Independent auditors' report
to the members of Premier Technical Services Group PLC

REPORT ON THE GROUP FINANCIAL STATEMENTS

Our opinion

In our opinion, Premier Technical Services Group PLC's group financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's affairs as at 31 December 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Accounts (the "Annual Report"), comprise:

- the consolidated balance sheet as at 31 December 2016;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' responsibilities set out on page 35, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves
We conducted our audit in accordance with ISAs (UK & Ireland). 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 Group'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.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual 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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

OTHER MATTER
We have reported separately on the Company financial statements of Premier Technical Services Group PLC for the year ended 31 December 2016.

Randal Casson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

28 March 2017

Consolidated statement of comprehensive income
for the year ended 31 December 2016

	Note	Year ended 31 December 2016 Before adjusting items £	Year ended 31 December 2016 Adjusting items (note 6) £	Year ended 31 December 2016 Total £	Year ended 31 December 2015 Before adjusting items £	Year ended 31 December 2015 Adjusting items (note 6) £	Year ended 31 December 2015 Total £
Revenue	4	**39,194,766**	**–**	**39,194,766**	25,770,503	–	25,770,503
Cost of sales		**(18,863,527)**	**–**	**(18,863,527)**	(11,785,079)	–	(11,785,079)
Gross profit		**20,331,239**	**–**	**20,331,239**	13,985,424	–	13,985,424
Net operating costs	6	**(12,474,374)**	**(4,739,988)**	**(17,214,362)**	(8,709,361)	(4,016,196)	(12,725,557)
Total operating profit		**7,856,865**	**(4,739,988)**	**3,116,877**	5,276,063	(4,016,196)	1,259,867
Finance costs	7	**(405,076)**	**(97,402)**	**(502,478)**	(273,437)	(155,446)	(428,883)
Profit before taxation		**7,451,789**	**(4,837,390)**	**2,614,399**	5,002,626	(4,171,642)	830,984
Taxation	9	**(730,370)**	**415,544**	**(314,826)**	(814,927)	473,046	(341,881)
Profit attributable to owners of the parent		**6,721,419**	**(4,421,846)**	**2,299,573**	4,187,699	(3,698,596)	489,103
Total comprehensive income/(expense) for the year attributable to owners of the parent		**6,721,419**	**(4,421,846)**	**2,299,573**	4,187,699	(3,698,596)	489,103
Earnings per share (pence):							
Basic and diluted earnings per share	10			**2.61**			0.57

The notes on pages 42 to 61 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2016

		Attributable to owners of the parent						
	Note	Share capital £	Capital redemption reserve £	Share Premium Account £	Retained earnings £	Total £	Non-controlling interest £	Total equity £
Balance at 31 December 2014		**771,437**	**128,573**	**–**	**221,087**	**1,121,097**	**179**	**1,121,276**
Profit for the year		–	–	–	489,103	489,103	–	489,103
Total comprehensive income		**–**	**–**	**–**	**489,103**	**489,103**	**–**	**489,103**
Transactions with owners								
Issue of share capital	20	105,010	–	4,942,818	–	5,047,828	–	5,047,828
Share based payments charge		–	–	–	2,333,915	2,333,915	–	2,333,915
Tax credit relating to share based payments		–	–	–	462,592	462,592	–	462,592
Ordinary dividends paid	22	–	–	–	(533,825)	(533,825)	–	(533,825)
Reduction of capital		–	–	(4,942,818)	4,942,818	–	–	–
Transactions with owners		**105,010**	**–**	**–**	**7,205,500**	**7,310,510**	**–**	**7,310,510**
Balance at 31 December 2015		**876,447**	**128,573**	**–**	**7,915,690**	**8,920,710**	**179**	**8,920,889**
Profit for the year		–	–	–	2,299,573	2,299,573	–	2,299,573
Total comprehensive income		**–**	**–**	**–**	**2,299,573**	**2,299,573**	**–**	**2,299,573**
Transactions with owners								
Issue of share capital	20	7,578	–	548,418	–	555,996	–	555,996
Share based payments charge	13	–	–	–	1,243,841	1,243,841	–	1,243,841
Share based deferred consideration charge		–	–	–	400,000	400,000	–	400,000
Tax charge relating to share based payments		–	–	–	(283,935)	(283,935)	–	(283,935)
Ordinary dividends paid	22	–	–	–	(1,092,472)	(1,092,472)	–	(1,092,472)
Transactions with owners		**7,578**	**–**	**548,418**	**267,434**	**823,430**	**–**	**823,430**
Balance at 31 December 2016		**884,025**	**128,573**	**548,418**	**10,482,697**	**12,043,713**	**179**	**12,043,892**

The notes on pages 42 to 61 are an integral part of these consolidated financial statements.

Consolidated balance sheet
as at 31 December 2016

	Note	2016 £	Restated 2015 (note 2j) £
Assets			
Non-current assets			
Intangible assets	11	**12,365,481**	10,735,826
Property, plant and equipment	12	**3,195,880**	2,373,544
Deferred tax asset	19	**417,336**	784,061
Total non-current assets		**15,978,697**	13,893,431
Current assets			
Inventories	14	**503,307**	381,760
Trade and other receivables	15	**20,303,115**	13,108,313
Cash at bank and in hand		**6,543,749**	4,842,899
Total current assets		**27,350,171**	18,332,972
Liabilities			
Current liabilities			
Trade and other payables	16	**7,231,346**	6,429,608
Bank overdraft		**8,560,270**	5,160,365
Finance leases	17	**767,303**	641,001
Borrowings	17	**25,033**	25,033
Deferred consideration	18	**1,053,070**	1,125,897
Current tax liabilities		**296,003**	749,642
Total current liabilities		**17,933,025**	14,131,546
Net current assets/(liabilities)		**9,417,146**	4,201,426
Non-current liabilities			
Borrowings	17	**10,010,155**	5,993,808
Loan notes	18	**2,596,206**	2,527,000
Finance leases	17	**745,590**	653,160
Total non-current liabilities		**13,351,951**	9,173,968
Net assets		**12,043,892**	8,920,889
Equity attributable to the owners of the parent			
Share capital	20	**884,025**	876,447
Capital redemption reserve	21	**128,573**	128,573
Share premium account	21	**548,418**	–
Retained earnings	21	**10,482,697**	7,915,690
		12,043,713	8,920,710
Non-controlling interests		**179**	179
Total equity		**12,043,892**	8,920,889

The consolidated financial statements on page 42 to 61 were approved by the Board of Directors on 28 March 2017 and were signed on its behalf by:

P W Teasdale
Chief Executive Officer

Consolidated cash flow statement
for the year ended 31 December 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Profit after taxation		**2,299,573**	489,103
Adjustments for:			
Income tax charge	9	**314,826**	341,881
Depreciation	12	**1,164,362**	898,889
Amortisation of intangible assets	11	**499,233**	108,600
Profit on disposal of property, plant and equipment	8	**(316,134)**	(384,778)
Finance costs	7	**502,478**	273,437
Share based payments	13	**1,243,841**	2,333,915
		5,708,179	4,061,047
Changes in working capital:			
Increase in inventories		**(86,399)**	(40,995)
Increase in trade and other receivables		**(6,092,755)**	(3,673,880)
Increase/(decrease) in trade and other payables		**1,038,646**	(876,303)
Cash generated/(used in) from operations		**567,671**	(530,131)
Interest paid	7	**(433,272)**	(273,437)
Tax paid		**(796,812)**	(489,732)
Net cash outflow from operating activities		**(662,413)**	(1,293,300)
Cash flows from investing activities			
Acquisition of businesses	25	**(1,757,702)**	(2,274,530)
Purchase of property, plant and equipment		**(766,304)**	(521,691)
Payment of deferred consideration		**(905,159)**	(1,057,940)
Net proceeds from sale of property, plant and equipment		**354,849**	404,817
Net cash outflow from investing activities		**(3,074,316)**	(3,449,344)
Cash flows from financing activities			
Proceeds from borrowings		**4,016,347**	5,945,727
Repayment of bank borrowings		**–**	(3,750,000)
Capital element of finance lease payments		**(1,042,197)**	(648,707)
Issue of shares		**155,996**	4,672,828
Dividends paid	22	**(1,092,472)**	(533,825)
Net cash inflow from financing activities		**2,037,674**	5,686,023
Net (decrease) /increase in cash and cash equivalents		**(1,699,055)**	943,379
Cash and cash equivalents at 1 January		**(317,466)**	(1,260,845)
Cash and cash equivalents at 31 December*		**(2,016,521)**	(317,466)

The notes on pages 42 to 61 are an integral part of these consolidated financial statements.

* cash and cash equivalents comprises cash at bank in hand of £6,543,749 (2015: £4,842,899) less bank overdraft of £8,560,270 (2015: £5,160,365).

Notes to the consolidated financial statements

1. GENERAL INFORMATION

Premier Technical Services Group PLC (the "Company") is a company incorporated and domiciled in the UK. The address of the registered office is: 13 Flemming Court, Whistler Drive, Castleford, WF10 5HW (registered company number is 06005074). The Company and its subsidiaries' (together referred to as "the Group") is a Niche Specialist Service Provider whose principal activities are the maintenance, inspection, testing, repair and installation of permanent façade access equipment, fall arrest systems and lightning protection systems together with fixed wire and portable appliance testing and high level cleaning.

2. ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements have been prepared in accordance with the requirements of the AIM Rules, in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), the International Financial Reporting Interpretations Committee's ("IFRSIC") interpretations and with those parts of the Companies Act 2006 as applicable to companies reporting under IFRS.

These consolidated financial statements have been prepared under the historical cost convention and on a going concern basis.

The principal accounting policies adopted in the preparation of the consolidated financial information are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

(b) Going concern

This consolidated financial information relating to the Group has been prepared on the going concern basis.

After making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for at least one year from the date of signing these financial statements. For these reasons they continue to adopt the going concern basis in preparing the Group's financial statements.

The cash flow projections are the sole responsibility of the Directors based upon their present plans, expectations and intentions. In this context, the Directors have prepared and considered cash flow projections for the Group for a period extending one year from the date of approval of these financial statements. Based on these cash flows, and having regard to the provision of the debt facility as described in note 17 to these financial statements the Directors are satisfied that the Group is able to meet its liabilities as and when they fall due for the foreseeable future and for a minimum period of 12 months from the date of signing these financial statements.

(c) Changes in accounting policy and disclosures

(i) New standards, amendments and interpretations

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 January 2016 have had a material impact on the group or parent company.

(ii) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements.

- IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different from that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.
- IFRS 15, "Revenue from contracts with customers" deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, "Revenue" and IAS 11, "Construction contracts" and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.
- IFRS 16, "Leases" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to user of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17, "Leases", and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted, subject to EU endorsement and the entity adopting IFRS 15, "Revenue from contracts with customers" at the same time.

The Group is assessing the impact of the standards.

2. ACCOUNTING POLICIES continued

(d) Basis of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial information of subsidiaries is included in the consolidated financial statements from the date on which control transferred to the Group until the date that control ceases.

Transactions eliminated on consolidation

Intragroup balances, and any gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(e) Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Leased assets

Leases under which the Group assumes substantially all the risks and rewards of ownership of an asset are classified as finance leases. Property, plant and equipment acquired under finance leases is recorded at fair value or, if lower, the present value of minimum lease payments at inception of the lease, less depreciation and any impairment.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in the other long-term payables. The interest element of the finance cost is charged to the income statement on a straight-line basis. The property, plant and equipment under finance leases is depreciated over the shorter of the useful life of the asset and lease term.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term. Freehold land is not depreciated. The estimated useful lives are as follows:

- Freehold buildings – depreciated over 50 years
- Leasehold improvements – depreciated over term of lease
- Fixtures, fittings and equipment – 25% on cost
- Motor vehicles – 33% on cost
- Plant and machinery – 15-50% on cost

The residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Where necessary provision is made for obsolete, slow moving and defective stocks. Cost comprises the purchase price of goods and other directly attributable costs incurred in bringing the product to its present location and condition. Net realisable value is the estimated selling price reduced by all costs of completion, marketing, selling and distribution.

(g) Intangible assets

Goodwill

Goodwill arising on acquisitions comprises the excess of the fair value of the consideration for investments in subsidiary undertakings over the fair value of the net identifiable assets acquired at the date of acquisition. Goodwill arising on acquisitions of subsidiaries is included in intangible assets.

Goodwill is not amortised but is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposals of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the lowest level within the Group at which the associated level of goodwill is monitored for management purposes and are not larger than the operating segments determined in accordance with IFRS 8, "Operating Segments".

Notes to the consolidated financial statements continued

2. ACCOUNTING POLICIES continued
(g) Intangible assets continued
Business Combinations
From 1 January 2011, the Group has applied IFRS 3, "Business combinations" (2008) in accounting for business combinations. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as the fair value of the consideration transferred less the fair value of identifiable assets acquired and liabilities assumed.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Contingent consideration related to future employment is recognised through profit or loss. Otherwise subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

For acquisitions prior to 1 January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amounts (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Tender list and order book
The Group's intangible assets with finite useful lives are the order book and tender list recognised following the acquisition of Integral Cradles Limited in 2015. Intangible assets with finite lives are stated at cost, less accumulated amortisation and accumulated impairment losses if any. Amortisation of the order book is recognised in the profit and loss account on a straight line basis over the estimated useful lives of the orders in place at acquisition. Amortisation of the tender list is recognised in the profit and loss account over its estimated useful life and principally reflects management's view of the average economic life.

The estimated useful lives are as follows:

- Order book – 15 months; and
- Tender list – 3 years.

(h) Impairment of non-financial assets
Assets not subject to amortisation are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill that suffered an impairment, are reviewed for possible reversal of the impairment at each reporting date.

(i) Financial assets and liabilities
Classification
The Group classifies its financial assets as loans and receivables. Management determines the classification of its financial assets at initial recognition.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that arise principally through the provision of services to customers. They are initially recognised at fair value, and are subsequently stated at amortised cost using the effective interest method. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. Loans and receivables comprise mainly cash and cash equivalents and trade and other receivables.

Impairment of financial assets
Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within other operating costs in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

(j) Cash and cash equivalents
Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Following a decision of the IFRS Interpretations Committee in April 2016 in relation to IAS 32, the Group can no longer report cash balances on a net basis and so the Balance Sheet as at 31 December 2015 has been restated to show the cash and overdraft separately.

(k) Trade and other payables
Trade and other payables are initially stated at fair value and subsequently measured at amortised cost.

(l) Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

2. ACCOUNTING POLICIES continued

(m) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material and provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. The increase in the provision due to passage of time is recognised in finance costs.

(n) Share capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from the proceeds.

(o) Revenue

Revenue is measured at the fair value of the consideration received as receivable (excluding value added tax and discount given) derived from the provision of goods and services to customers during the period.

i) Installation

The Group enters into contracts to design and install façade access equipment, fall arrest systems and lightning protection systems. Revenue is recognised (to the extent to which performance has taken place at the balance sheet date in accordance with the percentage completion method) in the accounting period in which the services are rendered, by reference to the stage of completion of the contract at the balance sheet date and assessed on the basis of the actual service provided as a proportion of the total service to be provided.

ii) Test, inspection and repair

The Group maintains, tests, inspects and repairs façade access equipment, fall arrest systems and lightning protection systems. Revenue is recognised on completion of the relevant work and the Group has objective evidence that all criteria for acceptance have been satisfied.

(p) Leases

The costs associated with operating leases are taken to the income statement on an accruals basis over the period of the lease. Where the Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease", the accounting policy for which is disclosed in (e).

(q) Net finance costs

Finance costs

Finance costs comprise interest payable on borrowings and financial leases.

Finance income

Finance income comprises interest receivable on funds invested.

(r) Income tax

Income tax for the years presented comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of other assets or liabilities that affect neither accounting nor taxable profit; nor differences relating to investments in subsidiaries to the extent that they are unlikely to reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Notes to the consolidated financial statements continued

2. ACCOUNTING POLICIES continued

(s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting to the Board of Directors which has been identified as the chief operating decision maker. The Board of Directors consists of the Executive Directors and the Non-executive Directors.

(t) Employee benefits: Pension obligations

The Group operates a defined contribution plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(u) Adjusting items

Adjusting items are disclosed separately in the financial statements where it is necessary to do so to provide clearer understanding of the underlying financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

(v) Share based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability,sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

(w) Dividends

Dividends payable are recorded in the period in which they are approved or paid, whichever is earliest.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements under IFRS requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The Directors consider that the following estimates and judgements are likely to have the most significant effect on the amounts recognised in the consolidated financial statements:

Business combinations

On acquisition, the Company calculates the fair value of the net assets acquired. The assessment of assets is necessarily judgemental and therefore will directly impact on the value of goodwill carried on the balance sheet. Goodwill is tested annually for impairment based on the cash flows of the income generating unit to which it relates. Judgement is applied to assessing the future revenues to be achieved from an acquisition and the appropriate discount rate. These estimates affect whether an impairment of goodwill should be recognised. Further disclosures in respect of the impairment of goodwill are provided in note 11.

Revenue recognition

Certain of the Group's installation contracts have a term of several months. The Directors assess the timing of the revenue according to the extent to which performance has taken place. As such, an element of judgement is required when assessing the stage of completion at a period end.

Trade receivables

Trade receivables and accrued income are continually reviewed for impairment and provided for where necessary. The Directors assess the requirement for any provision based on the age of the debt compared to agreed terms, recent history of default and current economic climate. As such there is an element of judgement required in estimating the probable losses inherent in the trade receivables.

Deferred consideration

Amounts payable in respect of acquisitions can depend in part upon the achievement of a number of financial and non-financial performance measures specified in the purchase agreements. The Directors estimate the amounts payable by assessing, amongst other things, the performance of the acquired businesses since acquisition against the measures specified in the purchase agreements. As such, an element of judgement is required in determining whether the performance measures will be achieved.

Share based payments

The fair value of share based payments is based on management estimates of the number of shares that will vest and the associated timings. Further disclosure in respect of share based payments is provided in note 13.

4. SEGMENTAL REPORTING

Management has determined the operating segments based on the operating reports reviewed by the Board of Directors that are used to assess both performance and strategic decisions. Management has identified that the Board of Directors is the chief operating decision maker in accordance with the requirements of IFRS 8, "Operating segments".

The Board of Directors organise the Group around products and services and considers the business to be split into three main types of business generating revenue; Access and Safety, Electrical Services and High Level Cleaning. There was no trade in the Training Solutions division.

All revenue originates in the UK.

Notes to the consolidated financial statements continued

4. SEGMENTAL REPORTING continued

2016	Access and Safety £	Electrical Services £	High Level Cleaning £	Group £	Total £
Revenue					
Total revenue	18,869,742	17,606,059	2,718,965	–	39,194,766
Total revenue from external customers	**18,869,742**	**17,606,059**	**2,718,965**	**–**	**39,194,766**
Operating profit before adjusting items	**3,110,949**	**3,999,716**	**747,107**	**(907)**	**7,856,865**
Restructuring costs	(235,288)	(188,141)	(68,883)	–	(492,312)
Share options granted to Directors and employees	(1,887,400)	–	–	–	(1,887,400)
Amortisation of intangible asset acquired	(486,733)	(12,500)	–	–	(499,233)
Contingent payments in relation to acquisitions	(100,000)	(1,361,043)	(400,000)	–	(1,861,043)
Segment operating profit	**401,528**	**2,438,032**	**278,224**	**(907)**	**3,116,877**
Net finance cost	(92,244)	(60,597)	(3,344)	(346,293)	(502,478)
Profit before taxation	**309,284**	**2,377,435**	**274,880**	**(347,200)**	**2,614,399**
Other segmental items					
Segment assets	13,156,447	9,066,829	389,410	20,716,182	43,328,868
Segment liabilities	(5,565,181)	(8,220,348)	(496,222)	(17,003,225)	(31,284,976)
Capital expenditure	752,623	1,033,252	56,591	–	1,842,466
Depreciation	453,821	663,282	47,259	–	1,164,362

Segmental operating profit

The reconciliation of Adjusted EBITDA to statutory operating profit is shown below.

	Access and Safety £	Electrical Services £	High Level Cleaning £	Group £	Total £
Adjusted EBITDA	3,564,770	4,662,998	794,366	(907)	9,021,227
Depreciation	(453,821)	(663,282)	(47,259)	–	(1,164,362)
Operating profit before adjusting items	3,110,949	3,999,716	747,107	(907)	7,856,865
Restructuring costs	(235,288)	(188,141)	(68,883)	–	(492,312)
Share options granted to Directors and employees	(1,887,400)	–	–	–	(1,887,400)
Amortisation of intangible asset acquired	(486,733)	(12,500)	–	–	(499,233)
Contingent payments in relation to acquisitions	(100,000)	(1,361,043)	(400,000)	–	(1,861,043)
Statutory operating profit	**401,528**	**2,438,032**	**278,224**	**(907)**	**3,116,877**

4. SEGMENTAL REPORTING continued

2015	Access and Safety £	Electrical Services £	High Level Cleaning £	Group £	Total £
Revenue					
Total revenue	12,035,772	10,402,313	3,332,418	–	25,770,503
Total revenue from external customers	**12,035,772**	**10,402,313**	**3,332,418**	**–**	**25,770,503**
Operating profit before adjusting items	2,030,685	2,518,872	669,957	56,549	5,276,063
Restructuring costs	(114,030)	(115,127)	(13,792)	–	(242,949)
IPO costs	(520,777)	–	–	–	(520,777)
Head Office rebuild costs	63,891	–	–	–	63,891
Share options granted to Directors and employees	(2,259,364)	–	–	–	(2,259,364)
Amortisation of intangible asset acquired	(108,600)	–	–	–	(108,600)
Contingent payments in relation to acquisitions	(123,333)	(335,064)	(490,000)	–	(948,397)
Segment operating profit	**(1,031,528)**	**2,068,681**	**166,165**	**56,459**	**1,259,867**
Net finance cost	–	–	–	(428,883)	(428,883)
Profit before taxation	**(1,031,528)**	**2,068,681**	**166,165**	**(372,334)**	**830,984**
Other segmental items					
Segment assets	7,437,448	2,169,577	1,317,932	16,458,547	27,383,504
Segment liabilities	(4,431,872)	(2,391,487)	(1,655,540)	(9,983,716)	(18,462,615)
Capital expenditure	685,467	761,688	56,499	–	1,503,604
Depreciation	427,771	422,671	48,447	–	898,889

Segmental operating profit

The reconciliation of Adjusted EBITDA to statutory operating profit is shown below.

	Access and Safety £	Electrical Services £	High Level Cleaning £	Group £	Total £
Adjusted EBITDA	2,458,456	2,941,543	718,404	56,549	6,174,951
Depreciation	(427,771)	(422,671)	(48,447)	–	(898,889)
Operating profit before adjusting items	2,030,685	2,518,872	669,957	56,549	5,276,063
Restructuring costs	(114,030)	(115,127)	(13,792)	–	(242,949)
IPO Costs	(520,777)	–	–	–	(520,777)
Head Office rebuild costs	63,891	–	–	–	63,891
Share options granted to Directors and employees	(2,259,364)	–	–	–	(2,259,364)
Amortisation of intangible asset acquired	(108,600)	–	–	–	(108,600)
Contingent payments in relation to acquisitions	(123,333)	(335,064)	(490,000)	–	(948,397)
Statutory operating profit	**(1,031,528)**	**2,068,681**	**166,165**	**56,549**	**1,259,867**

Notes to the consolidated financial statements continued

5. EMPLOYEES AND DIRECTORS

(a) Staff costs for the Group during the year:

	2016 £	2015 £
Wages and salaries	**12,245,818**	8,969,476
Defined contribution pension cost (note 5d)	**112,623**	93,654
Share options granted to Directors and employees (note 13)	**1,887,400**	2,259,364
Social security costs	**1,352,781**	927,495
	15,598,622	12,249,989

Average monthly number of people (including Executive Directors) employed:

	2016 Number	2015 Number
By reportable segment		
Access and Safety	**146**	106
Electrical Services	**237**	138
High Level Cleaning	**18**	21
	401	265

(b) Key Management

Key management includes Directors. The compensation paid or payable to key management for employee services is shown below.

	2016 £	2015 £
Aggregate emoluments	**1,700,758**	2,121,218
	1,700,758	2,121,218

(c) Directors' emoluments

The following costs are paid by PTSG Access and Safety Limited.

	2016 £	2015 £
Aggregate emoluments	**823,889**	1,156,817
Pension contributions	**1,200**	1,200
	825,089	1,158,017

In addition to the above, R Teasdale has participated in various share based payment arrangements as per note 13.

Directors Aggregate emoluments

	2016 £	2015 £
P W Teasdale	**124,231**	124,150
J R Foley	**101,816**	101,579
M I Watford	**134,601**	164,798
Roger Teasdale	**404,441**	714,720
Roger McDowell	**30,000**	26,385
Alan Howarth	**30,000**	26,385
	825,089	1,158,017

Highest Paid Director

	2016 £	2015 £
Aggregate emoluments	**404,441**	714,720
Pension contributions	**–**	–
	404,441	714,720

In addition to the above, R Teasdale has participated in various share based payment arrangements as per note 13.

M I Watford's emoluments include pension contributions of £1,200.

5. EMPLOYEES AND DIRECTORS continued

(d) Retirement benefits

The Group offers membership of the PTSG Group Pension Scheme to eligible employees, the only pension arrangements operated by the Group. The scheme is a defined contribution scheme and the pensions cost in the year was £122,623 (2015: £93,654).

6. NET OPERATING COSTS

	2016 £	2015 £
Distribution costs	**620,720**	496,157
Administration costs	**16,909,776**	12,614,178
Other operating income	**(316,134)**	(384,778)
	17,214,362	12,725,557

The following adjusting items have been included in administration costs.

	2016 £	2015 £
Restructuring costs	**492,312**	242,949
IPO costs	–	520,777
Head Office rebuild costs	–	(63,891)
Share options granted to Directors and employees (note 13)	**1,887,400**	2,259,364
Amortisation of intangible asset acquired (note 11)	**499,233**	108,600
Contingent payments in relation to acquisitions	**1,861,043**	948,397
	4,739,988	4,016,196

In both years, the Group undertook a restructuring exercise. Costs relating to these one off items have been included as an adjusting item. These costs have been charged to administrative expenses.

The contingent payments in relation to acquisitions relate to cash payments or shares granted to the vendors of the businesses acquired in accordance with the terms of each Sale and Purchase Agreement and is based on the achievement of certain milestones. Contingent amounts payable in respect of acquisitions can depend in part upon the achievement of a number of financial and non-financial performance measures specified in the purchase agreements and in part subject to the continued employment of the vendor. Where payment is linked to the continued employment of the vendor, the arrangement to pay these additional amounts is accounted for separately to the business combination as remuneration. This benefit payable is charged to the consolidated statement of comprehensive income over the period in which the services are provided as an employment expense.

Cash payments in relation to adjusting items are £1,812,654 (2015: £1,757,775).

7. FINANCE COSTS

	2016 £	2015 £
Interest costs:		
Interest payable on borrowings	**248,891**	173,870
Interest arising from finance leases	**156,185**	99,567
	405,076	273,437
Adjusting items:		
Costs associated with acquisition financing	**97,402**	155,446
	502,478	428,883

Notes to the consolidated financial statements continued

8. PROFIT BEFORE TAXATION – ANALYSIS BY FUNCTION

Profit before taxation is stated after charging/(crediting):

	2016 £	2015 £
Net operating costs		
– Distribution costs	**620,720**	496,157
– Administrative costs	**16,909,776**	12,614,178
– Other operating income	**(316,134)**	(384,778)
Employment benefit expense	**15,598,622**	12,249,989
Depreciation of property, plant and equipment – leased (note 12)	**1,037,678**	802,080
Depreciation of property, plant and equipment – owned (note 12)	**126,684**	96,809
Amortisation of intangible assets	**499,233**	108,600
Profit on the sale of property, plant and equipment	**(316,134)**	(384,778)
Operating lease rentals		
– Land and building	**303,231**	270,486

During the year the Group obtained the following services from the Company's auditors:

	2016 £	2015 £
Fees payable to Company's auditor and its associates for the audit of Consolidated financial statements	**11,000**	11,000
Fees payable to Company's auditor and its associates for other services:		
– The audit of Company's subsidiaries	**119,000**	104,000
– Other services	**15,000**	97,500
– Tax compliance	**29,300**	30,000
	174,300	242,500

9. TAXATION

Analysis of charge in year	2016 £	2015 £
Current tax on profits for the year	**680,722**	703,835
Adjustments in respect of prior years	**(402,579)**	(884)
Total current tax	**278,143**	702,951
Origination and reversal of temporary differences	**36,683**	(361,070)
Total deferred tax (note 19)	**36,683**	(361,070)
Income tax charge	**314,826**	341,881

The tax charge for the year differs from the standard rate of corporation tax in the UK of 20.0% (2015: 20.25%).

The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	**2,614,399**	830,984
Profit on ordinary activities multiplied by the rate of corporation tax in the UK	**522,880**	168,274
Effects of:		
Other expenses not deductible	**333,317**	330,959
Other adjustments	**(138,792)**	(156,468)
Prior year adjustment	**(402,579)**	(884)
Total taxation charge	**314,826**	341,881

The prior year adjustment relates to R&D tax credits and tax credits due following the conversion of the Acescott asset purchase acquisition to FRS 101.

Factors affecting current and future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 on 7 September 2016. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred tax at the balance sheet date has been measured using these enacted rates and reflected in these financial statements.

10. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2016 was based on the profit attributable to ordinary shareholders of £2,299,573 (year ended 31 December 2015: £489,103).

	2016 £	2015 £
Profit for the year attributable to owners of the parent	2,299,573	489,103
Weighted average number of ordinary shares in issue for the basic earnings per share	88,101,562	85,920,559
Basic and diluted earnings per share (in pence per share)	2.61	0.57

The calculation of adjusted earnings per share for the year ended 31 December 2016 was based on the profit before adjusting items of £6,721,419 (Year ended 31 December 2015: £4,187,699).

	2016 £	2015 £
Adjusted earnings	6,721,419	4,187,699
Weighted average number of shares	88,101,562	85,920,559
Adjusted earnings per share (pence)	7.63	4.87

11. INTANGIBLE ASSETS

	Goodwill £	Tender list and order book £	Total £
Cost			
At 31 December 2014	3,879,805	–	3,879,805
Additions	6,528,678	700,000	7,228,678
At 31 December 2015	10,408,483	700,000	11,108,483
Additions	2,053,888	75,000	2,128,888
At 31 December 2016	12,462,371	775,000	13,237,371
Accumulated amortisation			
At 31 December 2014	264,057	–	264,057
Charge for the year	–	108,600	108,600
At 31 December 2015	264,057	108,600	372,657
Charge for the year	–	499,233	499,233
At 31 December 2016	264,057	607,833	871,890
Net book amount			
At 31 December 2016	12,198,314	167,167	12,365,481
At 31 December 2015	10,144,426	591,400	10,735,826

All amortisation charges have been treated as an administrative expense in the income statement.

Goodwill acquired in a business combination is allocated to cash generating units (CGUs) and is tested for impairment on an annual basis by comparing the carrying amount against the discounted cash flow projections of the CGU. CGUs are not larger than the operating segments of the Group.

Notes to the consolidated financial statements continued

11. INTANGIBLE ASSETS continued

Management reviews the business performance based on the type of business. Goodwill is monitored by management at the operating segment level. The following is a summary of the goodwill allocation for each operating segment:

	2016 £	2015 £
Access and Safety	**5,946,855**	5,946,855
Electrical Services	**6,174,968**	4,121,080
High Level Cleaning	**76,491**	76,491
Total goodwill	**12,198,314**	10,144,426

The recoverable amount has been determined based on the value in use calculations, covering approved budgets and forecasts for the next financial year, followed by an extrapolation of expected cash flows. The key assumptions in the value in use calculations were as follows:

- Pre tax discount rate 12%;
- Sales growth was based on internal forecasts and a terminal growth rate of 2%; and
- Gross margins were projected based on recent trends.

The Directors believe that there are no reasonably possible changes to a key assumption which would give rise to an impairment charge.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold £	Leasehold £	Motor vehicles £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost						
At 31 December 2014	**–**	**9,851**	**2,031,685**	**187,448**	**538,222**	**2,767,206**
Acquisitions	250,000	52,448	621,606	208,346	176,202	1,308,602
Additions	–	12,418	1,294,306	35,598	161,282	1,503,604
Disposals	–	–	(810,151)	–	–	(810,151)
At 31 December 2015	**250,000**	**74,717**	**3,137,446**	**431,392**	**875,706**	**4,769,261**
Acquisitions	–	–	259,791	59,937	68,340	388,068
Additions	–	–	1,330,841	229,697	281,928	1,842,466
Disposals	–	–	(783,880)	–	–	(783,880)
At 31 December 2016	**250,000**	**74,717**	**3,944,198**	**721,026**	**1,225,974**	**6,215,915**
Accumulated depreciation						
At 31 December 2014	**–**	**1,097**	**948,689**	**107,093**	**369,441**	**1,426,320**
Acquisitions	–	52,448	450,152	205,618	152,402	860,620
Charge for the year	–	940	802,080	38,872	56,997	898,889
On disposals	–	–	(790,112)	–	–	(790,112)
At 31 December 2015	**–**	**54,485**	**1,410,809**	**351,583**	**578,840**	**2,395,717**
Acquisitions	–	–	97,128	48,858	59,135	205,121
Charge for the year	–	1,708	1,037,678	57,947	67,029	1,164,362
On disposals	–	–	(745,165)	–	–	(745,165)
At 31 December 2016	–	**56,193**	**1,800,450**	**458,388**	**705,004**	**3,020,035**
Net book amount						
At 31 December 2016	**250,000**	**18,524**	**2,143,748**	**262,638**	**520,970**	**3,195,880**
At 31 December 2015	250,000	20,232	1,726,637	79,809	296,866	2,373,544

Finance lease commitments

Included in motor vehicles are assets held under finance leases with a net book value of £2,143,748 (2015: £1,726,637) and accumulated depreciation of £1,800,450 (2015: £1,410,809).

13. SHARE-BASED PAYMENT

1. As at 31 December 2015 there are options outstanding over up to 10,000 E shares. The E Shares have limited rights to a return of capital but a right to share in the proceeds of sale upon the sale of the entire issued share capital of PTSG or if a general offer is successfully made for the ordinary shares in the capital of PTSG within a 10 year period from 2 June 2014. In such an event the holders of the E Shares are entitled in aggregate to receive a sum equal to the profit on ordinary activities before taxation of PTSG Access and Safety Ltd as shown in the statutory accounts of PTSG Access and Safety Ltd for the financial period ending prior to the date of sale, subject to a limit of 10% of the proceeds of such a sale.

The above have been considered in accordance with IFRS 2, however as the Directors consider it unlikely that there will be a sale of the Company within the relevant timeframe, there is no material charge to be reflected in the financial statements for the current year and no further disclosures have been made.

2. Under the terms of Roger Teasdale's service agreement with the Company he was entitled to require the transfer to him, on 16 November 2015, for nil consideration, ownership of 4.4% of the share capital, as at the time of the listing. Paul Teasdale, John Foley and Hawk Investments have undertaken to deliver such shares to him in proportion to their existing shareholdings for nil consideration. This transfer was completed on 28 October 2016.

The Directors fair valued the equity instruments at the grant date, being 16 November 2014 (the date at which the parties have shared understanding of the terms and conditions of the arrangement). The fair value of the option was calculated based on the fair value of the shares at the grant date given that there were no performance conditions, a service condition of one year and the exercise price of £nil.

The fair value of the award was expensed to the income statement over the vesting period on a straight-line basis with the corresponding credit to equity. During the year ended 31 December 2016, the charge to the income statement was £435,869. (2015: £1,819,608)

3. In addition to the above, under the terms of his service agreement, the Company shall issue to Roger Teasdale (for nil or nominal consideration) additional equity calculated by reference to the then issued share capital of the Company when the following milestone targets are met in any given financial year on the first occasion only:

Adjusted EBITDA (Statutory accounts)	£8m 2.5%	£10m 2.5%	£12m 2.5%	£14m 2.5%

The Directors have reviewed the above and the first of these milestones was met at the end of 2016. The Directors have fair valued the equity instruments, with the fair value being expensed over this year and the following financial year to spread the expected charge over the period to vesting. The charge to the income statement for the year ended 31 December 2016 was £1,451,531 inclusive of National Insurance.

4. By an instrument dated 5 February 2015, the Company created Warrants to subscribe at the Placing Price for up to 867,581 new Ordinary Shares, being one per cent of the Enlarged Share Capital. The Warrants were issued to N+1 Singer pursuant to the Placing Agreement. The Warrants are exercisable at any time or times in the period of five years from Admission and thereafter shall lapse. The exercise price is equal to the Placing Price per share. If the Company capitalises its reserves (other than by way of shares paid up out of distributable reserves and used in lieu of a cash dividend) during the period of the Warrant or there is any sub-division, or consolidation of Ordinary Shares or a reduction of capital during such period the number and/or nominal value of Ordinary Shares the subject of the Warrant will be adjusted so as to maintain the same relative subscription rights. For so long as the Warrants are outstanding the Company has agreed, inter alia, not to vary or abrogate the rights attaching to the Ordinary Shares or to create any class of share which ranks for any purpose ahead of the Ordinary Shares.

300,000 of these warrants were exercised during the year.

The Directors have fair valued these warrants, using the Black Scholes formula, at 8.5p per share with £nil (2015: £74,551) being charged to the 31 December 2016 income statement.

5. In accordance with the Sale and Purchase Agreement relating to the acquisition of Acescott, part of the deferred consideration was satisfied by the issue of 458,190 ordinary shares at 87.3p per share.

14. INVENTORIES

	2016 **£**	2015 £
Finished goods	**503,307**	381,760

Notes to the consolidated financial statements continued

15. TRADE AND OTHER RECEIVABLES

	2016 £	2015 £
Amounts falling due within one year:		
Trade receivables	**11,766,670**	10,209,383
Less: provision for impairment of trade receivables	**(587,870)**	(376,298)
Trade receivables – net	**11,178,800**	9,833,085
Other receivables	**7,826,545**	2,398,870
Prepayments	**1,297,770**	876,358
	20,303,115	13,108,313

Trade and other receivables are all current and any fair value difference is not material. Trade receivables are considered past due once they have passed their contracted due date. Trade receivables are reviewed for impairment if they are past due beyond 90 days.

The ageing of the Group's year end receivables is as follows, based on invoice date:

	2016 £	2015 £
Impaired		
Over 1 year	**587,870**	376,293
	587,870	376,293
Not impaired		
Less than 120 days	**7,135,827**	7,507,475
Over 120 days and less than 1 year	**2,130,722**	1,043,608
Over 1 year	**1,912,251**	1,282,002
	11,178,800	9,833,085

Balances not impaired over 90 days relate to retention and other amounts that management consider to be recoverable.

Movements on the Group provision for impairment of trade receivables is as follows:

	2016 £	2015 £
At 1 January	**376,298**	152,761
Provision for receivables impairment	**211,572**	223,537
Receivables written off during the year as uncollectible	**–**	–
At 31 December	**587,870**	376,298

The creation and release of provision for impaired receivables have been included in 'administration expenses' in the income statement.

16. TRADE AND OTHER PAYABLES

	2016 £	2015 £
Trade payables	**2,504,002**	1,843,158
Other tax and social security payable	**1,766,753**	1,288,504
Accruals and other payables	**2,960,591**	3,297,946
	7,231,346	6,429,608

17. BORROWINGS

Book value	2016 £	2015 £
Non-current		
Bank borrowings	**10,010,155**	5,993,808
Finance lease liabilities	**745,590**	653,160
Total non-current	**10,755,745**	6,646,968
Current		
Bank borrowing	**25,033**	25,033
Finance lease liabilities	**767,303**	641,001
Total current	**792,336**	666,034
	11,548,081	7,313,002

The bank borrowings reflect the amount drawn down from the £10,000,000 Revolving Credit Facility, which expires on 30 September 2020 and a mortgage on one of the freehold properties. The Revolving Credit Facility has an interest rate of LIBOR + 2.75%, for the first year, and has a bullet repayment at the end of the five year period.

The Revolving Credit Facility is subject to bank covenants covering Debt Service Coverage, Interest Cover and Leverage. Covenants are tested quarterly on 31 March, 30 June, 30 September and 31 December.

The carrying amounts and fair value of the non-current borrowings are as follows:

	2016		2015	
	Carrying amount £	**Fair value £**	Carrying amount £	Fair value £
Bank borrowings	**10,010,155**	**10,010,155**	5,993,808	5,993,808
Finance lease liabilities	**745,590**	**745,590**	653,160	653,160
	10,755,745	**10,755,745**	6,646,968	6,646,968

The fair value of current and non-current borrowings equals their carrying amount. These are stated at their undiscounted amount.

Borrowings have the following maturity profile:

	2016 £	2015 £
Less than 12 months	**792,336**	666,034
1–5 years	**10,755,745**	6,646,968
	11,548,081	7,313,002

The bank borrowings are secured by a fixed and floating charge over the assets of the Group. The finance leases have the assets leased as security.

18. DEFERRED CONSIDERATION AND LOAN NOTES

Deferred consideration	2016 £	2015 £
Current	**1,053,070**	1,125,897
Non-current	**–**	–
	1,053,070	1,125,897

Deferred consideration/contingent amounts payable in respect of acquisitions can depend in part upon the achievement of a number of financial and non-financial performance measures specified in the purchase agreements and in part subject to the continued employment of the vendor. Where payment is linked to the continued employment of the vendor, the arrangement to pay these additional amounts is accounted for separately to the business combination as remuneration and the benefit payable is built up over the period of service. Certain payments may be settled in cash or shares at the discretion of the Group.

In respect of Acescott part of the deferred consideration was satisfied by the issue of ordinary shares.

Notes to the consolidated financial statements continued

18. DEFERRED CONSIDERATION AND LOAN NOTES continued

Loan notes	2016 £	2015 £
Current	–	–
Non-current	**2,596,206**	2,527,000
	2,596,206	2,527,000

The loan notes were issued on 1 October 2015 as part of the consideration for the acquisition of Integral Cradles Ltd ("Integral") and carry a zero coupon. They are redeemable in full following the agreement of the accounts of Integral for the period ended 30 September 2020 with an interim redemption date following agreement of the accounts for the period ended 30 September 2018.

19. DEFERRED TAX

	£
As at 1 January 2015	**(6,146)**
Credit to income statement	361,070
Credit to equity	462,592
Arising on acquisition	(33,455)
As at 31 December 2015	**784,061**
As at 1 January 2016	**784,061**
Charge to income statement	(36,683)
Charge to equity	(283,935)
Arising on acquisition	(46,107)
As at 31 December 2016	**417,336**

Deferred tax is disclosed as a non-current asset in the Consolidated Balance Sheet.

20. CALLED UP SHARE CAPITAL

	2016 £	2015 £
Allotted, called up and fully paid		
88,402,534 ordinary shares of 1p each	**884,025**	876,447
	884,025	876,447

On 25 January 2016 458,190 ordinary shares were issued, at 87.3p, as part payment of deferred consideration on the Acescott acquisition.

On 25 November 2016, 300,000 ordinary shares and on 3 February 2017, 400,00 ordinary shares were issued to N+1 Singer, at 52p, as part of their share warrant detailed in note 13.

On 3 February 2017, 476,758 ordinary shares were issued, at 83.9p, as part payment of deferred consideration on the Acescott acquisition.

The issued ordinary share capital of the Company as at the date of this document, is 89,279,292 Ordinary Shares of one penny each. All such shares are fully paid.

21. RESERVES

The following describes the nature and purpose of each reserve within shareholders' equity:

Retained earnings
Cumulative net gains and losses recognised in the Group income statement.

Capital redemption reserve
Following the purchase of own shares during 2013, the nominal value of the shares purchased was transferred to a capital redemption reserve.

Share premium
The excess of the share price received over the nominal value, for shares issued during the year, was transferred to the share premium account and amounted to £548,418.

22. DIVIDENDS

In the year, dividends of 1.24p per ordinary share (2015: 0.46p) were paid.

23. COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments

The Group holds property leases under non-cancellable operating lease agreements. The lease terms are between one and 15 years.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2016 £	2015 £
Within 1 year	**335,297**	280,469
Later than 1 year and less than 5 years	**1,308,890**	1,100,000
After 5 years	**2,259,750**	2,234,750
	3,903,937	3,615,219

(b) Contingencies

The Company and its subsidiaries have given unlimited multilateral company guarantees on their respective bank facilities.

24. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

Risk management is carried out by the Board of Directors.

(a) Market risk

(i) Interest rate risk

The Group's interest rate risk arises from the Group's borrowings as disclosed in note 17.

The Group has not entered into an interest rate swap to mitigate the variable interest rate risk.

At 31 December 2016, if the LIBOR denominated borrowings at that date had been 0.5% higher/lower with all other variables held constant, post-tax profit for the year would have been £30,500 (2015: £15,923) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

The Group monitor credit risk closely and consider that its current policies meet its objectives of managing exposure to risk. The Group has no significant concentration of credit risk. Management believe that there is no further credit risk provision required in excess of the provisions for doubtful receivables.

(c) Liquidity risk

Liquidity risk is managed on a day to day basis. Facilities are agreed at appropriate levels having regard to the Group's forecast operating cash flows and future capital expenditures.

(d) Capital risk management

The aim of the Group is to maintain sufficient funds to enable it to make suitable investments and incremental acquisitions whilst minimising recourse to bankers and/or shareholders. The Group currently has overdraft facilities in place of £4m (2015: £2.5m).

Leverage is monitored in accordance with the requirements of the Revolving Credit Facility covenants, which was taken out in 2015.

Notes to the consolidated financial statements continued

25. BUSINESS ACQUISITIONS

The Group carried out two acquisitions during the year, the details associated with each acquisition are set out below. Goodwill recognised represents the premium attributable to these well-positioned businesses with a skilled workforce, established reputation and synergies and cross selling opportunities that arise as being part of the Group.

On 5 July 2016, 100 per cent of the ordinary share capital of UK Dry Risers Limited was purchased for a total cash consideration of £1,235,725. This acquisition has been accounted for in the consolidated financial statements by the acquisition method of accounting.

UK Dry Risers undertakes the installation of dry risers and enables us to extend our customer services offering and provide our new and existing client base to further utilise PTSG as their niche service provider.

The turnover and operating profit of UK Dry Risers Limited for the period from the date of acquisition to 31 December 2016 included in the consolidated financial statements was £1,652,790 and £365,257 respectively.

The table below explains the adjustments made to the book values of the major categories of assets and liabilities in arriving at fair values:

	Book value £	Fair value adjustment £	Fair value at date of acquisition £
Fixed assets			
Tangible assets	146,787	(33,470)	113,317
Current assets			
Stock	75,642	–	75,642
Debtors	875,964	–	875,964
Cash	841,044	–	841,044
Total assets	**1,939,437**	**(33,470)**	**1,905,967**
Liabilities			
Trade creditors	393,597	–	393,597
Other creditors	744,761	–	744,761
Total liabilities	**1,138,358**	**–**	**1,138,358**
Net assets	**801,079**	**(33,470)**	**767,609**
Cash consideration			**1,235,725**
Goodwill			**468,116**
Cash paid to gain control net of cash acquired			**394,681**

The fair value adjustment shown above represents the adjustment required to align depreciation policies on all fixed assets.

On the first anniversary of completion a fixed deferred payment of £50,000 is due and a contingent payment of a maximum of £860,000 subject to the business achieving a stretching milestone profitability target in the year.

25. BUSINESS ACQUISITIONS continued
On 5 July 2016, 100 per cent of the ordinary share capital of UK Dry Risers Maintenance Limited was purchased for a total cash consideration of £1,817,433. This acquisition has been accounted for in the consolidated financial statements by the acquisition method of accounting.

UK Dry Risers Maintenance Limited undertakes the testing, maintenance, repair and certification of dry riser systems nationally. This, along with the dry riser acquisition detailed on the previous page, enables us to extend our customer services offering and provide our new and existing client base to further utilise PTSG as their niche service provider.

The turnover and operating profit of UK Dry Risers Maintenance Limited for the period from the date of acquisition to 31 December 2016 included in the consolidated financial statements was £754,921 and £137,270 respectively.

The table below explains the adjustments made to the book values of the major categories of assets and liabilities in arriving at fair values:

	Book value £	Fair value adjustment £	Fair value at date of acquisition £
Fixed assets			
Tangible assets	89,098	(19,468)	69,630
Current assets			
Stock	28,712	–	28,712
Debtors	226,083	–	226,083
Cash	529,412	–	529,412
Total assets	**873,305**	**(19,468)**	**853,837**
Liabilities			
Trade creditors	56,141	–	56,141
Other creditors	500,810	–	500,810
Total liabilities	**556,951**	**–**	**556,951**
Net assets	**316,354**	**(19,468)**	**296,886**
Cash consideration			**1,817,433**
Goodwill			**1,520,547**
Cash paid to gain control net of cash acquired			**1,288,021**

The fair value adjustment shown above represents the adjustment required to align depreciation policies on all fixed assets.

The are five fixed deferred payments of £60,000 payable on the anniversary of competition and a maximum contingent deferred consideration of £1,400,000 payable over five years, subject to the business achieving stretching and escalating milestone profitability targets in each of those periods.

26. RELATED PARTY TRANSACTIONS
Key management compensation is given in note 5.

Other related party transactions with the Company are as follows:

Market rent of £177,054 (2015: £175,000) was paid in the year to Ensco 835 Limited. P W Teasdale and J R Foley are directors of Ensco 835 Limited.

No other transactions with related parties were undertaken such as are required to be disclosed.

Details of share arrangements with R Teasdale are given in note 13.

At the year end there were loans outstanding to key personnel of £425,000 (2015: £125,000). A full list of subsidiaries are detailed on pages 67.

27. Post balance sheet events
On 13 January 2017 the Company acquired Nimbus Lightning Protection Ltd., a designer, installer and maintainer of lightning protection and earthing systems for a total consideration of £1.0m payable in cash on completion. A review of the fair value of assets acquired and liabilities assumed is currently being undertaken.

28. Subsidiary guarantee of audit exemption
Lightning Protection Testing Ltd, a company registered in England and Wales and NATHS Ltd, a company registered in Scotland are wholly owned subsidiaries of PTSG Electrical Services Ltd. The subsidiary is exempt from the requirements of the Act relating to the audit of accounts under section 479A of the Companies Act 2006.

Independent auditors' report
to the members of Premier Technical Services Group PLC

REPORT ON THE COMPANY FINANCIAL STATEMENTS

Our opinion

In our opinion, Premier Technical Services Group PLC's company financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2016;
- 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.

What we have audited

The financial statements, included within the Annual Report and Accounts (the "Annual Report"), comprise:

- the company balance sheet as at 31 December 2016;
- the company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 35, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves
We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual 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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

OTHER MATTER
We have reported separately on the Group financial statements of Premier Technical Services Group PLC for the year ended 31 December 2016.

Randal Casson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

28 March 2017

Company balance sheet
as at 31 December 2016

	Note	2016 £	Restated 2015 £
Fixed assets			
Investments	2	**9,836,720**	7,813,565
Current assets			
Debtors	3	**13,442,756**	9,586,569
Creditors – amounts falling due within one year	4	**(4,248,336)**	(3,179,141)
Net current assets		**9,194,420**	6,407,428
Total assets less current liabilities		**19,031,140**	14,220,993
Creditors – amounts falling due after one year	5	**(12,721,206)**	(8,602,000)
Net assets		**6,309,934**	5,618,993
Capital and reserves			
Called up share capital	6	**884,025**	876,447
Capital redemption reserve		**128,573**	128,573
Share premium account		**548,418**	–
Profit and loss account	7	**4,748,918**	4,613,973
Total shareholders' funds	8	**6,309,934**	5,618,993

The financial statements on pages 64 to 70 were approved by the Board of Directors on 28 March 2017 and were signed on its behalf by:

P W Teasdale
Chief Executive Officer

Registered number: 06005074

Company statement of changes in equity

	Attributable to owners of the parent				
	Share capital £	Capital redemption reserve £	Share Premium Account £	Retained earnings £	Total £
Balance at 31 December 2014	**771,437**	**128,573**	**–**	**(360,601)**	**539,409**
Profit for the year	–	–	–	125,825	125,825
Total comprehensive income	**–**	**–**	**–**	**125,825**	**125,825**
Transactions with owners					
Issue of share capital	105,010	–	4,942,818	–	5,047,828
Share based payments in subsidiaries	–	–	–	439,756	439,756
Ordinary dividends paid	–	–	–	(533,825)	(533,825)
Reduction of capital	–	–	(4,942,818)	4,942,818	–
Transactions with owners	**105,010**	**–**	**–**	**4,848,749**	**4,953,759**
Balance at 31 December 2015	**876,447**	**128,573**	**–**	**4,613,973**	**5,618,993**
Loss for the year	–	–	–	(395,738)	(395,738)
Total comprehensive income	**–**	**–**	**–**	**(395,738)**	**(395,738)**
Transactions with owners					
Issue of share capital	7,578	–	548,418	–	555,996
Share based payments in subsidiaries	–	–	–	1,623,155	1,623,155
Ordinary dividends paid	–	–	–	(1,092,472)	(1,092,472)
Reduction of capital	–	–	–	–	–
Transactions with owners	**7,578**	**–**	**548,418**	**530,683**	**1,086,679**
Balance at 31 December 2016	**884,025**	**128,573**	**548,418**	**4,748,918**	**6,309,934**

The notes on pages 66 to 70 are an integral part of these financial statements.

Notes to the financial statements

1. ACCOUNTING POLICIES

The financial statements for the year ended 31 December 2016 have been prepared in accordance with FRS 101.

FRS 101 sets out a reduced disclosure framework for a qualifying entity that would otherwise apply the recognition, measurement and disclosure requirement of EU-adopted IFRS. The Company is a qualifying entity for the purposes of FRS 101. Included within this document are the Group consolidated financial statements prepared in accordance with IFRS. FRS 101 allows that the balance sheet is presented in the format requirements of the Companies Act 2006, rather than the requirements of International Accounting Standard ("IAS") 1 Presentation of Financial Statements.

A summary of the disclosure exemptions adopted for the period ended 31 December 2016 is presented below.

Area	Disclosure Exemption
Cash flow statements	Complete exemption from preparing a cash flow statement (IAS 7).
Related party disclosures	Exemption for related party transactions entered into between two or members of a group, provided that any subsidiary which is party to a transaction is wholly owned by such a member.
Comparative information	Exemption from comparative disclosure for movements on share capital, tangibles and intangibles.
Presentation of financial statements	Exemption from statement of compliance with IFRS, cash flow information.
Financial instruments	The requirements of IFRS 7, "Financial instruments": Disclosures, as equivalent disclosures are included in the consolidated financial statements of the Group in which the entity is consolidated.
Fair value measurement	Paragraphs 91 to 99 of IFRS 13, "Fair value measurement" as equivalent disclosures are included in the consolidated financial statements of the Group in which the entity is consolidated.

The Company is a public limited company, domiciled and incorporated in the United Kingdom and under the Companies Act 2006.

Investment in subsidiary undertakings

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment.

Critical accounting estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and any revisions to them are recognised in the period in which they are revised.

2. INVESTMENTS

	£
Cost:	
At 1 January 2015	7,173,809
Additions (restated – note 8)	639,756
Write-off of investments	–
At 31 December 2015	**7,813,565**
Additions (restated – note 8)	2,023,155
Write-off of investments	–
Net book value:	
At 31 December 2016	**9,836,720**
At 31 December 2015	7,813,565

The additions relate to capital contributions for share based payments.

2. INVESTMENTS continued

The subsidiary undertakings at 31 December 2016 were:

Name	Nature of Business	Ordinary voting Shares held
PTSG Access and Safety Ltd	Installation and maintenance of access and safety systems	100%
PTSG Electrical Services Ltd	Installation and maintenance of lightning protection systems	100%
Test Strike UK Ltd	Maintenance of lightning protection systems	100%
PTSG Electrical Testing Services Limited	Holding company	100%
Ohmega Testing Services Ltd	Dormant	100%
Acescott Specialist Services Ltd	High level cleaning	100%*
PTSG Steeplejacks Ltd	Dormant	100%
PTSG Steeplejacking Ltd	Dormant	100%
Cradle Runways Maintenance Ltd	Dormant	100%
Cradle Runways Installations Ltd	Dormant	100%
Access Training Solutions Ltd	Dormant	100%
PTSG High Level Cleaning Ltd	Dormant	100%
PTSG Specialist M & E Ltd.	Dormant	100%
PTSG Management Services Ltd	Dormant	100%
Access Contracting Ltd	Installation and maintenance of access and safety systems	100%*
Integral Cradles Ltd	Cradle Installation	100%
NATHS Ltd	Steeplejack Services	100%*
Pendrich Height Services Ltd	Steeplejack Services	100%*[1]
J W Gray Lightning Protection Ltd	Installation and maintenance of lightning protection systems	100%*[1]
Lightning Protection Testing Ltd	Dormant	100%*
R Langston Jones & Company Ltd	Portable appliance and fixed wire testing	100%*
Guardian Cradle Maintenance Ltd	Dormant	100%*
Protectis Ltd	Dormant	100%*
CJS (Eastern) Ltd	Dormant	100%*
Cardinal Specialist Services Ltd	Dormant	100%*
National Cradle Maintenance Ltd	Dormant	100%*
Thor Lightning Protection Ltd	Dormant	100%*
Kobi Ltd	Dormant	100%*
PTSG Ltd	Dormant	100%*
Acescott Management Services Ltd	Dormant	100%*
Fall Arrest Services Ltd	Dormant	100%*
PTSG Training Solutions Ltd	Dormant	100%
NAP Height Services Ltd	Intermediary holding company	100%*[1]
Pendrich Rope Access Ltd	Dormant	100%*[1]
Apex Steeplejacks Ltd	Dormant	100%*[1]
Integral Cradles Group Ltd	Dormant	100%
Integral Cleaning Ltd	Dormant	100%*
UK Dry Risers Ltd	Installation of dry riser systems	100%*
UK Dry Risers Maintenance Ltd	Maintenance of dry riser systems	100%*

* held by a subsidiary undertaking.

All subsidiaries have their registered office at 13 Flemming Court, Whistler Drive, Castleford WF10 5HW apart from those marked [1] whose registered office is 78-82 Carnethie St, Rosewell EH24 9AW.

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

Notes to the financial statements continued

3. DEBTORS

	2016 £	2015 Restated (note 8) £
Amounts owed by group undertakings	**12,716,821**	9,275,345
Prepayments	**725,935**	311,224
	13,442,756	9,586,569

Amounts owed by group undertakings are unsecured, interest free and payable on demand.

4. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Overdrafts	**4,040,290**	2,866,353
Amounts owed to group undertakings	**7,150**	52,150
Other creditors	**195,000**	233,333
Accruals	**5,896**	27,305
	4,248,336	3,179,141

The bank overdraft is secured by an unlimited multilateral Company guarantee given by this Company and other members of the Group to secure all liabilities of each other.

Amounts owed to group undertakings are unsecured, interest free and payable on demand.

5. CREDITORS – AMOUNTS FALLING DUE AFTER ONE YEAR

	2016 £	2015 £
Loan notes	**2,596,206**	2,527,000
Bank loan	**10,000,000**	5,950,000
Other creditors	**125,000**	125,000
	12,721,206	8,602,000

The bank borrowings reflect the amount drawn down from the £10,000,000 Revolving Credit Facility, which expires on 30 September 2020. This facility has an interest rate between 2% and 2.75%, depending upon the amount drawn down, and has a bullet repayment at the end of the five year period.

The Revolving Credit Facility is subject to bank covenants covering Debt Service Coverage, Interest Cover and Leverage. Covenants are tested quarterly on 31 March, 30 June, 30 September and 31 December.

The loan notes were issued on 1 October 2015 as part of the consideration for the acquisition of Integral Cradles Ltd ("Integral") and carry a zero coupon. They are redeemable in full following the agreement of the accounts of Integral for the period ended 30 September 2020 with an interim redemption date following agreement of the accounts for the period ended 30 September 2018.

Contingencies

An unlimited multilateral Company guarantee given by this Company and other members of the Group to secure all liabilities of each other.

6. CALLED UP SHARE CAPITAL

	2016 £	2015 £
Allotted and fully paid		
88,402,534 ordinary shares of 1p each	**884,025**	876,447
	884,025	876,447

Details of shares issued can be found on page 58.

7. PROFIT AND LOSS ACCOUNT

	£
Balance as at 1 January 2016	4,613,973
Loss for the financial year	(395,738)
Share based payments in subsidiaries	1,623,155
Equity dividends	(1,092,472)
Balance as at 31 December 2016	**4,748,918**

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss in these financial statements. The parent company's loss for the year was £395,738 (2015: profit of £125,825). The audit fees in respect of the Company was £2,000 (2015: £2,000). Directors' remuneration and details on dividends are detailed in notes 5 and 22 of the Consolidated Financial Statement.

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2016 £	2015 Restated (note 8.5) £
Profit for the financial year	**(395,738)**	125,825
Shares issued	**555,996**	5,047,828
Share based payments in subsidiaries	**1,623,155**	439,756
Equity dividends	**(1,092,472)**	(533,825)
Net addition to shareholders' funds	**690,941**	5,079,584
Opening shareholders' funds as at 1 January	**5,618,993**	539,409
Closing shareholders' funds as at 31 December	**6,309,934**	5,618,993

Share based payments

1. As at 31 December 2016 there are options outstanding over up to 10,000 E shares. The E Shares have limited rights to a return of capital but a right to share in the proceeds of sale upon the sale of the entire issued share capital of PTSG or if a general offer is successfully made for the ordinary shares in the capital of PTSG within a 10 year period from 2 June 2014. In such an event the holders of the E Shares are entitled in aggregate to receive a sum equal to the profit on ordinary activities before taxation of PTSG Access and Safety Ltd as shown in the statutory accounts of PTSG Access and Safety Ltd for the financial period ending prior to the date of sale, subject to a limit of 10% of the proceeds of such a sale.

The above have been considered in accordance with IFRS 2, however as the Directors consider it unlikely that there will be a sale of the Company within the relevant timeframe, there is no material charge to be reflected in the financial statements for the current year and no further disclosures have been made.

2. Under the terms of Roger Teasdale's service agreement with the Company he was entitled, to require the transfer to him, on 16 November 2015, for nil consideration, ownership of 4.4% of the share capital, as at the time of the listing. Paul Teasdale, John Foley and Hawk Investments have undertaken to deliver such shares to him in proportion to their existing shareholdings for nil consideration.

The Directors fair valued the equity instruments at the grant date, being 16 November 2014 (the date at which the parties have shared understanding of the terms and conditions of the arrangement). The fair value of the option was calculated based on the fair value of the shares at the grant date given that there were no performance conditions, a service condition of one year and the exercise price of £nil.

The fair value of the award was expensed in the financial statements of PTSG Access & Safety Ltd to the income statement over the vesting period on a straight-line basis with the corresponding credit to equity. During the year ended 31 December 2016, the charge to the income statement was £435,869.

Notes to the financial statements continued

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS continued

3. In addition to the above, under the terms of his service agreement, the Company shall issue to Roger Teasdale (for nil or nominal consideration) additional equity calculated by reference to the then issued share capital of the Company when the following milestone targets are met in any given financial year on the first occasion only:

Adjusted EBITDA (Statutory accounts)	£8m	£10m	£12m	£14m
	2.5%	2.5%	2.5%	2.5%

The Directors have reviewed the above and the Company hit the first of these milestones at the end of 2016. The Directors have fair valued the equity instruments, with the fair value being expensed over this year and the following financial year to spread the expected charge over the period to vesting. The charge to the income statement of PTSG Access & Safety Ltd for the year ended 31 December 2016 was £1,451,531 (2015: £439,756). This has been treated in the financial statements of the Company as a capital contribution to PTSG Access & Safety.

4. By an instrument dated 5 February 2015, the Company created Warrants to subscribe at the Placing Price for up to 867,581 new Ordinary Shares, being one per cent of the Enlarged Share Capital. The Warrants were issued to N+1 Singer Pursuant to the Placing Agreement. The Warrants are exercisable at any time or times in the period of five years from Admission and thereafter shall lapse. The exercise price is equal to the Placing Price per share. If the Company capitalises its reserves (other than by way of shares paid up out of distributable reserves and used in lieu of a cash dividend) during the period of the Warrant or there is any sub-division, or consolidation of Ordinary Shares or a reduction of capital during such period the number and/or nominal value of Ordinary Shares the subject of the Warrant will be adjusted so as to maintain the same relative subscription rights. For so long as the Warrants are outstanding the Company has agreed, inter alia, not to vary or abrogate the rights attaching to the Ordinary Shares or to create any class of share which ranks for any purpose ahead of the Ordinary Shares.

300,000 of these warrants were exercised during the year.

5. The 2015 balance sheet has been restated to correct a prior year error in the parent company in relation to certain share based payment arrangements with employees of subsidiary entities. The effect of the adjustment in the parent entity is to increase investments by £639,756 reduce debtors (amounts owed by group undertakings) by £200,000 and increase retained earnings by £439,756. This had no impact on the profit and loss account for the year ended 31 December 2015 or the balance sheet as at 1 January 2015.

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