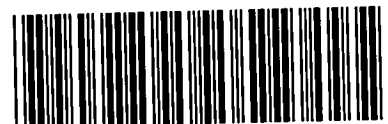




**Mears Scotland (Services) Limited**  
Financial Statements  
For the year ended 31 December 2017

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**Company No. SC208636**

## Company information

Company registration number	SC208636
Registered office	Morrison House Ellismuir Way Tannochside Park, Uddingston Glasgow G71 5QA
Directors	W Docherty D J Miles A C M Smith
Secretary	B R Westran
Bankers	Barclays Bank PLC Corporate Banking 4th Floor Bridgewater House Counterslip Finzels Reach Bristol BS1 6BX
Solicitors	BPE St James' House St James' Square Cheltenham Gloucestershire GL50 3PR
Auditor	Grant Thornton UK LLP Chartered Accountants 30 Finsbury Square London EC2A 1AG

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## Report of the Directors

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

### Principal activities

The Company did not trade during the period. It is expected to remain dormant for the foreseeable future.

### Results and dividends

The trading results for the year and the Company's financial position at the end of the year are shown in the attached financial statements. The Company made a loss for the year of £17,000 (2016: profit for the year of £109,000).

The directors have not recommended a dividend for 2017 or 2016.

### Directors

The directors who served the Company during the year were as follows:

W Docherty  
D J Miles  
A C M Smith

### Directors' responsibilities

The directors are responsible for preparing 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. 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". 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards 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.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Report of the Directors - continued

### Going concern consideration

Mears Group PLC, the parent company, has a centralised treasury arrangement and so shares banking arrangements with its subsidiaries.

The Company ceased to trade on 31 January 2016. However, the Directors currently have no intention to liquidate the Company and therefore it is not appropriate to prepare accounts on the break-up basis. While no longer trading, the Company has adequate resources to meet its debts as they fall due and continue with its current banking arrangements. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and accounts.

### Auditor

Grant Thornton UK LLP offers itself for re-appointment as auditor in accordance with Section 489 of the Companies Act 2006.

### Small companies provision statement

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

This report was approved by the Board on 28 September 2018 and is signed on its behalf.



B R Westran  
Company secretary

## Report of the independent auditor to the member of Mears Scotland (Services) Limited

### Opinion

We have audited the financial statements of Mears Scotland (Services) Limited for the year ended 31 December 2017 which comprise the Statement of comprehensive income, 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.

### Who we are reporting to

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.

### 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.

## Report of the independent auditor to the member of Mears Scotland (Services) Limited

### Other information

The directors are responsible for the other information. The other information comprises the information included in the report of the directors on pages 3 to 4, other than the financial statements and our auditor's report thereon. 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.

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

### Matter on which we are required to report under the Companies Act 2006

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 or the Directors' Report.

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

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; or
- the Directors were not entitled to take advantage of the small companies' exemption from preparing a Strategic Report.

## Report of the independent auditor to the member of Mears Scotland (Services) Limited

### Responsibilities of directors for the financial statements

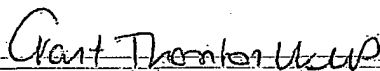
As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable 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.

### Auditor's responsibilities for the audit of the financial statements

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 on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



Elizabeth Collins  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London

28 September 2018



## Principal accounting policies

### Statement of compliance

Mears Scotland (Services) Limited is a limited liability company incorporated in the United Kingdom. Its registered office is Morrison House, Ellismuir Way, Tannochside Park, Uddingston, Glasgow, G71 5QA.

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the year ended 31 December 2017.

### Basis of accounting

The financial statements of Mears Scotland (Services) Limited have been prepared in accordance with applicable accounting standards, including FRS 102, and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for any modification to a fair value basis for certain financial instruments specified in the accounting policies below. The financial statements are presented in Sterling (£) rounded to the nearest thousand.

### Summary of disclosure exemptions

The Company has taken advantage of the reduced disclosures for subsidiary entities provided for in FRS 102 and has therefore not provided a Statement of Cash Flows or certain disclosures in respect of share based payments. The Company has also taken advantage of the exemption from disclosing key management personnel compensation.

### Name of parent of group

These financial statements are consolidated in the financial statements of Mears Group PLC.

The financial statements of Mears Group PLC may be obtained from The Company Secretary, Mears Group PLC, 1390 Montpellier Court, Gloucester Business Park, Gloucester, GL3 4AH.

### Going concern

The financial statements have been prepared on a going concern basis. Although the Company ceased to trade after the year end on 31 January 2016, the Directors consider that it will continue to have sufficient funds to remain in business and meet its obligations as they fall due.

### Judgements

There were no significant judgements required in preparing these financial statements.

### Turnover

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company. Turnover comprises the cost of providing its services plus a margin.

### Retirement Benefits

#### *Defined contribution pension schemes*

The Company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions payable are charged to the profit and loss account.

## Principal accounting policies - continued

### Financial instruments

Financial assets and liabilities are recognised in the Balance Sheet when the Company becomes party to the contractual provisions of the instrument. The principal financial assets and liabilities of the Company are as follows:

#### *Financial assets*

Basic financial assets, including trade and other debtors, amounts owed by Group companies, cash and cash equivalents, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Cash and cash equivalents include cash at bank and in hand and bank deposits available with no notice or less than three months' notice from inception that are subject to an insignificant risk of changes in value. Bank overdrafts are presented as current liabilities to the extent that there is no right of offset with cash balances.

#### *Financial liabilities*

Basic financial liabilities, including trade and other creditors, accrued expenses, and amounts owed to Group companies that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Financial liabilities are derecognised when the liability is extinguished; that is, when the contractual obligation is discharged, cancelled or expires.

#### *Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### Taxation

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

## Principal accounting policies - continued

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only where it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

### Shares

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

### Reserves

Called up share capital represents the nominal value of shares that have been issued.

Profit and loss account includes all current and prior period retained profits and losses.

## Statement of comprehensive income

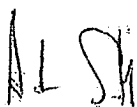
	Note	2017 £ 000	2016 £ 000
Turnover	1	-	1,695
Cost of sales		-	(1,249)
Gross profit		-	446
Other operating charges		-	(320)
Operating profit		-	126
Profit on ordinary activities before tax		-	126
Tax on profit on ordinary activities	4	(17)	(17)
(Loss)/profit for the financial year		(17)	109

All of the activities of the Company are classed as discontinuing. There was no other comprehensive income.

## Balance sheet

	Note	2017 £ 000	2016 £ 000
<b>Current assets</b>			
Debtors	5	4,510	4,883
Cash at bank and in hand		<u>25</u>	<u>25</u>
		4,535	4,908
<b>Creditors: amounts falling due within one year</b>	6	<u>-</u>	<u>(356)</u>
<b>Net assets</b>		<u>4,535</u>	<u>4,552</u>
<b>Capital and reserves</b>			
Called up share capital	9	<u>1</u>	<u>1</u>
Profit and loss account		<u>4,534</u>	<u>4,551</u>
<b>Shareholder's funds</b>		<u>4,535</u>	<u>4,552</u>

The financial statements were approved and authorised for issue by the Directors and are signed on their behalf on 28 September 2018.



A C M Smith  
Director

## Statement of changes in equity

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2016	1	4,442	4,443
Profit for the year	-	109	109
Total comprehensive income	-	109	109
At 31 December 2016	1	4,551	4,552

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2017	1	4,551	4,552
Loss for the year	-	(17)	(17)
Total comprehensive income	-	(17)	(17)
At 31 December 2017	1	4,534	4,535

## Notes to the financial statements

### 1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the Company. All turnover is derived from within the United Kingdom.

### 2 Auditors' remuneration

Fees payable to the auditor for the period:

	2017 £ 000	2016 £ 000
For the audit of the Company's financial statements	<u>2</u>	<u>8</u>

Auditor's remuneration of £2,000 was borne by the ultimate parent company in the 2017 financial year.

### 3 Employees

The average number of staff employed by the Company, including directors, during the financial year amounted to:

	2017 No.	2016 No.
Administrative staff	-	9
Operatives	-	39
	<u>-</u>	<u>48</u>

The aggregate payroll costs of the above were:

	2017 £ 000	2016 £ 000
Wages and salaries	-	1,320
Social security costs	-	110
Other pension costs	-	140
	<u>-</u>	<u>1,570</u>

Included in the above is remuneration in respect of Directors, as follows:

	2017 £ 000	2016 £ 000
Emoluments receivable	-	11
Value of Company pension contributions to money purchase schemes	-	1
	<u>-</u>	<u>12</u>

The number of Directors who accrued benefits under Company pension schemes was as follows:

	No.	No.
Money purchase schemes	-	1

## Notes to the financial statements

### 4 Taxation on ordinary activities

	2017 £ 000	2016 £ 000
Analysis of charge in the year		
Current tax:		
Adjustment in respect of prior periods	17	17
Total current tax	17	17
Total deferred tax	-	-
Tax on profit on ordinary activities	17	17

#### Factors affecting tax charge for the year

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK.  
During the period the average corporation tax rate was 20.25% (2016: 20%).

	2017 £ 000	2016 £ 000
Profit on ordinary activities before taxation	-	126
Profit on ordinary activities multiplied by standard rate of tax	-	25
Effects of:		
Depreciation for period in excess of capital allowances	-	(8)
Tax increase (decrease) arising from group relief	-	(17)
Adjustment to tax in respect of prior periods	17	17
Total tax charge for the year	17	17

### 5 Debtors

	2017 £ 000	2016 £ 000
Amounts owed by group undertakings	4,510	4,883
The debtors above include the following amounts falling due after more than one year:		
Amounts owed by group undertakings	4,510	4,883



## Notes to the financial statements

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

	2017 £ 000	2016 £ 000
Corporation tax	-	313
Accrued expenses	-	43
	<u>-</u>	<u>356</u>

### 7 Financial instruments

The Company has the following financial instruments:

	2017 £ 000	2016 £ 000
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Amounts owed by group undertakings	<u>4,510</u>	<u>4,883</u>

The main risks arising from the Company's financial instruments is liquidity risk.

The Company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Company has no overdraft.

### 8 Pension commitments

The Morrison Facilities Pension Scheme (MFPS scheme) provides final salary pension benefits to current and past members of staff. The assets of the MFPS scheme are held within a fund that is separate from the administration and finances of the company and Group.

### 9 Share capital

Allotted, called up and fully paid share capital

	2017 £	2016 £
'A' ordinary shares of £1 each	667	667
'B' ordinary shares of £1 each	333	333
	<u>1,000</u>	<u>1,000</u>

The 'A' shares carry voting rights and the right to appoint the directors of the company. The 'B' shares do not carry voting rights. The 'A' and 'B' shares rank equally for the payment of dividends and the distribution of assets on the winding up of the company.

## Notes to the financial statements

### 10 Ultimate parent company

The Directors consider that the ultimate parent undertaking and controlling related party of this Company is its parent undertaking Mears Group PLC by virtue of its 100% shareholding in Morrison Facilities Services Limited, the Company's immediate parent. Morrison Facilities Services Limited is the Company's immediate parent by virtue of holding 100% of the 'A' ordinary shares of the Company.

The largest and smallest group of undertakings for which Group accounts have been drawn up is that headed by Mears Group PLC. The accounts are available from The Company Secretary, Mears Group PLC, 1390 Montpellier Court, Gloucester Business Park, Brockworth, Gloucester GL3 4AH.