

**COMPANY REGISTRATION NUMBER SC083579**

**DENHOLM INDUSTRIAL SERVICES LIMITED**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2015**

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**DENHOLM INDUSTRIAL SERVICES LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2015**

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**DENHOLM INDUSTRIAL SERVICES LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

<b>Directors</b>	D Bonaccorsi (Resigned 7 July 2015) T McIlduff D L O'Brien W M McFadyen J P H More (Appointed 9 January 2015) T Ross B D R Maclehose (Appointed 9 January 2015) R W H Smith (Appointed 19 March 2015)
<b>Secretary</b>	G A Hanson
<b>Registered office</b>	18 Woodside Crescent Glasgow G3 7UL
<b>Independent auditor</b>	Deloitte LLP Chartered Accountants and Statutory Auditor Edinburgh United Kingdom

**DENHOLM INDUSTRIAL SERVICES LIMITED**  
**STRATEGIC REPORT**  
**YEAR ENDED 31 DECEMBER 2015**

The directors in preparing this strategic report have complied with s414C of the Companies Act 2006.

**Business review**

The principal activity of the company is the provision of scaffolding and painting services within the UK.

The directors consider the trading result for the year to be in line with expectations. The directors are anticipating a equally difficult trading environment in 2016, as they look to secure further long term work to replace contracts completed during the year.

The company's key performance indicators are turnover, operating (loss)/profit and (loss)/profit on ordinary activities before taxation. Turnover for the year amounted to £5,857,813 (2014 - £6,563,697), operating loss amounted to £442,343 (2014 - profit: £616,249) and loss on ordinary activities before taxation amounted to £388,814 (2014 - profit: £696,120).

The results include a significant final receipt from a construction project of which the final account was agreed within the current period. Delays in the M.O.D procurement processes and prolongation to work flow impacted on turnover, decreasing by 10.7% from the prior year.

**Financial risk management**

The company's principal risks and uncertainties relate to economic factors such as government spending cuts and the performance of competitors. To mitigate against these risks the company is seeking to build on its current market share and develop into new business sectors.

The company's principal financial assets are bank balances and trade debtors. The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. The company has a relatively concentrated credit risk, with exposure spread over a small number of customers. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The company's principal financial liabilities are trade creditors.

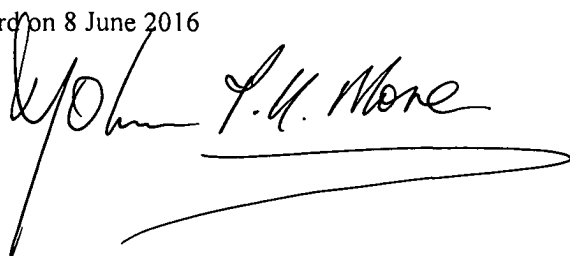
In the normal course of business the company makes all sales and purchases in sterling.

**Future developments**

Whilst the directors anticipate a difficult trading environment in 2016, long term work is being sought to replace the contracts completed during 2015.

By order of the Board on 8 June 2016

J P H MORE  
Director

A handwritten signature in black ink, appearing to read 'J. P. H. More', is written over a horizontal line. The signature is fluid and cursive.

**DENHOLM INDUSTRIAL SERVICES LIMITED**  
**THE DIRECTORS' REPORT**  
**YEAR ENDED 31 DECEMBER 2015**

The directors submit their report and the financial statements of the company for the year ended 31 December 2015.

**Results and dividends**

The loss for the year after taxation was £279,345 (2014 - profit: £540,187). The directors do not recommend a dividend for the year ended 31 December 2015 (2014 - £Nil).

**Principal activity**

The principal activity of the company is the provision of scaffolding and painting services within the UK.

**Financial risk management**

Information on the company's financial risk management and future developments is included within the Strategic report.

**Directors**

The directors who served the company during the year and to the date of this report are listed on page 1.

**Employment policies**

The company's employment policies are built around Fairness, Achievement, Integrity and Respect as set out in the Denholm Standard for employment.

**Directors' responsibilities statement**

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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The financial statements are required by law to 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 year.

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 United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors, having considered the company's forecasts, cash resources, and documented access to group facilities, have concluded that the company has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the Annual Report and the financial statements.

The directors are responsible for keeping proper accounting records which 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.

**DENHOLM INDUSTRIAL SERVICES LIMITED**

**THE DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 31 DECEMBER 2015**

As at the date of this report, as far as each director is aware, there is no relevant audit information of which the company's auditor is unaware. Each of the directors have taken such steps as they should have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

By order of the Board on 8 June 2016

A handwritten signature in black ink, appearing to be 'G A HANSON', written over a horizontal line.

G A HANSON  
Company Secretary

**DENHOLM INDUSTRIAL SERVICES LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENHOLM**  
**INDUSTRIAL SERVICES LIMITED**  
**YEAR ENDED 31 DECEMBER 2015**

We have audited the financial statements of Denholm Industrial Services Limited, company registration number SC083579, for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 19. 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, 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 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**DENHOLM INDUSTRIAL SERVICES LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENHOLM**  
**INDUSTRIAL SERVICES LIMITED***(continued)*  
**YEAR ENDED 31 DECEMBER 2015**

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

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

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



James Boyle CA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Edinburgh  
United Kingdom

**8 JUNE 2016**



**DENHOLM INDUSTRIAL SERVICES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £	2014 £
TURNOVER	2	5,857,813	6,563,697
Cost of sales		<u>(3,831,180)</u>	<u>(3,499,075)</u>
GROSS PROFIT		2,026,633	3,064,622
Distribution costs		(333,512)	(319,450)
Administrative expenses		(2,178,817)	(2,130,576)
Profit on disposal of fixed assets	3	43,353	1,653
OPERATING (LOSS)/PROFIT	4	(442,343)	616,249
Interest receivable and similar income	7	53,529	79,871
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(388,814)</u>	<u>696,120</u>
Tax on (loss)/profit on ordinary activities	8	109,469	(155,933)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u><u>(279,345)</u></u>	<u><u>540,187</u></u>

All of the activities of the company are classed as continuing.

**Statement of other comprehensive income**

There are no items of other comprehensive income other than the loss of £279,345 attributable to the shareholders for the year ended 31 December 2015 (2014 - profit of £540,187). Accordingly, a statement of other comprehensive income is not presented.

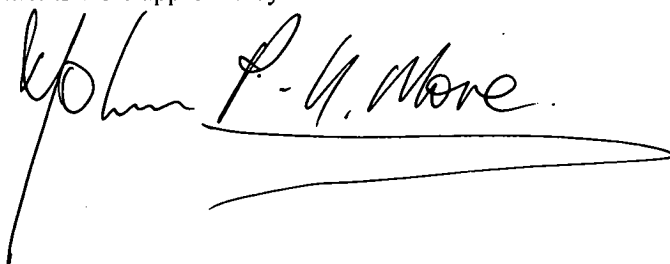
The notes on pages 10 to 20 form part of these financial statements.

**DENHOLM INDUSTRIAL SERVICES LIMITED**  
**BALANCE SHEET**  
**31 DECEMBER 2015**

	Note	2015 £	2014 £
<b>FIXED ASSETS</b>			
Tangible assets	9	<u>1,727,250</u>	<u>1,121,596</u>
<b>CURRENT ASSETS</b>			
Debtors due within one year	10	2,294,306	3,522,056
Cash at bank and in hand		<u>27,579</u>	<u>23,689</u>
		<b>2,321,885</b>	3,545,745
<b>CREDITORS: Amounts falling due within one year</b>	12	<b>(1,777,663)</b>	<b>(2,116,524)</b>
<b>NET CURRENT ASSETS</b>		<b>544,222</b>	1,429,221
<b>PROVISIONS FOR LIABILITIES</b>	13	<b>(344,000)</b>	<b>(344,000)</b>
<b>NET ASSETS</b>		<u><b>1,927,472</b></u>	<u><b>2,206,817</b></u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	17	500,000	500,000
Profit and loss account		<u>1,427,472</u>	<u>1,706,817</u>
<b>SHAREHOLDERS' FUNDS</b>		<u><b>1,927,472</b></u>	<u><b>2,206,817</b></u>

These financial statements were approved by the Board on 8 June 2016

J P H MORE  
Director



The notes on pages 10 to 20 form part of these financial statements.

**DENHOLM INDUSTRIAL SERVICES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**31 DECEMBER 2015**

	Note	Called up Share capital £	Profit and loss account £	Total £
As at 31 December 2013 as previously stated		500,000	1,166,630	1,666,630
Adjustments made in respect of transition to FRS 102	19	-	-	-
<b>At 1 January 2014</b>		<b>500,000</b>	<b>1,166,630</b>	<b>1,666,630</b>
Profit for the financial year		-	540,187	540,187
<b>At 31 December 2014</b>		<b>500,000</b>	<b>1,706,817</b>	<b>2,206,817</b>
Loss for the financial year		-	(279,345)	(279,345)
<b>At 31 December 2015</b>		<b>500,000</b>	<b>1,427,472</b>	<b>1,927,472</b>

The notes on pages 10 to 20 form part of these financial statements.

**DENHOLM INDUSTRIAL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2015**

**1 ACCOUNTING POLICIES**

**Basis of accounting**

Denholm Industrial Services Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1 and its principal activities are set out in the Directors' Report.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. They have been prepared on the going concern basis as explained in the Directors' Report.

These financial statements have been prepared under FRS 102 for the first time. There have been no adjustments in the current or prior year arising from the transition to the new accounting standard.

The functional and presentational currency of Denholm Industrial Services Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

**Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard 102, Section 1 from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent company includes the company in its consolidated financial statements.

**Turnover**

The turnover shown in the profit and loss account represents amounts earned during the year and is stated net of Value Added Tax.

**Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated on a straight line basis to write off the cost less estimated residual value of tangible fixed assets over their anticipated useful lives, as follows:

Motor vehicles	- over 2 - 4 years
Leasehold Property	- over the lesser period of the lease
Office Equipment	- over 4 years
Plant & Machinery	- over 3 - 10 years
Freehold land is not depreciated.	

**Leases**

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

**Pension costs**

Employees are entered into a defined contribution scheme and contributions to the scheme are charged to the profit and loss account as incurred.

**DENHOLM INDUSTRIAL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2015**

**1 ACCOUNTING POLICIES** *(continued)*

**Taxation**

Current tax is provided at amounts expected to be paid (or received) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be argued as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

**Long term contracts**

Where the outcome of a construction or long term contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion of the contract completed to date, as assessed by management. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a contract cannot be estimated reliably, revenue is recognised to the extent of costs incurred where it is probable they will be recovered. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total costs will exceed total revenue, the expected loss is recognised as an expense immediately.

**Provision for warranty claims**

A number of the company's contracts include warranty obligations in respect of the work it has undertaken. These obligations continue for a variety of periods up to a maximum of seven years. The directors recognise a provision for future costs expected to be incurred in respect of warranties issued up to the balance sheet date based on their best estimate of such costs. The level of provision is reassessed at least annually based on latest information, the company's warranty track record and any known issues.

**DENHOLM INDUSTRIAL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2015**

1 ACCOUNTING POLICIES *(continued)*

**Financial instruments**

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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.

The directors have taken advantage of the exemption in Financial Reporting Standard 102, Section 1 from including a detailed financial instruments note on the grounds that the company is a qualifying entity and detailed information on the financial instruments are included in the consolidated financial statements of the ultimate parent.

**(i) Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs).

Debt instruments that are classified as payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are derecognised when and only when the contractual rights to the cash flows from the financial asset expire or are settled.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

**(ii) Fair value measurement**

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

**DENHOLM INDUSTRIAL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2015**

**1 ACCOUNTING POLICIES *(continued)***

**Critical accounting 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 amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical judgments and estimates in applying the Company's accounting policies:**

The following are the critical judgements and estimates, that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

**(a) Revenue recognition and margin recognition on contracts in progress**

Revenue and projected margin on lump sum contracts for services, construction contracts and fixed price long-term service agreements is recognised based on the completion of a physical proportion of the contract work. Estimating the stage of completion is a key judgement in respect of revenue recognition on these contracts.

**(b) Provisions and warranties**

The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiation. Judgement is required in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

**(c) Useful life and residual value of property, plant and equipment**

The carrying value of property, plant and equipment is calculated on the basis of estimates of depreciation periods and residual values. The expected useful life of an asset and its estimated residual value may change as a result of changes in market circumstances and changes in the use of the asset. The company will carry out an impairment review whenever changes in circumstances indicate that the carrying value of the asset may not be recoverable.

**2 TURNOVER**

Turnover, stated exclusive of Value Added Tax, is derived from one continuing activity and represents amounts earned for the provision of scaffolding and painting services in the United Kingdom.

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Rendering of services	<b><u>5,857,813</u></b>	<b><u>6,563,697</u></b>

**DENHOLM INDUSTRIAL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2015**

**3 OTHER OPERATING INCOME**

	<b>2015</b>	2014
	<b>£</b>	£
Profit on disposal of fixed assets	<b>43,353</b>	1,653

**4 OPERATING (LOSS)/PROFIT**

Operating (loss)/profit is stated after charging/(crediting):

	<b>2015</b>	2014
	<b>£</b>	£
Depreciation of tangible fixed assets	<b>347,811</b>	368,881
Profit on disposal of fixed assets	<b>(43,353)</b>	(1,653)
Auditor's remuneration - audit fees	<b>22,405</b>	20,000
Operating lease costs:		
Land and buildings	<b>134,367</b>	151,605

**5 PARTICULARS OF EMPLOYEES**

The average number of staff employed by the company during the financial year amounted to:

	<b>2015</b>	2014
	<b>Number</b>	Number
Number of production staff	<b>66</b>	60
Number of administrative staff	<b>18</b>	16
Number of management staff	<b>8</b>	7
	<b>92</b>	83

The aggregate payroll costs of the above were:

	<b>2015</b>	2014
	<b>£</b>	£
Wages and salaries	<b>2,769,838</b>	2,254,821
Social security costs	<b>302,445</b>	236,344
Other pension costs (note 14)	<b>97,080</b>	64,023
	<b>3,169,363</b>	2,555,188



**DENHOLM INDUSTRIAL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2015**

**6 DIRECTORS' REMUNERATION**

The directors' aggregate remuneration in respect of qualifying services were:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Remuneration receivable	<b>608,344</b>	642,957
Company pension contributions to money purchase schemes	<b>59,489</b>	30,097
	<u><b>667,833</b></u>	<u>673,054</u>

Some of the company's directors were paid by other group companies during the year and in the prior year. The emoluments reported above relate to the remuneration paid to the directors for their services to the entire Industrial Services group.

Remuneration of highest paid director:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Total remuneration (excluding pension contributions)	<b>160,262</b>	303,404
Company pension contributions to money purchase scheme	<b>18,750</b>	-
	<u><b>179,012</b></u>	<u>303,404</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
Money purchase schemes	<u><b>6</b></u>	<u>5</u>

**7 INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Bank interest received	<b>94</b>	356
Interest receivable on amounts due from group undertakings	<b>53,435</b>	79,515
	<u><b>53,529</b></u>	<u>79,871</u>

**DENHOLM INDUSTRIAL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2015**

**8. TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES**

**(a) Analysis of tax (credit)/charge in the year**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	<b>(105,423)</b>	183,146
Over provision in prior year	<b>(42,117)</b>	-
Total current tax	<b>(147,540)</b>	183,146
Deferred tax:		
Origination and reversal of timing differences	<b>38,071</b>	(27,213)
Tax on (loss)/profit on ordinary activities	<b>(109,469)</b>	155,933

**(b) Factors affecting current tax (credit)/charge for the year**

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%). The differences are reconciled below:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
(Loss)/profit on ordinary activities before tax	<b>(388,814)</b>	696,120
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.5%)	<b>(78,735)</b>	149,666
Expenses not deductible for tax purposes	<b>968</b>	4,286
Adjustments in respect of prior periods	<b>(42,143)</b>	-
Difference in current tax rate and deferred tax rate	<b>10,441</b>	1,981
Total tax expense	<b>(109,469)</b>	155,933

**DENHOLM INDUSTRIAL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2015**

**9 TANGIBLE FIXED ASSETS**

	<b>Freehold &amp; Leasehold Property £</b>	<b>Plant &amp; Machinery £</b>	<b>Motor Vehicles £</b>	<b>Office Equipment £</b>	<b>Total £</b>
Cost					
At 1 January 2015	839,775	6,292,820	695,009	1,145,447	8,973,051
Additions	16,527	774,760	117,639	46,914	955,840
Disposals	-	(554,898)	(69,974)	-	(624,872)
At 31 December 2015	<b>856,302</b>	<b>6,512,682</b>	<b>742,674</b>	<b>1,192,361</b>	<b>9,304,019</b>
Depreciation					
At 1 January 2015	334,929	5,736,054	653,411	1,127,061	7,851,455
Charge for the year	5,509	291,859	33,645	16,798	347,811
On disposals	-	(552,523)	(69,974)	-	(622,497)
At 31 December 2015	<b>340,438</b>	<b>5,475,390</b>	<b>617,082</b>	<b>1,143,859</b>	<b>7,576,769</b>
Net Book Value					
At 31 December 2015	<b>515,864</b>	<b>1,037,292</b>	<b>125,592</b>	<b>48,502</b>	<b>1,727,250</b>
At 31 December 2014	504,846	556,766	41,598	18,386	1,121,596

**DENHOLM INDUSTRIAL SERVICES LIMITED**  
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**10 DEBTORS**

	2015 £	2014 £
Amounts falling due within one year:		
Trade debtors	1,238,395	480,779
Amounts owed by group undertakings	575,965	1,860,160
Amounts recoverable on contracts	229,006	1,012,825
Other debtors	-	523
Corporation tax	105,422	-
Prepayments and accrued income	48,475	32,655
Deferred taxation (note 11)	97,043	135,114
	<u>2,294,306</u>	<u>3,522,056</u>

The financial assets above are recorded at the transaction price. The debt instruments receivable above are reported at the undiscounted amount payable.

The amount owed by group undertakings includes a loan to the immediate parent company which bears interest at a fixed rate of 4% and is payable on demand.

**11 DEFERRED TAXATION**

The deferred tax included in the balance sheet is as follows:

	2015 £	2014 £
Included in debtors (note 10)	<u>97,043</u>	<u>135,114</u>

The movement in the deferred taxation account during the year was:

	2015 £	2014 £
Balance brought forward	135,114	107,901
Profit and loss account movement arising during the year (note 8)	(38,071)	27,213
Balance carried forward	<u>97,043</u>	<u>135,114</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2015 £	2014 £
Accounting depreciation in excess of capital allowances	<u>97,043</u>	<u>135,114</u>

There is no unprovided deferred tax at 31 December 2015 or 31 December 2014.

**DENHOLM INDUSTRIAL SERVICES LIMITED**  
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12 CREDITORS: Amounts falling due within one year

	2015	2014
	£	£
Trade creditors	790,081	292,478
Amounts owed to group undertakings	6,000	46,904
Corporation tax	-	172,995
Other taxation and social security	193,630	185,363
Other creditors	12,468	59,568
Accruals and deferred income	775,484	1,359,216
	<u>1,777,663</u>	<u>2,116,524</u>

The financial liabilities above are recorded at the transaction price.

13 PROVISIONS FOR LIABILITIES

	2015	2014
	£	£
Provision for warranty claims	<u>344,000</u>	<u>344,000</u>

14 PENSIONS

The company contributes to a defined contribution scheme for which the pension charge for the year amounted to £97,080 (2014 - £64,023).

15 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2015 total future minimum lease payments under non-cancellable operating leases were as follows:

	2015	2014
	Land and buildings £	Land and buildings £
Operating lease payments due:		
Within 1 year	96,877	13,958
Within 2 to 5 years	216,408	63,467
	<u>313,285</u>	<u>77,425</u>

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**16 RELATED PARTY TRANSACTIONS**

Transactions with entities in which the J. & J. Denholm Limited group of companies has 100% of the voting rights are not disclosed as permitted by Section 33.1A of FRS 102.

In addition, advantage has been taken under Section 1.12 of FRS 102 from disclosing total remuneration of key management personnel, as the Company is a wholly owned subsidiary of J. & J. Denholm Limited.

**17 SHARE CAPITAL**

Allotted, called up and fully paid:

	2015		2014	
	Number	£	Number	£
Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

**18 ULTIMATE PARENT COMPANY**

The immediate parent undertaking is Denholm Industrial Services (Holdings) Limited, a company registered in Scotland. The ultimate parent undertaking is J. & J. Denholm Limited. Copies of the accounts of J. & J. Denholm Limited, the largest and smallest group undertaking, which consolidate the financial statements of the company, may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

**19 TRANSITION TO FRS 102**

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014. No adjustments have arisen on the transition to FRS 102.