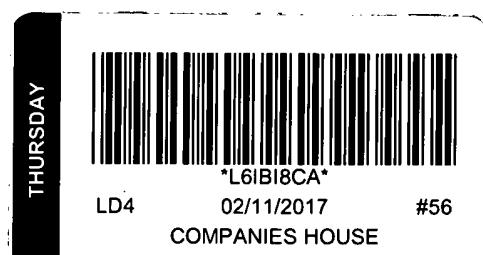


ISS Technical Services Accounts Limited

Annual report and financial statements

31 December 2016

Company registration number 8526410



ISS Technical Services Accounts Limited

Annual report and financial statements for the year ended 31 December 2016

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ISS Technical Services Accounts Limited

Strategic report for the year ended 31 December 2016

The directors submit their strategic report for the year ended 31 December 2016.

Principal activities

The principal activity of the Company is the provision of facilities management services, building fabrication, property maintenance, energy and asset management.

Results, key performance indicators and review of business

The Company's loss for the financial year, after taxation, was €273,000 (2015: €510,000).

	2016	2015
Revenue	€623,000	€1,653,000
Gross profit margin	(25%)	6%
Operating profit margin	(59%)	(31%)
Cash (used)/generated (in)/from operations	€358,000	(€773,000)

We remain focused on the contracted-out facilities management market place and we continue to be driven by our ability to collaborate with our clients to drive developments in the facilities management market place.

Future developments

The Company has a clear strategy of growing its market share. As part of the ongoing growth strategy the Company is focused on organic growth and delivering benefits from strategic acquisitions to enhance and extend the current service offering.

Risks and uncertainties

Risks and uncertainties are inherent in all businesses, and our Company is no exception. Risk management is seen as an important element of internal control and is used to mitigate the Company's exposure to such risks.

The key risks facing the business and how we address them are outlined below.

Commercial

Risk from losing out to our competitors is minimised by us ensuring that we maintain our competitive edge through innovation and quality of service delivery. We do this by allocating sufficient resources to developing our service; developing our customer relationships by assigning key account directors solely servicing each of our major customers; and reacting quickly to any issues raised in our regular customer satisfaction surveys.

Our exposure to market risks is also limited by the fact that we operate through a wide range of contracts servicing a diverse range of customers in a variety of business sectors.

ISS Technical Services Accounts Limited

Strategic report for the year ended 31 December 2016

Risks and uncertainties (continued)

Supply chain

The risk of reliance on key suppliers is minimised by implementing a system of approved suppliers, which is regularly reviewed to ensure that it services our needs without imposing undue risk on our supply chain. In order to achieve approved supplier status, there are extensive reviews carried out, particularly with subcontractors, to ensure quality of service, adherence to appropriate health and safety legislation and verification of industry licences and standards.

Human resources

Our people are an important element of our service and having a resource pool of appropriately qualified technicians helps us to mitigate the risk of poor service delivery. Training and personal development programmes are in place to ensure that this is addressed and, where possible, on new or extended contracts we seek to transfer technical staff to ISS Technical Services Accounts Limited under the Transfer of Undertaking for Protection of Employees arrangements.

Management continually reviews the talent pool in the organisation and identifies and addresses succession risks.

Regulatory and legal

The board recognises that non-compliance with relevant laws and regulations may result in substantial fines or penalties. Control mechanisms are in place for monitoring compliance and are built into our service delivery processes.

Health and safety compliance is of paramount importance in mitigating our risks. All new employees undergo a comprehensive health and safety induction with subsequent review as part of our continuous development process. Accidents and incidents are reported to local board directors and, where appropriate, to the board.

Our insurances are reviewed regularly to ensure that all identified risks on contracts and any liability through our service delivery are adequately covered. Before we take on a major contract, a process of contract review is in place to assess all potential risks in order that they can be reduced to an acceptable level.

Information, communication and technology systems

Development and continuous review of business continuity plans and back-up procedures occurs to maximise business continuity in the event of threats to operations.

On behalf of the board



B Plucnar Jensen
Director

Velocity 1
Brooklands Drive
Brooklands
Weybridge
Surrey
KT13 0SL

31 October 2017

ISS Technical Services Accounts Limited

Directors' report for the year ended 31 December 2016

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

Dividends

The directors do not recommend payment of a dividend (2015: £nil).

Going concern

The company is dependent for its working capital on funds provided to it by ISS UK Limited, the company's parent company. ISS UK Limited has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available.

Therefore the directors continue to adopt the going concern basis in preparing the financial statements.

Financial risk management

The Company's policy is to finance its operations through a mixture of short term intercompany creditors and bank overdraft. The Company does not trade in financial instruments and has limited exposure to interest rate and liquidity risk.

Directors

The directors who have held office during the year and up to the date of signing the financial statements are as follows:

M Brabin	(appointed 1 August 2016)
G J Kidd	(resigned 1 September 2016)
R I Sykes	(resigned 1 August 2016)
J Vestergaard	(resigned 3 October 2016)
B Plucnar Jensen	(appointed 3 October 2016)

Employee involvement

The Company's policy is to consult and discuss with employees matters likely to affect employees' interests. Information on matters of concern to employees is given through information bulletins and reports.

The Company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled to enable them to perform work identified as appropriate to their aptitudes.

Qualifying third-party indemnity provisions

The company purchased and maintained throughout the financial year, and at the date of approval of the financial statements, Directors' and Officers' liability insurance in respect of itself and its Directors.

ISS Technical Services Accounts Limited

Directors' report for the year ended 31 December 2016

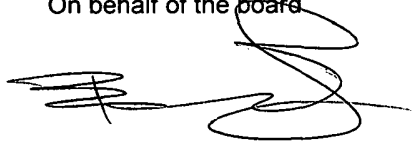
Disclosure of information to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

On behalf of the board



B Plucnar Jensen
Director

Velocity 1
Brooklands Drive
Brooklands
Weybridge
Surrey
KT13 0SL

31 October 2017

ISS Technical Services Accounts Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, 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. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;

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

ISS Technical Services Accounts Limited

Independent auditor's report to the members of ISS Technical Services Accounts Limited

We have audited the financial statements of ISS Technical Services Accounts Limited for the year ended 31 December 2016, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (as adopted in the E.U.)

This report is made solely to the Company's member, 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 member those matters we are required to state to it in an auditors' 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 member 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 Statement of Directors' Responsibilities set out on page 7, 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 and financial statements 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 the 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 International Financial Reporting Standards (as adopted in the E.U.)
- have been prepared in accordance with the requirements of the Companies Act 2006.

ISS Technical Services Accounts Limited

Independent auditor's report to the members of ISS Technical Services Accounts Limited *(continued)*

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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

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



Mohan Pandian (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date: 2 NOV 2017

ISS Technical Services Accounts Limited

Statement of comprehensive income for the year ended 31 December 2016

	Note	2016	2015
		€'000	€'000
Revenue	2	623	1,653
Cost of sales		(776)	(1,555)
Gross (loss)/profit		(153)	98
Administrative expenses		(212)	(594)
Operating loss	3	(365)	(496)
Impairment of investment	5	(68)	-
Finance costs	4	(25)	(14)
Loss on ordinary activities before taxation		(458)	(510)
Income tax credit	7	185	-
Loss for the year and total comprehensive income		(273)	(510)

All activities relate to continuing operations.

ISS Technical Services Accounts Limited

Statement of changes in equity for the year ended 31 December 2016

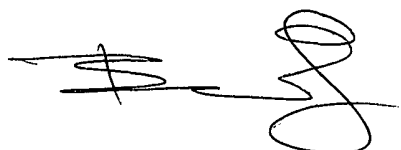
	Share capital	Retained earnings	Total equity
	€'000	€'000	€'000
As at 1 January 2015	-	(623)	(623)
Loss for the year	-	(510)	(510)
As at 1 January 2016	-	(1,133)	(1,133)
Loss for the year	-	(273)	(273)
As at 31 December 2016	-	(1,406)	(1,406)

ISS Technical Services Accounts Limited

Statement of financial position as at 31 December 2016

	Note	2016 €'000	2015 €'000
Non-current assets			
Investments	5	-	82
Total Non-current assets		-	82
Current assets			
Inventories		-	51
Trade and other receivables	8	1,961	1,362
Total current assets		1,961	1,413
Total assets		1,961	1,495
Current liabilities			
Trade and other payables	10	(2,720)	(1,356)
Bank overdraft	9	(647)	(1,272)
Total current liabilities		(3,367)	(2,628)
Net liabilities		(1,406)	(1,133)
Equity			
Share capital	12	-	-
Retained earnings		(1,406)	(1,133)
Total equity		(1,406)	(1,133)

The financial statements were approved by the board of directors and authorised for issue on 31 October 2017 and were signed on its behalf by:



B Plucnar Jensen
Director

Company registration number 8526410

ISS Technical Services Accounts Limited

Statement of cash flows for the year ended 31 December 2016

	Note	2016		2015	
		€'000	€'000	€'000	€'000
Cash flows from operating activities					
Loss on ordinary activities before taxation		(458)		(510)	
Cash flows from operations before working capital			(458)		(510)
Changes in working capital:					
Decrease in inventories		51		91	
Increase in trade and other receivables	8	(599)		(615)	
Increase in trade and other payables	10	1,364		261	
Net cash generated from operating activities			358		(773)
Write off of investments		82		-	
Deferred Tax Asset		185		-	
Net increase/(decrease) in cash and cash equivalents			625		(773)
Bank overdraft at start of year			(1,272)		(499)
Bank overdraft at end of year	9		(647)		(1,272)

ISS Technical Services Accounts Limited

Notes to the financial statements for the year ended 31 December 2016

1 Accounting policies

General information

ISS Technical Services Accounts Limited is a limited company which is incorporated and domiciled in the UK.

Basis of preparation

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU), International Financial Reporting Interpretations Committee (IFRIC) Interpretations and the Companies Act 2006 applicable to companies under IFRS. The financial statements have been prepared under the historical cost convention and on a going concern basis.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Going concern

The company is dependent for its working capital on funds provided to it by ISS UK Limited, the company's parent company. ISS UK Limited has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. Therefore the directors continue to adopt the going concern basis in preparing the financial statements.

Functional currency

The primary economic environment that the entity operates in is in Europe, hence the functional currency is the Euro (€). These financial statements are presented in the functional currency.

Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other (losses)/gains – net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the fair value reserve in equity.

ISS Technical Services Accounts Limited

Notes to the financial statements for the year ended 31 December 2016

1 Accounting policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration receivable and represents amounts for goods supplied and services provided by the Company excluding sales taxes.

Projects are individually separable larger jobs, each with their own independent pricing and costings. Revenue and associated profit are recognised at the point that work is completed.

Finance costs

Net finance costs comprise interest payable, net foreign exchange losses, pension related interest and finance charges on finance leases. Interest payable is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

Taxation

Taxation expense includes the amount of current income tax payable and the charge for the year in respect of deferred taxation.

The income tax payable is based on an estimation of the amount due on the taxable profit for the year. Taxable profit is different from profit as reported in the statement of comprehensive income because it excludes items of income or expenditure which are not taxable or deductible in the year as a result of either the nature of the item or the fact that it is taxable or deductible in another year. The Company's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is accounted for on the basis of temporary differences arising from the differences between the tax base and accounting base of assets and liabilities.

Deferred tax is recognised for all taxable temporary differences, except to the extent where it arises from the initial recognition of an asset or liability in a transaction that is not a business combination.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available, against which temporary differences can be utilised.

Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case it is dealt with within equity. It is calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Inventory and work in progress

Inventory and work in progress are valued at the lower of cost and net realisable value. In determining the cost of raw materials and consumables the actual purchase price is used. Work in progress comprises all costs incurred to date on incomplete jobs for which further work is necessary in order to achieve a right to the revenue. As such, no profit margin is included in the valuation of work in progress. For work in progress and finished goods, cost is taken as cost incurred to date, which includes an appropriate proportion of directly attributable overheads. Net realisable value is determined as estimated selling price less all costs of completion.

Provision is made where necessary for obsolete, slow moving inventory or work in progress where it is deemed that the costs incurred may not be recoverable.

Trade and other debtors

Trade debtors are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made through profit or loss when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

ISS Technical Services Accounts Limited

Notes to the financial statements for the year ended 31 December 2016

1 Accounting policies (continued)

Financial instruments

i) Financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

The Company's financial assets include intercompany and other receivables.

The subsequent measurement of financial assets depends on their classification. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

ii) Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Company's financial liabilities include loans and borrowings.

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash deposits, or Bank Overdrafts.

Retirement benefits

Defined contribution schemes

A defined contribution scheme is a pension plan under which ISS Technical Services Accounts Limited pays a fixed contribution to a scheme with an external provider. The amount charged to the statement of comprehensive income in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either other payables or other receivables in the statement of financial position. ISS Technical Services Accounts Limited has no further payment obligations once the contributions have been paid.

ISS Technical Services Accounts Limited

Notes to the financial statements for the year ended 31 December 2016

1 Accounting policies (continued)

New standards issued but not yet effective

The Company has not applied the following IFRS and IFRIC that are applicable to the Company and that have been issued but are not yet effective.

New/revised international financial reporting standards	Effective date
IFRS 9 Financial Instruments	Annual periods beginning on or after 1 January 2018
IFRS 15 Revenue from contracts with customers	Annual periods beginning on or after 1 January 2018
IFRS 16 Leases	Annual periods beginning on or after 1 January 2019

The Directors do not expect that the adoption of the above pronouncements will have a material impact to the financial statements in the period of initial application other than disclosure.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

2 Revenue

	2016	2015
	€'000	€'000
Facilities management	623	1,653

3 Operating loss

Amounts payable to external auditors in respect of audit services:

	2016	2015
	€'000	€'000
Audit services		
- Statutory audit	10	10

Audit fees are borne by ISS UK Ltd and fellow subsidiaries. The amount attributable to ISS Technical Services Accounts Limited for the year is disclosed above.

4 Finance costs

	2016	2015
	€'000	€'000
Other interest payable	(25)	(14)

ISS Technical Services Accounts Limited

Notes to the financial statements for the year ended 31 December 2016

5 Investments

	Shares in group undertakings
2016	£'000
<i>Cost and net book value</i>	
At 31 December 2016	-
2015	
<i>Cost and net book value</i>	
At 1 January 2015 and 31 December 2015	82

The company holds, either directly or indirectly, more than 20% of the equity (and no other share or loan capital) of the following principal undertakings:

Subsidiary undertaking	Country of registration	Principal activity	Class and percentage of shares held
ISS Technical Services Denmark AS	Denmark	Trading company	100% ordinary
ISS Technical Services GmbH	Germany	Trading company	100% ordinary
ISS Technical Services Switzerland GmbH	Switzerland	Trading company	100% ordinary
ISS Technical Services France Sarl	France	Trading company	100% ordinary
ISS Technical Services Italy SA	Italy	Trading company	100% ordinary

The principal activity of trading companies is the provision of facilities management services, air conditioning installation and maintenance, energy and asset management.

Having considered the forecast financial results, the directors have recorded an impairment charge of £68,000 against the value of the investment in the year. The impairment charge has arisen in 2016 due to a deterioration of results in the subsidiaries in France, Italy and Germany; this is as a result of difficult market conditions.

ISS Technical Services Accounts Limited

Notes to the financial statements for the year ended 31 December 2016

6 Staff numbers and costs

	2016	2015
	Number	Number
Average monthly number (including executive directors):		
Administration and management	4	9
Engineers	2	9
	6	18
	2016	2015
	€'000	€'000
Employee costs:		
Wages and salaries	398	924
Social security costs	38	99
Other pension costs	21	72
	457	1,095

Directors' remuneration

The statutory directors were fully remunerated by ISS UK Limited and ISS Facility Services during the year and their remuneration is disclosed in the financial statement of those entities. It is not practicable to determine the value of their remuneration attributable to ISS Technical Services Accounts Limited. No amounts have been paid by the entity and therefore no amounts are disclosed above in relation to their services provided to this entity.

7 Income tax expense

Tax in the income statement

	2016 €'000	2015 €'000
<i>Current tax</i>		
UK corporation tax credit at 20% (2015:20.25%)	(90)	-
Adjustment in respect of prior periods	(95)	-
	<hr/>	<hr/>
Tax credit in the income statement	(185)	-
	<hr/>	<hr/>

ISS Technical Services Accounts Limited

Notes to the financial statements for the year ended 31 December 2016

7 Income tax expense (continued)

Reconciliation of total tax charge

The tax credit in the income statement is lower than the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

	2016 €'000	2015 €'000
Loss on ordinary activities before tax	(458)	(510)
Current tax at 20% (2015: 20.25%)	(92)	103
<i>Effects of:</i>		
Irrecoverable tax credits	-	(103)
Expenses not deductible for tax purposes	2	-
Adjustment in respect of prior periods	(95)	-
 Tax credit reported in the income statement	 (185)	 -

Corporation tax rate

The main rate of corporation tax remained at 20% for the year ended 31 December 2016. The main rate of corporation tax will reduce further to 19% from 1 April 2017 and to 17% from 1 April 2020.

Given that the company is currently loss-making, no deferred tax assets have been recognised due to the uncertainty of availability of available future profits to recover the tax losses.

8 Trade and other receivables

	2016 €'000	2015 €'000
Due within one year:		
Trade receivables	361	173
Amounts owed by group undertakings	1,517	1,147
Other tax & social security	54	-
Prepayments	29	42
	1,961	1,362

Trade receivables of €361,000 (2015: €173,000) were past due but not impaired. In determining the recoverability of a trade receivable the company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Directors consider that the risk of impairment is low as trade receivables relate to a number of independent customers for whom there is no recent history of default. The Directors do not believe that any further provision is required.

Trade receivables of €nil (2015: €nil) were impaired and provided for. The amount of the provision was €nil (2015: €nil).

ISS Technical Services Accounts Limited

Notes to the financial statements for the year ended 31 December 2016

9 Bank overdraft

	2016	2015
	€'000	€'000
Overdraft	(647)	(1,272)

10 Trade and other payables

	2016	2015
	€'000	€'000
Trade payables	(116)	(43)
Amounts owed to group undertakings	(2,532)	(1,225)
Accruals and deferred income	(72)	(88)
	(2,720)	(1,356)

11 Financial instruments

All financial instruments held by the Company, as detailed in this note, are classified as "Loans and Receivables" (trade and other receivables and cash and cash equivalents) and "Financial Liabilities Measured at Amortised Cost" (trade and other payables) under IAS 39.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of foreign exchange risk, credit risks, liquidity and interest rates. The Company has in place risk management policies that seek to limit the adverse effects on the financial performance of the Company by using various instruments and techniques.

Risk management policies have been set by the board and applied by the Company.

Interest rate risk

The Company operates an interest rate policy designed to minimise interest costs and reduce volatility in reported earnings.

Credit risk

The Company's financial assets are bank balances, cash and trade and other receivables, which represent the Company's maximum exposure to credit risk in relation to financial assets.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies which range from a long term rating of Baa2 to A reflecting an under review status.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and their assessment of the present value of estimated future cash flows. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Note 8 sets out the impairment provision for credit losses on trade receivables and the ageing analysis of overdue trade receivables. There are no impairment losses recognised on other financial assets.

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Notes to the financial statements for the year ended 31 December 2016

11 Financial instruments (continued)

Liquidity risk

The Company actively maintains facilities that are designed to ensure the Company has sufficient funds for operations and planned expansions.

Foreign exchange risk

The Company does not trade in overseas jurisdictions and is therefore not exposed to foreign exchange risk other than that relating to intercompany trade.

Analysis by currency	Bank overdraft	
	2016	2015
	€'000	€'000
Euro	(647)	(1,272)

Undrawn committed borrowing facilities

At the year end the Company had no undrawn committed borrowing facilities (2015: £nil).

Interest rate exposure

The interest rate exposure of the Company is as follows:

	Fixed rate	Floating rate	Non-bearing	2016 Total
	€'000	€'000	€'000	€'000
Bank overdraft	-	(647)	-	(647)

	Fixed rate	Floating rate	Non-bearing	2015 Total
	€'000	€'000	€'000	€'000
Bank overdraft	-	(1,272)	-	(1,272)

Fair value of borrowings and cash and cash equivalents

The comparison of book and fair values of all the Company's financial assets and liabilities at the year-end is set out below:

	2016		2015	
	Book value	Fair value	Book value	Fair value
	€'000	€'000	€'000	€'000
Bank overdraft	(647)	(647)	(1,272)	(1,272)
Trade and other receivables	1,961	1,961	1,362	1,362
Trade and other payables	(2,720)	(2,720)	(1,356)	(1,356)
	(1,406)	(1,406)	(1,266)	(1,266)

Cash, trade and other receivables, trade and other payables and short term borrowings and cash approximate to book value due to their short maturities.

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Notes to the financial statements for the year ended 31 December 2016

12 Share capital

	Authorised Number	Allotted, called up and fully paid Number
Number of ordinary equity shares of £1 each:		
At 31 December 2015	1	1
At 31 December 2016	1	1
Value of shares:	£	£
At 31 December 2015	1	1
At 31 December 2016	1	1

13 Related party transactions

During the financial year, the Company had the following transactions with related parties as defined by IAS 24 'Related Party Disclosures'.

Related entity	Nature of transactions	2016		2015	
		Aggregate value for financial year	Net amount owed to the company	Aggregate value for financial year	Net amount owed to the company
		€'000	€'000	€'000	€'000
Fellow subsidiary companies	Sales	(1,122)	(1,200)	581	(78)

14 Accounting estimates and judgements

Some asset and liability amounts reported in the financial statements are based on management estimates and assumptions. There is therefore a risk of significant changes to the carrying amounts for these assets and liabilities within the next financial year. The estimates and assumptions are made on the basis of information and conditions that exist at the time of the valuation.

Receivables impairment provisions

The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Company's management, based on prior experience and their assessment of the present value of estimated future cash flows.

Inventory impairment provisions

The Company makes provision for work in progress deemed to be irrecoverable. This provision is established on a specific contract by contract basis, based on management's prior experience and their assessment of the present value of estimated future cash flows.

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Notes to the financial statements for the year ended 31 December 2016

15 Ultimate parent company

The immediate parent undertaking is ISS Technical Solutions Limited, a company registered in the United Kingdom.

The ultimate parent undertaking is ISS A/S, a company incorporated and registered in Denmark.

The largest group in which the results of the Company are consolidated is that headed by ISS A/S a company registered in Denmark. The consolidated financial statements of this company are available to the public and may be obtained from the following address:

ISS A/S
Buddingevej 197
DK-2860 Soborg
Denmark

The ultimate controlling party is considered to be ISS A/S.