

**Palmaris Services Limited**

Annual report and financial statements

Registered number SC281565

30 November 2016



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## Company information

<b>Directors:</b>	W Paterson TM Paterson J Stickler
<b>Secretary:</b>	J Stickler
<b>Registered office:</b>	Gartsherrie Road Coatbridge ML5 2EU
<b>Auditor:</b>	KPMG LLP 319 St Vincent Street Glasgow G2 5AS
<b>Bankers:</b>	Clydesdale Bank PLC 23 Bank Street Airdrie ML6 6AD
<b>Solicitors:</b>	Pinsent Masons LLP 141 Bothwell Street Glasgow G2 7EQ

## Strategic Report

The directors present their report and the audited financial statements for the year ended 30 November 2016.

### Business review

The directors are satisfied with the trading performance of the company during what proved to be a challenging trading year. The profit before tax and exceptional items for the year was £82,788 (2015: £181,132).

During the year, the directors identified a number of legacy non-recurring items on the balance sheet which are now considered irrecoverable from customers. These items have been fully written off in the current year and are shown as an exceptional item on the face of the profit and loss account.

The directors are confident, based upon current enquiry and activity levels, that 2017 will generate a much improved trading result.

## Directors' Report

The directors present their report and the audited financial statements for the year ended 30 November 2016.

### Principal activities

The principal activity of the company in the year under review was that of contract cleaning, site security, retail security, CCTV monitoring and the provision of facilities management services.

### Dividend

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

### Directors

The directors who held office during the financial year and to the date of this report were as follows:

W Paterson  
TM Paterson  
J Stickler

### Financial instruments

The company's policy is to minimise the use of complex financial instruments.

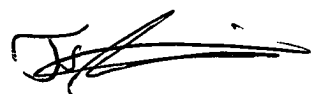
### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the board



J Stickler  
Secretary

Gartsherrie Road  
Coatbridge  
ML5 2EU

23 June 2017

## **Statement of directors' responsibilities in respect of the Annual Report and the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), 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 then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**KPMG LLP**

319 St Vincent Street  
Glasgow  
G2 5AS  
United Kingdom

**Independent auditor's report to the members of Palmaris Services Limited**

We have audited the financial statements of Palmaris Services Limited for the year ended 30 November 2016 set out on pages 5 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement 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. 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

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

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

**Bruce Marks (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants

23 June 2017

**Profit and Loss Account**  
*for the year ended 30 November 2016*

	<i>Note</i>	<b>2016</b> £	2015 £
<b>Turnover</b>		<b>9,493,708</b>	9,074,595
Cost of sales		<b>(8,055,427)</b>	(7,326,748)
Exceptional item – legacy non-recurring items	2	<b>(237,158)</b>	-
<b>Gross profit</b>		<b>1,201,123</b>	1,747,847
Administrative expenses		<b>(1,355,493)</b>	(1,565,954)
<b>Operating (loss)/profit</b>	2	<b>(154,370)</b>	181,893
Interest payable and similar charges	5	-	(761)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(154,370)</b>	181,132
Tax on (loss)/profit on ordinary activities	6	<b>15,632</b>	(35,886)
<b>(Loss)/profit for the financial year</b>		<b>(138,738)</b>	145,246

The above results relate to continuing operations and all profits and losses for the respective financial years are attributable to equity shareholders of the company.

The company has no other comprehensive income in the current or prior year.

**Balance Sheet**  
*at 30 November 2016*

	<i>Note</i>	<b>2016</b> <b>£</b>	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>	<b>2015</b> <b>£</b>
<b>Fixed assets</b>					
Tangible assets	7		<b>590,030</b>		687,508
<b>Current assets</b>					
Stocks	8	<b>58,405</b>		70,902	
Debtors	9	<b>2,607,289</b>		2,129,385	
Cash at bank and in hand		<b>78,185</b>		24,018	
		<b>2,743,879</b>		<b>2,224,305</b>	
<b>Creditors: amounts falling due within one year</b>	10	<b>(2,654,885)</b>		<b>(2,094,051)</b>	
<b>Net current assets</b>			<b>88,994</b>		130,254
<b>Net assets</b>			<b>679,024</b>		817,762
<b>Capital and reserves</b>					
Called up share capital	13		<b>100,000</b>		100,000
Profit and loss account	14		<b>579,024</b>		717,762
<b>Shareholders' funds</b>	15		<b>679,024</b>		817,762

These financial statements were approved by the board of directors on 23 June 2017 and were signed on its behalf by:



**W Paterson**  
Director



## Statement of Changes in Equity

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 1 December 2014	100,000	572,516	672,516
Profit for the financial year	-	145,246	145,246
<b>Balance at 30 November 2015</b>	<b>100,000</b>	<b>717,762</b>	<b>817,762</b>
	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 1 December 2015	100,000	717,762	817,762
Loss for the financial year	-	(138,738)	(138,738)
<b>Balance at 30 November 2016</b>	<b>100,000</b>	<b>579,024</b>	<b>679,024</b>

**Cash Flow Statement**  
*for the year ended 30 November 2016*

	2016 £	2015 £
<b>Cash flows from operating activities</b>		
(Loss)/profit for the year	(138,738)	145,246
<i>Adjustments for:</i>		
Depreciation	237,967	216,154
Interest payable and similar charges	-	761
Taxation	(15,632)	35,886
	<hr/>	<hr/>
	83,597	398,047
<i>Other non-cash operating items;</i>		
Loss/(gain) on sale of tangible fixed assets	1,365	(30,102)
<i>Working capital cash items;</i>		
Decrease/(increase) in stocks	12,497	(52,763)
Increase in trade and other debtors	(434,594)	(88,170)
Increase/(decrease) in trade and other creditors	587,559	(126,453)
	<hr/>	<hr/>
	165,462	(267,386)
<i>Other cash operating items;</i>		
Interest paid	-	(761)
	<hr/>	<hr/>
<b>Net cash from operating activities</b>	<hr/> 250,424	<hr/> 99,798
<b>Cash flows from investing activities</b>		
Acquisition of tangible fixed assets	(144,104)	(386,690)
Receipts from sales of tangible fixed assets	2,250	53,800
	<hr/>	<hr/>
<b>Net cash from investing activities</b>	<hr/> (141,854)	<hr/> (332,890)
<b>Cash flows from financing activities</b>		
Capital element of hire purchase repayments	-	(37,570)
(Payments to)/receipts from group undertakings	(54,403)	233,490
	<hr/>	<hr/>
<b>Net cash from financing activities</b>	<hr/> (54,043)	<hr/> 195,920
	<hr/>	<hr/>
Net increase in cash and cash equivalents	54,167	(37,172)
Cash and cash equivalents at 1 December	24,018	61,190
	<hr/>	<hr/>
<b>Cash and cash equivalents at 30 November</b>	<hr/> 78,185	<hr/> 24,018

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### ***Basis of preparation***

Palmaris Services Limited is a company incorporated and domiciled in the UK.

These financial statements have been prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

The company's immediate parent undertaking, Patersons Quarries Limited includes the company in its consolidated financial statements. The consolidated financial statements of Patersons Quarries Limited are prepared in accordance with UK Generally Accepted Accounting Practice, are available to the public and may be obtained from Companies House, 4<sup>th</sup> Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF. In these financial statements, the company is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### ***Turnover***

Turnover represents net invoiced sales of goods, excluding value added tax.

#### ***Tangible fixed assets***

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold improvements	- 10% on cost
Office furniture and equipment	- 25% on cost
Motor vehicles	- 25% on cost

#### ***Stocks***

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### ***Taxation***

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case the related tax is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Taxation (continued)*

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### *Pensions*

##### *Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

#### *Hire purchase commitments*

Assets obtained under hire purchase contracts are capitalised in the balance sheet and are depreciated in accordance with the company's depreciation policy.

Finance costs incurred on these contracts are charged to the profit and loss account over the term of the contract. The capital element of the future payments is treated as a liability.

#### *Basic financial instruments*

##### *Trade and other debtors/creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

## Notes (continued)

### 2 Operating (loss)/profit

	2016 £	2015 £
<i>Operating (loss)/profit is stated after charging/(crediting):</i>		
Depreciation and other amounts written off tangible fixed assets:		
Owned	237,967	216,154
Loss/(gain) on disposal of tangible fixed assets	1,365	(30,102)
Exceptional item – legacy non-recurring items	237,158	-
	<u>237,158</u>	<u>-</u>

During the year, the directors identified a number of legacy non-recurring items on the balance sheet which are now considered irrecoverable from customers. These items have been fully written off in the current year and are shown as an exceptional item on the face of the profit and loss account.

#### Auditor's remuneration

	2016 £	2015 £
Audit of these financial statements	6,500	6,500
Amounts receivable by auditors and their associates in respect of:		
Other services relating to taxation	1,500	1,500
	<u>1,500</u>	<u>1,500</u>

### 3 Remuneration of directors

None of the directors received any remuneration in the period for services to the company (2015: £nil).

### 4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2016	2015
Cleaning	227	212
Security	226	205
Management	24	29
	<u>477</u>	<u>446</u>

The aggregate payroll costs of these persons were as follows:

	2016 £	2015 £
Wages and salaries	6,525,576	6,074,440
Social security costs	461,931	451,833
Other pension costs	66,730	66,396
	<u>7,054,237</u>	<u>6,592,669</u>

## Notes (continued)

### 5 Interest payable and similar charges

	2016 £	2015 £
Hire purchase interest	-	761

### 6 Taxation

	2016 £000	2015 £000
<i>Current tax</i>		
Current tax on (loss)/profit for the year	(15,724)	35,886
Adjustments in respect of previous periods	92	-
Total tax	(15,632)	35,886

#### Reconciliation of effective tax rate

	2016 £000	2015 £000
(Loss)/profit for the year	(138,738)	145,246
Total tax (credit)/charge	(15,632)	35,886
(Loss)/profit on ordinary activities before taxation	(154,370)	181,132
Tax using the UK corporation tax rate of 20.00% (2015: 20.33%)	(30,874)	36,827
Effects of:		
Expenses not deductible for tax purposes	3,458	2,065
Adjustments in respect of previous periods	92	(1,082)
Deferred tax asset not recognised	10,814	(1,924)
Other	878	-
Total tax (credit)/charge included in profit and loss	(15,632)	35,886

#### Factors affecting the future current and total tax charges

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015.

An additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 30 November 2016 has been calculated based on these rates.

The company has an unrecognised deferred tax asset relating to asset timing differences of £49,513 (2015: £42,937).

## Notes (continued)

### 7 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At beginning of year	62,450	894,536	26,605	754,075	1,737,666
Additions	-	67,284	4,045	72,775	144,104
Disposals	-	-	(4,488)	-	(4,488)
At end of year	62,450	961,820	26,162	826,850	1,877,282
<b>Depreciation</b>					
At beginning of year	46,367	503,659	12,660	487,472	1,050,158
Charge for year	1,757	145,599	5,171	85,440	237,967
Disposals	-	-	(873)	-	(873)
At end of year	48,124	649,258	16,958	572,912	1,287,252
<b>Net book value</b>					
At 30 November 2016	14,326	312,562	9,204	253,938	590,030
At 30 November 2015	16,083	390,877	13,945	266,603	687,508

### 8 Stocks

	2016 £	2015 £
Raw materials and consumables	58,405	70,902

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £238,526 (2015: £234,887).

### 9 Debtors

	2016 £	2015 £
<b>Amounts falling due within one year</b>		
Trade debtors	2,386,598	1,789,650
Other debtors	9,843	198,986
Prepayments and accrued income	138,209	111,420
Amounts owed by group undertakings	56,915	29,329
Group relief receivable	15,724	-
	2,607,289	2,129,385

Included within trade debtors is £75,334 (2015: £40,580) owed by group undertakings.

## Notes (continued)

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

	2016 £	2015 £
Trade creditors	392,800	330,059
Amounts owed to group undertakings	1,190,025	1,179,782
Other creditors including taxation and social security	565,750	423,369
Accruals and deferred income	506,310	123,873
Corporation tax	-	36,968
	<u>2,654,885</u>	<u>2,094,051</u>

Included within trade creditors is £30,178 (2015: £37,359) owed to group undertakings.

### 11 Reconciliation of net cash flow to movement in net debt

	2016 £	2015 £
Increase/(decrease) in cash in the year	54,167	(37,172)
Cash outflow/(inflow) from decrease/(increase) in debt	54,403	(195,920)
<b>Change in net debt arising from cash flows</b>	<b>108,570</b>	<b>(233,092)</b>
Group relief – non cash item	(31,049)	(48,624)
Tax payments made by fellow group undertakings – non cash item	(6,011)	(6,000)
<b>Movement in net debt in the year</b>	<b>71,510</b>	<b>(287,716)</b>
<b>Net debt at 1 December 2015</b>	<b>(1,126,435)</b>	<b>(838,719)</b>
<b>Net debt at 30 November 2016</b>	<b>(1,054,925)</b>	<b>(1,126,435)</b>

### 12 Analysis of changes in net debt

	At beginning of year £	Cash flow £	Other non cash changes £	At end of year £
<i>Net cash:</i>				
Cash at bank and in hand	24,018	54,167	-	78,185
<i>Debt:</i>				
Amounts owed to group undertakings (net)	(1,150,453)	54,403	(37,060)	(1,133,110)
<b>Total</b>	<b>(1,150,453)</b>	<b>54,403</b>	<b>(37,060)</b>	<b>(1,133,110)</b>
<b>Net debt</b>	<b>(1,126,435)</b>	<b>108,570</b>	<b>(37,060)</b>	<b>(1,054,925)</b>



## Notes (continued)

### 13 Called up share capital

	2016 £	2015 £
<i>Allotted, issued and fully paid</i>		
100,000 ordinary shares of £1 each	100,000	100,000

### 14 Reserves

	Profit and loss account £
At beginning of year	717,762
Loss for the financial year	(138,738)
At end of year	579,024

### 15 Reconciliation of movement in shareholders' funds

	2016 £	2015 £
(Loss)/profit for the financial year	(138,738)	145,246
Opening shareholders' funds	817,762	672,516
Closing shareholders' funds	679,024	817,762

### 16 Contingent liabilities

The company has granted a floating charge in favour of Clydesdale Bank PLC in respect of unlimited guarantees that have been given in respect of overdraft and other related facilities granted to fellow group undertakings. At 30 November 2016 the value of such facilities utilised elsewhere in the group was £8,221,131 (2015: £5,559,325).

### 17 Related party disclosures

The company is controlled by its parent undertaking, Patersons Quarries Limited. The directors consider the ultimate controlling party to be W Paterson.

### 18 Ultimate parent undertaking

The company is a subsidiary undertaking of Patersons Quarries Limited which is the ultimate parent undertaking, a company incorporated in Scotland.

The largest and smallest group in which the results of the company are consolidated is that headed by Patersons Quarries Limited. No other group financial statements include the results of the company. The consolidated financial statements of this group are available to the public and may be obtained from the Registrar of Companies.

## **Notes** *(continued)*

### **19 Accounting estimates and judgements**

#### *Stock*

The recoverability and value of stocks are kept under constant review and provision is made where appropriate.

#### *Debtors*

The recoverability of trade and other debtors are kept under constant review and provision is made where appropriate.

### **20 Explanation of transition to FRS 102 from UK GAAP**

As stated in note 1, these are the company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 30 November 2016, and for the comparative information presented in these financial statements for the year ended 30 November 2015.

In preparing their FRS 102 balance sheets, the company has not adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP).