

TAYLORS INDUSTRIAL SERVICES LIMITED
No. SC134666

DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017



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 Paull 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 2017

The directors present the strategic report for the year ended 31 October 2017.

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.

Development and performance

Gross revenue has reduced by around 8% compared with the prior year at just under £25m. The reduction 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 £0.6m.

Overall the directors consider that the trading profit for the year of £6.37m after deducting corporation tax is very satisfactory given the current trading conditions in the industry. Dividends of £10,457,755 (2016 - £4,348,602) 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 2016/17 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 £50k in upgrading the plant and machinery, £0.5m on the commercial vehicle stock and £0.7m 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.

Financial position at the reporting date

The balance sheet shows the company's net assets were just over £30m at the balance sheet date, a decrease of 12% 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.

TAYLORS INDUSTRIAL SERVICES LIMITED

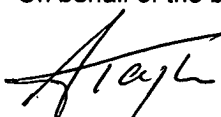
STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2017

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



Adrian Taylor

Director

18 July 2018

TAYLORS INDUSTRIAL SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2017

The directors present their report and financial statements for the year ended 31 October 2017.

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 £10,457,755 (2016 - £4,348,602). 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



Adrian Taylor

Director

18 July 2018

TAYLORS INDUSTRIAL SERVICES LIMITED

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

Opinion

We have audited the financial statements of Taylors Industrial Services Limited (the 'company') for the year ended 31 October 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Strategic report and the Directors' report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- 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; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the directors' report.

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.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

Robert J C Bain MA CA CTA

Senior Statutory Auditor

For and on behalf of Hall Morrice LLP

Statutory Auditor

Aberdeen

18 July 2018

TAYLORS INDUSTRIAL SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2017

	Notes	2017 £	2016 £
Turnover	3	24,652,350	26,760,504
Cost of sales		(9,354,636)	(10,297,592)
Gross profit		15,297,714	16,462,912
Administrative expenses		(7,689,940)	(8,033,481)
Other operating income		466,557	554,329
Operating profit	4	8,074,331	8,983,760
Interest receivable and similar income	8	20,901	16,217
Interest payable and similar expenses	9	-	(55)
Fair value gains and losses on investment properties	10	-	(325,789)
Profit before taxation		8,095,232	8,674,133
Tax on profit	11	(1,726,707)	(1,751,669)
Profit for the financial year and total comprehensive income		6,368,525	6,922,464

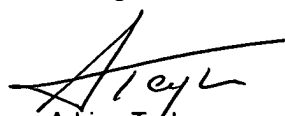
The Statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

TAYLORS INDUSTRIAL SERVICES LIMITED

BALANCE SHEET AS AT 31 OCTOBER 2017

	Notes	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	13		15,839,767		16,277,572
Investment property	14		300,000		300,000
Investments	15		5,165,251		5,165,251
			<u>21,305,018</u>		<u>21,742,823</u>
Current assets					
Debtors	17	10,048,003		8,384,004	
Cash at bank and in hand		4,384,405		7,690,494	
			<u>14,432,408</u>	<u>16,074,498</u>	
Creditors: amounts falling due within one year	18		<u>(4,955,705)</u>	<u>(2,995,561)</u>	
Net current assets			<u>9,476,703</u>		<u>13,078,937</u>
Total assets less current liabilities			<u>30,781,721</u>		<u>34,821,760</u>
Provisions for liabilities	19		<u>(309,023)</u>		<u>(259,832)</u>
Net assets			<u><u>30,472,698</u></u>		<u><u>34,561,928</u></u>
Capital and reserves					
Called up share capital	22		100		100
Profit and loss reserves	23		30,472,598		34,561,828
Total equity			<u><u>30,472,698</u></u>		<u><u>34,561,928</u></u>

The financial statements were approved by the board of directors and authorised for issue on 18 July 2018 and are signed on its behalf by:


Adrian Taylor
Director

TAYLORS INDUSTRIAL SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 November 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
Year ended 31 October 2017:				
Profit and total comprehensive income for the year		-	6,368,525	6,368,525
Dividends	12	-	(10,457,755)	(10,457,755)
Balance at 31 October 2017		100	30,472,598	30,472,698

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

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 £.

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 company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Taylor's Industrial Services Limited is a wholly owned subsidiary of Adria Group Limited and the results of Taylor's Industrial Services Limited are included in the consolidated financial statements of Adria Group Limited which are available from Adria House, Hareness Circle, Altens Industrial Estate, 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 2017

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.

Management fee 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 their fair value as at the reporting date. Fair value gains and losses on investment property are recognised in profit or loss. Fair value gains, and fair value losses to the extent that they reverse a previous fair value gain on the same investment property, are transferred from the profit and loss reserves to the fair value reserve during the year in which they arise.

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

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

Investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. A subsidiary is an entity controlled by the group. 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 2017

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 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 at bank and in hand

Cash at bank and in hand 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.

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 publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2017

1 Accounting policies (continued)

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 payments 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.

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.

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2017

1 Accounting policies (continued)

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.

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 in which it arises.

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2017

1 Accounting policies (continued)

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

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.

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.

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.

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.

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2017

2 Judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Revaluation of investment property

The company carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The fair value at each reporting date is normally determined by the director at estimated market value. Annual professional valuations are not obtained due to the cost involved and the fact that the directors have no intention to sell the investment properties in the medium to long term. Periodic professional valuations are obtained when there is considered to have been a material change in the economic environment. The carrying amount of the investment properties is disclosed in note 14.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of each asset and note 1.4 for the useful economic lives for each class of asset.

3 Turnover and other revenue

	2017 £	2016 £
Turnover analysed by class of business		
Industrial cleaning services	24,652,350	26,760,504
	<u> </u>	<u> </u>
	2017 £	2016 £
Other significant revenue		
Interest income	20,901	16,217
Rent receivable	384,838	366,475
Management fees	63,000	63,000
	<u> </u>	<u> </u>
	2017 £	2016 £
Turnover analysed by geographical market		
United Kingdom	24,652,350	26,760,504
	<u> </u>	<u> </u>

4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	-	(117,084)
Depreciation of owned tangible fixed assets	1,743,289	1,737,480
Profit on disposal of tangible fixed assets	(84,255)	(24,681)
Operating lease charges	45,862	52,976
	<u> </u>	<u> </u>

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2017

5 Auditor's remuneration

	2017	2016
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	9,975	9,600

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:

	2017 Number	2016 Number
Sales	1	2
Administration	21	22
Drivers/Labourers	58	59
Operations	40	38
	120	121

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	5,044,356	5,298,989
Social security costs	565,110	591,489
Pension costs	233,054	232,213
	5,842,520	6,122,691

7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	316,787	278,987
Company pension contributions to defined contribution schemes	42,520	52,520
	359,307	331,507

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2016 - 2).

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2017

7 Directors' remuneration (continued)

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

	2017 £	2016 £
Remuneration for qualifying services	211,288	172,550
Company pension contributions to defined contribution schemes	40,000	50,000
	<u>251,288</u>	<u>222,550</u>

8 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Other interest income	20,901	16,217
	<u>20,901</u>	<u>16,217</u>

9 Interest payable and similar expenses

	2017 £	2016 £
Interest on bank overdrafts and loans	-	55
	<u>-</u>	<u>55</u>

10 Other gains and losses

	2017 £	2016 £
Changes in the fair value of investment properties	-	(325,789)
	<u>-</u>	<u>(325,789)</u>

11 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current year	1,677,516	1,822,300
Adjustments in respect of prior periods	-	615
Total current tax	<u>1,677,516</u>	<u>1,822,915</u>
Deferred tax		
Origination and reversal of timing differences	49,191	(37,296)
Changes in tax rates	-	(33,950)
Total deferred tax	<u>49,191</u>	<u>(71,246)</u>
Total tax charge	<u>1,726,707</u>	<u>1,751,669</u>

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2017

11 Taxation (continued)

The UK corporation tax rate reduced from 20% to 19% with effect from 1 April 2017. The Finance Act 2015 was fully enacted on 18 November 2015 and legislated to reduce the UK corporation tax rate to 18% with effect from 1 April 2020. The rate has subsequently been further reduced to 17% with effect from 1 April 2020 by the Finance Act 2016, which was fully enacted on 15 September 2016. The deferred tax liabilities reflect these rates.

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:

	2017 £	2016 £
Profit before taxation	8,095,232	8,674,133
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2016: 20%)	1,571,584	1,734,827
Tax effect of expenses that are not deductible in determining taxable profit	26,584	82,258
Tax effect of income not taxable in determining taxable profit	-	(98)
Gains not taxable	(16,357)	-
Adjustments in respect of prior years	-	615
Group relief	(5,591)	(52,238)
Permanent capital allowances (in excess of)/less than depreciation	(43,138)	38,750
Depreciation on assets not qualifying for tax allowances	144,220	23,730
Other tax adjustment	214	(4,929)
Deferred tax movement	49,191	(71,246)
Taxation charge for the year	1,726,707	1,751,669

12 Dividends

	2017 £	2016 £
Interim paid	10,457,755	4,348,602

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2017

13 Tangible fixed assets

	Freehold land and buildings £	Tenants improvements £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost						
At 1 November 2016	11,597,619	22,908	8,464,118	718,881	9,599,886	30,403,412
Additions	749,803	-	42,085	8,295	545,746	1,345,929
Disposals	-	-	(183,065)	-	(157,533)	(340,598)
At 31 October 2017	12,347,422	22,908	8,323,138	727,176	9,988,099	31,408,743
Depreciation and impairment						
At 1 November 2016	1,197,680	22,908	6,111,374	477,567	6,316,311	14,125,840
Depreciation charged in the year	134,073	-	646,569	88,053	874,594	1,743,289
Eliminated in respect of disposals	-	-	(143,965)	-	(156,188)	(300,153)
At 31 October 2017	1,331,753	22,908	6,613,978	565,620	7,034,717	15,568,976
Carrying amount						
At 31 October 2017	11,015,669	-	1,709,160	161,556	2,953,382	15,839,767
At 31 October 2016	10,399,939	-	2,352,744	241,314	3,283,575	16,277,572

14 Investment property

	2017
	£
Fair value	
At 1 November 2016 and 31 October 2017	300,000

Investment property comprises a commercial property. The fair value of the investment property has been arrived at on the basis of a valuation carried out on 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:

	2017	2016
	£	£
Cost	625,789	625,789
Accumulated depreciation	-	-
Carrying amount	625,789	625,789

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2017

15 Fixed asset investments

	Notes	2017 £	2016 £
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			
At 1 November 2016 & 31 October 2017	5,069,362	95,889	5,165,251
Carrying amount			
At 31 October 2017	5,069,362	95,889	5,165,251
At 31 October 2016	5,069,362	95,889	5,165,251

16 Subsidiaries

Details of the company's subsidiaries at 31 October 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Easter Hatton Environmental (Waste Away) Limited	Scotland	Operation of landfill site	Ordinary	100.00	-
Mountwest 229 Limited	Scotland	Holding company	Ordinary	100.00	-

Mountwest 229 Limited entered members voluntary liquidation on 27 August 2013.

17 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	5,469,386	5,382,288
Corporation tax recoverable	-	13,317
Amounts owed by group undertakings	2,529,216	2,523,095
Other debtors	93,988	59,572
Prepayments and accrued income	1,941,563	389,232
	<u>10,034,153</u>	<u>8,367,504</u>

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2017

17 Debtors (continued)

	2017 £	2016 £
Amounts falling due after more than one year:		
Other debtors	13,850	16,500
Total debtors	10,048,003	8,384,004

18 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	1,440,802	774,270
Amounts due to group undertakings	464,609	322,091
Corporation tax	695,662	937,300
Other taxation and social security	554,219	723,914
Other creditors	1,510,185	4,130
Accruals and deferred income	290,228	233,856
	4,955,705	2,995,561

The bank holds security over the land at Hareness Circle, Altens and a 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	2017 £	2016 £
Deferred tax liabilities	20	309,023	259,832

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 2017 £	Liabilities 2016 £
Balances:		
Accelerated capital allowances	309,525	260,147
Other timing differences	(502)	(315)
	309,023	259,832

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2017

20 Deferred taxation (continued)

	2017 £
Movements in the year:	
Liability at 1 November 2016	259,832
Charge to profit or loss	49,191
	<u>309,023</u>
Liability at 31 October 2017	<u>309,023</u>

21 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	233,054	232,213
	<u>233,054</u>	<u>232,213</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 £2,955 (2016 - £1,852).

22 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

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

23 Profit and loss reserves

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

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2017

24 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:

	2017 £	2016 £
Within one year	30,894	41,454
Between two and five years	101,574	116,629
In over five years	49,649	68,000
Total	<u>182,117</u>	<u>226,083</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:

	2017 £	2016 £
Within one year	363,642	408,642
Between two and five years	1,453,343	1,634,160
In over five years	4,052,755	4,733,730
Total	<u>5,869,740</u>	<u>6,776,532</u>

25 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2017 £	2016 £
Acquisition of tangible fixed assets	<u>1,666,221</u>	<u>347,762</u>

26 Directors' transactions

During the year, the directors advanced the company net amounts totalling £1,506,090. As at 31 October 2017, the company was due the directors £1,506,090 (2016 - £nil). The loans are interest free and there are no set repayment terms.

TAYLORS INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2017

27 Controlling party

The immediate parent company is Adria Group Limited, a company registered in Scotland.

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

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