Company registration number SC234591 (Scotland)

HFD SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

HFD SERVICES LIMITED

COMPANY INFORMATION

Directors	Mr W D Hill Mrs R Hill
Company number	SC234591
Registered office	177 Bothwell Street Glasgow G2 7ER
Auditor	Johnston Carmichael LLP 227 West George Street Glasgow G2 2ND

HFD SERVICES LIMITED

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HFD SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2024

The directors present the strategic report for the year ended 30 June 2024.

Review of the business
The company is part of a trading group whose principal activities are commercial property and business park management services. The operating results of subsidiary companies which underpin the value in the company was deemed excellent by the board.

Group turnover on continued operations in the period amounted to £7,966,595 (2023: £5,648,991). At the year end the group had shareholders' funds of £18,509,532 (2023: £17,164,687). The directors note a £487,357 increase in operating profit before tax to £1,832,867 which is primarily attributed to new property management contracts following completed developments for the buildings the Group manages in Glasgow City Centre.

Principal risks and uncertainties
The group finances its operations through a mixture of retained profits, secure bank deposits and bank loans.

The objectives are to:

- Maximise returns on funds employed through activities;
- Retain sufficient funds for day to day obligations;
- Ensure sufficient funds are available to cover potential unforeseen risks and liabilities; and
- Retain and increase tenancy occupancy levels at the business parks where the group operates.

Future plans
The directors have approved the group's five year plan and expect the level of activity over this period to increase given the new and targeted contracts.

Key performance indicators
The directors use several indicators to monitor and improve the position of the business. These indicators include profitability, cashflow and return on capital employed.

On behalf of the board

Mr W D Hill
Director

23 December 2024

HFD SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2024

The directors present their annual report and financial statements for the year ended 30 June 2024.

Principal activities
The principal activity of the group were the provision of building management and maintenance services to commercial buildings, landscaping services, receptionist services, IT services and the operation of a licensed premises.

Results and dividends
The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr W D Hill
Mrs R Hill

Post reporting date events
On 29th October 2024, HFD Service Limited as a subsidiary of HFD Group Holdings Limited was acquired by HFD Holdco Limited as part of internal restructuring of the business.

Subsequent to the year-end, the companies for which the group (excluding HFD Grill Limited and HFD Facilities Maintenance Limited) provides financial guarantees to its bankers extended their loan facilities, resulting in an increase in total bank loans to £18,000,000. The conditions within the previous loan agreement remain unchanged, ensuring that in the event of HFD Duart House Limited, HFD Phoenix House Limited, HFD International House Limited, HFD Willow House Limited, HFD Mercury House Limited or HFD Avondale House Limited failing to repay their bank loans, HFD Services group will satisfy this debt.

Future developments
The group has chosen in accordance with Companies Act 2006, s.414C(11) to set out in the strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. Sch. 7 to be contained in the directors' report. It has done so in respect of future developments.

Auditor
The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

Small companies exemption
This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Mr W D Hill
Director

23 December 2024

HFD SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2024

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, 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 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 ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

HFD SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HFD SERVICES LIMITED

Opinion

We have audited the financial statements of HFD Services Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2024 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2024 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we have not identified material misstatements in strategic report or directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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 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.

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.

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

Extent the audit was considered 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 m sstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and the parent company and the sector in which they operate, focusing on those provisions that had a direct effect on the determination of material amounts and the disclosures in the financial statements. The most relevant frameworks we identified include:

- UK Generally Accepted Accounting Practice (FRS 102)
- Companies Act 2006;
- UK Corporation Tax legislation; and
- UK VAT legislation.

We gained an understanding of how the group and the parent company are complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the group's and parent company's financial statements to material misstatement including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. We identified a heightened fraud risk in relation to:

- Management override of controls
- Revenue recognition

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the group's procurement of legal and professional services
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias;
- Performing audit work procedures over revenue recognition, including testing of material revenue journals and other adjustments for appropriateness;
- Completion of appropriate checklists and use of our experience to assess the group and parent company's compliance with the Companies Act 2006; and
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements 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 intentional concealment, forgery, collusion, omission or misrepresentation. 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 would become aware of it.

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.

James Hamilton (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP
Statutory Auditor
Glasgow, United Kingdom

23 December 2024

HFD SERVICES LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 £	2023 £
Turnover	**3**	7,966,595	5,648,991
Cost of sales		(4,582,848)	(3,312,989)
Gross profit		3,383,747	2,336,002
Administrative expenses		(1,553,592)	(1,117,133)
Other operating income		2,712	126,641
Operating profit	**4**	1,832,867	1,345,510
Interest receivable and similar income	**6**	701	-
Interest payable and similar expenses	**7**	(9,985)	(6,270)
Profit before taxation		1,823,583	1,339,240
Tax on profit	**8**	(478,738)	(290,927)
Profit for the financial year	**21**	1,344,845	1,048,313

Profit for the financial year is all attributable to the owner of the parent company.
Total comprehensive income for the year is all attributable to the owner of the parent company.

HFD SERVICES LIMITED

GROUP BALANCE SHEET

AS AT 30 JUNE 2024

	Notes	2024 £	2024 £	2023 £	2023 £
Fixed assets					
Intangible assets	**9**		26,174		16,300
Tangible assets	**10**		173,881		195,777
			200,055		212,077
Current assets					
Stocks	**13**	85,402		85,402	
Debtors	**14**	18,997,157		18,868,128	
Cash at bank and in hand		2,065,446		293,041	
		21,148,005		19,246,571	
Creditors: amounts falling due within one year	**15**	(2,802,714)		(2,240,942)	
Net current assets			18,345,291		17,005,629
Total assets less current liabilities			18,545,346		17,217,706
Creditors: amounts falling due after more than one year	**16**		(4,015)		(24,120)
Provisions for liabilities					
Deferred tax liability	**18**	31,799		28,899	
			(31,799)		(28,899)
Net assets			18,509,532		17,164,687
Capital and reserves					
Called up share capital	**20**		13,922,500		13,922,500
Profit and loss reserves	**21**		4,587,032		3,242,187
Total equity			18,509,532		17,164,687

The financial statements were approved by the board of directors and authorised for issue on 23 December 2024 and are signed on its behalf by:

Mr W D Hill
Director

Company registration number SC234591 (Scotland)

HFD SERVICES LIMITED

COMPANY BALANCE SHEET

AS AT 30 JUNE 2024

	Notes	2024 £	2024 £	2023 £	2023 £
Fixed assets					
Intangible assets	**9**		26,174		16,300
Tangible assets	**10**		73,984		15,382
Investments	**11**		2,602,183		2,730,936
			2,702,341		2,762,618
Current assets					
Debtors	**14**	16,077,162		16,759,309	
Cash at bank and in hand		1,951,074		213,743	
		18,028,236		16,973,052	
Creditors: amounts falling due within one year	**15**	(1,068,361)		(485,608)	
Net current assets			16,959,875		16,487,444
Total assets less current liabilities			19,662,216		19,250,062
Creditors: amounts falling due after more than one year	**16**		(4,015)		(11,040)
Provisions for liabilities					
Deferred tax liability	**18**	17,203		-	
			(17,203)		-
Net assets			19,640,998		19,239,022
Capital and reserves					
Called up share capital	**20**		13,922,500		13,922,500
Profit and loss reserves	**21**		5,718,498		5,316,522
Total equity			19,640,998		19,239,022

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £401,976 (2023 - £1,566,890 profit).

The financial statements were approved by the board of directors and authorised for issue on 23 December 2024 and are signed on its behalf by:

Mr W D Hill
Director

Company registration number SC234591 (Scotland)

HFD SERVICES LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 July 2022	13,922,500	2,193,874	16,116,374
Year ended 30 June 2023:			
Profit and total comprehensive income	-	1,048,313	1,048,313
Balance at 30 June 2023	13,922,500	3,242,187	17,164,687
Year ended 30 June 2024:			
Profit and total comprehensive income	-	1,344,845	1,344,845
Balance at 30 June 2024	13,922,500	4,587,032	18,509,532

HFD SERVICES LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 July 2022	13,922,500	3,749,632	17,672,132
Year ended 30 June 2023:			
Profit and total comprehensive income for the year	-	1,566,890	1,566,890
Balance at 30 June 2023	13,922,500	5,316,522	19,239,022
Year ended 30 June 2024:			
Profit and total comprehensive income	-	401,976	401,976
Balance at 30 June 2024	13,922,500	5,718,498	19,640,998

HFD SERVICES LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 £	2024 £	2023 £	2023 £
Cash flows from operating activities					
Cash generated from operations	**26**		2,196,622		5,441
Interest paid			(9,985)		(6,270)
Income taxes paid			(286,329)		(253,989)
Net cash inflow/(outflow) from operating activities			1,900,308		(254,818)
Investing activities					
Purchase of intangible assets		(9,874)		(16,300)	
Purchase of tangible fixed assets		(103,711)		(38,752)	
Proceeds from disposal of tangible fixed assets		23,138		-	
Interest received		701		-	
Net cash used in investing activities			(89,746)		(55,052)
Financing activities					
Payment of finance leases obligations		(38,157)		(65,804)	
Net cash used in financing activities			(38,157)		(65,804)
Net increase/(decrease) in cash and cash equivalents			1,772,405		(375,674)
Cash and cash equivalents at beginning of year			293,041		668,715
Cash and cash equivalents at end of year			2,065,446		293,041

1 Accounting policies

Company information

HFD Services Limited ("the company") is a private limited company domiciled and incorporated in Scotland. The registered office is 177 Bothwell Street, Glasgow, Scotland, United Kingdom, G2 7ER.

The group consists of HFD Services Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties carried at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102 and has taken advantage of the exemption available from the requirement to present a company only cash flow statement and related notes and disclosures.

1.2 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company HFD Services Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 30 June 2024. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the g roup.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion the directors have considered the adequacy and continued access of external funding facilities made available to certain related companies and to which the group has provided a cross guarantee in respect of. The directors are satisfied that these related companies will be able to operate within the terms of the facilities for at least a period of 12 months from the date of approval of these financial statements such that the likelihood of the group's cross guarantee being called upon is low.

Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1 Accounting policies **(Continued)**

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Turnover is recognised as follows:

- Maintenance, landscaping, security and IT services- Turnover from services provided is recognised on performance of service;
- Receptionist and building management services- Turnover from services provided is recognised on performance of service;
- Operation of licensed premises- Turnover in respect of the sales of food and drink is recognised at the point of sale;
- Management income- Turnover is recognised in the period to which the management income relates.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	10% on cost

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	10%-25% on cost
Computer Equipment	25% on cost
Motor vehicles	10%-25% on cost
Cabins	25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Fixed asset investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1 Accounting policies **(Continued)**

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

1 Accounting policies **(Continued)**

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

1 Accounting policies **(Continued)**

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

A defined contribution pension scheme is operated for all qualifying employees through HFD Payroll Limited and all expenses recharged to HFD Services Limited. The assets of the scheme are held separately from those of the group in an independently administered fund.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty
The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Amounts owed by group undertakings
Amounts owed by group undertakings are stated in the accounts at their transaction price less any appropriate provision for irrecoverable amounts. In determining if a provision is required, the directors exercise judgement, considering any specific indicators that the recoverability of the balance may be in doubt.

Details of amounts owed to the group from group undertakings is outlined at note 15.

3 Turnover and other revenue

	2024	2023
	£	£
Turnover analysed by class of business		
Management income	3,582,608	534,924
Maintenance of office suites	34,372	586,106
Landscaping services	1,323,042	1,247,748
Security services	1,479,627	1,722,628
IT services	1,547,077	1,555,180
Hospitality	(131)	2,405
	7,966,595	5,648,991

	2024	2023
	£	£
Other revenue		
Interest income	701	-

4 Operating profit

	2024	2023
	£	£
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	74,238	55,604
Depreciation of tangible fixed assets held under finance leases	36,268	47,261
Profit on disposal of tangible fixed assets	(6,730)	-
Operating lease charges	39,518	114,369

5 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group		Company	
	2024	2023	2024	2023
	Number	Number	Number	Number
Total	-	-	-	-

Their aggregate remuneration comprised:

	Group		Company	
	2024	2023	2024	2023
	£	£	£	£
Wages and salaries	2,697,751	2,372,285	1,039,423	247,271
Social security costs	271,412	259,699	105,362	29,391
Pension costs	103,138	99,358	36,740	7,506
	3,072,301	2,731,342	1,181,525	284,168

Contractually all employees of HFD Services Limited group entities sit within HFD Payroll Limited. However an average of 78 employees were dedicated to providing services on behalf of HFD Services Limited during the year ended 30 June 2024 (2023: 70 employees).

Remuneration costs were borne by HFD Payroll Limited and recharged to the relevant HFD Services Limited group entities.

6 Interest receivable and similar income

	2024	2023
	£	£
Interest income		
Interest on bank deposits	695	-
Other interest income	6	-
Total income	701	-

	2024	2023
Investment income includes the following:	£	£
Interest on financial assets not measured at fair value through profit or loss	695	-

7 Interest payable and similar expenses

	2024	2023
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	5,339	-
Other finance costs:		
Interest on finance leases and hire purchase contracts	4,644	4,525
Other interest	2	1,745
Total finance costs	9,985	6,270

8 Taxation

	2024	2023
	£	£
Current tax		
UK corporation tax on profits for the current period	458,880	337,620
Adjustments in respect of prior periods	19,135	16,483
Group tax relief	(2,185)	(45,687)
Total current tax	475,830	308,416
Deferred tax		
Origination and reversal of timing differences	2,448	(17,948)
Write down or reversal of write down of deferred tax asset	-	27
Adjustment in respect of prior periods	460	432
Total deferred tax	2,908	(17,489)
Total tax charge	478,738	290,927

8 **Taxation** **(Continued)**

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2024	2023
	£	£
Profit before taxation	1,823,583	1,339,240
Expected tax charge based on the standard rate of corporation tax in the UK of 25.00% (2023: 20.50%)	455,896	274,544
Tax effect of expenses that are not deductible in determining taxable profit	(331)	314
Adjustments in respect of prior years	19,595	16,483
Deferred tax adjustments in respect of prior years	-	459
Fixed asset differences	(61)	(254)
Movement in deferred tax not recognised	3,639	3,254
Other	-	(53)
Remeasurement of Deferred Tax after changes in tax rate	-	(3,820)
Taxation charge	478,738	290,927

9 **Intangible fixed assets**

Group	Software
	£
Cost	
At 1 July 2023	16,300
Additions	9,874
At 30 June 2024	26,174
Amortisation and impairment	
At 1 July 2023 and 30 June 2024	-
Carrying amount	
At 30 June 2024	26,174
At 30 June 2023	16,300

9 **Intangible fixed assets** **(Continued)**

Company	**Software**
	£
Cost	
At 1 July 2023	16,300
Additions	9,874
At 30 June 2024	26,174
Amortisation and impairment	
At 1 July 2023 and 30 June 2024	-
Carrying amount	
At 30 June 2024	26,174
At 30 June 2023	16,300

10 **Tangible fixed assets**

Group	**Plant and equipment**	**Computer Equipment**	**Motor vehicles**	**Cabins**	**Total**
	£	**£**	**£**	**£**	**£**
Cost					
At 1 July 2023	326,532	26,728	301,731	38,293	693,284
Additions	8,882	3,842	90,987	-	103,711
Disposals	-	-	(54,537)	-	(54,537)
At 30 June 2024	335,414	30,570	338,181	38,293	742,458
Depreciation and impairment					
At 1 July 2023	242,327	24,774	196,752	33,654	497,507
Depreciation charged in the year	30,207	2,363	71,990	4,639	109,199
Eliminated in respect of disposals	1,918	-	(40,047)	-	(38,129)
At 30 June 2024	274,452	27,137	228,695	38,293	568,577
Carrying amount					
At 30 June 2024	60,962	3,433	109,486	-	173,881
At 30 June 2023	84,205	1,954	104,979	4,639	195,777

10 Tangible fixed assets **(Continued)**

Company	Plant and equipment	Computer Equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 July 2023	-	-	26,918	26,918
Additions	589	1,328	86,960	88,877
At 30 June 2024	589	1,328	113,878	115,795
Depreciation and impairment				
At 1 July 2023	-	-	11,536	11,536
Depreciation charged in the year	-	-	30,275	30,275
At 30 June 2024	-	-	41,811	41,811
Carrying amount				
At 30 June 2024	589	1,328	72,067	73,984
At 30 June 2023	-	-	15,382	15,382

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group		Company	
	2024	2023	2024	2023
	£	£	£	£
Plant and equipment	-	29,315	-	-
Motor vehicles	3,846	48,357	3,846	15,382
	3,846	77,672	3,846	15,382

11 Fixed asset investments

		Group		Company	
		2024	2023	2024	2023
	Notes	£	£	£	£
Investments in subsidiaries	12	-	-	2,602,183	2,730,936

11 Fixed asset investments (Continued)

Movements in fixed asset investments

Company	Shares in subsidiaries £
Cost or valuation	
At 1 July 2023	2,730,936
Impairment	(128,753)
At 30 June 2024	2,602,183
Carrying amount	
At 30 June 2024	2,602,183
At 30 June 2023	2,730,936

12 Subsidiaries

Details of the company's subsidiaries at 30 June 2024 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct
HFD Facilities Maintenance Limited	1	Facilities Management	Ordinary	100.00
HFD Landscaping Limited	1	Landscaping Services	Ordinary	100.00
HFD Security Limited	1	Security services	Ordinary	100.00
HFD Intelligent Technologies Limited	1	IT Services	Ordinary	100.00
HFD Grill Limited	1	Restaurant	Ordinary	100.00

Registered office addresses (all UK unless otherwise indicated):

1 177 Bothwell Street, Glasgow, Scotland, G2 7ER

HFD Facilities Maintenance Limited, HFD Landscaping Limited, HFD Security Limited, HFD Intelligent Technologies Limited and HFD Grill Limited have taken the exemption from the requirement to have their individual financial statements audited. The exemption is available under section 479A of the Companies Act 2006.

13 Stocks

	Group		Company	
	2024 £	2023 £	2024 £	2023 £
Raw materials and consumables	85,402	85,402	-	-

14 Debtors

	Group		Company	
	2024	2023	2024	2023
Amounts falling due within one year:	£	£	£	£
Trade debtors	595,594	392,126	181,241	108,661
Corporation tax recoverable	10,523	45,687	-	-
Amounts owed by group undertakings	16,848,157	13,663,870	14,317,179	12,367,292
Other debtors	669,526	4,437,345	535,884	4,172,721
Prepayments and accrued income	873,357	329,100	1,042,858	110,635
	18,997,157	18,868,128	16,077,162	16,759,309

Amounts owed by group undertakings are repayable on demand, have no formal repayment date and are interest free.

Included in other debtors is amounts due from related parties.

15 Creditors: amounts falling due within one year

		Group		Company	
		2024	2023	2024	2023
	Notes	£	£	£	£
Obligations under finance leases	17	20,356	38,408	7,006	6,986
Trade creditors		327,702	252,721	189,268	49,771
Amounts owed to group undertakings		1,020,803	752,966	339,930	182,765
Corporation tax payable		469,013	314,668	167,002	61,519
Other taxation and social security		113,513	291,598	3,441	49,824
Other creditors		315,427	52,166	127,256	-
Accruals and deferred income		535,900	538,415	234,458	134,743
		2,802,714	2,240,942	1,068,361	485,608

Obligations under finance leases are secured over the assets concerned.

Amounts owed to group undertakings have no formal repayment date and are interest free.

16 Creditors: amounts falling due after more than one year

		Group		Company	
		2024	2023	2024	2023
	Notes	£	£	£	£
Obligations under finance leases	17	4,015	24,120	4,015	11,040

Obligations under finance leases are secured over the asset concerned.

17 Finance lease obligations

	Group		Company	
	2024	2023	2024	2023
	£	£	£	£
Future minimum lease payments due under finance leases:				
Within one year	20,356	38,404	-	-
In two to five years	4,015	24,120	-	-
	24,371	62,524	-	-
Less: future finance charges	-	-	-	18,026
	24,371	62,524	-	18,026

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities	Liabilities	Assets	Assets
	2024	2023	2024	2023
Group	£	£	£	£
Fixed asset timing differences	31,799	29,077	-	-
Short term timing differences	-	(178)	-	-
	31,799	28,899	-	-

	Liabilities	Liabilities	Assets	Assets
	2024	2023	2024	2023
Company	£	£	£	£
Fixed asset timing differences	17,203	-	-	-

19 Retirement benefit schemes

	2024	2023
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	103,138	99,358

A defined contribution pension scheme is operated for all qualifying employees through HFD Payroll Limited. The assets of the scheme are held separately from those of the group in an independently administered fund.

20 Share capital

Group and company Ordinary share capital Issued and fully paid	2024 Number	2023 Number	2024 £	2023 £
Ordinary shares of £1 each	13,922,500	13,922,500	13,922,500	13,922,500

21 Reserves

Profit and loss reserves

The profit and loss reserves represents cumulative profits and losses, less any dividends paid.

22 Financial commitments, guarantees and contingent liabilities

The group has given its bankers a guarantee that in the event of HFD Duart House Limited, HFD Willow House Limited, HFD Phoneix House Limited, HFD International House Limited and HFD Avondale House Limited not repaying their bank loans, the group will satisfy this debt. At 30 June 2024, the debt was £11,650,000 (2023: £13,450,000).

23 Events after the reporting date

On 29th October 2024, HFD Service Limited as a subsidiary of HFD Group Holdings Limited was acquired by HFD Holdco Limited as part of internal restructuring of the business.

Subsequent to the year-end, the companies for which the group (excluding HFD Grill Limited and HFD Facilities Maintenance Limited) provides financial guarantees to its bankers extended their loan facilities. resulting in an increase in total bank loans to £18,000,000. The conditions within the previous loan agreement remain unchanged, ensuring that in the event of HFD Duart House Limited, HFD Phoenix House Limited, HFD International House Limited, HFD Willow House Limited, HFD Mercury House Limited or HFD Avondale House Limited failing to repay their bank loans, HFD Services group will satisfy this debt.

24 Related party transactions

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Sales 2024 £	Sales 2023 £	Purchases 2024 £	Purchases 2023 £
Group				
Other related parties	4,412,059	2,666,218	410,298	169,991
Company				
Other related parties	2,084,860	215,247	340,550	1,585

24 Related party transactions **(Continued)**

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2024	2023
	£	£
Group		
Other related parties	93,226	49,536
Company		
Other related parties	85,912	-

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2024 Balance	2023 Balance
	£	£
Group		
Other related parties	656,466	4,393,865
Company		
Other related parties	529,921	4,150,851

Other information
The company has taken advantage of the exemption available in FRS 102 Section 33 "Related Party Disclosures" whereby it has not disclosed transactions with any wholly owned subsidiary undertaking of the group.

25 Controlling party

As disclosed at Note 23, the ultimate parent company became HFD Holdco Limited post year end, a company registered within the UK.

These financial statements are not consolidated in the financial statements of HFD Holdco Limited as the company did not hold significant control at the year end.

The controlling party and ultimate parent at the reporting date is HFD Group Holdings Limited which is the largest group of companies for which group financial statements are prepared. Copies of group financial statements are available to the public from Companies House. HFD Services Limited is the smallest group for which group financial statements are prepared.

The Hill 2011 Trust and Alexander Trust and their members are considered to be the ultimate controlling party due to their majority shareholding in HFD Group Holdings Limited.

26 Cash generated from group operations

	2024	2023
	£	£
Profit for the year after tax	1,344,845	1,048,313
Adjustments for:		
Taxation charged	478,738	290,927
Finance costs	9,985	6,270
Investment income	(701)	-
Gain on disposal of tangible fixed assets	(6,730)	-
Depreciation and impairment of tangible fixed assets	109,199	102,865
Movements in working capital:		
Increase in stocks	-	(85,402)
Increase in debtors	(164,193)	(630,164)
Increase/(decrease) in creditors	425,479	(727,368)
Cash generated from operations	2,196,622	5,441

27 Analysis of changes in net funds - group

	1 July 2023	Cash flows	30 June 2024
	£	£	£
Cash at bank and in hand	293,041	1,772,405	2,065,446
Obligations under finance leases	(62,528)	38,157	(24,371)
	230,513	1,810,562	2,041,075

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.