodwill £	Total £
Cost			
At 1 July 2022	4,207,000	34,519,230	38,726,230
Additions	-	832,113	832,113
At 30 June 2023	4,207,000	35,351,343	39,558,343
Amortisation			
At 1 July 2022	1,011,538	17,022,198	18,033,736
Charge for the year	389,300	1,977,540	2,366,840
At 30 June 2023	1,400,838	18,999,738	20,400,576
Net book value			
At 30 June 2023	2,806,162	16,351,605	19,157,767
At 30 June 2022	*3,195,462*	*17,497,032*	*20,692,494*

15. Tangible fixed assets

Group

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1 July 2022	891,605	11,583,582	1,078,010	521,742	14,074,939
Additions	31,572	2,091,577	3,728,744	4,348	5,856,241
Disposals	(390,774)	(1,697,731)	(656,905)	(5,766)	(2,751,176)
At 30 June 2023	532,403	11,977,428	4,149,849	520,324	17,180,004
Depreciation					
At 1 July 2022	505,761	8,641,241	198,245	399,059	9,744,306
Charge for the year	88,887	1,702,256	646,583	34,441	2,472,167
Disposals	(176,129)	(1,216,898)	(561,927)	-	(1,954,954)
At 30 June 2023	418,519	9,126,599	282,901	433,500	10,261,519
Net book value					
At 30 June 2023	113,884	2,850,829	3,866,948	86,824	6,918,485
At 30 June 2022	*385,844*	*2,942,341*	*879,765*	*122,683*	*4,330,633*

The Parent Company does not have any tangible fixed assets.

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

	2023 £	*2022 £*
Plant and machinery	460,745	*478,694*
Motor vehicles	3,440,168	*253,578*
	3,900,913	*732,272*

16. Fixed asset investments

Group

	Investments in parent company shares £	Unlisted investments £	Total £
Cost			
At 1 July 2022	3,026,159	49,050	3,075,209
At 30 June 2023	3,026,159	49,050	3,075,209
Impairment			
At 1 July 2022	380,910	-	380,910
At 30 June 2023	380,910	-	380,910
Net book value			
At 30 June 2023	2,645,249	49,050	2,694,299
At 30 June 2022	*2,645,249*	*49,050*	*2,694,299*

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 July 2022	33,228,197
Additions	76,448
At 30 June 2023	33,304,645
Net book value	
At 30 June 2023	33,304,645
At 30 June 2022	*33,228,197*

16. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Churchill Contract Services Limited*	Cleaning services	Ordinary	100%
Amulet (Churchill Security Solutions) Limited	Security services	Ordinary	100%
Churchill Environmental Services Limited	Water and air hygiene services	Ordinary	100%
Chequers Contract Services Limited	Cleaning services	Ordinary	100%
Chequers Electrical and Building Services Limited	Electrical and building services	Ordinary	100%
Churchill Contract Catering Limited	Catering services	Ordinary	100%
J V Price Limited	Cleaning services	Ordinary	100%

All shares held are ordinary equity shares and the proportion of ownership interest reflects both holding and voting rights. All subsidiaries whether held directly or indirectly are included in the consolidated financial statements of the Group.

All shares are held directly by Churchill Contract Services Group Holdings except JV Price which is held indirectly through Churchill Contract Services Limited.

The registered office of each of the subsidiaries is Cedar House Parkland Square, 750a Capability Green, Luton, Bedfordshire, LU1 3LU. All subsidiaries are incorporated in and have their principal place of business in England and Wales.

*Churchill Contract Services Limited has an Employee Benefit Trust (EBT).

17. Stocks

	Group 2023 £	*Group 2022 £*
Raw materials and consumables	**633,493**	*663,291*

The difference between purchase price of stocks and their replacement cost is not material.

The carrying value of stocks are stated net of impairment losses totalling £Nil *(2022 - £Nil)*. Impairment losses totalling £Nil *(2022 - £Nil)* were recognised in profit or loss.

18. Debtors

	Group 2023 £	*Group 2022 £*	Company 2023 £	*Company 2022 £*
Trade debtors	45,030,123	*39,986,680*	-	*-*
Amounts owed by parent company	13,922,974	*5,023,313*	14,964,598	*4,739,508*
Other debtors	1,435,857	*853,026*	191,541	*191,541*
Prepayments and accrued income	11,666,244	*11,172,394*	-	*-*
Tax recoverable	1,421,419	*1,315,185*	-	*550,000*
	73,476,617	*58,350,598*	15,156,139	*5,481,049*

19. Cash and cash equivalents

	Group 2023 £	*Group 2022 £*	Company 2023 £	*Company 2022 £*
Cash at bank and in hand	31,836,454	*27,892,439*	-	*-*

20. Creditors: Amounts falling due within one year

	Group 2023 £	*Group 2022 £*	Company 2023 £	*Company 2022 £*
Trade creditors	5,595,608	*4,780,899*	-	*-*
Amounts owed to parent company	-	*957,700*	1,123,223	*1,123,223*
Amounts owed to group undertakings	41,300	*-*	24,879,643	*16,173,851*
Corporation tax	37,718	*-*	-	*-*
Other taxation and social security	15,131,223	*11,865,669*	-	*-*
Obligations under finance lease and hire purchase contracts	1,261,176	*195,792*	-	*-*
Other creditors	3,804,170	*2,450,926*	-	*-*
Accruals and deferred income	26,472,043	*26,033,475*	133,610	*34,439*
Deferred consideration	-	*132,004*	-	*132,004*
Contingent consideration	641,000	*676,000*	-	*-*
	52,984,238	*47,092,465*	26,136,476	*17,463,517*

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

	Group 2023 £	*Group 2022 £*	Company 2023 £	*Company 2022 £*
Net obligations under finance leases and hire purchase contracts	2,823,403	*937,164*	-	-
Contingent consideration	7,513,065	*7,379,803*	5,892,065	*5,820,755*
	10,336,468	*8,316,967*	5,892,065	*5,820,755*

The directors consider that the carrying amount of obligations under finance leases approximates to their fair value.

£5,892,065 of the above contingent consideration is payable subject to the contracted business of the Chequers Contract Services Limited and Chequers Electrical and Building Services Limited being maintained up to the period to 30 June 2023. This provision has been calculated based on EBITDA to that date and discounted to the date payable using an appropriate rate.

The contingent consideration is repayable after 5 years or a subsequent event. At 30 June 2023, no such event had occurred and so this liability is non-current as at the balance sheet date.

Total contingent consideration relating to the JV Price acquisition is £2,262,000, currently these values have not been discounted as such discount would not be material to the financial statements. This provision has been calculated on forecast EBITDA and has not been discounted.

The following securities are held in respect of creditors:

The Group has the following separate debentures held in favour of Natwest Bank plc, RBS Invoice Finance Limited, ESO Investco VII Debtco II SARL for all monies due or to become due from the Group companies subject to the charge. These are fixed and floating charges over the undertaking and all property and assets, present and future, including goodwill, book debts, uncalled capital, fixtures and fittings and plant and machinery.

- Churchill Contract Services Group Holdings Limited (registered 9 March 2020)
- Churchill Contract Services Limited (registered 9 March 2020)
- Churchill Contract Catering Limited (registered 9 March 2020)
- Amulet (Churchill Security Solutions) Limited (registered 9 March 2020)
- Churchill Environmental Services Limited (registered 9 March 2020)
- Chequers Contract Services Limited (registered 9 March 2020)
- Chequers Electrical and Building Services Limited (registered 9 March 2020)

An omnibus guarantee and set off agreements for all companies, originally registered on 20 January 2011, was in place in favour of Lloyds Bank plc covering any sum standing to the credit of any present or future accounts of the Group with the bank. This was satisfied on 5 May 2020.

22. Hire purchase and finance leases

Minimum lease payments under hire purchase and finance leases fall due as follows:

	Group 2023 £	*Group 2022 £*
Within one year	1,494,223	*195,792*
Between 1-5 years	2,590,356	*937,164*
	4,084,579	*1,132,956*

Hire purchase contracts are secured on the assets to which they relate.

23. Deferred taxation

Group

	2023 £	*2022 £*
At beginning of year	728,201	*108,417*
(Credited)/charged to profit or loss	(216,662)	*579,988*
Arising on business combinations	-	*39,796*
At end of year	511,539	*728,201*

	Group 2023 £	*Group 2022 £*
Accelerated capital allowances	114,229	*188,214*
Intangible asset timing differences	720,365	*720,365*
Other timing differences	(323,055)	*(180,378)*
	511,539	*728,201*

The Group has unused tax losses of £Nil *(2022 - £Nil)*.

The Company has no deferred tax liabilities or assets.

24. Share capital

	2023	*2022*
	£	*£*
Allotted, called up and fully paid		
200,000 Ordinary shares of £1.00 each	**200,000**	*200,000*

The ordinary shares of the Company have attached to them full voting, dividend and capital distribution rights (including on winding up). They do not confer any rights of redemption.

25. Reserves

Share premium account

The share premium accounting represents the difference between the proceeds and the nominal value of each share issued.

Surplus on sale of shares held in EBT

This represents the surplus recognised by the EBT when it sold shares in Churchill Contract Services Holdings Limited in exchange for shares in Oscar Topco Limited.

Other reserves

The other reserves represent amounts resulting from the merger of Churchill Contract Services Limited during the year ended 30 June 2011.

Own shares reserve

The own shares reserve represents the cost of shares purchased and held by the Employee Benefit Trust.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

26. Pension commitments

The Group operates a Defined Benefit Pension Scheme.

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group totalling £4,937,885 *(2022 - £4,350,803)*. There were contributions outstanding of £617,484 *(2022 - £713,892)* at the end of the financial year.

Defined benefit pension scheme

Churchill Contract Services Limited, a subsidiary of the Group, operates a defined benefit pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £36,000 *(2022 - £36,000)*. There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

The board is required to act in the best interests of participants to the scheme and has the responsibility of setting investment, contribution, and other relevant policies.

The scheme is exposed to a number of risks, including:

- Investment risk: movement of discount rate used (high quality corporate bonds denominated in the same currency as the post-employment benefit obligations) against the return from scheme assets;
- Interest rate risk: decreases/increases in the discount rate used (high quality corporate bonds) will increase/decrease the defined benefit obligation;
- Longevity risk: changes in the estimation of mortality rates of current and former employees; and
- Salary risk: increases in future salaries increase the gross defined benefit obligation.

The assets are held under an insurance policy with Royal London. The contract is administered on unit linked principles. This includes a unitised with-profits fund, which is a with- profits contract which is invested in a mix of backing assets. A bonus rate is declared on a daily basis which takes into account the return earned on the backing assets. The value placed on scheme assets has been provided by Royal London and is equal to the number of units held at the effective date, adjusted by an allowance for market conditions if significantly different from those assumed when the bonus rate was declared, multiplied by the bid price or the units at that date.

The benefits for members have been fully secured through the purchase of individual annuity policies which exactly match the related liabilities.

The most recent actuarial valuation of the scheme assets and the present value of the defined benefit obligation were carried out at 1 April 2022 by Royal London.

26. Pension commitments (continued)

Movements in the present value of defined benefit obligations were as follows:

	2023 £	*2022* *£*
At the beginning of the year	289,000	*365,000*
Interest cost	12,000	*7,000*
Remeasurement arising from changes in assumptions	(69,000)	*(111,000)*
Remeasurement arising from experience	25,000	*28,000*
At the end of the year	257,000	*289,000*

Movements in the fair value of plan assets were as follows:

	2023 £	*2022* *£*
At the beginning of the year	563,000	*545,000*
Interest income	23,000	*11,000*
Contributions by employer	36,000	*36,000*
Actual return on plan assets excluding interest income	(33,000)	*(29,000)*
At the end of the year	589,000	*563,000*

The actual returns on plan assets during the year was a loss of £10,000 *(2022 - £18,000)*.

Composition of plan assets:

	2023 £	*2022* *£*
Equities	294,500	*264,610*
Property	58,900	*56,300*
Corporate bonds	117,800	*78,820*
Gilts	100,130	*135,120*
Cash	17,670	*28,150*
Total plan assets	589,000	*563,000*

26. Pension commitments (continued)

The amounts recognised in the Consolidated Statement of Financial Position arising from the entity's obligation in respect of its defined benefit plan are as follows:

	2023 £	*2022 £*
Fair value of plan assets	**589,000**	*563,000*
Present value of plan liabilities	**(257,000)**	*(289,000)*
Effect of asset ceiling	**(332,000)**	*(274,000)*
Net pension scheme liability	**-**	*-*

The amounts recognised in profit or loss are as follows:

	2023 £	*2022 £*
Interest income on pension scheme assets	**23,000**	*11,000*
Interest on pension scheme liabilities	**(12,000)**	*(7,000)*
Interest on the effects of the asset ceiling	**(11,000)**	*(4,000)*
Total	**-**	*-*

Remeasurement of the net defined benefit liability recognised in other comprehensive income:

	2023 £	*2022 £*
Actual return on scheme assets (excluding amounts included in net interest expense)	**33,000**	*29,000*
Change in effect of asset ceiling (excluding amounts included in net interest expense)	**47,000**	*90,000*
Remeasurement of defined benefit obligations (excluding amounts included in net interest expense)	**(44,000)**	*(83,000)*
Closing defined benefit obligation	**36,000**	*36,000*

26. Pension commitments (continued)

Analysis of the change in effect of the asset ceiling:

	2023 £	*2022 £*
Effect of asset ceiling at beginning of period	**274,000**	*180,000*
Interest on the effect of the asset ceiling	**11,000**	*4,000*
Change in effect of asset ceiling, excluding interest	**47,000**	*90,000*
	332,000	*274,000*

The scheme is closed to future benefit accrual and the Employer does not have an unconditional right to any surplus. As such no surplus is recognisable under FRS 102. This has given rise to the effect of asset ceiling requirement.

The current schedule of contributions required that the employer pays at lease £3,000 per month until 30 June 2023 to address the funding deficit.

Principal actuarial assumptions at the statement of financial position date (expressed as weighted averages):

	2023 %	*2022 %*
Discount rate	5.4	*4.0*
Increases in deferment	3.2	*3.4*
Increases in payment	3.2	*3.4*
Inflation assumption	3.2	*3.4*
Mortality rates		
- for a male aged 60 now	23.9	*23.9*
- at 60 for a male aged 40 now	25.4	*25.4*
- for a female aged 60 now	26.3	*26.5*
- at 60 for a female member aged 40 now	27.7	*27.9*

No employees of the Parent Company were members of the defined benefit scheme.

27. Commitments under operating leases

At 30 June 2023 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2023 £	*Group 2022 £*
Not later than 1 year	**1,377,840**	*1,478,804*
Later than 1 year and not later than 5 years	**2,465,049**	*2,205,385*
Later than 5 years	**409,537**	*410,471*
	4,252,426	*4,094,660*

The Company had no lease commitments as at 30 June 2023 and 30 June 2023.

28. Related party transactions

During the year, the Group incurred costs of £736,340 *(2022 - £839,378)* from MO:DUS Systems Limited, a company of which J Briggs and P Moxom are directors. At the year end £Nil *(2022 - £Nil)* was outstanding and included in trade creditors. During the year, the Group incurred costs of £Nil *(2022 - £51,000)* from Merchant Holdings Limited, a company of which J Briggs and P Moxom are directors. At the year end £Nil *(2022 - £Nil)* was outstanding. During the year, the Group incurred costs of £20,632 *(2022 - £40,000)* from Turnstone Holdings Limited, a company of which J Briggs and P Moxom are directors. At the year end £Nil *(2022 - £Nil)* was outstanding.

Key management personnel consist only of the directors who received remuneration including social security costs of £1,314,316 *(2022 - £1,410,915)*.

During the year the directors received dividends of £Nil *(2022 - £Nil)*.

The assets of the Company are secured against the loan notes issued by Oscar Midco Limited, a fellow group company.

29. Post balance sheet events

For the 2023 financial year, the directors JM Briggs and PJ Moxom were the ultimate controlling parties of the Churchill Group by virtue of their majority shareholdings in Oscar Topco Limited. In August 2023, Churchill Group Employee Ownership Trust (an employee ownership trust based in Jersey, the "EOT") acquired 53.2 % of the Oscar Topco Limited shares, leading to a change in control of the Churchill Group. The Group continues to be managed on a daily basis by the existing leadership team, with our founders acting as a guiding hand to support the long-term stability and sustainability of the business.

The Group hopes this change of ownership will empower our teams to share our goals and to help shape the future of the Group, as being owned by an EOT means the Group can be safe in the knowledge that every decision the business takes will be to positively affect our customers and employees. The Group vision is to support our colleagues and customers, and the communities we work with to ensure that they succeed and prosper. Our ownership by an EOT will create a long lasting positive impact for the people and spaces we serve.

As part of this transaction, in August 2023 the EOT entered into a term-loan facility of £30.5m and Oscar Topco Limited entered into a term-loan facility of £19.5m, both of which are repayable in 2030. Oscar Topco Limited and its subsidiary companies are all providing joint and several guarantees in relation to both of these loan facilities.

Investor Loan Notes, issued on 9 March 2020 by Oscar Midco Limited to ESO Investco VII Debtco II SARL (and secured on the assets of all Group companies) were repaid in full in August 2023, and the equity shares in Oscar Topco Limited held by ESO were purchased in full by the EOT. As part of this transaction, a dividend of £12m was also paid to ESO Investco VII Debtco II SARL by Oscar Topco in August 2023.

In August 2023, a dividend of £47.7m was received from a subsidiary company, and a dividend of £40.3m was declared to the Company's parent.

Deferred consideration of £5.9m due on the acquisitions of Chequers Contract Services Limited and Chequers Electrical Building Services Limited was paid out to the previous owners in August 2023.

30. Controlling party

The immediate parent undertaking is Churchill Managed Services Limited, a company registered in England and Wales.

The ultimate parent undertaking at year end was Oscar Topco Limited, a company registered in England and Wales.

The largest group of undertakings for which group accounts for the year ending 30 June 2023 have been drawn up, is that headed by Oscar Topco Limited. Copies of the group accounts are available from Companies House.

At year end the controlling parties were are J Briggs and P Moxom, by virtue of their shareholding and directorship in the ultimate parent undertaking.

As noted above, post year end there was a change of control of the group. From 11 August 2023, the ultimate controlling party was Trident trust Company Limited, a company based in Jersey which is the trustee of Churchill Group Employee Ownership Trust.