

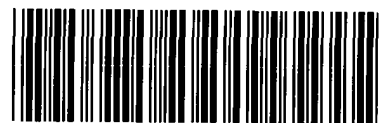
COMPANY REGISTRATION NUMBER SC083579

DENHOLM INDUSTRIAL SERVICES LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2017

WEDNESDAY



SCT *S7ETFYAB* 19/09/2018 #91
COMPANIES HOUSE

DENHOLM INDUSTRIAL SERVICES LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

CONTENTS	PAGE
Officers and professional advisers	1
Strategic report	2
Directors' report	3
Independent auditor's report to the members	5
Profit and loss account	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11

DENHOLM INDUSTRIAL SERVICES LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

Directors	S A Hill (Appointed 30 January 2017) B D R Maclehose W M McFadyen T McIlduff D L O'Brien M M Pride (Resigned 30 January 2017) R W H Smith (Resigned 23 February 2017) K P Daymond (Appointed 2 March 2018) S D Jenkins (Appointed 2 March 2018)
Secretary	G A Hanson
Registered office	18 Woodside Crescent Glasgow G3 7UL
Independent auditor	BDO LLP Chartered Accountants and Statutory Auditor Glasgow United Kingdom

DENHOLM INDUSTRIAL SERVICES LIMITED
STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2017

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 2018, 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 £11,978,471 (2016 - £7,759,163), operating loss amounted to £611,807 (2016 - £1,274,743) and loss on ordinary activities before taxation amounted to £739,483 (2016 - £1,320,051).

The development of business opportunities and exploration of new markets have resulted in turnover increasing by 54% from the prior year, and this was the main reason for the reduction in operating loss in the 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.

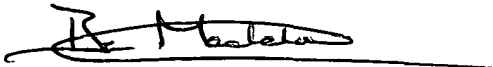
The company's principal financial assets are bank balances and trade debtors. The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. The company has a relatively concentrated credit risk, with exposure 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 2018, long term secured contracts should return the company to profitability.

By order of the Board on 10 May 2018.



B D R MacLehose
Director

DENHOLM INDUSTRIAL SERVICES LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2017

The directors submit their report and the financial statements of the company for the year ended 31 December 2017.

Company number

The company is registered in Scotland (company number SC083579).

Results and dividends

The loss for the year after taxation was £602,334 (2016 - £1,110,125). The directors do not recommend a dividend for the year ended 31 December 2017 (2016 - £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 strategic report, the directors' 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. 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 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 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 2017

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 2018.



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 2017

Opinion

We have audited the financial statements of Denholm Industrial Services Limited ("the Company") for the year ended 31 December 2017 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the directors' report and strategic report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

DENHOLM INDUSTRIAL SERVICES LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENHOLM
INDUSTRIAL SERVICES LIMITED
YEAR ENDED 31 DECEMBER 2017

Opinions on other matters 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 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.

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 director's report.

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

- adequate accounting records have not been kept, 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.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

DENHOLM INDUSTRIAL SERVICES LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENHOLM
INDUSTRIAL SERVICES LIMITED
YEAR ENDED 31 DECEMBER 2017

Auditor's responsibilities for the audit of the financial statements

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.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Mark McCluskey (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Glasgow, United Kingdom

10 May 2018

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

DENHOLM INDUSTRIAL SERVICES LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
TURNOVER	2	11,978,471	7,759,163
Cost of sales		<u>(9,585,961)</u>	<u>(5,277,126)</u>
GROSS PROFIT		2,392,510	2,482,037
Distribution costs		(402,049)	(422,403)
Administrative expenses		(2,668,839)	(3,351,689)
Profit on disposal of fixed assets	3	<u>66,571</u>	<u>17,312</u>
OPERATING LOSS	4	(611,807)	(1,274,743)
Interest receivable and similar income	7	1,937	236
Interest payable and similar charges	8	<u>(129,613)</u>	<u>(45,544)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(739,483)	(1,320,051)
Tax on loss on ordinary activities	9	137,149	209,926
LOSS FOR THE FINANCIAL YEAR		<u><u>(602,334)</u></u>	<u><u>(1,110,125)</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 £602,334 attributable to the shareholders for the year ended 31 December 2017 (2016 - of £1,110,125). Accordingly, a statement of other comprehensive income is not presented.

The notes on pages 11 to 21 form part of these financial statements.


DENHOLM INDUSTRIAL SERVICES LIMITED

BALANCE SHEET

31 DECEMBER 2017

	Note	2017 £	2016 £
FIXED ASSETS			
Tangible assets	10	<u>2,633,988</u>	<u>2,889,057</u>
CURRENT ASSETS			
Debtors due within one year	11	3,470,048	2,207,918
Cash at bank and in hand		<u>17,225</u>	<u>86,831</u>
		3,487,273	2,294,749
CREDITORS: Amounts falling due within one year	13	<u>(5,208,248)</u>	<u>(4,168,459)</u>
NET CURRENT LIABILITIES		<u>(1,720,975)</u>	<u>(1,873,710)</u>
TOTAL ASSETS LESS LIABILITIES		913,013	1,015,347
PROVISIONS FOR LIABILITIES	14	<u>(198,000)</u>	<u>(198,000)</u>
NET ASSETS		<u><u>715,013</u></u>	<u><u>817,347</u></u>
CAPITAL AND RESERVES			
Called-up share capital	15	500,000	500,000
Profit and loss account		<u>215,013</u>	<u>317,347</u>
SHAREHOLDERS' FUNDS		<u><u>715,013</u></u>	<u><u>817,347</u></u>

These financial statements were approved by the Board on 10 May 2018.



B D R MacLehose
Director

The notes on pages 11 to 21 form part of these financial statements.

DENHOLM INDUSTRIAL SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2017

	Called up Share capital £	Profit and loss account £	Total £
At 1 January 2016	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
Capital contribution - loan waiver		500,000	500,000
Loss for the financial year	-	(602,334)	(602,334)
At 31 December 2017	500,000	215,013	715,013

The notes on pages 11 to 21 form part of these financial statements.

DENHOLM INDUSTRIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

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.

During 2017, the Financial Reporting Council ('FRC') issued "Amendments to FRS 102 - Triennial Review 2017" which updated and clarified a number of areas in the Financial Reporting Standard. These amendments to FRS 102 come into effect for all companies from 1st January 2019, however early adoption is permitted. These financial statements have been prepared in accordance with this new Standard. No adjustments to the comparative information have arisen as a result of this change.

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.

Going concern

The company has net current liabilities of £1,720,975 (2016 - £1,873,710) at the balance sheet date. The directors note the loss incurred in the year to 31 December 2017.

The directors have prepared budgets and cashflow forecasts for at least 12 months from the date of signing these financial statements. The directors have identified no conditions which suggest that the company cannot continue to operate as a going concern. Accordingly the financial statements have been prepared on a going concern basis.

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 2017

1 ACCOUNTING POLICIES *(continued)*

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term deposits with a maturity date of 12 months or less.

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 2017

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 2017

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.

	2017	2016
	£	£
Rendering of services	<u>11,978,471</u>	<u>7,759,163</u>

DENHOLM INDUSTRIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

3 OTHER OPERATING INCOME

	2017	2016
	£	£
Profit on disposal of fixed assets	<u>66,571</u>	<u>17,312</u>

4 OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2017	2016
	£	£
Depreciation of tangible fixed assets	706,341	526,432
Profit on disposal of fixed assets	(66,571)	(17,312)
Auditor's remuneration - audit fees	14,550	22,394
Operating lease costs:		
Land and buildings	<u>151,194</u>	<u>152,052</u>

5 PARTICULARS OF EMPLOYEES

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

	2017	2016
	Number	Number
Number of production staff	160	102
Number of administrative staff	24	24
Number of management staff	6	8
	<u>190</u>	<u>134</u>

The aggregate payroll costs of the above were:

	2017	2016
	£	£
Wages and salaries	7,045,446	4,508,625
Social security costs	810,639	493,602
Other pension costs (note 16)	110,926	189,987
	<u>7,967,011</u>	<u>5,192,214</u>

DENHOLM INDUSTRIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

6 DIRECTORS' REMUNERATION

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

	2017	2016
	£	£
Remuneration receivable	438,815	520,459
Company pension contributions to money purchase schemes	39,010	55,765
Compensation for loss of office	-	86,000
	<u>477,825</u>	<u>662,224</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 company and fellow group undertakings. Certain of the directors are remunerated by J. & J. Denholm Limited and it is not practical to make apportionment of remuneration in respect of services provided to this company.

Remuneration of highest paid director:

	2017	2016
	£	£
Total remuneration (excluding pension contributions)	155,847	112,952
Company pension contributions to money purchase scheme	13,483	14,063
	<u>169,330</u>	<u>127,015</u>

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

	2017	2016
	Number	Number
Money purchase schemes	<u>5</u>	<u>6</u>

7 INTEREST RECEIVABLE AND SIMILAR INCOME

	2017	2016
	£	£
Bank interest received	1,836	236
Interest receivable on amounts due from group undertakings	101	-
	<u>1,937</u>	<u>236</u>

DENHOLM INDUSTRIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

8 INTEREST PAYABLE AND SIMILAR CHARGES

	2017	2016
	£	£
Interest payable on amounts due to group undertakings	<u>129,613</u>	<u>45,544</u>

9 TAXATION ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of tax credit in the year

	2017	2016
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	120,189	288,128
Over provision in prior year	(2,260)	(2,275)
Total current tax	<u>117,929</u>	<u>285,853</u>
Deferred tax:		
Origination and reversal of timing differences	19,220	(75,927)
Tax on loss on ordinary activities	<u>137,149</u>	<u>209,926</u>

(b) Factors affecting current tax credit for the year

The tax assessed on the loss on ordinary activities for the year is lower (2016 - lower) than the standard rate of corporation tax in the UK of 19.25% (2016: 20.0%). The differences are reconciled below:

	2017	2016
	£	£
Loss on ordinary activities before tax	<u>(739,483)</u>	<u>(1,320,051)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2015: 20.0%)	142,350	264,010
Expenses not deductible for tax purposes	(4,658)	(5,050)
Adjustments in respect of prior periods	1,360	(53,665)
Capital gains covered by brought forward losses	162	3,285
Difference in current tax rate and deferred tax rate	(2,065)	1,346
Total tax credit	<u>137,149</u>	<u>209,926</u>

DENHOLM INDUSTRIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

10 TANGIBLE FIXED ASSETS

	Freehold & Leasehold Property £	Plant & Machinery £	Motor Vehicles £	Office Equipment £	Total £
Cost					
At 1 January 2017	536,631	7,893,094	890,295	1,233,996	10,554,016
Additions	16,682	398,354	25,010	34,036	474,082
Disposals	(21,786)	(1,930,302)	(96,810)	(892,214)	(2,941,112)
At 31 December 2017	531,527	6,361,146	818,495	375,818	8,086,986
Depreciation					
At 1 January 2017	30,731	5,847,008	625,162	1,162,058	7,664,959
Charge for the year	3,417	584,389	86,666	31,869	706,341
On disposals	(21,786)	(1,916,304)	(87,998)	(892,214)	(2,918,302)
At 31 December 2017	12,362	4,515,093	623,830	301,713	5,452,998
Net Book Value					
At 31 December 2017	519,165	1,846,053	194,665	74,105	2,633,988
At 31 December 2016	505,900	2,046,086	265,133	71,938	2,889,057

DENHOLM INDUSTRIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

11 DEBTORS

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	2,318,956	1,649,413
Amounts owed by group undertakings	139,644	1,526
Amounts recoverable on contracts	698,331	114,825
Corporation tax	120,189	288,128
Prepayments and accrued income	152,592	132,910
Deferred taxation (note 12)	40,336	21,116
	<u>3,470,048</u>	<u>2,207,918</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 the Bank of England base rate and is repayable on demand.

12 DEFERRED TAXATION

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

	2017	2016
	£	£
Included in debtors (note 11)	<u>40,336</u>	<u>21,116</u>

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

	2017	2016
	£	£
Balance brought forward	21,116	97,043
Profit and loss account movement arising during the year (note 9)	19,220	(75,927)
Balance carried forward	<u>40,336</u>	<u>21,116</u>

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

	2017	2016
	£	£
Accounting depreciation in excess of capital allowances	<u>40,336</u>	<u>21,116</u>

There is no unprovided deferred tax at 31 December 2017 or 31 December 2016.

DENHOLM INDUSTRIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

13 CREDITORS: Amounts falling due within one year

	2017	2016
	£	£
Trade creditors	491,597	641,931
Amounts owed to group undertakings	2,916,442	2,473,115
Other taxation and social security	726,477	292,596
Other creditors	19,536	25,781
Accruals and deferred income	1,054,196	735,036
	<u>5,208,248</u>	<u>4,168,459</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 3.5% plus Bank of England base rate (2016 - 3.75%) and repayable on demand.

14 PROVISIONS FOR LIABILITIES

	2017	2016
	£	£
Provision for warranty claims	<u>198,000</u>	<u>198,000</u>

15 SHARE CAPITAL

Allotted, called up and fully paid:

	2017		2016	
	Number	£	Number	£
Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

The profit and loss account of £215,013 (2016 - £317,347) represents cumulative profits or losses, net of dividends paid and other adjustments.

16 PENSIONS

The company contributes to a defined contribution scheme for which the pension charge for the year amounted to £110,926 (2016 - £189,987).

DENHOLM INDUSTRIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

17 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2017 total future minimum lease payments under non-cancellable operating leases were as follows:

	2017	2016
	Land and	Land and
	buildings	buildings
	£	£
Operating lease payments due:		
Within 1 year	157,425	135,491
Within 2 to 5 years	292,382	167,823
	<hr/> 449,807 <hr/>	<hr/> 303,314 <hr/>

18 FINANCIAL COMMITMENTS

The company has contracted capital commitments at 31 December 2017 of £120,170 (2016 - £nil).

19 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.

20 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.