

TAYLORS INDUSTRIAL SERVICES LIMITED
No. SC134666

DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016

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TAYLORS INDUSTRIAL SERVICES LIMITED

COMPANY INFORMATION

Directors	Adrian Taylor Kevin Taylor
Secretary	Ann Taylor
Company number	SC134666
Registered office	Adria House Hareness Circle Altens Industrial Estate Aberdeen AB12 3LY
Business address	Adria House Hareness Circle Altens Industrial Estate Aberdeen AB12 3LY
Auditor	Hall Morrice LLP 6 & 7 Queens Terrace Aberdeen AB10 1XL
Bankers	Bank of Scotland 10 Greenwell Road Aberdeen AB12 3AZ
Solicitors	Burness Pauli LLP Union Plaza 1 Union Wynd Aberdeen AB10 1DQ

TAYLORS INDUSTRIAL SERVICES LIMITED

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TAYLORS INDUSTRIAL SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2016

The directors present the strategic report for the year ended 31 October 2016.

Fair review of the business

The principal activity of the company continued to be the provision of industrial cleaning services to the waste disposal industry.

The company has continued to provide a variety of waste management services to a wide range of business and private customers, but with an emphasis towards the offshore oil and gas industry, from its base in Aberdeen and the environmental centre at Balmedie.

Principal risks and uncertainties

The company's financial instruments comprise cash and short-term deposits, and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to fund the company's operations as well as to manage its working capital, liquidity and invest surplus funds.

The company's financial risk management, objectives and policies are discussed in the Director's report on page 3.

Development and performance

Gross revenue has reduced by around 4% compared with the prior year at just under £27m. The reduction in the growth rate has been largely due to continued pressure on the selling prices as a result of the current nature of the oil industry rather than on any operational factors. However, the directors have continued with the policy adopted in the previous financial year to ensure that suitable internal controls exist to maintain pressure on costs. As a result, the gross profit margin and the operating profit margin decreased slightly compared to last year. Profit before tax decreased by £4.15m, although £3m of this decrease related to a dividend received in the prior year from a subsidiary company.

Overall the directors consider that the trading profit for the year of £6.9m after deducting corporation tax is very satisfactory given the current trading conditions in the industry. Dividends of £4,384,602 (2015 £11,010,450) were paid to the holding company during the year.

Market overview and future outlook

The financial year under review included a period in which there continued to be a significant fall in the price of crude oil with the uncertainty which that brought to the oil and gas sector of the economy. The new challenges seen in 2014/15 in terms of pressure from customers in that sector to cut their own internal costs and as a result to seek price reductions from their own suppliers have continued as has the competition, particularly on price, from other companies in the waste management industry.

The initial financial results for the period since the balance sheet date confirm the continuing challenging nature of the industry at present with both turnover and gross margins showing a downturn. The company continues to be profitable however and the directors are confident that this will enable the company to continue to provide the high quality specialist services which its' customers require.

The directors have always ensured that the company provides modern, efficient facilities and equipment so as to continue to deliver the services which the customers require and to satisfy all of the stringent safety standards required by the waste disposal industry. They have continued this policy during the year with the company incurring £0.6m in upgrading the plant and machinery, £1.06m on the commercial vehicle stock and £0.2m on buildings.

The directors take compliance with health and safety regulations very seriously. The company is subject to audits of its health, safety and environmental operations by various bodies and customers and this combined with the directors' own philosophy of regularly reviewing procedures ensures the continuous provision of an efficient and fully compliant service.

TAYLORS INDUSTRIAL SERVICES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2016

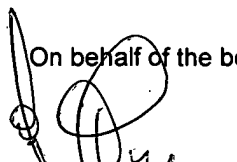
Financial position at the reporting date

The balance sheet shows the company's net assets were just under £35m at the balance sheet date, a increase of 8% compared to the previous year. Overall the company is in a healthy position in terms of net current assets and continues to operate on a self sufficient basis without a requirement for any external finance.

Objectives and strategic priorities

The directors' financial objective for the company is to achieve continued growth whilst at the same time maintaining the integrity of the business through the delivery of the specialist services for which the company is known, at a cost effective price.

The directors place personal service and environmental responsibility at the heart of the company's business and continuing to achieve the high standards which the directors set is a key priority for the company. This requires continuous training for all staff and the retentions of a first class suite of specialist equipment and vehicles. Through this process the directors are able to maintain the integrity of the business and the continued financial stability which the company requires.

On behalf of the board


Kevin Taylor
Director
30 May 2017

TAYLORS INDUSTRIAL SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2016

The directors present their report and audited financial statements for the year ended 31 October 2016.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Adrian Taylor
Kevin Taylor

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £4,348,602 (2015 - £11,010,450). The directors do not recommend payment of a final dividend.

Auditor

The auditor, Hall Morrice LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

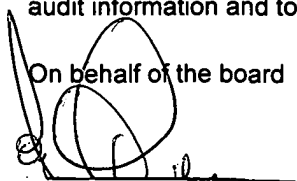
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 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.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Kevin Taylor
Director
30 May 2017

TAYLORS INDUSTRIAL SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAYLORS INDUSTRIAL SERVICES LIMITED

We have audited the financial statements of Taylors Industrial Services Limited for the year ended 31 October 2016 which comprise the Profit And Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 as set out in the Directors' report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2016 and of its profit 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.

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.

TAYLORS INDUSTRIAL SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF TAYLORS INDUSTRIAL SERVICES LIMITED

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.

Robert J C Bain MA CA CTA
Senior Statutory Auditor
For and on behalf of Hall Morrice LLP
Statutory Auditor
Aberdeen
30 May 2017

TAYLORS INDUSTRIAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2016

	Notes	2016 £	2015 £
Turnover	3	26,760,504	27,985,324
Cost of sales		(10,297,592)	(10,270,835)
Gross profit		16,462,912	17,714,489
Administrative expenses		(8,033,481)	(8,309,130)
Other operating income		554,329	416,823
Operating profit	4	8,983,760	9,822,182
Interest receivable and similar income	8	16,217	3,003,175
Interest payable and similar charges	9	(55)	(1,053)
Fair value gains and losses on investment properties	10	(325,789)	-
Profit on ordinary activities before taxation		8,674,133	12,824,304
Taxation	11	(1,751,669)	(2,015,065)
Profit for the financial year	24	6,922,464	10,809,239

The profit and loss account has been prepared on the basis that all operations are continuing operations.

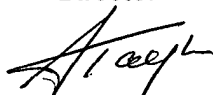
TAYLORS INDUSTRIAL SERVICES LIMITED

BALANCE SHEET AS AT 31 OCTOBER 2016

	Notes	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	13		16,277,572		16,226,535
Investment properties	14		300,000		625,789
Investments	15		5,165,251		5,165,251
			<u>21,742,823</u>		<u>22,017,575</u>
Current assets					
Debtors	17	8,384,004		9,784,788	
Cash at bank and in hand		7,690,494		4,581,118	
		<u>16,074,498</u>		<u>14,365,906</u>	
Creditors: amounts falling due within one year	18	(2,995,561)		(4,064,337)	
Net current assets			<u>13,078,937</u>		<u>10,301,569</u>
Total assets less current liabilities			<u>34,821,760</u>		<u>32,319,144</u>
Provisions for liabilities	19		(259,832)		(331,078)
Net assets			<u>34,561,928</u>		<u>31,988,066</u>
Capital and reserves					
Called up share capital	23		100		100
Profit and loss reserves	24		34,561,828		31,987,966
Total equity			<u>34,561,928</u>		<u>31,988,066</u>

The financial statements were approved by the board of directors and authorised for issue on 30 May 2017 and are signed on its behalf by:

Adrian Taylor
Director



Kevin Taylor
Director



TAYLORS INDUSTRIAL SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2016

	Notes	Share capital £	Revaluation reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 November 2014		100	218,375	-	31,971,635	32,190,110
Effect of transition to FRS 102		-	(218,375)	218,375	(833)	(833)
Balance at 1 November 2014 (as restated)		100	-	218,375	31,970,802	32,189,277
Year ended 31 October 2015:						
Profit and total comprehensive income for the year		-	-	-	10,809,239	10,809,239
Dividends	12	-	-	-	(11,010,450)	(11,010,450)
Transfers		-	-	(218,375)	218,375	-
Balance at 31 October 2015		100	-	-	31,987,966	31,988,066
Year ended 31 October 2016:						
Profit and total comprehensive income for the year		-	-	-	6,922,464	6,922,464
Dividends	12	-	-	-	(4,348,602)	(4,348,602)
Balance at 31 October 2016		100	-	-	34,561,828	34,561,928

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

These financial statements for the year ended 31 October 2016 are the first financial statements of Taylors Industrial Services Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 November 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 29.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Adria Group Limited. These consolidated financial statements are available from its registered office, Adria House, Hareness Circle, Altens Industrial Estate, Altens, Aberdeen, AB12 3LY.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies (continued)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the provision of services is recognised by reference to the time of completion, and when costs can be estimated reliably.

Rental income, farm income and interest income are recognised on an accruals basis once the amount of revenue can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% Straight line
Tenants improvements	20% Straight line
Plant and machinery	15% Straight line
Fixtures, fittings & equipment	20% Straight line
Motor vehicles	15% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Land is not depreciated as the difference between cost and residual value is considered to be immaterial.

1.5 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies (continued)

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies (continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares 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 classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies (continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies (continued)

1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2016

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

No significant judgements have had to be made by the directors in preparing these financial statements.

3 Turnover and other revenue

	2016 £	2015 £
Turnover		
Industrial cleaning services	26,760,504	27,985,324

Other significant revenue

Interest income	16,217	3,175
Dividends received	-	3,000,000
Rent receivable	366,475	374,482

Turnover analysed by geographical market

	2016 £	2015 £
United Kingdom	26,760,504	27,985,324

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(117,084)	(25,040)
Depreciation of owned tangible fixed assets	1,737,480	1,607,388
Profit on disposal of tangible fixed assets	(24,681)	(841)
Operating lease charges	52,976	49,713

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2016

5 Auditor's remuneration

	2016 £	2015 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the company's financial statements	9,600	9,900

In accordance with SI 2008/489 the company has not disclosed the fees payable to the company's auditor for 'Other services' as this information is included in the consolidated financial statements of Adria Group Limited.

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Sales	2	2
Administration	22	20
Drivers/Labourers	59	56
Operations	38	40
	121	118

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	5,298,989	5,473,449
Social security costs	591,489	643,169
Pension costs	232,213	187,759
	6,122,691	6,304,377

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2016

7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	278,987	187,047
Company pension contributions to defined contribution schemes	52,520	42,520
	<u>331,507</u>	<u>229,567</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2015 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	172,550	-
Company pension contributions to defined contribution schemes	50,000	-
	<u>222,550</u>	<u>-</u>

8 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Other interest income	16,217	3,175
Income from fixed asset investments		
Income from shares in group undertakings	-	3,000,000
Total income	<u>16,217</u>	<u>3,003,175</u>

9 Interest payable and similar charges

	2016 £	2015 £
Interest on bank overdrafts and loans	55	1,053
	<u>55</u>	<u>1,053</u>

10 Other gains and losses

	2016 £	2015 £
Changes in the fair value of investment properties	(325,789)	-
	<u>(325,789)</u>	<u>-</u>

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2016

11 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current year	1,822,300	1,991,253
Adjustments in respect of prior periods	615	(6,381)
Total current tax	1,822,915	1,984,872
Deferred tax		
Origination and reversal of timing differences	(37,296)	25,624
Changes in tax rates	(33,950)	-
Adjustment in respect of prior periods	-	4,569
Total deferred tax	(71,246)	30,193
Total tax charge	1,751,669	2,015,065

The Finance Act 2015 set the corporation tax main rate at 20% from 1 April 2016. The deferred tax liability at 31 October 2016 has been calculated based on the rate of 20% enacted at the balance sheet date.

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	8,674,133	12,824,304
Expected tax charge based on the standard rate of corporation tax in the UK of 20% (2015: 20%)	1,734,827	2,618,723
Tax effect of expenses that are not deductible in determining taxable profit	82,258	12,147
Tax effect of income not taxable in determining taxable profit	(98)	-
Adjustments in respect of prior years	615	(6,381)
Group relief	(52,238)	(30,421)
Permanent capital allowances in excess of depreciation	38,750	(7,579)
Depreciation on assets not qualifying for tax allowances	23,730	-
Dividend income	-	(612,600)
Other tax adjustment	(4,929)	10,983
Deferred tax movement	(71,246)	30,193
Taxation for the year	1,751,669	2,015,065

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2016

12 Dividends

	2016 £	2015 £
Interim paid	4,348,602	11,010,450

13 Tangible fixed assets

	Freehold land and buildings £	Tenants improvements £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost						
At 1 November 2015	11,396,492	22,908	7,891,766	692,208	9,095,372	29,098,746
Additions	201,127	-	602,052	26,673	1,057,887	1,887,739
Disposals	-	-	(29,700)	-	(553,373)	(583,073)
At 31 October 2016	11,597,619	22,908	8,464,118	718,881	9,599,886	30,403,412
Depreciation and impairment						
At 1 November 2015	1,069,686	18,716	5,489,991	385,126	5,908,692	12,872,211
Depreciation charged in the year	127,994	4,192	651,083	92,441	861,770	1,737,480
Eliminated in respect of disposals	-	-	(29,700)	-	(454,151)	(483,851)
At 31 October 2016	1,197,680	22,908	6,111,374	477,567	6,316,311	14,125,840
Carrying amount						
At 31 October 2016	10,399,939	-	2,352,744	241,314	3,283,575	16,277,572
At 31 October 2015	10,326,806	4,192	2,401,775	307,082	3,186,680	16,226,535

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2016

14 Investment property

	2016 £
Fair value	
At 1 November 2015	625,789
Revaluations	(325,789)
	<u>300,000</u>
At 31 October 2016	<u>300,000</u>

Investment property comprises commercial properties. The fair value of the investment property has been arrived at on the basis of a valuation carried out at 3 April 2017 by Shepherd Chartered Surveyors, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2016 £	2015 £
Cost	625,789	625,789
Accumulated depreciation	-	-
	<u>625,789</u>	<u>625,789</u>
Carrying amount	<u>625,789</u>	<u>625,789</u>

15 Fixed asset investments

	Notes	2016 £	2015 £
Investments in subsidiaries	16	5,069,362	5,069,362
Unlisted investments		95,889	95,889
		<u>5,165,251</u>	<u>5,165,251</u>

Movements in fixed asset investments

	Shares in group undertakings £	Other investments other than loans £	Total £
Cost or valuation			
At 1 November 2015 & 31 October 2016	5,069,362	95,889	5,165,251
	<u>5,069,362</u>	<u>95,889</u>	<u>5,165,251</u>
Carrying amount			
At 31 October 2016	5,069,362	95,889	5,165,251
	<u>5,069,362</u>	<u>95,889</u>	<u>5,165,251</u>
At 31 October 2015	5,069,362	95,889	5,165,251
	<u>5,069,362</u>	<u>95,889</u>	<u>5,165,251</u>

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2016

16 Subsidiaries

Details of the company's subsidiaries at 31 October 2016 are as follows:

Name of undertaking	Country of incorporation or residency	Class of shareholding	% Held	
			Direct	Indirect
Mountwest 229 Limited	Scotland	Ordinary	100.00	-
Easter Hatton Environmental (Waste Away) Limited	Scotland	Ordinary	100.00	-

The principal activity of Mountwest 229 Limited is that of a holding company. The company entered members' voluntary liquidation on 27 August 2013.

The principal activity of Easter Hatton Environmental (Waste Away) Limited is the operation of a landfill site.

During the year the company received dividends of £nil (2015 - £3,000,000) from Easter Hatton Environmental (Wasteaway) Limited.

17 Debtors

	2016	2015
	£	£
Amounts falling due within one year:		
Trade debtors	5,382,288	6,324,679
Corporation tax recoverable	13,317	53,212
Amounts due from fellow group undertakings	2,523,095	2,532,632
Other debtors	76,072	63,455
Prepayments and accrued income	389,232	810,810
	<u>8,384,004</u>	<u>9,784,788</u>

Other debtors includes £16,500 (2015 - £nil) falling due after more than one year.

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2016

18 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Trade creditors		774,270	1,025,669
Amounts due to group undertakings		322,091	1,028,478
Corporation tax		937,300	949,753
Other taxation and social security		723,914	827,859
Deferred income	21	-	1,833
Other creditors		4,130	4,110
Accruals and deferred income		233,856	226,635
		<u>2,995,561</u>	<u>4,064,337</u>

The bank holds security over the land at Hareness Circle, Altens and bond and floating charge over the whole assets of the company.

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

19 Provisions for liabilities

	Notes	2016 £	2015 £
Deferred tax liabilities	20	<u>259,832</u>	<u>331,078</u>

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2016

20 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
Balances:		
Accelerated capital allowances	260,147	339,869
Other timing differences	(315)	(8,791)
	<u>259,832</u>	<u>331,078</u>
		2016 £
Movements in the year:		
Liability at 1 November 2015		331,078
Credit to profit or loss		(37,296)
Effect of change in tax rate - profit or loss		(33,950)
		<u>259,832</u>
Liability at 31 October 2016		<u>259,832</u>

21 Deferred income

	2016 £	2015 £
Other deferred income	-	1,833
	<u>-</u>	<u>1,833</u>

22 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	232,213	187,759
	<u>232,213</u>	<u>187,759</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the year end, the company has a defined contribution pension liability of £1,852 (2015 - £1,813).

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2016

23 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	100	100

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends or the repayment of capital.

24 Profit and loss reserves

This reserve records the accumulated distributable profits made by the company net of distributions to shareholders.

25 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	41,454	48,413
Between two and five years	116,629	123,252
In over five years	68,000	90,586
	<u>226,083</u>	<u>262,251</u>

Lessor

The operating leases represent leases of commercial properties to third parties. These non-cancellable leases have remaining terms of between 15 and 20 years.

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2016 £	2015 £
Within one year	408,642	408,442
Between two and five years	1,634,160	1,633,768
In over five years	4,733,730	5,141,864
	<u>6,776,532</u>	<u>7,184,074</u>

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2016

26 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2016 £	2015 £
Acquisition of property, plant and equipment	347,762	25,158

27 Controlling party

The immediate parent company is Adria Group Limited. The ultimate controlling parties of Adria Group Limited are the directors Adrian Taylor and Kevin Taylor.

The largest group in which the results of the Company are consolidated is that headed by Adria Group Limited incorporated in the United Kingdom. No other group financial statements include the results of the Company. The consolidated accounts for Adria Group Limited are available to the public and a copy may be obtained from Adria House, Hareness Circle, Altens Industrial Estate, Altens, Aberdeen, AB12 3LY.

28 Company information

Taylor's Industrial Services Limited is a company limited by shares incorporated in Scotland. The registered office is Adria House, Hareness Circle, Altens Industrial Estate, Aberdeen, AB12 3LY.

29 Reconciliations on adoption of FRS 102

Reconciliation of equity

	Notes	1 November 2014 £	31 October 2015 £
Equity as reported under previous UK GAAP		32,190,110	32,023,609
Adjustments arising from transition to FRS 102:			
Holiday pay accrual	1	-	(42,138)
Deferred tax	2	-	8,428
Lease break	3	(833)	(1,833)
Equity reported under FRS 102		32,189,277	31,988,066

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2016

29 Reconciliations on adoption of FRS 102 (continued)

Reconciliation of profit for the financial period

	Notes	2015 £
Profit as reported under previous UK GAAP		10,843,949
Adjustments arising from transition to FRS 102:		
Holiday pay accrual	1	(42,138)
Deferred tax	2	8,428
Lease break	3	(1,000)
Profit reported under FRS 102		<u>10,809,239</u>

Notes to reconciliations on adoption of FRS 102

1. Holiday pay accrual

Under previous UK GAAP, the company did not accrue for unused holidays. Under FRS 102, the company is required to accrue for all short-term compensated absences as holiday entitlement earned but not taken at the date of the statement of financial position.

2. Deferred tax provision

The company has accounted for deferred tax on transition as follows;

- Holiday pay accrual - a deferred tax adjustment has been recognised at 20% on the holiday pay accrual.

3. Lease incentive

Under previous UK GAAP, the company allocated lease incentives over the period to which the rent is adjusted to market rate. Under FRS 102, the company must recognise lease receipts under operating leases as income over the lease term on a straight line basis. The aggregate benefit of lease incentives should also be recognised as a reduction to the income over the lease term on a straight line basis.