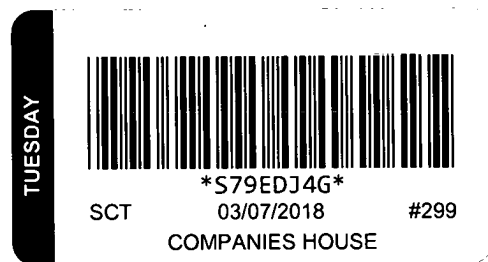


Palmaris Services Limited

Annual report and financial statements

Registered number SC281565

30 November 2017



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Company information

Directors:	W Paterson TM Paterson J Stickler
Secretary:	J Stickler
Registered office:	Gartsherrie Road Coatbridge ML5 2EU
Auditor:	KPMG LLP 319 St Vincent Street Glasgow G2 5AS
Bankers:	Clydesdale Bank PLC 23 Bank Street Airdrie ML6 6AD
Solicitors:	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 2017.

Business review

The directors are satisfied with the trading performance of the company. The profit before tax for the year was £102,948 (2016: loss before tax of £154,370). The directors believe, based upon current enquiry and activity levels, that the company is well placed to improve its trading performance in the current financial year.

Directors' Report

The directors present their report and the audited financial statements for the year ended 30 November 2017.

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 (2016: £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

19 June 2018

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), 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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

Opinion

We have audited the financial statements of Palmaris Services Limited ("the company") for the year ended 30 November 2017 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

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

(continued)

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



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

19 June 2018

Profit and Loss Account
for the year ended 30 November 2017

	<i>Note</i>	2017 £	2016 £
Turnover		11,866,701	9,493,708
Cost of sales		(10,177,412)	(8,055,427)
Exceptional item – legacy non-recurring items	2	-	(237,158)
Gross profit		1,689,289	1,201,123
Administrative expenses		(1,584,175)	(1,355,493)
Operating profit/(loss)	2	105,114	(154,370)
Interest payable and similar charges	5	(2,166)	-
Profit/(loss) before taxation		102,948	(154,370)
Tax on profit/(loss)	6	(32,584)	15,632
Profit/(loss) for the financial year		70,364	(138,738)


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 2017

	<i>Note</i>	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	7		648,383		590,030
Current assets					
Stocks	8	20,170		58,405	
Debtors	9	2,442,247		2,607,289	
Cash at bank and in hand		73,867		78,185	
		<u>2,536,284</u>		<u>2,743,879</u>	
Creditors: amounts falling due within one year	10	<u>(2,358,802)</u>		<u>(2,654,885)</u>	
Net current assets			<u>177,482</u>		<u>88,994</u>
Total assets less current liabilities			<u>825,865</u>		<u>679,024</u>
Creditors: amounts falling due after more than one year	11		<u>(76,477)</u>		<u>-</u>
Net assets			<u>749,388</u>		<u>679,024</u>
Capital and reserves					
Called up share capital	14		100,000		100,000
Profit and loss account	15		649,388		579,024
Shareholders' funds	16		<u>749,388</u>		<u>679,024</u>

These financial statements were approved by the board of directors on 19 June 2018 and were signed on its behalf by:


W Paterson
Director

Statement of Changes in Equity

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 December 2015	100,000	717,762	817,762
Loss for the financial year	-	(138,738)	(138,738)
Balance at 30 November 2016	100,000	579,024	679,024

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 December 2016	100,000	579,024	679,024
Profit for the financial year	-	70,364	70,364
Balance at 30 November 2017	100,000	649,388	749,388

Cash Flow Statement

for the year ended 30 November 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit/(loss) for the year	70,364	(138,738)
<i>Adjustments for:</i>		
Depreciation	266,294	237,967
Interest payable and similar charges	2,166	-
Taxation	32,584	(15,632)
	<hr/>	<hr/>
	371,408	83,597
<i>Other non-cash operating items;</i>		
Loss on sale of tangible fixed assets	-	1,365
<i>Working capital cash items;</i>		
Decrease in stocks	38,235	12,497
Decrease/(increase) in trade and other debtors	157,818	(434,594)
Increase in trade and other creditors	357,459	587,559
	<hr/>	<hr/>
	553,512	165,462
<i>Other cash operating items;</i>		
Interest paid	(2,166)	-
	<hr/>	<hr/>
Net cash from operating activities	922,754	250,424
	<hr/>	<hr/>
Cash flows from investing activities		
Acquisition of tangible fixed assets	(175,183)	(144,104)
Receipts from sales of tangible fixed assets	-	2,250
	<hr/>	<hr/>
Net cash from investing activities	(175,183)	(141,854)
	<hr/>	<hr/>
Cash flows from financing activities		
Capital element of hire purchase repayments	(23,941)	-
Payments to group undertakings	(727,948)	(54,403)
	<hr/>	<hr/>
Net cash from financing activities	(751,889)	(54,043)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(4,318)	54,167
Cash and cash equivalents at 1 December	78,185	24,018
	<hr/>	<hr/>
Cash and cash equivalents at 30 November	73,867	78,185
	<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

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 amendments to FRS 102 issued in July 2015 have been applied. 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, 4th 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 profit/(loss)

	2017 £	2016 £
<i>Operating profit/(loss) is stated after charging/(crediting):</i>		
Depreciation and other amounts written off tangible fixed assets:		
Owned	249,687	237,967
Hire purchased	16,607	-
Loss on disposal of tangible fixed assets	-	1,365
Exceptional item – legacy non-recurring items	-	237,158
	<u> </u>	<u> </u>

Auditor's remuneration

	2017 £	2016 £
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 (2016: £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	
	2017	2016
Cleaning	381	227
Security	250	226
Management	26	24
	<u> </u>	<u> </u>
	657	477
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	2017 £	2016 £
Wages and salaries	8,296,532	6,525,576
Social security costs	518,411	461,931
Other pension costs	79,637	66,730
	<u> </u>	<u> </u>
	8,894,580	7,054,237
	<u> </u>	<u> </u>

Notes (continued)

5 Interest payable and similar charges

	2017 £	2016 £
Hire purchase interest	2,166	-

6 Taxation

	2017 £	2016 £
<i>Current tax</i>		
Current tax on profit/(loss) for the year	33,256	(15,724)
Adjustments in respect of previous periods	(672)	92
Total tax	32,584	(15,632)

Reconciliation of effective tax rate

	2017 £	2016 £
Profit/(loss) for the year	70,364	(138,738)
Total tax charge/(credit)	32,584	(15,632)
Profit/(loss) before taxation	102,948	(154,370)
Tax using the UK corporation tax rate of 19.33% (2016: 20.00%)	19,901	(30,874)
Effects of:		
Expenses not deductible for tax purposes	2,349	3,458
Adjustments in respect of previous periods	(672)	92
Deferred tax asset not recognised	10,883	10,814
Other	123	878
Total tax charge/(credit) included in profit and loss	32,584	(15,632)

Factors affecting the future current and total tax charges

Reductions in the UK corporation tax rate from 20% 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 tax charge accordingly. The deferred tax liability at 30 November 2017 has been calculated based on these rates.

The company has an unrecognised deferred tax asset relating to asset timing differences of £57,732 (2016: £49,513).

Notes (continued)

7 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Office furniture and equipment £	Total £
Cost					
At beginning of year	62,450	961,820	26,162	826,850	1,877,282
Additions	2,780	286,878	5,868	29,121	324,647
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	65,230	1,248,698	32,030	855,971	2,201,929
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At beginning of year	48,124	649,258	16,958	572,912	1,287,252
Charge for year	1,789	176,475	6,510	81,520	266,294
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	49,913	825,733	23,468	654,432	1,553,546
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 30 November 2017	15,317	422,965	8,562	201,539	648,383
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 November 2016	14,326	312,562	9,204	253,938	590,030
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Included within plant and machinery are assets held under hire purchase contracts with a net book value of £149,464 (2016: £nil). Depreciation of £16,607 (2016: £nil) was charged in the year in respect of these assets.

8 Stocks

	2017 £	2016 £
Raw materials and consumables	20,170	58,405
	<hr/>	<hr/>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £269,533 (2016: £238,526).

9 Debtors

	2017 £	2016 £
Amounts falling due within one year		
Trade debtors	2,183,222	2,386,598
Other debtors	11,433	9,843
Prepayments and accrued income	182,177	138,209
Amounts owed by group undertakings	65,415	56,915
Group relief receivable	-	15,724
	<hr/>	<hr/>
	2,442,247	2,607,289
	<hr/>	<hr/>

Included within trade debtors is £86,295 (2016: £75,334) owed by group undertakings.

Notes (continued)

10 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	427,099	392,800
Amounts owed to group undertakings	454,181	1,190,025
Other creditors including taxation and social security	1,172,556	565,750
Accruals and deferred income	222,664	506,310
Obligations under hire purchase contracts	49,046	-
Corporation tax	33,256	-
	<u>2,358,802</u>	<u>2,654,885</u>

Included within trade creditors is £19,329 (2016: £30,178) owed to group undertakings.

11 Creditors: amounts falling due after more than one year

	2017 £	2016 £
Obligations under hire purchase contracts	76,477	-
	<u>76,477</u>	<u>-</u>

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

	2017 £	2016 £
Within one year	52,213	-
In the second to fifth years	78,320	-
	<u>130,533</u>	<u>-</u>
Less future finance charges	(5,010)	-
	<u>125,523</u>	<u>-</u>

Obligations under hire purchase contracts are secured by related assets.

Notes (continued)

12 Reconciliation of net cash flow to movement in net debt

	2017 £	2016 £
(Decrease)/increase in cash in the year	(4,318)	54,167
Cash outflow from decrease in debt	751,889	54,403
Change in net debt arising from cash flows	747,571	108,570
New hire purchase financing – non cash item	(149,464)	-
Group relief – non cash item	16,396	(31,049)
Tax payments made by fellow group undertakings – non cash item	-	(6,011)
Movement in net debt in the year	614,503	71,510
Net debt at 1 December	(1,054,925)	(1,126,435)
Net debt at 30 November	(440,422)	(1,054,925)

13 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	78,185	(4,318)		73,867
<i>Debt:</i>				
Obligations under hire purchase contracts	-	23,941	(149,464)	(125,523)
Amounts owed to group undertakings (net)	(1,133,110)	727,948	16,396	(388,766)
Total	(1,133,110)	751,889	(133,068)	(514,289)
Net debt	(1,054,925)	747,571	(133,068)	(440,422)

14 Called up share capital

	2017 £	2016 £
<i>Allotted, issued and fully paid</i>		
100,000 ordinary shares of £1 each	100,000	100,000

Notes (continued)

15 Reserves

	Profit and loss account £
At beginning of year	579,024
Profit for the financial year	70,364
At end of year	649,388

16 Reconciliation of movement in shareholders' funds

	2017 £	2016 £
Profit/(loss) for the financial year	70,364	(138,738)
Opening shareholders' funds	679,024	817,762
Closing shareholders' funds	749,388	679,024

17 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 2017 the value of such facilities utilised elsewhere in the group was £9,173,364 (2016: £8,221,131).

18 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.

19 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.

20 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.