

**Palmaris Services Limited**

Annual report and financial statements

Registered number SC281565

30 November 2014

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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 191 West George Street Glasgow G2 2LJ
<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 2014.

### Business review

The company had a successful year, delivering continued growth in turnover and profitability with a profit before tax and exceptional item for the year of £288,425 (2013: £267,165). The directors are satisfied with the performance of the company and, given current enquiry levels, believe that the company is well placed to deliver further growth in turnover and profits in the current financial year.

## Directors' Report

The directors present their report and the audited financial statements for the year ended 30 November 2014.

### 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 (2013: £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

29 May 2015

## **Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. 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).

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

191 West George Street  
Glasgow  
G2 2LJ  
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 2014 set out on pages 5 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 2014 and of its profit 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*

29 May 2015

**Profit and Loss Account**  
*for the year ended 30 November 2014*

	<i>Note</i>	<b>2014</b> £	<b>2013</b> £
<b>Turnover</b>	<i>1</i>	<b>9,625,595</b>	8,561,979
Cost of sales (including prior year write-off of £88,660)	<i>2</i>	<b>(8,091,391)</b>	(7,045,117)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>1,534,204</b>	1,516,862
Administrative expenses		<b>(1,332,136)</b>	(1,245,718)
		<hr/>	<hr/>
<b>Operating profit</b>	<i>2</i>	<b>202,068</b>	271,144
Interest payable and similar charges	<i>5</i>	<b>(2,303)</b>	(3,979)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>199,765</b>	267,165
Tax on profit on ordinary activities	<i>6</i>	<b>(55,366)</b>	(90,808)
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<b>144,399</b>	176,357
		<hr/>	<hr/>

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.

There are no recognised gains or losses other than the historical cost profits for the respective financial years.

**Balance Sheet**  
*at 30 November 2014*

	<i>Note</i>	<b>2014</b> <b>£</b>	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>	<b>2013</b> <b>£</b>
<b>Fixed assets</b>					
Intangible assets	7		-		-
Tangible assets	8		<b>540,670</b>		<b>441,946</b>
			<hr/>		<hr/>
			<b>540,670</b>		<b>441,946</b>
<b>Current assets</b>					
Stocks	9	<b>18,139</b>		<b>48,454</b>	
Debtors	10	<b>2,045,077</b>		<b>2,232,461</b>	
Cash at bank and in hand		<b>61,190</b>		<b>45,594</b>	
		<hr/>		<hr/>	
		<b>2,124,406</b>		<b>2,326,509</b>	
<b>Creditors: amounts falling due within one year</b>	11	<b>(1,992,560)</b>		<b>(2,202,768)</b>	
		<hr/>		<hr/>	
<b>Net current assets</b>			<b>131,846</b>		<b>123,741</b>
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			<b>672,516</b>		<b>565,687</b>
<b>Creditors: amounts falling due after one year</b>	12		<b>-</b>		<b>(37,570)</b>
			<hr/>		<hr/>
<b>Net assets</b>			<b>672,516</b>		<b>528,117</b>
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	16		<b>100,000</b>		<b>100,000</b>
Profit and loss account	17		<b>572,516</b>		<b>428,117</b>
			<hr/>		<hr/>
<b>Shareholders' funds</b>	18		<b>672,516</b>		<b>528,117</b>
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 29 May 2015 and were signed on its behalf by:

*W. Paterson*

**W Paterson**  
*Director*



## Cash Flow Statement

for the year ended 30 November 2014

	<i>Note</i>	<b>2014</b> <b>£</b>	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>	<b>2013</b> <b>£</b>
<b>Net cash inflow from operating activities</b>	<i>13</i>		<b>849,926</b>		<b>119,143</b>
<b>Returns on investments and servicing of finance</b>					
Hire purchase interest paid		<b>(2,303)</b>		<b>(3,979)</b>	
		<hr/>		<hr/>	
<b>Net cash outflow from returns on investments and servicing of finance</b>			<b>(2,303)</b>		<b>(3,979)</b>
<b>Capital expenditure and financial investment</b>					
Purchase of tangible fixed assets		<b>(322,740)</b>		<b>(165,781)</b>	
Sale of tangible fixed assets		<b>167</b>		<b>6,000</b>	
		<hr/>		<hr/>	
<b>Net cash outflow from capital expenditure and financial investment</b>			<b>(322,573)</b>		<b>(159,781)</b>
			<hr/>		<hr/>
<b>Net cash inflow/(outflow) before financing</b>			<b>525,050</b>		<b>(44,617)</b>
<b>Financing</b>					
Capital element of hire purchase rental payments		<b>(43,549)</b>		<b>(41,873)</b>	
(Payments to)/receipts from group undertakings		<b>(465,905)</b>		<b>74,959</b>	
		<hr/>		<hr/>	
<b>Net cash (outflow)/inflow from financing</b>			<b>(509,454)</b>		<b>33,086</b>
			<hr/>		<hr/>
<b>Increase/(decrease) in cash in the year</b>			<b>15,596</b>		<b>(11,531)</b>
			<hr/>		<hr/>

## 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***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

#### ***Turnover***

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

#### ***Goodwill***

Goodwill, representing the difference between the consideration paid and the fair value of the assets acquired, is capitalised and written off in equal instalments over its estimated useful life.

#### ***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***

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

#### ***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.

#### ***Pension costs***

The company operates a defined contribution pension scheme. Contributions payable for the year are charged to the profit and loss account.

## Notes (continued)

### 2 Operating profit

	2014 £	2013 £
<i>Operating profit is stated after charging/(crediting):</i>		
Depreciation and other amounts written off tangible fixed assets:		
Owned	187,839	208,543
Hire purchased	36,177	36,177
Amortisation of intangible fixed assets	-	14,184
Gain on disposal of tangible fixed assets	(167)	-
Exceptional item – prior year holiday pay balance written off	88,660	-
	<u>          </u>	<u>          </u>
<i>Auditor's remuneration</i>		
	2014 £	2013 £
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>          </u>	<u>          </u>

### 3 Remuneration of directors

None of the directors received any remuneration in the period for services to the company (2013: £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	
	2014	2013
Cleaning	231	194
Security	225	214
Management	23	19
	<u>          </u>	<u>          </u>
	479	427
	<u>          </u>	<u>          </u>

The aggregate payroll costs of these persons were as follows:

	2014 £	2013 £
Wages and salaries	6,608,090	5,717,125
Social security costs	467,773	433,686
Other pension costs	51,582	34,804
	<u>          </u>	<u>          </u>
	7,127,445	6,185,615
	<u>          </u>	<u>          </u>

## Notes (continued)

### 5 Interest payable and similar charges

	2014 £	2013 £
Hire purchase interest	2,303	3,979

### 6 Taxation

#### Analysis of the tax charge in year

	2014 £	2013 £
<i>UK corporation tax</i>		
Current tax on income for the year	55,706	89,277
(Over)/under provision in respect of prior year	(340)	1,531
Current tax charge (see below)	55,366	90,808
Deferred tax	-	-
Tax on profit on ordinary activities	55,366	90,808

#### Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2013: higher) than the weighted-average standard rate of corporation tax in the UK for the year of 21.66% (2013: 23.33%). The differences are explained below.

	2014 £	2013 £
<b>Current tax reconciliation</b>		
Profit on ordinary activities before tax	199,765	267,165
Current tax at 21.66% (2013: 23.33%)	43,275	62,334
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1,912	2,292
Deferred tax asset not recognised	10,309	24,428
(Over)/under provision in respect of prior year	(340)	1,531
Other	210	223
Current tax charge (see above)	55,366	90,808

Reductions in the UK corporation tax rate to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax rate accordingly.

The company has an unrecognised deferred tax asset of £50,807 (2013: £42,501) relating to excess of depreciation over capital allowances.

## Notes (continued)

### 7 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At beginning and end of year	42,553
<b>Depreciation</b>	
At beginning and end of year	42,553
<b>Net book value</b>	
At 30 November 2014	-
At 30 November 2013	-

### 8 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At beginning of year	45,025	601,144	159,769	508,671	1,314,609
Additions	2,670	259,933	-	60,137	322,740
Disposals	-	-	(3,395)	-	(3,395)
At end of year	47,695	861,077	156,374	568,808	1,633,954
<b>Depreciation</b>					
At beginning of year	38,228	384,666	68,374	381,395	872,663
Charge for year	4,502	118,238	46,359	54,917	224,016
Disposals	-	-	(3,395)	-	(3,395)
At end of year	42,730	502,904	111,338	436,312	1,093,284
<b>Net book value</b>					
At 30 November 2014	4,965	358,173	45,036	132,496	540,670
At 30 November 2013	6,797	216,478	91,395	127,276	441,946

Included within motor vehicles are assets held under hire purchase contracts with a net book value of £30,148 (2013: £66,325). Depreciation of £36,177 (2013: £36,177) was charged in the year in respect of these assets.

## Notes (continued)

### 9 Stocks

	2014 £	2013 £
Raw materials and consumables	18,139	48,454

### 10 Debtors

	2014 £	2013 £
<i>Amounts falling due within one year</i>		
Trade debtors	1,856,029	1,884,140
Other debtors	97,383	199,753
Prepayments and accrued income	58,474	115,377
Amounts owed by group undertakings	33,191	33,191
	<u>2,045,077</u>	<u>2,232,461</u>

Included within trade debtors is £71,365 (2013: £28,422) owed by group undertakings.

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

	2014 £	2013 £
Trade creditors	297,159	234,874
Amounts owed to group undertakings	895,530	1,272,498
Other creditors including taxation and social security	701,354	562,221
Accruals and deferred income	5,241	349
Corporation tax	55,706	89,277
Obligations under hire purchase contracts	37,570	43,549
	<u>1,992,560</u>	<u>2,202,768</u>

Included within trade creditors is £17,777 (2013: £22,952) owed to group undertakings.

**Notes (continued)**

**12 Creditors: amounts falling due after more than one year**

	2014 £	2013 £
Obligations under hire purchase contracts	-	37,570

The maturity of obligations under hire purchase contracts is as follows:

	2014 £	2013 £
Within one year	38,210	45,852
In the second to fifth years	-	38,210
	38,210	84,062
Less future finance charges	(640)	(2,943)
	37,570	81,119

Obligations under hire purchase contracts are secured by related assets.

**13 Reconciliation of operating profit to net cash inflow from operating activities**

	2014 £	2013 £
Operating profit	202,068	271,144
Depreciation charges	224,016	244,720
Amortisation of intangible fixed assets	-	14,184
Gain on disposal of tangible fixed assets	(167)	-
Decrease/(increase) in stocks	30,315	(9,233)
Decrease/(increase) in debtors	187,384	(256,212)
Increase/(decrease) in creditors	206,310	(145,460)
<b>Net cash inflow from operating activities</b>	<b>849,926</b>	<b>119,143</b>

## Notes (continued)

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

	2014 £	2013 £
Increase/(decrease) in cash in the year	15,596	(11,531)
Cash outflow/(inflow) from decrease/(increase) in debt	509,454	(33,086)
<b>Change in net debt arising from cash flows</b>	<b>525,050</b>	<b>(44,617)</b>
Group relief – non cash item	(88,937)	-
Tax payments made by fellow group undertakings – non cash item	-	(70,718)
<b>Movement in net debt in the year</b>	<b>436,113</b>	<b>(115,335)</b>
<b>Net debt at 1 December 2013</b>	<b>(1,274,832)</b>	<b>(1,159,497)</b>
<b>Net debt at 30 November 2014</b>	<b>(838,719)</b>	<b>(1,274,832)</b>

### 15 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	45,594	15,596	-	61,190
<i>Debt:</i>				
Amounts owed to group undertakings (net)	(1,239,307)	465,905	(88,937)	(862,339)
Obligations under hire purchase contracts	(81,119)	43,549	-	(37,570)
<b>Total</b>	<b>(1,320,426)</b>	<b>509,454</b>	<b>(88,937)</b>	<b>(899,909)</b>
<b>Net debt</b>	<b>(1,274,832)</b>	<b>525,050</b>	<b>(88,937)</b>	<b>(838,719)</b>

### 16 Called up share capital

	2014 £	2013 £
<i>Allotted, issued and fully paid</i>		
100,000 ordinary shares of £1 each	100,000	100,000



## Notes (continued)

### 17 Reserves

	Profit and loss account £
At beginning of year	428,117
Profit for the financial year	144,399
	<hr/>
At end of year	<b>572,516</b>
	<hr/>

### 18 Reconciliation of movement in shareholders' funds

	2014 £	2013 £
Profit for the financial year	144,399	176,357
Opening shareholders' funds	528,117	351,760
	<hr/>	<hr/>
Closing shareholders' funds	<b>672,516</b>	528,117
	<hr/>	<hr/>

### 19 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 2014 the value of such facilities utilised elsewhere in the group was £8,451,599 (2013: £12,668,872).

### 20 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.

Exemption has been taken from disclosing transactions with other group undertakings under paragraph 17 of Financial Reporting Standard 8.

### 21 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.