

ANNUAL REPORT 2021

Annual Report and
Financial Statements
for the year ended
31 December 2021

CARLISLE SUPPORT SERVICES GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

CARLISLE SUPPORT SERVICES GROUP LIMITED

COMPANY INFORMATION

Directors	A E Entwistle P A Evans P M R Gaze P T Osborne G R Phillips (appointed 27 May 2021) M J Hallas (appointed 17 January 2022)
Company secretary	G R Phillips
Registered number	07880629
Registered office	First Floor, 251 The Boulevard Capability Green Luton LU1 3LU
Independent auditor	BDO LLP Arcadia House Maritime Walk Southampton SO14 3TL

CARLISLE SUPPORT SERVICES GROUP LIMITED

CONTENTS

	Page
Group Strategic Report	1 - 14
Directors' Report	15 - 17
Directors' Responsibilities Statement	18
Independent Auditor's Report	19 - 22
Consolidated Statement of Comprehensive Income	23
Consolidated Statement of Financial Position	24
Company Statement of Financial Position	25
Consolidated Statement of Changes in Equity	26
Company Statement of Changes in Equity	27
Consolidated Statement of Cash Flows	28
Notes to the Financial Statements	29 - 52

CARLISLE SUPPORT SERVICES GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The directors present their Strategic Report together with the audited financial statements for the year ended 31 December 2021.

Review of business

With record growth in revenues, we are proud to have established a reputation for delivering on our promises to both our clients and our employees. Over the coming years, it will be the strength of such relationships that will stand companies apart.

Economic outlook

Writing this report, the UK economy has experienced the continued trailing effect of the disruption caused by Covid 19 and the associated levels of turbulence.

Covid-19 led to businesses focussing on the immediate challenges facing them as many industries and sectors were forced to operate in different ways, with some even closing or coming to a virtual standstill.

Whilst the pandemic has somewhat passed, and the UK has learned to live with the virus, we should remain aware that the challenges faced in 2020 and 2021 could well resurface as the virus mutates and comes back once more. Such reappearance would once again challenge all businesses in the UK. However, it is likely that many businesses would be better equipped and prepared to deal with these challenges.

As predicted in our previous reports we are now experiencing significant shortfalls in the UK labour market, primarily due to the low unemployment and reduction in available worker migration from other countries into the UK. Alongside this, record levels of both wage and general inflation are placing worrying concern on attracting new people into perceived entry-level roles such as Security, Cleaning and Facilities Management.

The current energy and fuel crisis has increased prices for many of the goods that Carlisle requires to provide its services. Whilst many clients are supportive of these changes, we must balance such cost increases with ongoing operational efficiencies in our service offerings.

Whilst Carlisle has operated at a sustainable level and continues to do so, we have unfortunately seen a depressed margin performance continue across recent years, and this is a position we are keen to address in our business strategy moving forward.

The economic outlook and cost of living crisis will have an impact on all people-related businesses, especially those in the facilities sector. We are well established in markets that also have active trade unions and are working with both our clients and union partners to seek pathways to map out the future in this regard.

CARLISLE SUPPORT SERVICES GROUP LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

2021 Financial Performance

£'000	2021	2020	Change
Turnover	96,060	73,663	30.4%
Gross profit (incl Other Income)	7,783	7,272	7.0%
Administrative expenses	6,626	6,400	3.5%
Operating Profit	1,157	872	3.3%
Gross Profit margin	8.1%	9.9%	-1.8%
Operating Profit margin	1.2%	1.2%	0.0%

We are pleased to confirm that business revenues have continued to grow at record levels, with a 30.4% increase in revenues between 2020 and 2021. Further strong sales performance in the latter part of 2021 means that our current position in 2022 demonstrates annualized run-rate revenues exceeding £110m.

New contract wins within the Cleaning division necessitated an increase in fixed assets, with new specialist vans and cleaning equipment required to fulfill the services on these contracts. Fixed assets additions in the year amounted to just over £1m.

Over 2021 we welcomed 11 new clients to our prestigious portfolio of clients, whilst also maintaining an industry leading client retention rate of 97% (against opening order book values). We are pleased to confirm numerous clients decided through competitive tender to remain with us for further contract terms.

Our new clients, across all areas of Carlisle's business operations and differing sectors, amounted to £27m of annualised revenues in total contract value (TCV).



Whilst 2021 started positively from a profit perspective, profits dipped in the second half of the year, sending the overall gross profit (incl Other Income) down to 8.1% (2020 - 9.9%). Additional head count and wider cost increases led to a poorer than expected Operating Profit of £1.2m (1.2%).

This lower than expected gross profit performance has continued in to 2022. In light of this the business is reviewing each individual contract performance and profitability to identify opportunities for improvement. The business is also continuing with the implementation of new systems and processes that will support the business in addressing these margin issues and provide efficiency savings as the business grows. These actions should have positive upsides in the following years.

CARLISLE SUPPORT SERVICES GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Whilst our client retention rate remains one of the highest amongst our peer group, we have decided this year to exit a small number of contracts that no longer align with our business strategy. These actions have been chosen carefully and we do not believe they will have any long-term impact on the business and the action is expected to improve efficiency and performance at divisional level.

Our business remains debt-free and has maintained a strong performance in the recovery of receivables. Whilst debtor days increased in the year from 36 days to 45 days this, the performance reflects an increase in the average payment terms offered, rather than a deterioration in performance.

Wage inflation, labour shortages, and the cost-of-living crisis continue to hit the sector head-on, and we are pleased to confirm that Carlisle during 2021 was able to negotiate with clients to agree to pay for like-to-like wage increases of 5.9% on average across all areas of its front-line employees. We thank our clients for their support in this regard and equally our employees who have worked tirelessly over this period to deliver services at exceptional levels.

Our prestigious client base includes the following industry-leading brands and organisations, all of whom we are very proud to be working alongside:



Trading Overview by Division

Security and Events

Our largest operating division has continued to grow with current run rate revenues of circa £90m (2021 - reported revenue £72m). This enviable position places Carlisle just outside the Top 10 Security Companies in the UK based on revenues. We pride ourselves on partnering with some of the most prestigious brands and clients across various sectors.

CARLISLE SUPPORT SERVICES GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Trading Overview by Division (continued)

We are pleased to have delivered services to many of the UK's high-profile events and businesses, including Royal Ascot, the Wimbledon Championships, several Premier League football clubs, the Channel Tunnel and numerous high profile pop concerts.

In addition to our offering, we have struck a key alliance with Marlowe Fire and Security (a UK Top 5 systems company), and this partnership will allow us to provide holistic and risk-based security solutions to both existing and new clients.

As an outcome of the Manchester Arena terrorism inquiry, the Security Industry Authority has increased training and competency levels for all security officers operating in the UK. This is a move we wholeheartedly support and are keen to see the sector continue to move forward in improving standards in all areas.

To support this movement, we are proud that Carlisle has been invited to sit on the recently formed Government Skills Board. The Board will consult with and comprise senior leaders and security professionals from across the industry. The Board will agree upon strategic priorities and commit to delivering what is hoped to be a transformational change in support of all those working in the industry.

Market conditions have seen a number of acquisitions take place and we believe there will be many more in this sector, leading to competitors looking for revenue growth at the expense of operating margins. As such we will continue to identify and focus on clients to whom we believe we can add true value by being their chosen partner for the supply of Security and Events personnel. In return, we will seek partners who can differentiate the value they receive in the offering we can make to those attracted to work for us.

Cleaning and Soft FM

With revenues rising to £19.9m in 2021, and currently at a run rate of £22.3m, we see this division as a real growth potential for Carlisle.

Whilst heavily focused on the UK Transport sector we have seen our range of services broaden in recent times, to include Vegetation Management, Specialist Cleaning, Waste Management, FM Helpdesk, and Pest Control services. 80% of our revenues within the Cleaning and Soft FM business now come from the UK Transport sector.

With a clear emphasis on our Work-IT Workforce Management platform, we can offer real-time validation of completed works and fault rectification. We believe our offering is capable of being expanded into other new sectors, whilst also seeing a positive uptake of clients in other divisions now combining these services.

The arrival of Great British Railways and the removal of traditional railway franchising models, pose both a key risk and opportunity for Carlisle. Across the entire group approximately 35% of our revenues are within the UK Transport sector. The opportunity here is to provide more multi-skilled teams that can provide improved efficiencies to the entire sector, whilst building on our position as a market leader of these services in the sector.

Margins in this division have held up strongly during the pandemic for obvious reasons, and additional services were bought in during such times. However, we need to ensure that we continue to focus on innovation and quality of service to ensure our customers, and their customers' in-turn, continue to place a real emphasis on clean and environmentally friendly facilities.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Retail merchandising

Having decided to consolidate our offering in this space and focus on delivering to a select handful of clients we have seen the division's revenues take only a slight drop (2021 - £3.9m vs 2020 - £4.4m). This entire division's offering, like many of its competitors, sees the movement of skilled resources around the UK to undertake project-based assignments for our clients. These assignments range from new store openings, range reviews, refurbishments, store closures, and general store support.

With an increasing opportunity for workers to earn higher wages locally outside of Carlisle we are mindful that we must maintain clear incentives for our employees to work away from home for prolonged periods. Alternatively, we are also working with a number of our key clients to consider how we can offer work to staff that is still attractive with the employees becoming multi-skilled for a client - thereby reducing the need for staff to travel.

Due to the current economic landscape, we are encountering clear financial pressures on travel and accommodation costs in this space and are working hard to achieve agreed positions that present a more sustainable offering for this division.

This division is Carlisle's smallest at present, some 3% of revenues, yet it has a great potential to grow by the introduction of new service lines, including our entrance in the stocktaking service space within the sector. By combining this with our Retail Security offering we are seeing significant interest from clients who are keen to consider a dual approach to controlling stock losses.

Strategic Journey and Business Priorities

Our "WHY" defines our company purpose and vision and this remains unchanged:

“

We want Carlisle to be known for being different in our market-place. We will do this by truly looking after our people, with prominence around our front-line family members

To do this we will ensure we are always visible, that clear routes of communication and feedback exist, that we strive for better and more enjoyable working conditions, whilst recognising and rewarding those for doing a job well done!

”

Paul Evans
Chief Executive Officer



We are fortunate to have a workforce that is now over 4,750 strong, providing presence across the entire UK, with employees regularly surpassing lengthy long-service milestones – some over 40 years.

CARLISLE SUPPORT SERVICES GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Strategic Journey and Business Priorities (continued)

We do not take lightly the responsibility placed upon us for the services we deliver. Being true to our values-based strategy we believe that Carlisle has the required momentum and focus to move forward in the next stage of its strategic journey. As such we will continue to:

- Place Customers at the Heart of all we do. We will strategically acquire new customers who can align to our sustainable business modelling that sees a fair trade-off for investment against returns. Currently, we enjoy a base of approximately 80 clients. Our ambition is to see our revenues grow selectively at operating margins sufficient to support the business infrastructure necessary to deliver quality service to clients.
- Allowing everyone we employ to become Sector Based Experts. We will continue to focus on creating environments and opportunities for our employees, both vocationally at contract level, but also in wider continuous personal development initiatives.
- Our Promised Based Culture will continue to drive our philosophy of being transparent and open with our shareholders, customers, and employees. In all areas, we will commit to delivering on firm promises that are public and visible to all involved in the delivery and receipt of such. Our reward and remuneration schemes will be geared towards rewarding those who deliver on such promises.
- Finally, we will maintain our desire to Care Passionately for All. From a corporate social responsibility perspective, we will consider our impact on our communities and the lives of those our services touch. Beyond this, we will strive to make decisions that enhance the lives of our employees and customers, by providing a sustainable and viable business model for the long term.

Our growth aspirations will be driven primarily through selective new client contracts, organic growth of new accounts and through cross-selling of different service lines into our established client base. Many of our clients currently only take a single service line and we see this as a key opportunity for us to add further value to those clients who have shown their commitment to Carlisle.

Carlisle's immediate focus and priorities for the next period are as follows:

- Investment in and implementation of a new SAP Business ByDesign finance system. This system will join up several legacy and standalone financial systems that will increase automation and enhance controls in our back-office systems.
- Appraise the business appropriately and consider any margin enhancement initiatives both in headcount and cost controls that are evident in the post-pandemic world.
- Engage with our current customer base to achieve active participation toward common high-road operational delivery models. One where clients and Carlisle can agree to sets of mutually beneficial goals with a clear commitment to achieving them and the outcomes of such.
- To continue to drive forward our people-based culture that will see Carlisle maintain its position as an employer of choice in the markets we serve. We recognise the need to engage the next generation of new entrants into our sector and will invest accordingly in our recruitment, training, and HR functions to ensure this is possible.
- We have a clear desire and commitment to engage proactively with our shareholders and the market. We will do this by publishing relevant business update communications on our website.

CARLISLE SUPPORT SERVICES GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Section 172 Statement

Section 172 of the Companies Act 2006 requires the directors of a Group to act in a way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- a. The likely consequences of any decisions in the long-term;
- b. The interests of the Company's employees;
- c. The need to foster the Company's business relationships with suppliers, customers and others;
- d. The impact of the Company's operations on the community and environments;
- e. The desirability of the Company maintaining a reputation for high standards of business conduct; and
- f. The need to act fairly as between members of the Company.

The directors recognise the importance of maintaining strong relationships with all stakeholder groups to ensure their interests are considered when making decisions, and that this is necessary for achieving the long-term success of the Group. In order to perform their duties, directors can access professional advice, either from the Company Secretary or from an independent advisor. The Board confirms that, during the year, it has had regard to the matters set out above.

The following disclosure describes how the Board has considered the matters set out in Section 172 (1) (a) to (f) and forms the directors' statement required under the Companies Act 2006.

The key Board decisions in the year are set out below:

Significant event / decision – Creation of a central people team

Key S.172 Stakeholders affected – Employees & Customers

Actions & Impact

- In order to reduce the time spent by contract management teams in dealing with employee queries a People Team was created to act as the first line responder to queries relating to pay, holidays and shifts. The decision was taken so that Contract Managers would be freed up to better support their customers and provide improved service levels.

Significant event / decision – Creation of a new Operating Division

Key S.172 Stakeholders affected – Employees & Customers

Actions & Impact

- Due to the expansion of the client base, particularly in the North West a new Division was created in late 2021 to concentrate on the 'security & events' customers across Merseyside. New opportunities were created for employees through the creation of new roles and improved contact with our customers was provided through the new divisional team.

CARLISLE SUPPORT SERVICES GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Employees

Carlisle is committed to being a responsible employer and strives to create a working environment where its employees are actively engaged and part of its success. Regular communication with employees facilitates their views being recognised when monitoring the performance of the business.

The Board receives regular updates on employee related matters and has a clear focus on the well being of all the levels of staff who are so critical to the successful performance of services to clients, and by extension, the operational and financial success of the Group.

We invest in our people and systems to ensure that we have the correct training and expertise to deliver and enhance our services. Service levels, organic growth and profitability need to be managed in tandem. Our most efficient route to profitable growth is achieved through refining and improving our service operations and delivery.

We value and respect our staff, particularly those working on the front line of our services. To Carlisle and its clients, the employees working the shifts on the front line are just as important as the managers who centrally organise and control the business operations.

The Board supports the policy of employee reward schemes that recognise exceptional performance on the front line.

Carlisle hosts monthly "Town Hall" meetings for all management and support staff. These meetings are used to provide an update on business performance and business strategy to promote employee engagement. Employee questions and participation are strongly encouraged. A Carlisle social media platform for all employees is active and regular business updates provide information to the employees. This allows them to raise questions on an ongoing basis which are responded to by the Board and Senior Management.

The Board took the decision to implement an independent whistleblowing helpline and service. Information on this helpline is regularly shared with employees and provided to all new employees as they join the Group. For employees working in the Rail Sector, the Group also provides information about the Rail Safety and Standards Board's (RSSB) confidential reporting for safety service (CIRAS).

CARLISLE SUPPORT SERVICES GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Business relationships

The Group understands the value of maintaining and developing relationships with its customers and suppliers, as it is these strong relationships which underpin its current and future growth.

Carlisle management makes significant effort to develop and maintain strong customer relationships and this aspect of the business received appropriate focus of management. The Board receives regular updates from the Chief Executive Officer and the senior management team on customer matters.

Customers are at the heart of Group's businesses and the Board is committed to continuing monthly "temperature check" reviews of all clients and to carefully monitoring the results. The Board supports the Group's strategy to work with a small number of larger customers, as noted in the CEO's statement.

Carlisle hosts its annual Innovation Lab event each year and the Board is committed to maintaining these annual events. Customers, suppliers and management attend.

The current strategic decision to invest significant further funds in a comprehensive new IT infrastructure demonstrates Carlisle's commitment to maintaining and enhancing this aspect of reporting and communication internally and with clients.

Community and environment

The Group acknowledges the significance of maintaining and improving the quality of our community and of the environment in which we live and work.

As one of the UK's leading Security companies Carlisle prides itself on making environments safe and allowing people to feel safe where-ever they are. As such Carlisle continues to support Crimestoppers as our Corporate Charity for the year of 2020. This alliance with the charity means that we have been able to offer charitable donations to the organisation whilst also being able to support their work by engaging our clients across the UK.

Whilst Carlisle is a low consumer of energy it is still committed to preserving the natural environment and controlling and avoiding pollution within its operations and through the services it provides. As a major employer Carlisle is working with its employees, suppliers and customers to tackle climate change and has created a Carbon Reduction Plan that is available to view on the Company's website.

CARLISLE SUPPORT SERVICES GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Shareholders

Upon demerger in 2019, we made arrangements with London based J P Jenkins (“JPJ”) for the Company’s shares to be eligible to trade via the JPJ share matching facility. This facility provides a cost-effective mechanism to buy or sell shares. However, share volumes sold using the JPJ facility have been very low.

JPJ is a trading division of Peterhouse Corporate Finance Limited and provides companies which are unlisted and unquoted on a stock exchange with a facility that enables existing and prospective shareholders to deal in the company’s shares.

Shareholders should be aware that liquidity of Carlisle Shares trading via JPJ is less than if such shares were listed on a recognized stock exchange. It does therefore take a considerably longer time for proposed share transactions to be executed.

Supplier Relationships

Carlisle is committed to encouraging strong and loyal supplier relationships. The Board is keen to increase the levels of supplier engagement activity in 2021 and has recently appointed a new Head of Procurement and Commercial Finance. Creating a Supplier Relationship Management programme to ensure that suppliers are regularly engaged with, are fully compliant with all applicable standards and processes and are financially sustainable will be central to this role.

Ethical business practice

Carlisle has a responsibility to show the highest levels of ethical practices.

To support this, mandatory training is provided to all management and support staff through an online learning platform and modules include modern slavery, whistleblowing, anti-bribery, equality and diversity, and data protection. Carlisle’s Modern Slavery statement is available on our website.

Carlisle Group policies and procedures inclusive of the above are made available to employees through our IT platform.

Principal risks and uncertainties

The Board has overall responsibility for the evaluation of the Group’s risk management process which is combined with an active responsibility from all levels of leadership across the Group.

We recognise that effective risk management is fundamental to the delivery of the Group’s strategic objectives. Each business sector considers strategic, operational and financial risks on a regular basis. The executive leadership evaluates existing controls and mitigations and identifies further actions required to mitigate risks. Risks that are considered significant at Group level are set out below:

CARLISLE SUPPORT SERVICES GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Risks

The Group has a number of key risks which could have a material impact on its long-term performance. We consider strategic, operational and financial risks and identify actions to mitigate those risks on a regular basis. We recognise that effective risk management is fundamental in helping the Group to deliver its strategy.

Risk	Impact	Mitigation
Strategic risks		
Customer concentration	Loss of a key customer within a sector or significant reduction in volume of an account could result in reduced revenue or increased gross profit pressure.	The Group has regular meetings with key customers to discuss opportunities and current service performance. Management discuss and review market conditions and sales and account management pipelines on an ongoing basis. Ongoing investment in business development and marketing functions.
Economic conditions	A downturn in general economic conditions, particularly in the UK, could result in declining business volumes, difficulties in producing accurate forecasts and/or failure to meet the Group's objectives. Tough economic conditions, particularly wage increases, price inflation and increases in National Insurance could also create pressure on margins where these cannot be fully passed on to clients.	Flexibility in delivery of our services and reduced fixed costs in operations, allows the company to manage fluctuations in volume. Diversity of customer base, widespread geographical coverage and expanding into new sectors provide competitive advantage. Contracts that include for annual price reviews based on economic indicators (RPI) and provide for legislative changes to be passed on to customers protect the company from increasing costs.

CARLISLE SUPPORT SERVICES GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Risks (continued)

Risk	Impact	Mitigation
Strategic risks		
Brexit	Increased employment regulations for EU workers leading to labour shortage and inability to deliver services.	Tracking of number of EU workers to evaluate potential risk. Continually challenging customers to pay higher wages rates which leads to higher staff retention.
Operational risks		
Health, Safety and Environment	Risk of harm to employees, client staff and their customers leading to fines, financial claims and reputational damage.	Comprehensive health, safety, quality and environment (HSQE) management system in place, accredited to ISO 45001 standards. External audits performed periodically. Monthly HSQE review meetings at divisional and group level, attended by senior management and directors. Regular training and updates for operational staff.
Technology systems	The Group is committed to investing in technology solutions that will drive revenue growth or improve operational efficiency. Failure to operate rigorous control and oversight may result in returns on such investment being lower than expected.	The Group has strong alliances with key partners to deliver these projects and is investing in its IT systems following the demerger from the Impellam Group.
Cyber and information security	The risk of external cyber attacks continues to increase. A successful attack could result in loss of sensitive data, business disruption and/or damage to the Group's reputation.	IT managed services are provided by our strategic partner who is well qualified to deliver such services including Cyber and Information security; our partner holds the ISO 27001 standard for managing information securely. All senior, management and support function staff are required to undertake annual online Cyber Security training.

CARLISLE SUPPORT SERVICES GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Risks (continued)

Risk	Impact	Mitigation
Operational risks		
Business continuity	A major disruptive event, such as a fire, severe weather etc., affecting one of the Group's operating locations, could lead to loss of business and/or adverse impacts on staff and assets.	Robust cloud based IT systems and portable IT equipment are in place for all management and support staff working in office locations, enabling those staff to work from any location with an internet connection, including from home.
Financial, Regulatory, Compliance risks		
Contractual complexity	In certain sectors, the Group's clients are becoming increasingly sophisticated in their procurement and buying activity. Competitive tendering activity and commercial contracts are becoming increasingly complex, with longer lead times in decision making. This necessitates constant development of the Group's service offering, the sophistication of our selling activities and the management of tendering processes.	<p>The Group has a standardised contract review process in place involving operational, commercial and legal oversight.</p> <p>The Group also continues to invest in specialist resources to support these activities and delivery of clients' service expectations.</p>
Cash and liquidity management	Poor cash and liquidity management may result in a strain on the Group's credit facilities and operational cash issues.	<p>The Group's finance function closely monitors and reviews its cash position and forecasts.</p> <p>The Group has a Delegation of Authority policy in place which governs payment terms for suppliers and clients.</p> <p>The Group is debt free and has an overdraft facility in place which is suitable for meeting its liabilities.</p>

CARLISLE SUPPORT SERVICES GROUP LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Risks (continued)

**Financial, Regulatory,
Compliance risks**

Impact

Mitigation

Financial Control

A failure of financial control could lead to a material loss to the business.

The Group has a Delegation of Authority policy in place which governs approval of decisions and transactions.

Appropriate segregation of duties is maintained in all finance processes. All payment runs are reviewed by senior directors.

Regular updates relating to financial fraud prevention are communicated to finance staff.

Summary

Over the last five years, Carlisle has enjoyed a successful journey, which has seen us re-emerge in the competitive landscape. We are proud to work with some high profile and/or strategically important UK clients and equally have some of the best talent working for us at all levels.

Whilst the growth of our business remains a critical measure, we also need to ensure we right-size our infrastructure to allow us to consistently deliver across all areas in both equal measures of client satisfaction and shareholder return.

We, therefore, intend to continue to focus carefully on our current client basis and will be focusing internally to provide a long-term sustainable platform capable of successfully managing our current business whilst allowing future growth and diversification where appropriate.

As CEO, it leaves me to thank all of those who have worked for us over the last year. Without the hard work and dedication shown by all of employees, the business would not be in the position it stands today. I offer equal appreciation to our clients and shareholders who have chosen to maintain their support and custom at this time. Thank you.

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

P A Evans
Director

Date:

CARLISLE SUPPORT SERVICES GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the Group was that of a holding company and the principal activity of the Group was that of support services.

Results and dividends

The profit for the year, after taxation, amounted to £953k (2020 - £743k).

No dividends were paid or proposed during the year (2020 - £Nil).

Directors

The directors who served during the year were:

A E Entwistle
P A Evans
P M R Gaze
P T Osborne
M B Shirt (resigned 12 October 2021)
G R Phillips (appointed 27 May 2021)
M J Hallas (appointed 17 January 2022)

Energy and Carbon Reporting

The Group and Company consumed less than 40,000 kWh of energy in the year.

Qualifying third party indemnity provision

During the period and up to the date of these financial statement, the Company had in force an indemnity provision in favour of one or more directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006.

CARLISLE SUPPORT SERVICES GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Financial instruments

Objectives and policies

During the year, the Group's principal financial instruments comprised access to funding from an overdraft, cash and short term deposits. The main purpose of these financial instruments is to fund working capital requirements such as trade debtors and trade creditors, which arise directly from its operations. The Group does not enter into derivative transactions.

Price risk, credit risk, liquidity risk and cash flow risk

The main risk arising from the Group's financial instruments is credit risk. The board reviews and agrees policies for managing of these risks as summarised below:

Credit risk

Credit risk is managed on a Group basis with all new potential customers being analysed before agreed payment terms and contract conditions are offered. Customers are reviewed periodically for any changes in their risk profile and the payment of invoices to terms are reviewed on a monthly basis. The Group does not currently hedge this risk.

Statement of Corporate Governance arrangements

The Group did not formally apply a code of governance but broadly followed the Wates Principles in applying its corporate governance arrangements during the year. There is a comprehensive governance framework that draws on external expertise as appropriate. The framework also provides for regular governance meetings of the Senior Leadership Team, the Board of Directors and the review of key performance indicators.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Going Concern

The financial statements have been prepared on the going concern basis as the directors have prepared detailed budgets for a period of at least 12 months from the date of signing the accounts which show that Carlisle Support Services Group Limited is able to meet all of its liabilities as they fall due. However, it is acknowledged that there are global and UK inflation pressures on prices and wages. The directors have reviewed the likely impacts of these and produced a detailed going concern stress test for the group, further details of which are given within note 2.3 to the financial statements. Having completed this and taking in to consideration the financing position of the Group, the directors are confident of being able to trade for a period of at least 12 months from the date of approval of the financial statements.

Disclosure of information in the Strategic Report

The Group's business activities, together with a review of the business, developments, strategy and objectives, principal risks and uncertainties, as well as Section 172(1) statement are set out in the Strategic Report.

CARLISLE SUPPORT SERVICES GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Statement of corporate governance arrangements

The Group did not formally apply a code of conduct but broadly followed the Wates Principles in applying its corporate governance arrangements during the year. There is a comprehensive governance framework that draws on external expertise as appropriate. The framework also provides for regular governance meetings of the Senior Leadership Team, the Board of Directors and the review of key performance indicators.

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.

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.

G R Phillips

Director

Date:

CARLISLE SUPPORT SERVICES GROUP LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 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.

CARLISLE SUPPORT SERVICES GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARLISLE SUPPORT SERVICES GROUP LIMITED

Opinion on the financial statements

In our opinion:

- 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 31 December 2021 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 Carlisle Support Services Group Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows 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 and 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.

CARLISLE SUPPORT SERVICES GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARLISLE SUPPORT SERVICES GROUP LIMITED (CONTINUED)

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.

Other Companies Act 2006 reporting

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 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, 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.

CARLISLE SUPPORT SERVICES GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARLISLE SUPPORT SERVICES GROUP 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:

Procedures performed by the audit team included:

- Discussions with management regarding known or suspected instances of non-compliance with laws and regulations;
- Obtaining an understanding of controls designed to prevent and detect irregularities, including specific consideration of controls and group accounting policies relating to significant accounting estimates;
- Obtaining an understanding of the significant laws and regulations impacting the group;
- Communicating relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- Reviewing minutes of meetings of those charged with governance to identify any instances of non-compliance with laws and regulations;
- Assessing journals entries as part of our planned audit approach, with a particular focus on journal entries to key financial statement areas such as revenue and journals raised after the year end; and
- Consideration of significant management judgements, particularly in respect of the underlying assumptions in estimating the defined pension benefit liability.

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 is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

CARLISLE SUPPORT SERVICES GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARLISLE SUPPORT SERVICES GROUP 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.

Stephen Le Bas (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Southampton

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

CARLISLE SUPPORT SERVICES GROUP LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
Turnover	4	96,060	73,663
Cost of sales		(88,788)	(69,028)
Gross profit		<u>7,272</u>	<u>4,635</u>
Administrative expenses		(6,626)	(6,400)
Other operating income	5	511	2,637
Operating profit	6	<u>1,157</u>	<u>872</u>
Interest payable and expenses	10	(10)	(4)
Profit before taxation		<u>1,147</u>	<u>868</u>
Tax on profit	11	(194)	(125)
Profit for the financial year		<u><u>953</u></u>	<u><u>743</u></u>
Actuarial gains/(losses) on defined benefit pension scheme		199	(291)
Movement of deferred tax relating to pension liability		(38)	55
Other comprehensive income for the year		<u>161</u>	<u>(236)</u>
Total comprehensive income for the year		<u><u>1,114</u></u>	<u><u>507</u></u>

The notes on pages 29 to 52 form part of these financial statements.

CARLISLE SUPPORT SERVICES GROUP LIMITED
REGISTERED NUMBER: 07880629

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	12	1,127	537
		<u>1,127</u>	<u>537</u>
Current assets			
Debtors: amounts falling due within one year	14	18,539	12,012
Cash at bank and in hand	15	2,315	7,675
		<u>20,854</u>	<u>19,687</u>
Creditors: amounts falling due within one year	16	(17,515)	(16,794)
Net current assets		<u>3,339</u>	2,893
Total assets less current liabilities		<u>4,466</u>	3,430
Creditors: amounts falling due after more than one year	17	(131)	-
Net assets excluding pension liability		<u>4,335</u>	3,430
Pension liability	21	(220)	(429)
Net assets		<u><u>4,115</u></u>	<u><u>3,001</u></u>
Capital and reserves			
Called up share capital	19	1,671	1,671
Merger reserve	20	(1,037)	(1,037)
Profit and loss account	20	3,481	2,367
Total equity		<u><u>4,115</u></u>	<u><u>3,001</u></u>

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

G R Phillips
Director

Date:

The notes on pages 29 to 52 form part of these financial statements.

CARLISLE SUPPORT SERVICES GROUP LIMITED
REGISTERED NUMBER: 07880629

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Fixed assets			
Investments	13	1,670	1,670
		<u>1,670</u>	<u>1,670</u>
Current assets			
Debtors: amounts falling due within one year	14	467	482
		<u>467</u>	<u>482</u>
Creditors: amounts falling due within one year	16	(407)	(408)
		<u>60</u>	<u>74</u>
Net current assets		<u>60</u>	<u>74</u>
Total assets less current liabilities		<u>1,730</u>	<u>1,744</u>
Net assets		<u>1,730</u>	<u>1,744</u>
Capital and reserves			
Called up share capital	19	1,671	1,671
Profit and loss account	20	59	73
		<u>1,730</u>	<u>1,744</u>
Total equity		<u>1,730</u>	<u>1,744</u>

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 loss after tax of the Company for the year was £14k (2020 - loss of £17k).

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

G R Phillips
Director

Date:

The notes on pages 29 to 52 form part of these financial statements.

CARLISLE SUPPORT SERVICES GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £000	Merger reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2020	1,671	(1,037)	1,860	2,494
Comprehensive income for the year				
Profit for the year	-	-	743	743
Actuarial losses on pension scheme	-	-	(236)	(236)
Total comprehensive income for the year	-	-	507	507
At 1 January 2021	1,671	(1,037)	2,367	3,001
Comprehensive income for the year				
Profit for the year	-	-	953	953
Actuarial gains on pension scheme	-	-	161	161
Total comprehensive income for the year	-	-	1,114	1,114
At 31 December 2021	1,671	(1,037)	3,481	4,115

CARLISLE SUPPORT SERVICES GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2020	1,671	90	1,761
Comprehensive income for the year			
Loss for the year	-	(17)	(17)
Total comprehensive income for the year	-	(17)	(17)
At 1 January 2021	1,671	73	1,744
Comprehensive income for the year			
Loss for the year	-	(14)	(14)
Total comprehensive income for the year	-	(14)	(14)
At 31 December 2021	1,671	59	1,730

CARLISLE SUPPORT SERVICES GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021	<i>2020</i>
	£000	<i>£000</i>
Cash flows from operating activities		
Profit for the financial year	953	<i>743</i>
Adjustments for:		
Depreciation of tangible assets	444	<i>321</i>
Loss on disposal of tangible assets	-	<i>(2)</i>
Interest paid	10	<i>4</i>
Taxation charge	194	<i>125</i>
(Increase) in debtors	(6,703)	<i>(1,083)</i>
(Decrease)/increase in creditors	(265)	<i>5,169</i>
Corporation tax (paid)/received	(154)	<i>-</i>
Difference between net pension expense and cash contribution	(10)	<i>-</i>
Net cash (used in)/generated from operating activities	(5,531)	<i>5,277</i>
Cash flows from investing activities		
Purchase of tangible fixed assets	(739)	<i>(717)</i>
Sale of tangible fixed assets	-	<i>2</i>
Net cash used in investing activities	(739)	<i>(715)</i>
Cash flows from financing activities		
Interest paid	(10)	<i>(2)</i>
Capital element of hire purchase	(66)	<i>-</i>
Net cash used in financing activities	(76)	<i>(2)</i>
Net (decrease)/increase in cash and cash equivalents	(6,346)	<i>4,560</i>
Cash and cash equivalents at beginning of year	7,675	<i>3,115</i>
Cash and cash equivalents at the end of year	1,329	<i>7,675</i>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,315	<i>7,675</i>
Bank overdrafts	(986)	<i>-</i>
	1,329	<i>7,675</i>

CARLISLE SUPPORT SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Carlisle Support Services Group Limited is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 07880629). The registered office address is First Floor, 251 The Boulevard, Capability Green, Luton, LU1 3LU.

The Company'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.

Parent Company 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 Company 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 Company as a whole.

The following principal accounting policies have been applied:

2.2 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.3 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance, financial position, its cash flows, liquidity position, principal risks and uncertainties affecting the business are set out in the Strategic report on pages 1 to 14.

The Group meets its day-to-day working capital requirements through cash generated from operations and its current overdraft facility.

Supplier price increases and labour shortages impacted the business following the Covid enforced lockdowns and the start of the War in Ukraine. However, customers have been supportive in seeking to put together packages to attract and retain staff, minimising the overall impact. The addition of new customers and contracts has further supported the business. In the event of further disruption the directors are confident that additional cost reduction measures could be utilised to support the business.

The directors have considered the Group's forecast cash flows as well as the Group's liquidity requirements and borrowing facilities. The Group's trading results in the period to September 2022 have remained profitable and in line with current forecasts. The directors have prepared forecasts to the end of 2023 which show a good level of profitability and cash generation. These forecasts have been based upon a significant level of agreed contracts and a significant level of tenders that are currently taking place.

The directors have also produced a detailed going concern stress test for the Group, including downside scenarios reflecting the full financial impact of a sustained material event reducing revenues by 20% over the next twelve months. The conclusion of the stress test for the Group is that in this considered unlikely scenario the business will hold cash reserves of £2.6m sufficient to be able to meet all of its liabilities as they fall due for at least 12 months from the date of signing these financial statements.

Following this review and a discussion of the sensitivities and stress tests performed the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of signing these financial statements and will not exceed its current banking facilities. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

CARLISLE SUPPORT SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.5 Revenue

Recognition

The Group earns turnover from the provision of services relating to cleaning, security and events stewarding services and from the provision of staffing services relating to retail merchandising and retail store development projects.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover 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. The following criteria must also be met before turnover is recognised:

Rendering of services

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

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

Performance obligations

The main performance obligations in contracts consist of either:

- the provisions of a certain number of hours of cleaning or the cleaning of a certain location, depending on the contract;
- the provision of suitably trained and qualified personnel to provide security services, events stewarding services, transport security and safety services: or
- the provision of labour supply to fulfil retail merchandising and store development services.

For all contracts the stage of completion and delivery of performance obligations are measured at the statement of financial position date by the number of days cleaning provided.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.8 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.

2.9 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Short-term leasehold property	- over the term of the lease
Plant and machinery	- 25% straight-line per annum
Motor vehicles	- 33% straight-line per annum
Fixtures and fittings	- 15% - 33% straight-line per annum
Office equipment	- 20% - 33% straight-line per annum

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.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

CARLISLE SUPPORT SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.11 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 and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are 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 Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

2.12 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the 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 statement of financial position date.

2.13 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 Statement of Financial Position 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.14 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 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 Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the 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'.

CARLISLE SUPPORT SERVICES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.15 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

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

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

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.

CARLISLE SUPPORT SERVICES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

In preparing these financial statements, the directors have made no significant judgements.

Key sources of estimation uncertainty are:

- Tangible assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the asset and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Plant & Equipment and Motor vehicles all relate to assets acquired to support long term contracts. These contracts all have defined contract terms, but with potential extension periods. The assets have the ability to support the contract for the life of the original contract and the extension period, should it be granted. Due to the uncertain nature of whether an extension will be signed, or the length of any extension, these assets are depreciated over a term equivalent to the original contract length only.

- Defined benefit pension scheme

The Group operates a defined benefit pension scheme, in accordance with the accounting policy stated above. The future pension liabilities that will arise and the expected return on scheme assets are based upon various assumptions such as mortality rates, investment returns and future inflation. The calculation of the scheme's deficit/surplus is based on these assumptions which are discussed and agreed with the scheme's actuary who assists the directors with the calculation of the figures included in note 21. The principal actuarial assumptions used at the statement of financial position date are included in note 21.

CARLISLE SUPPORT SERVICES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. Turnover

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

	2021	<i>2020</i>
	£000	<i>£000</i>
Rendering of security and event services	72,300	52,766
Rendering of cleaning services	19,865	16,542
Rendering of retail merchandising	3,895	4,355
	96,060	73,663

Analysis of turnover by country of destination:

	2021	<i>2020</i>
	£000	<i>£000</i>
United Kingdom	96,060	73,663
	96,060	73,663

5. Other operating income

	2021	<i>2020</i>
	£000	<i>£000</i>
Coronavirus Job Retention Scheme grant	511	2,637
	511	2,637

6. Operating profit

The operating profit is stated after charging:

	2021	<i>2020</i>
	£000	<i>£000</i>
Depreciation of tangible fixed assets	444	321
Exchange differences	1	(14)
Other operating lease rentals	656	1,031
IT licence fees and support costs	690	590
Professional and Legal fees	488	423
Defined contribution pension scheme	1,293	977

CARLISLE SUPPORT SERVICES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. Auditor's remuneration

	2021	<i>2020</i>
	£000	<i>£000</i>
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	114	<i>111</i>

8. Employees

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

	Group	<i>Group</i>	Company	<i>Company</i>
	2021	<i>2020</i>	2021	<i>2020</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Wages and salaries	74,623	<i>59,579</i>	-	-
Social security costs	6,131	<i>4,675</i>	-	-
Cost of defined benefit scheme	7	<i>8</i>	-	-
Cost of defined contribution scheme	1,293	<i>977</i>	-	-
	82,054	<i>65,239</i>	-	-

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

	2021	<i>2020</i>
	No.	<i>No.</i>
Operations	3,364	<i>4,321</i>
Operating management	85	<i>66</i>
Sales / Marketing	7	<i>6</i>
Admin / Support	60	<i>38</i>
	3,516	<i>4,431</i>

The average monthly number of employees during the year, including directors, calculated on a full time equivalent (FTE) basis was 2,889 (2020 - 2,119).

The Company has no employees other than the directors, who did not receive any remuneration (2020 - £Nil)

CARLISLE SUPPORT SERVICES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

9. Directors' remuneration

	2021	<i>2020</i>
	£000	<i>£000</i>
Directors' emoluments	410	<i>429</i>
Company contributions to defined contribution pension schemes	21	<i>18</i>
	431	<i>447</i>

During the year retirement benefits were accruing to 3 directors (*2020 - 2*) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £206k (*2020 - £283k*).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £15k (*2020 - £13k*).

The value of the Group's contributions paid to a defined benefit pension scheme amounted to £Nil (*2020 - £Nil*).

The emoluments of the directors in office during the year were paid by Carlisle Security Services Limited with their remuneration as disclosed in the financial statement of that company.

10. Interest payable and similar expenses

	2021	<i>2020</i>
	£000	<i>£000</i>
Bank interest payable	4	<i>-</i>
Other interest payable	1	<i>2</i>
Net interest payable on defined benefit pension scheme	5	<i>2</i>
	10	<i>4</i>

CARLISLE SUPPORT SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11. Taxation

	2021	<i>2020</i>
	£000	<i>£000</i>
Corporation tax		
Current tax on profits for the year	56	<i>67</i>
Adjustments in respect of previous periods	-	<i>(19)</i>
	56	<i>48</i>
Total current tax	56	<i>48</i>
Deferred tax		
Origination and reversal of timing differences	193	<i>100</i>
Changes to tax rate	(55)	<i>(23)</i>
Total deferred tax	138	<i>77</i>
Taxation on profit on ordinary activities	194	<i>125</i>

CARLISLE SUPPORT SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - *lower than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £000	2020 £000
Profit on ordinary activities before tax	1,147	868
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	218	165
Effects of:		
Expenses not deductible for tax purposes	5	2
Fixed asset differences	(29)	-
Adjustments to tax charge in respect of prior periods	-	(19)
Change in tax rate	-	(23)
Total tax charge for the year	194	125

Factors that may affect future tax charges

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has been substantively enacted at the statement of financial position date, as a result deferred tax balances as at 31 December 2021 have been measured at 25%.

CARLISLE SUPPORT SERVICES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Tangible fixed assets

Group

	Short-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Office equipment £000	Total £000
Cost						
At 1 January 2021	12	189	354	215	859	1,629
Additions	-	495	355	44	140	1,034
At 31 December 2021	<u>12</u>	<u>684</u>	<u>709</u>	<u>259</u>	<u>999</u>	<u>2,663</u>
Depreciation						
At 1 January 2021	12	126	118	48	788	1,092
Charge for the year	-	119	198	78	49	444
At 31 December 2021	<u>12</u>	<u>245</u>	<u>316</u>	<u>126</u>	<u>837</u>	<u>1,536</u>
Net book value						
At 31 December 2021	<u>-</u>	<u>439</u>	<u>393</u>	<u>133</u>	<u>162</u>	<u>1,127</u>
At 31 December 2020	<u>-</u>	<u>63</u>	<u>236</u>	<u>167</u>	<u>71</u>	<u>537</u>

CARLISLE SUPPORT SERVICES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost	
At 1 January 2021	1,670
At 31 December 2021	<u>1,670</u>
Net book value	
At 31 December 2021	<u>1,670</u>
<i>At 31 December 2020</i>	<u><u>1,670</u></u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Principal activity	Class of shares	Holding
Carlisle Security Services Limited	United Kingdom	Security services	Ordinary	100%
Carlisle Retail Services (Luton) Plc	United Kingdom	Retail merchandising	Ordinary	100%
Carlisle Cleaning Services Limited	United Kingdom	Contract cleaning services	Ordinary	100%
Carlisle Interior Services Limited*	United Kingdom	Dormant	Ordinary	100%

*Indicates indirect investment of the Company

The registered office of all subsidiaries incorporated in the United Kingdom is First Floor, 251 The Boulevard, Capability Green, Luton, Bedfordshire, LU1 3LU.

CARLISLE SUPPORT SERVICES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. Debtors

	Group 2021 £000	<i>Group 2020 £000</i>	Company 2021 £000	<i>Company 2020 £000</i>
Trade debtors	14,352	8,765	-	-
Amounts owed by group undertakings	-	-	467	482
Other debtors	21	70	-	-
Prepayments and accrued income	4,166	3,001	-	-
Deferred taxation (note 18)	-	176	-	-
	<u>18,539</u>	<u>12,012</u>	<u>467</u>	<u>482</u>

15. Cash and cash equivalents

	Group 2021 £000	<i>Group 2020 £000</i>
Cash at bank and in hand	2,315	7,675
	<u>2,315</u>	<u>7,675</u>

16. Creditors: Amounts falling due within one year

	Group 2021 £000	<i>Group 2020 £000</i>	Company 2021 £000	<i>Company 2020 £000</i>
Bank overdrafts	986	-	-	-
Trade creditors	1,247	819	-	-
Amounts owed to group undertakings	-	-	405	406
Corporation tax	17	115	-	-
Other taxation and social security	5,339	8,534	-	-
Other creditors	5,889	4,480	-	-
Accruals and deferred income	3,939	2,846	2	2
Hire purchase	98	-	-	-
	<u>17,515</u>	<u>16,794</u>	<u>407</u>	<u>408</u>

CARLISLE SUPPORT SERVICES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

	Group 2021 £000	<i>Group 2020 £000</i>
Hire purchase	131	-
	<hr/> 131 <hr/>	<hr/> - <hr/>

An analysis of hire purchase is as follows:

	Group 2021 £000	<i>Group 2020 £000</i>
Less than one year	98	-
1 - 2 years	98	-
2 - 5 years	33	-
	<hr/> 229 <hr/>	<hr/> - <hr/>

18. Deferred taxation

Group

	2021 £000	<i>2020 £000</i>
At beginning of year	176	198
Charged to profit or loss	(138)	(77)
Credited/(charged) to other comprehensive income	(38)	55
At end of year	<hr/> - <hr/>	<hr/> 176 <hr/>

CARLISLE SUPPORT SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

18. **Deferred taxation (continued)**

The deferred tax asset is made up as follows:

	Group 2021 £000	<i>Group 2020 £000</i>
Fixed asset timing differences	(103)	62
Short term timing differences	48	32
Defined benefit pension scheme	55	82
	<u>-</u>	<u>176</u>

19. **Share capital**

	2021 £000	<i>2020 £000</i>
Allotted, called up and fully paid		
49,400,015 Ordinary shares of £0.0338 each	<u>1,671</u>	<u>1,671</u>

20. **Reserves**

Merger Reserve

This reserve relates to the difference between the nominal and fair value of shares acquired on initial recognition of the business combination.

Profit and loss account

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

CARLISLE SUPPORT SERVICES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

21. Pension commitments

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 to the fund and amounted to £1,293k (2020 - £969k). Contributions totalling £329k (2020 - £433k) were payable to the fund at the reporting date and are included in creditors.

Defined benefit pension scheme

The Group operates a Defined Benefit Pension Scheme.

A limited number of employees are members of the Carlisle Services Shared Cost Section of the Railway Pension Scheme ("RPS"). The RPS Provides benefits based on the final salary for members of the scheme.

Contributions paid to the pension scheme during the year totalled £7k (2020 - £8k). The expected contributions to the plan for the next reporting period are £139k. The weighted average duration of the defined benefit obligation at the end of the reporting period is 16 years (2020 - 17 years).

Reconciliation of present value of plan liabilities:

	2021	2020
	£000	£000
Reconciliation of present value of plan liabilities		
At the beginning of the year	3,130	2,804
Current service cost	7	8
Interest cost	37	54
Actuarial losses	23	344
Contributions	6	6
Benefits paid	(121)	(208)
Experience (gains)/losses arising on scheme liabilities	(90)	122
At the end of the year	2,992	3,130

Composition of plan liabilities:

	2021	2020
	£000	£000
Present value of scheme liabilities arising from wholly or partly funded schemes	2,992	3,130
Total plan liabilities	2,992	3,130

CARLISLE SUPPORT SERVICES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

21. Pension commitments (continued)

Reconciliation of present value of plan assets:

	2021	<i>2020</i>
	£000	<i>£000</i>
At the beginning of the year	2,701	<i>2,668</i>
Interest income	32	<i>51</i>
Actuarial gains arising from changes in financial assumptions	132	<i>175</i>
Employer contributions	22	<i>9</i>
Benefits paid	(121)	<i>(208)</i>
Contributions by scheme participants	6	<i>6</i>
At the end of the year	2,772	<i>2,701</i>

Composition of plan assets:

	2021	<i>2020</i>
	£000	<i>£000</i>
UK Government bond pooled funds	607	<i>637</i>
Cash	-	<i>6</i>
Investment funds	2,165	<i>2,058</i>
Total plan assets	2,772	<i>2,701</i>

	2021	<i>2020</i>
	£000	<i>£000</i>
Fair value of plan assets	2,772	<i>2,701</i>
Present value of plan liabilities	(2,992)	<i>(3,130)</i>
Net pension scheme liability	(220)	<i>(429)</i>

CARLISLE SUPPORT SERVICES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

21. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	2021	<i>2020</i>
	£000	<i>£000</i>
Current service cost	7	8
Net interest cost	5	2
Total	12	<i>10</i>

The pension scheme has not invested in any of the Group's own financial instruments or in properties or other assets used by the Group.

The overall expected return on assets assumption is derived as the weighted average of the expected returns from each of the main asset categories.

The cumulative amount of actuarial gains and losses recognised in Statement of Comprehensive Income since 1 January 2021 is (£916k) (*2020 - (1,115k)*).

The Group expects to contribute £139k to its Defined Benefit Pension Scheme in 2022.

	2021	<i>2020</i>
	£000	<i>£000</i>
Analysis of actuarial gains/(losses) recognised in Other Comprehensive Income		
Actuarial gains/(losses) arising from changes in financial assumptions	66	<i>(466)</i>
Actual return less interest return on pension assets	132	<i>175</i>
	198	<i>(291)</i>

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	2021	<i>2020</i>
	%	<i>%</i>
Discount rate	1.80	<i>1.20</i>
Future salary increases	2.90	<i>2.20</i>
Future pension increases	2.90	<i>2.20</i>
Retail price inflation	3.40	<i>2.9</i>
Mortality rates		
Current UK pensioners at retirement age - male	84.60 years	<i>84.60 years</i>
Future UK pensioners at retirement age - male	87.30 years	<i>87.30 years</i>

CARLISLE SUPPORT SERVICES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

21. Pension commitments (continued)

Sensitivity:

	Change to liabilities £000
Increase discount rate by 0.5%	(220)
Decrease inflation by 0.5%	(220)
Increase life expectancy by 1 year	94

22. Commitments under operating leases

At 31 December 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases as follows:

	Group 2021 £000	<i>Group</i> <i>2020</i> <i>£000</i>	Company 2021 £000	<i>Company</i> <i>2020</i> <i>£000</i>
Not later than 1 year	1,052	514	179	185
Later than 1 year and not later than 5 years	1,716	1,180	640	701
Later than 5 years	384	512	384	512
	3,152	2,206	1,203	1,398

23. Related party transactions

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

Transactions with Impellam

During the year the Group made sales of £54,752 (2020 - £62,284) to Impellam Group plc relating to the provision of security and cleaning services. At 31 December 2021 amounts totalling £5,561 (2020 - £6,717) were outstanding and included in trade debtors.

During the year the Group made purchases of £Nil (2020 - £307,365) from Impellam Group plc. At 31 December 2021 amounts totalling £Nil (2020 - £3,065) were outstanding and included in trade creditors and accruals.

The Impellam Group plc is a related party by virtue of common shareholding.

Other related party transactions

During the year the Group made purchases of £270,456 (2020 - £507,640) from Blue Arrow Limited, a wholly owned subsidiary of Impellam Group plc. At 31 December 2021 amounts totalling £31,438 (2020 - £91,810) were outstanding and included in trade creditors and other creditors.

CARLISLE SUPPORT SERVICES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

23. Related party transactions (continued)

During the year the Group made sales of £797,032 (2020 - £Nil) to Medacs Limited, a wholly owned subsidiary of Impellam Group plc. At 31 December 2021 amounts totalling £81,035 (2020 - £Nil) were outstanding and included in trade debtors. The entity is a related party by virtue of a common share holding.

Key management remuneration

Key management personnel include all directors and a number of senior managers across the Group who together have authority and responsibility for planning, directing and controlling the activities of the Group.

The total compensation paid to key management personnel for services provided to the Group was £1,075,250 (2020 - £867,621).

24. Analysis of net debt

	At 1 January 2021 £000	Cash flows £000	Other non- cash changes £000	At 31 December 2021 £000
Cash at bank and in hand	7,675	(5,360)	-	2,315
Bank overdrafts	-	(986)	-	(986)
Hire purchase		66	(295)	(229)
	<u>7,675</u>	<u>(6,280)</u>	<u>(295)</u>	<u>1,100</u>

The other non-cash changes relates to assets acquired under hire purchase.

25. Controlling party

The ultimate controlling party is Lord Ashcroft KCMG, PC, by virtue of his shareholding in the ultimate parent undertaking.