

DENHOLM INDUSTRIAL SERVICES LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2016



DENHOLM INDUSTRIAL SERVICES LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

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DENHOLM INDUSTRIAL SERVICES LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

Directors	S A Hill (Appointed 30 January 2017) T McIllduff D L O'Brien M M Pride (Appointed 26 September 2016, Resigned 30 January 2017) W M McFadyen T Ross (Resigned 24 August 2016) J P H More (Resigned 17 October 2016) B D R Maclehose R W H Smith (Resigned 23 February 2017)
Secretary	G A Hanson
Registered office	18 Woodside Crescent Glasgow G3 7UL
Independent auditor	Deloitte LLP Chartered Accountants and Statutory Auditor Glasgow United Kingdom

DENHOLM INDUSTRIAL SERVICES LIMITED
STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2016

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 much improved trading result in 2017, as they look to secure further long term work.

The company's key performance indicators are turnover, operating loss and loss on ordinary activities before taxation. Turnover for the year amounted to £7,759,163 (2015 - £5,857,813), operating loss amounted to £1,274,743 (2015 - £442,343) and loss on ordinary activities before taxation amounted to £1,320,051 (2015 - £388,814).

The results include significant costs including extra management that were brought in order to develop business opportunities and explore new markets. This has resulted in turnover increasing by 32% 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 its current market share and develop new services to expand 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 amounts owed to group undertakings and 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 2017, long term secured contracts should return the company to profitability.

By order of the Board on 10 May 2017

S A HILL
Director

DENHOLM INDUSTRIAL SERVICES LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2016

The directors submit their report and the financial statements of the company for the year ended 31 December 2016.

Results and dividends

The loss for the year after taxation was £1,110,125 (2015 - £279,345). The directors do not recommend a dividend for the year ended 31 December 2016 (2015 - £Nil).

Principal activity

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

Financial risk management and future developments

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 2016

Directors' responsibilities statement *(continued)*

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 10 May 2017



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 2016

We have audited the financial statements of Denholm Industrial Services Limited, company registration number SC083579, for the year ended 31 December 2016 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 2016 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, based on the work undertaken in the course of the audit:

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

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 any material misstatements in the Strategic Report and the Directors' Report.

DENHOLM INDUSTRIAL SERVICES LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENHOLM
INDUSTRIAL SERVICES LIMITED *(continued)*
YEAR ENDED 31 DECEMBER 2016

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.



David Mitchell CA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Glasgow
United Kingdom

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DENHOLM INDUSTRIAL SERVICES LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
TURNOVER	2	7,759,163	5,857,813
Cost of sales		(5,277,126)	(3,831,180)
GROSS PROFIT		<u>2,482,037</u>	<u>2,026,633</u>
Distribution costs		(422,403)	(333,512)
Administrative expenses		(3,351,689)	(2,178,817)
Profit on disposal of fixed assets	3	17,312	43,353
OPERATING LOSS	4	<u>(1,274,743)</u>	<u>(442,343)</u>
Interest receivable and similar income	7	236	53,529
Interest payable and similar charges	8	(45,544)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(1,320,051)</u>	<u>(388,814)</u>
Tax on loss on ordinary activities	9	209,926	109,469
LOSS FOR THE FINANCIAL YEAR		<u><u>(1,110,125)</u></u>	<u><u>(279,345)</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 £1,110,125 attributable to the shareholders for the year ended 31 December 2016 (2015 - of £279,345). 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 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Tangible assets	10	<u>2,889,057</u>	<u>1,727,250</u>
CURRENT ASSETS			
Debtors due within one year	11	<u>2,207,918</u>	2,294,306
Cash at bank and in hand		<u>86,831</u>	27,579
		<u>2,294,749</u>	2,321,885
CREDITORS: Amounts falling due within one year	13	<u>(4,168,459)</u>	(1,777,663)
NET CURRENT (LIABILITIES)/ASSETS		<u>(1,873,710)</u>	544,222
PROVISIONS FOR LIABILITIES	14	<u>(198,000)</u>	(344,000)
NET ASSETS		<u>817,347</u>	<u>1,927,472</u>
CAPITAL AND RESERVES			
Called-up share capital	18	<u>500,000</u>	500,000
Profit and loss account		<u>317,347</u>	1,427,472
SHAREHOLDERS' FUNDS		<u>817,347</u>	<u>1,927,472</u>

These financial statements were approved by the Board on 10 May 2017

S A HILL
Director

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

DENHOLM INDUSTRIAL SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2016

	Called up Share capital £	Profit and loss account £	Total £
At 1 January 2015	500,000	1,706,817	2,206,817
Loss for the financial year	-	(279,345)	(279,345)
At 31 December 2015	500,000	1,427,472	1,927,472
Loss for the financial year	-	(1,110,125)	(1,110,125)
At 31 December 2016	500,000	317,347	817,347

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 2016

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.

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 2016

I 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 2016

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 2016

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.

	2016 £	2015 £
Rendering of services	<u>7,759,163</u>	<u>5,857,813</u>

DENHOLM INDUSTRIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

3 OTHER OPERATING INCOME

	2016	2015
	£	£
Profit on disposal of fixed assets	17,312	43,353

4 OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2016	2015
	£	£
Depreciation of tangible fixed assets	526,432	347,811
Profit on disposal of fixed assets	(17,312)	(43,353)
Auditor's remuneration - audit fees	22,394	22,405
Operating lease costs:		
Land and buildings	152,052	134,367

5 PARTICULARS OF EMPLOYEES

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

	2016	2015
	Number	Number
Number of production staff	102	66
Number of administrative staff	24	18
Number of management staff	8	8
	134	92

The aggregate payroll costs of the above were:

	2016	2015
	£	£
Wages and salaries	4,508,625	2,769,838
Social security costs	493,602	302,445
Other pension costs (note 15)	189,987	97,080
	5,192,214	3,169,363

DENHOLM INDUSTRIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

6 DIRECTORS' REMUNERATION

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

	2016	2015
	£	£
Remuneration receivable	520,459	608,344
Company pension contributions to money purchase schemes	55,765	59,489
Compensation for loss of office	86,000	-
	<u>662,224</u>	<u>667,833</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:

	2016	2015
	£	£
Total remuneration (excluding pension contributions)	112,952	160,262
Company pension contributions to money purchase scheme	14,063	18,750
	<u>127,015</u>	<u>179,012</u>

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

	2016	2015
	Number	Number
Money purchase schemes	<u>6</u>	<u>6</u>

7 INTEREST RECEIVABLE AND SIMILAR INCOME

	2016	2015
	£	£
Bank interest received	236	94
Interest receivable on amounts due from group undertakings	-	53,435
	<u>236</u>	<u>53,529</u>

DENHOLM INDUSTRIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

8 INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£	£
Interest payable on amounts due to group undertakings	45,544	-

9 TAXATION ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of tax credit in the year

	2016	2015
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	288,128	105,423
Over provision in prior year	(2,275)	42,117
Total current tax	285,853	147,540
Deferred tax:		
Origination and reversal of timing differences	(75,927)	(38,071)
Tax on loss on ordinary activities	209,926	109,469

(b) Factors affecting current tax credit for the year

The tax assessed on the loss on ordinary activities for the year is lower (2015 - higher) than the standard rate of corporation tax in the UK of 20.0% (2015: 20.25%). The differences are reconciled below:

	2016	2015
	£	£
Loss on ordinary activities before tax	(1,320,051)	(388,814)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.0% (2015: 20.25%)	264,010	78,735
Expenses not deductible for tax purposes	(5,050)	(968)
Adjustments in respect of prior periods	(53,665)	42,143
Capital gains covered by brought forward losses	3,285	-
Difference in current tax rate and deferred tax rate	1,346	(10,441)
Total tax credit	209,926	109,469

DENHOLM INDUSTRIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

10 TANGIBLE FIXED ASSETS

	Freehold & Leasehold Property £	Plant & Machinery £	Motor Vehicles £	Office Equipment £	Total £
Cost					
At 1 January 2016	856,302	6,512,682	742,674	1,192,361	9,304,019
Additions	1,054	1,428,292	225,196	51,227	1,705,769
Disposals	(320,725)	(47,880)	(77,575)	(9,592)	(455,772)
At 31 December 2016	536,631	7,893,094	890,295	1,233,996	10,554,016
Depreciation					
At 1 January 2016	340,438	5,475,390	617,082	1,143,859	7,576,769
Charge for the year	11,018	419,498	76,655	19,261	526,432
On disposals	(320,725)	(47,880)	(68,575)	(1,062)	(438,242)
At 31 December 2016	30,731	5,847,008	625,162	1,162,058	7,664,959
Net Book Value					
At 31 December 2016	505,900	2,046,086	265,133	71,938	2,889,057
At 31 December 2015	515,864	1,037,292	125,592	48,502	1,727,250

DENHOLM INDUSTRIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

11 DEBTORS

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	1,649,413	1,238,395
Amounts owed by group undertakings	1,526	575,965
Amounts recoverable on contracts	114,825	229,006
Corporation tax	288,128	105,422
Prepayments and accrued income	132,910	48,475
Deferred taxation (note 12)	21,116	97,043
	<u>2,207,918</u>	<u>2,294,306</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 in the prior year included a loan to the immediate parent company which bore interest at a fixed rate of 4% and was payable on demand.

12 DEFERRED TAXATION

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

	2016 £	2015 £
Included in debtors (note 11)	<u>21,116</u>	<u>97,043</u>

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

	2016 £	2015 £
Balance brought forward	97,043	135,114
Profit and loss account movement arising during the year (note 9)	(75,927)	(38,071)
Balance carried forward	<u>21,116</u>	<u>97,043</u>

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

	2016 £	2015 £
Accounting depreciation in excess of capital allowances	<u>21,116</u>	<u>97,043</u>

There is no unprovided deferred tax at 31 December 2016 or 31 December 2015.

DENHOLM INDUSTRIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

13 CREDITORS: Amounts falling due within one year

	2016	2015
	£	£
Trade creditors	641,931	790,081
Amounts owed to group undertakings	2,473,115	6,000
Other taxation and social security	292,596	193,630
Other creditors	25,781	12,468
Accruals and deferred income	735,036	775,484
	<u>4,168,459</u>	<u>1,777,663</u>

The financial liabilities above are recorded at the transaction price. The debt instruments payable above are recorded at the undiscounted amount payable.

The amount owed to group undertakings includes a loan from the immediate parent company which bears interest at a fixed rate of 3.75% (2015 - 4%) and repayable on demand.

14 PROVISIONS FOR LIABILITIES

	2016	2015
	£	£
Provision for warranty claims	<u>198,000</u>	<u>344,000</u>

15 PENSIONS

The company contributes to a defined contribution scheme for which the pension charge for the year amounted to £189,987 (2015 - £97,080).

16 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2016 total future minimum lease payments under non-cancellable operating leases were as follows:

	2016	2015
	Land and buildings £	Land and buildings £
Operating lease payments due:		
Within 1 year	135,491	96,877
Within 2 to 5 years	167,823	216,408
	<u>303,314</u>	<u>313,285</u>

DENHOLM INDUSTRIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

17 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 of the exemption 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.

18 SHARE CAPITAL

Allotted, called up and fully paid:

	2016		2015	
	Number	£	Number	£
Ordinary shares of £1 each	500,000	500,000	500,000	500,000

19 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.