

Company Registration No. 03908728 (England and Wales)

**TSG BUILDING SERVICES PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2017**

# **TSG BUILDING SERVICES PLC**

## **COMPANY INFORMATION**

---

<b>Directors</b>	S J Gwynn J P Holloway B L Rees A J Thrussell B P Thrussell C A Thrussell R J Glendinning
<b>Secretary</b>	R J Glendinning
<b>Company number</b>	03908728
<b>Registered office</b>	TSG House Cranbourne Industrial Estate Carnborne Road Potters Bar Herts EN6 3JN
<b>Auditor</b>	Newton & Garner Limited Chartered Accountants Building 2 30 Friern Park North Finchley London N12 9DA

---

# TSG BUILDING SERVICES PLC

## CONTENTS

---

	<b>Page</b>
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 5
Statement of comprehensive income	6
Balance sheet	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10 - 22

---

# TSG BUILDING SERVICES PLC

## STRATEGIC REPORT

**FOR THE YEAR ENDED 30 APRIL 2017**

---

The directors present the strategic report for the year ended 30 April 2017.

### **Fair review of the business**

TSG Building Services PLC (TSG), continued to secure contracts in the year and although turnover reduced to £32,615,704 (2016 - £36,238,050) TSG has improved its gross margin to 18.8% (2016 – 17.0%) and operating profit has also improved on last year to £2,081,039 (2016 – £1,891,990). The reduced turnover was due to a later start on new contracts and these will come through in the next financial year.

The performance of TSG over the past few years has been as a direct result of the hard work and focus of the company's directors and employees. The business has continued to implement process improvements and operational efficiencies in the year, resulting in stronger management of our direct costs and overheads. Our investment in the resources we employ has continued in the year and will continue into the future.

The company continues to focus on sustainable growth and providing the services and customer care our clients expect from us. The divisions of the company can provide adaptable solutions for the many different types of services and products our clients demand. The company successfully obtained new client contracts in the year and the directors continue to seek new opportunities with improved margins. The market is still very competitive and the directors expect this to continue in the coming year.

### **Principal risks and uncertainties**

The UK market place remains highly competitive and losing sales to key competitors is a continued risk to the company. The company manages this risk by ensuring the high quality levels of its products and services is sustained and that it continues to build and hold strong relationships with its customers, supply chain and employees.

### **Development and performance**

UK market conditions remain challenging and it is likely that economic uncertainty will bring more challenges in the year ahead. This has remained constant over the past twelve months, however the number of new opportunities for the company have continued to grow over the year and TSG has a strong sustainable order book in the medium term. The company continues to develop its operations and is seeking further cost reductions by building stronger and more robust internal practices through the development of its technologies and its staff. We expect to see further expansion of the companies work streams in the area of commercial gas installations and maintenance and new build. The company has continued to invest in the resources to drive this forward and continues to invest in our core business. Further growth is expected in the coming years. We will continue to add value from the services and products we provide our clients and maintain sustainable growth going forward.

### **Key performance indicators**

**PROFITABILITY RATIOS:**                      2017    2016    2015

Gross Profit (%)	18.8%	17.0%	16.8%
Profit before Tax (%)	6.3%	5.2%	5.2%

**EMPLOYEE RATIOS:**                      2017    2016    2015

No. of Employees	250	244	228
Profit/Employee (£'000)	8.3	7.7	7.6

The directors monitor the gross margin achieved on each project and utilise the resources available to maximise profits for the company.  
By order of the board

R J Glendinning  
**Secretary**  
30 October 2017

---

# **TSG BUILDING SERVICES PLC**

## **DIRECTORS' REPORT**

***FOR THE YEAR ENDED 30 APRIL 2017***

---

The directors present their annual report and financial statements for the year ended 30 April 2017.

### **Principal activities**

The principal activity of the company was that of the provision of building services to Social Housing groups.

### **Directors**

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

S J Gwynn  
J P Holloway  
B L Rees  
A J Thrussell  
B P Thrussell  
C A Thrussell  
R J Glendinning

### **Results and dividends**

The results for the year are set out on page 6.

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

### **Auditor**

In accordance with the company's articles, a resolution proposing that Newton & Garner Limited be reappointed as auditor of the company will be put at a General Meeting.

### **Statement of directors' responsibilities**

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

### **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 company's auditor 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 company's auditor is aware of that information.

## **TSG BUILDING SERVICES PLC**

### **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 30 APRIL 2017***

---

#### **Financial instruments and risk management**

The company's financial assets and liabilities consist of trade debtors and creditors, cash balances, finance leases and bank borrowings.

The directors manage the company's exposure to financial risk by researching the credit worthiness of customers and by seeking advice from the company's providers of finance.

By order of the board

R J Glendinning

**Secretary**

30 October 2017

# **TSG BUILDING SERVICES PLC**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF TSG BUILDING SERVICES PLC**

---

We have audited the financial statements of TSG BUILDING SERVICES PLC for the year ended 30 April 2017 set out on pages 6 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

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

#### **Opinion on financial statements**

In our opinion the financial statements:

- • give a true and fair view of the state of the company's affairs as at 30 April 2017 and of its profit for the year then ended;
- • have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- • have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other 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 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.

# **TSG BUILDING SERVICES PLC**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF TSG BUILDING SERVICES PLC**

---

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

**Robert Knight, FCCA, ATII (Senior Statutory Auditor)**  
for and on behalf of Newton & Garner Limited

30 October 2017

**Chartered Accountants**  
**Statutory Auditor**

Chartered Accountants  
Building 2  
30 Friern Park  
North Finchley  
London  
N12 9DA



# TSG BUILDING SERVICES PLC

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2017

	Notes	2017 £	2016 £
<b>Turnover</b>	<b>3</b>	32,615,704	36,238,050
Cost of sales		(26,492,924)	(30,086,323)
<b>Gross profit</b>		6,122,780	6,151,727
Administrative expenses		(4,052,015)	(4,259,737)
Other operating income		10,274	-
<b>Operating profit</b>	<b>4</b>	2,081,039	1,891,990
Interest receivable and similar income	<b>7</b>	2,523	3,047
Interest payable and similar expenses	<b>8</b>	(26,411)	(23,587)
<b>Profit before taxation</b>		2,057,151	1,871,450
Tax on profit	<b>9</b>	(438,504)	(391,304)
<b>Profit for the financial year</b>		1,618,647	1,480,146

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

# TSG BUILDING SERVICES PLC

## BALANCE SHEET

AS AT 30 APRIL 2017

	Notes	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	11	986,347	993,681
Investment properties	12	175,000	175,000
		<u>1,161,347</u>	<u>1,168,681</u>
<b>Current assets</b>			
Stocks	15	60,097	77,598
Debtors	14	8,340,095	8,416,563
Cash at bank and in hand		2,457,809	2,343,302
		<u>10,858,001</u>	<u>10,837,463</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(6,371,672)</u>	<u>(7,948,282)</u>
<b>Net current assets</b>		<u>4,486,329</u>	<u>2,889,181</u>
<b>Total assets less current liabilities</b>		<u>5,647,676</u>	<u>4,057,862</u>
<b>Creditors: amounts falling due after more than one year</b>	17	(144,125)	(173,257)
<b>Provisions for liabilities</b>	19	(37,493)	(37,194)
<b>Net assets</b>		<u><u>5,466,058</u></u>	<u><u>3,847,411</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	54,000	54,000
Revaluation reserve		41,423	41,423
Capital redemption reserve		6,000	6,000
Profit and loss reserves		5,364,635	3,745,988
<b>Total equity</b>		<u><u>5,466,058</u></u>	<u><u>3,847,411</u></u>

The financial statements were approved by the board of directors and authorised for issue on 30 October 2017 and are signed on its behalf by:

A J Thrussell  
Director

Company Registration No. 03908728

# TSG BUILDING SERVICES PLC

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2017

	Notes	Share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 May 2015</b>		54,000	41,423	6,000	3,265,842	3,367,265
<b>Year ended 30 April 2016:</b>						
Profit and total comprehensive income for the year		-	-	-	1,480,146	1,480,146
Dividends	10	-	-	-	(1,000,000)	(1,000,000)
<b>Balance at 30 April 2016</b>		54,000	41,423	6,000	3,745,988	3,847,411
<b>Year ended 30 April 2017:</b>						
Profit and total comprehensive income for the year		-	-	-	1,618,647	1,618,647
<b>Balance at 30 April 2017</b>		54,000	41,423	6,000	5,364,635	5,466,058

# TSG BUILDING SERVICES PLC

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	26	820,321		683,408	
Interest paid		(26,411)		(23,587)	
Income taxes paid		(569,290)		(374,035)	
<b>Net cash inflow from operating activities</b>		224,620		285,786	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(82,302)		(111,506)	
Proceeds on disposal of tangible fixed assets		6,700		1,200	
Interest received		2,523		3,047	
<b>Net cash used in investing activities</b>		(73,079)		(107,259)	
<b>Financing activities</b>					
Repayment of bank loans		(37,034)		(35,216)	
Dividends paid		-		(1,000,000)	
<b>Net cash used in financing activities</b>		(37,034)		(1,035,216)	
<b>Net increase/(decrease) in cash and cash equivalents</b>		114,507		(856,689)	
Cash and cash equivalents at beginning of year		2,343,302		3,199,991	
<b>Cash and cash equivalents at end of year</b>		2,457,809		2,343,302	

# TSG BUILDING SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

---

### 1 Accounting policies

#### Company information

TSG BUILDING SERVICES PLC is a private company limited by shares incorporated in England and Wales. The registered office is TSG House, Cranbourne Industrial Estate, Carnborne Road, Potters Bar, Herts, EN6 3JN.

#### 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 pound.

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

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 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.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts is recognised by reference to the state of completion when the state of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to labour and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

#### 1.4 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:

Land and buildings Freehold	Held at open market value
Plant and machinery	10% - 25% of cost per annum
Fixtures, fittings & equipment	10% of cost per annum
Motor vehicles	25% of cost per annum

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 credited or charged to profit or loss.

# **TSG BUILDING SERVICES PLC**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 APRIL 2017**

---

### **1 Accounting policies**

**(Continued)**

#### **1.5 Investment properties**

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

#### **1.6 Impairment of fixed assets**

At each reporting end date, the company 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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **1.7 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.

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.

#### **1.8 Cash at bank and in hand**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in creditors falling due within one year.

#### **1.9 Financial instruments**

The company 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

# TSG BUILDING SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

---

### 1 Accounting policies

(Continued)

#### **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.

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **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 company 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 company after deducting all of its liabilities.

# TSG BUILDING SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

---

### 1 Accounting policies

(Continued)

#### **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.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

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

#### **1.10 Equity instruments**

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

#### **1.11 Derivatives**

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

#### **1.12 Taxation**

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



# TSG BUILDING SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

---

### 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 company'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 when the company has 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.

#### **1.13 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.

#### **1.14 Retirement benefits**

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

#### **1.15 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

# TSG BUILDING SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 2 Judgements and key sources of estimation uncertainty

In the application of the company'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.

#### Critical judgements

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

#### Revenue Recognition

The company assess the most likely outcome of each contract based on a number of technical & contractual factors. The company applies a prudent approach in assessing the carrying value in amounts recoverable on contracts and will provide for any debts not deemed recoverable.

#### Freehold and Investment Properties

The properties was valued at open market value by the directors and by using independent assessments from RONA partnership and JR property services in 2014. The directors do not consider the value has altered significantly since this date. There are significant judgements and estimates involved in arriving at a value.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017	2016
	£	£
<b>Turnover analysed by class of business</b>		
Building services	32,615,704	36,238,050

### 4 Operating profit

	2017	2016
	£	£
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditors for the audit of the company's financial statements	19,500	19,500
Depreciation of owned tangible fixed assets	75,878	60,565
Loss on disposal of tangible fixed assets	7,060	2,868
Operating lease charges	537,802	590,413

# TSG BUILDING SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 5 Employees

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

	2017 Number	2016 Number
Office and administration	82	73
Production and site	168	171
	<u>250</u>	<u>244</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	7,985,202	8,498,105
Social security costs	843,586	859,408
Pension costs	86,958	119,227
	<u>8,915,746</u>	<u>9,476,740</u>

### 6 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	714,774	724,654
Company pension contributions to defined contribution schemes	47,762	24,412
	<u>762,536</u>	<u>749,066</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2016 - 6).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	127,961	132,091
Company pension contributions to defined contribution schemes	21,675	7,500
	<u>149,636</u>	<u>139,591</u>

### 7 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	2,523	3,047
	<u>2,523</u>	<u>3,047</u>

# TSG BUILDING SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 8 Interest payable and similar expenses

	2017 £	2016 £
Interest on bank overdrafts and loans	10,535	9,979
Other interest	15,876	13,608
	<u>26,411</u>	<u>23,587</u>

### 9 Taxation

	2017 £	2016 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	438,205	389,190
	<u>438,205</u>	<u>389,190</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	299	2,114
	<u>299</u>	<u>2,114</u>
<b>Total tax charge</b>	<u>438,504</u>	<u>391,304</u>

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:

	2017 £	2016 £
Profit before taxation	2,057,151	1,871,450
	<u>2,057,151</u>	<u>1,871,450</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.92% (2016: 20.00%)	409,739	374,290
Tax effect of expenses that are not deductible in determining taxable profit	28,872	18,050
Effect of change in corporation tax rate	(107)	(1,036)
	<u>438,504</u>	<u>391,304</u>
<b>Taxation charge for the year</b>	<u>438,504</u>	<u>391,304</u>

### 10 Dividends

	2017 £	2016 £
Interim paid	-	1,000,000
	<u>-</u>	<u>1,000,000</u>

# TSG BUILDING SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 11 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 May 2016	788,000	249,523	9,250	174,465	1,221,238
Additions	-	7,561	-	74,741	82,302
Disposals	-	-	-	(16,354)	(16,354)
At 30 April 2017	788,000	257,084	9,250	232,852	1,287,186
<b>Depreciation and impairment</b>					
At 1 May 2016	-	139,627	925	87,003	227,555
Depreciation charged in the year	-	25,271	925	49,682	75,878
Eliminated in respect of disposals	-	-	-	(2,594)	(2,594)
At 30 April 2017	-	164,898	1,850	134,091	300,839
<b>Carrying amount</b>					
At 30 April 2017	788,000	92,186	7,400	98,761	986,347
At 30 April 2016	788,000	109,894	8,325	87,462	993,681

The land and buildings was valued at open market value by the directors and by using independent assessments from RONA partnership in April 2014. The directors do not consider the value has altered significantly since this date.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2017 £	2016 £
Cost	727,567	727,567
Accumulated depreciation	-	-
Carrying value	727,567	727,567

### 12 Investment property

	2017 £
<b>Fair value</b>	
At 1 May 2016	-
Transfers from owner-occupied property	175,000
At 30 April 2017	175,000

# TSG BUILDING SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 12 Investment property

(Continued)

The properties was valued at open market value by the directors and by using independent assessments from JR property services in 2014. The directors do not consider the value has altered significantly since this date.

### 13 Financial instruments

	2017 £	2016 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	5,721,488	5,724,744
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	5,916,573	7,338,090

### 14 Debtors

	2017 £	2016 £
<b>Amounts falling due within one year:</b>		
Trade debtors	5,668,712	5,380,622
Gross amounts due from contract customers	1,525,596	2,343,221
Other debtors	384,366	383,506
Prepayments and accrued income	761,421	309,214
	8,340,095	8,416,563

### 15 Stocks

	2017 £	2016 £
Raw materials and consumables	60,097	77,598

### 16 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	18	37,493	45,395
Trade creditors		5,258,091	5,749,908
Corporation tax		258,115	389,198
Other taxation and social security		341,109	394,251
Other creditors		196,436	975,588
Accruals and deferred income		280,428	393,942
		6,371,672	7,948,282

# TSG BUILDING SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 17 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	18	144,125	173,257

Amounts included above which fall due after five years are as follows:

Payable by instalments	-	18,710
------------------------	---	--------

### 18 Loans and overdrafts

	2017 £	2016 £
Bank loans	181,618	218,652
Payable within one year	37,493	45,395
Payable after one year	144,125	173,257

The bank loan is secured by a fixed charge over the property held by the company and is at a rate of 3.75% over the bank base rate repayable over ten years.

The directors' loan are unsecured, interest free and repayable on demand. The loans represents amounts owed to C A Thrussell, B P Thrussell and A J Thrussell,

### 19 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	20	37,493	37,194

### 20 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2017 £	Liabilities 2016 £
Balances:		
ACAs	26,483	26,184
Revaluations	11,010	11,010
	37,493	37,194

# TSG BUILDING SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 20 Deferred taxation (Continued)

	2017 £
<b>Movements in the year:</b>	
Liability at 1 May 2016	37,194
Charge to profit or loss	406
Effect of change in tax rate - profit or loss	(107)
Liability at 30 April 2017	<u>37,493</u>

### 21 Retirement benefit schemes

	2017 £	2016 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>86,958</u>	<u>119,227</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 22 Share capital

	2017 £	2016 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
54,000 Ordinary shares of £1 each	<u>54,000</u>	<u>54,000</u>
	<u>54,000</u>	<u>54,000</u>

### 23 Financial commitments, guarantees and contingent liabilities

Bonds to Local Authorities are £250,000 (2016 - £250,000).

Barclays Bank PLC have a fixed and floating charge on 10 Maynard Place, Cuffley.



# TSG BUILDING SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 24 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £	2016 £
Within one year	270,430	163,731
Between two and five years	226,769	27,524
	<u>497,199</u>	<u>191,255</u>

### 25 Related party transactions

A J Thrussell, B P Thrussell and R J Glendinning are directors of Swift Contact Ltd. During the year the company had the following transactions with Swift Contact Ltd: -

- The company made sales of £250,012 (2016: - £156,258) in respect of management services. There is a balance of £418,259 shown as debtors at the year end.
- Swift Contact Ltd made sales of £318,911 (2016: - £253,112) to the company. There is a balance of £686,433 shown as creditors at the year end.

### 26 Cash generated from operations

	2017 £	2016 £
Profit for the year after tax	1,618,647	1,480,146
<b>Adjustments for:</b>		
Taxation charged	438,504	391,304
Finance costs	26,411	23,587
Investment income	(2,523)	(3,047)
Loss on disposal of tangible fixed assets	7,060	2,868
Depreciation and impairment of tangible fixed assets	75,878	60,565
<b>Movements in working capital:</b>		
Decrease in stocks	17,501	106,851
Decrease/(increase) in debtors	368,674	(1,479,169)
(Decrease)/increase in creditors	(1,729,831)	100,303
<b>Cash generated from operations</b>	<u>820,321</u>	<u>683,408</u>

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.